

Republic of Congo: Poverty Reduction Strategy Paper

Poverty Reduction Strategy Papers (PRSPs) are prepared by member countries in broad consultation with stakeholders and development partners, including the staffs of the World Bank and the IMF. They describe the country's macroeconomic, structural, and social policies in support of growth and poverty reduction, as well as associated external financing needs and major sources of financing. This country document for the Republic of Congo, dated January 2012, is the authorities' second PRSP, National Development Plan 2012–2016. It is being made available on the IMF website by agreement with the Congolese authorities, as a service to users of the IMF website.

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REPUBLIC OF CONGO

Unity * Labor * Progress

**MINISTRY OF ECONOMY,
PLANNING, LAND REFORM, AND
INTEGRATION**

CONGO

National Development Plan

BOOK 1

**GROWTH, EMPLOYMENT, AND POVERTY
REDUCTION STRATEGY PAPER (2012-2016
DSCERP)**

Preface

Following the lengthy period of disturbances and conflicts that our country experienced in the 1990s, the change so greatly desired for Congo is now in progress, and that progress is steadily gaining momentum.

Indeed, thanks to the “Nouvelle Espérance” (New Hope) program of “renaissance” that I proposed to you in the early 2000s, Congo has restored and consolidated peace and security, without which nothing significant and lasting can be accomplished. This vision was realized within the framework of several successive programs, the most significant of which are described in the Poverty Reduction Strategy Paper that the government adopted in April 2008 and has since implemented.

The execution of these programs has enabled us to continue our efforts to rebuild the foundations of the rule of law, a peaceful society, and a diversifying economy. As a result of these collective efforts, we have restored national cohesion and solidarity and are once more on the road to economic growth and social development. Along the way, we have also begun reducing the government’s debt in cooperation with the Bretton Woods Institutions and the entire international community, contributed actively to subregional integration, and worked tirelessly for peace on the continent and for the emergence of Congo on the international scene.

Anxious to continue this work, so that there will be no break, slowdown, or even fragmentation in respect of our essential choices and our united march toward the realization of our common destiny, I have decided to replace the Nouvelle Espérance program, much of which has been accomplished, with the “Future Path” program, a new vision for Congo from 2009 to 2016.

“The Future Path” is based on the modernization and industrialization of our country, as the means of achieving greater shared prosperity, which ensures harmony and social peace. The objective is to make Congo an emerging, modernized, and attractive country destined to become a major producer of goods and services, thanks to a competitive, job-creating economy that is integrated into the subregion, the continent, and the rest of the world.

To achieve this vision, I have instructed the government to expand the strategic framework of the PRSP and to make of it a National Development Plan, placed within a context of Results-Based Development Management (RBDM), with a view to enhancing efficiency.

I am pleased today to present this Plan, for which the Growth, Employment, and Poverty Reduction Strategy Paper (2012-2016 DSCERP) is itself one of the implementing tools, to the Congolese people, the government, and to all private actors and development partners.

This dream, which is close to my heart and which touches you as well, calls for the participation of all the people of Congo to make it a reality. Such is the great challenge that we must face together in the 2012-2016 period with a view to building on the changes currently under way, which are already producing tangible results. I therefore call for a real qualitative change in our thinking, for a culture of DILIGENCE, PERSEVERANCE IN OUR EFFORTS, and ACCOUNTABILITY FOR ALL, in order to improve outcomes and hasten the attainment of our strategic objectives.

Denis SASSOU NGUESSO

Foreword

In September 2000, the Republic of Congo joined the 192 other member countries of the United Nations in adopting the “Millennium Declaration,” which defines a consensus-based vision of sustainable human development and specific objectives known as the “Millennium Development Goals (MDG)” that translate that vision into targets to be achieved by 2015. Having done so, Congo and the other signatory nations collectively committed to working, at both the national and international levels, to take up the significant challenges of development and the promotion of human dignity, including the eradication of extreme poverty and hunger, education for all, the reduction of maternal and infant mortality, and combating the HIV/AIDS pandemic.

Congo, for its part, was emerging from a period of serious disturbances and conflicts that had torn apart the social fabric and undermined its economy. It was therefore urgently necessary to work diligently to restore and consolidate peace, security, and stability as prerequisites for the renewal of social cohesion and for rebuilding the country. At the same time, the foundations of the economic and social “renaissance” of Congo needed to be put in place. The government faced that challenge head-on by implementing the “**Nouvelle Espérance**” social project proposed by the President of the Republic in 2002, aimed at consolidating peace and putting Congo back on the road to development.

It was in this context that the government launched sweeping reform and investment programs, as well as major innovations in governance, with a view to implementing the economic and financial program supported by the international community under the Heavily Indebted Poor Countries (HIPC) Initiative, through the Poverty Reduction and Growth Facility (PRGF) and implementation of the Poverty Reduction Strategy (PRSP for 2008-2010).

The first PRSP (PRSP1) represented Congo’s very first national development plan following the end of the civil war in 2001. It served as the operational framework for implementation of the “Nouvelle Espérance” vision and for the formulation of economic and social strategies for Congo’s progress toward attainment of the MDGs. The specific aims of the strategy were to: (i) improve governance and consolidate peace and democracy (Pillar 1), (ii) diversify the economy to renew and stabilize growth (Pillar 2); (iii) strengthen the social sector and human resources with a view to supporting growth and moving toward attainment of the MDGs; and (iv) combating the HIV/AIDS pandemic.

Satisfactory implementation of the PRSP programs between 2008 and 2010, including the government’s economic program, enabled Congo to make commendable strides: (i) **in political terms**: the consolidation of peace, the renewal of stability, the calming of political tensions, the holding of presidential and legislative elections; (ii) **in economic terms**, achievements characterized by sustained growth of the order of 7.0 percent, inflation kept within the

community standard (~3 percent), and fiscal consolidation; (iii) **in social terms**: a marked improvement in household living conditions and a sharp drop in unemployment (from 19.4 percent in 2005 to 6.9 percent in 2011), according to the Survey of Living Conditions in Congolese Households (ECOM1 2005 and ECOM2 2011). Applauded by the international community, these achievements enabled the Republic of Congo to reach the HIPC Initiative completion point in January 2010, which led to the cancellation of approximately CFAF 3,000 billion of Congo's debt, or close to one-third of its GDP.

However, considering how far behind the country had fallen when the political violence of the 1990s ended, sizable challenges remain. In particular, the economy is still highly vulnerable because of its heavy dependence on the oil sector; unemployment remains high, affecting young people in particular; most jobs created by the economy are tenuous or confined to sectors where productivity and wages are low (informal sector); and basic infrastructure and social services are still inadequate, particularly in the area of power and water service and supply. These inadequacies also crop up, to varying degrees, in the fields of education, transport infrastructure, and health services.

To tackle these challenges, with a view to putting Congo back on the road toward attainment of the MDGs and the diversification of its economy to spur growth, the President of the Republic replaced the “Nouvelle Espérance” project with the “Future Path.” This new vision is aimed at modernizing society and industrializing the economy in order to move Congo toward emergence. To turn this vision into reality, the government also decided to expand the strategic framework of the PRSP and to reconfigure it as a Five-Year Development Plan. Furthermore, to enhance the effectiveness of the planned actions and maximize their social impact, the government adopted Results-Based Development Management (RBDM) as the linchpin of its execution framework.

In short, this new-generation PRSP – the DSCERP – incorporates all the country's macroeconomic and sectoral policies for the 2012-2016 period, with a view to attaining the growth, employment, poverty reduction, MDG, and balanced development objectives. It therefore serves as the framework for operationalization of the “Future Path.”

In addition to the DSCERP, and in keeping with the RBDM concept, the NDP includes a set of implementing documents, namely: (i) **the Priority Action Plan (BOOK 2: PAP_2012-2016)**, which brings together the main action programs, by sector, for attainment of the objectives of the strategy; (ii) **the Macroeconomic and Budgetary-Financing Framework of the Strategy (BOOK 3: CMB-FS 2012-2016)**, which projects the medium-term macroeconomic outlook and profiles resource allocation by strategic objective, fields of action, responsibilities, institutions (“strategic budget”) and financing arrangements; (iii) **the Institutional Framework for Monitoring and Assessing the Implementation and Results of Priority Action Programs (BOOK 4: SEP-PAP)**, which describes the institutional mechanism and the statistical and IT tools to be made available to ensure effective program execution, the monitoring of outcomes, and assessment of the impact on the country's economic and social development.

These tools were developed for the NDP through the government's sustained efforts to build technical capacities for strategic planning and for budgeting by program objective (BPO), which led to the establishment of PAPs and the MTEF within the sectoral ministries, as well as at the central level – Budget and Planning.

To increase the chances of successful implementation, the NDP was prepared by a multisectoral team within an enhanced participatory framework, including in particular the sectoral and central ministries, contact persons, representatives of civil society and the private sector, and the technical and financial partners. The objective was to ensure ownership of the NDP by all stakeholders and its use as a reference document for programming, budgeting, and program monitoring, and to strengthen both the public-private dialogue and discussions with the technical and financial partners. Indeed, as the DSCERP places the challenge of growth and job creation squarely at the center of its actions to combat poverty, **this document has become the reference framework for government policy and action, as well as the point of convergence for cooperation with the technical and financial partners.**

The government would like to take this opportunity to express once more its sincere thanks and congratulations to all those who contributed to the preparation of this document.

Major efforts to mobilize resources will be needed to finance the strategy. Consequently, the government plans to take effective action to increase available resources; but it also plans to work closely with the technical and financial partners to obtain quality assistance and with the private sector to conclude partnership arrangements that will alleviate the pressure on the government budget, particularly with regard to the financing of key projects.

This is also the place to repeat that not everything can be accomplished by a plan, no matter how good and complete it may be. Diligence is required, programmed actions must be taken, substantial administrative and financial resources must be allocated, the execution of actions and budgets must be monitored, outcomes must be assessed, and real-time corrective measures must be proposed to ensure the greatest possible effectiveness of the actions taken. It is for this reason that a **new culture of DILIGENCE, PERSEVERANCE, and ACCOUNTABILITY** for all is essential for the success of the NDP.

Pierre MOUSSA

*Minister of State, Responsible for Economic Coordination
Minister of Economy, Planning, Land Reform, and
Integration*

ACRONYMS AND ABBREVIATIONS

ACLOMAC	Agence Congolaise de Location de Matériel de Construction [Congolese Construction Equipment Leasing Agency]
AGOA	African Growth and Opportunity Act
APC	Association des Professionnels de la Comptabilité [Association of Accounting Professionals]
EPA	Economic Partnership Agreement
APEC	Association Professionnelle des Etablissements de Crédit [Professional Association of Credit Institutions]
APEMF	Association Professionnelle des Etablissements de Micro finance [Professional Association of Microfinance Establishments]
ARAP	Autorité de Régulation de l'Aval Pétrolier [Downstream Oil Business Regulatory Authority]
ARC	Assurances et Réassurances du Congo [Congo Insurance and Reinsurance]
ARMP	Autorité de Régulation des Marchés Publics [Public Procurement Regulatory Authority]
BCI	Banque Commerciale Internationale
BEAC	Bank of Central African States
BET	Bureau d'Etudes Techniques [Technical Research Office]
BIPM	International Bureau of Weights and Measures
WB	World Bank
BPO	Budgeting by Program Objective
BTP	Bâtiments et Travaux Publics [Public Works and Civil Engineering]
BVMAC	Central African Stock Exchange
CADHP	African Commission on Human and People's Rights
CCP	Centre des Chèques Postaux [Postal Checking Center]
MTEF	Medium-Term Expenditure Framework
CEEAC	Economic Community of Central African States
CEFA	Centre d'Education de formation d'Apprentissage [Education Center for Apprenticeship Training]
CEMAC	Central African Economic and Monetary Community
CFCO	Chemin de Fer Congo – Océan [Congo-Ocean Railway]
CFE	Centre de Formalités des Entreprises [one-stop business registration window]
CIMA	Conférence Internationale des Marchés d'Assurances [International Conference of Insurance Markets]
CNC	Commissariat National aux Comptes [National Audit Office]
CNC	Conseil National du Crédit [National Credit Council]
CNLCCFC	Commission Nationale de Lutte Contre la Corruption, la Fraude et la Concussion [National Commission to Combat Corruption, Fraud, and Misappropriation]
CNSEE	Centre National de la Statistique et des Etudes Economiques [National Center for Statistics and Economic Research]
CNSS	Caisse Nationale de Sécurité Sociale [National Social Security Fund]
CNTS	Centre National de Transfusion Sanguine [National Blood Transfusion Center]
UNCTAD	United Nations Conference on Trade and Development
CNDP	Comité National de la Dette Publique [National Public Debt Committee]
COBAC	Central African Banking Commission
COMEG	Congolaise de Médicaments Essentiellement Génériques [Congo Essential Generic Drugs Agency]

CORAF	Congolaise de Raffinage [national oil refinery]
SC	Steering Committee
CPCMB	Cellule du Comité Permanent de Cadrage Macroéconomique et Budgétaire [Unit of the Fiscal and Macroeconomic Framework Standing Committee]
CRF	Caisse de Retraite des Fonctionnaires [Civil Servants Retirement Fund]
CSI	Centre de Santé Intégré [Integrated Health Center]
CSS	Circonscription Socio-Sanitaire [Socio-Sanitary District]
DEP	Direction des Etudes et de la Planification [Research and Planning Directorate]
DGB	Direction Générale du Budget [Directorate-General of the Budget]
DGCF	Direction Générale du Contrôle Financier [Directorate-General of Financial Control]
DGE	Direction Générale de l'Economie [Directorate-General of Economy]
DGFP	Direction Générale de la Fonction Publique [Directorate-General of the Civil Service]
DGFQE	Direction Générale de la Formation Qualifiante et de l'Emploi [Directorate-General of Vocational Training and Employment]
DGGT	Délégation Générale des Grands Travaux [General Large-Scale Projects Commission]
DGMC	Direction Générale de la Monnaie et du Crédit [Directorate General of Currency and Credit]
DGPD	Direction Générale du Plan et du Développement [Directorate-General of Planning and Development]
DGT	Direction Générale du Trésor [Directorate-General of the Treasury]
DSCERP	Growth, Employment, and Poverty Reduction Strategy Paper
PRSP	Poverty Reduction Strategy Paper
ECOM	Enquête Consommation Ménage [Household Consumption Survey]
EDS	Enquête Démographie Santé [Health Demographics Survey]
EESIC	Enquête Urbaine sur l'Emploi et le Secteur Informel [Urban Survey on Employment and the Informal Sector]
ENVR	Ecole Nationale à Vocation Régionale des Génies Travaux [National Regional Civil Engineering School]
FAC	Forces Armées Congolaises [Congolese Armed Forces]
ECF	Extended Credit Facility
FEGC	Fonds d'Equipement de Génie Civil [Civil Engineering Capital Development Fund]
FIGA	Fonds d'Impulsion, de Garantie et d'Accompagnement [SME Development and Guarantee Fund]
IMF	International Monetary Fund
FOMUC	Force Multinationale en Afrique [African Multinational Force]
PRGF	Poverty Reduction and Growth Facility
FSA	Fonds de Soutien à l'Agriculture [Agriculture Support Fund]
RBM	Results-Based Management
EIG	Economic Interest Group
GTDR	Groupe Thématique de Discussion et Rédaction [Thematic Discussion and Editorial Group]
GUMAR	Guichet Unique Maritime [One-Stop Maritime Window]

HCNDPP	Haut Conseil National du Dialogue Public- Privé [High National Council for Public-Private Dialogue]
HLI	Highly labor-intensive
ICPN	Investment Climate Policy Note
IGF	Inspection Générale des Finances [Inspectorate-General of Finance]
INT-DEC	International Development Consulting
IUT	Institut Universitaire de Technologie [University Institute of Technology]
LCB	La Congolaise de Banque
LOLFP	Loi Organique portant Loi de Finances Publiques [Organic Law establishing the Budget Law]
LPIC	Lettre de Politique d'Industrialisation du Congo [Congo Industrialization Policy Letter]
MFFM	Macroeconomic and Fiscal Framework Model
MEPATI	Ministère de l'Economie, du Plan, de l'Administration du Territoire et de l'Intégration [Ministry of Economy, Planning, Land Reform, and Integration]
MICOPAX	Mission for the Consolidation of Peace in the Central African Republic
MINOCO	Minoterie du Congo [Congo Milling Industry]
NEPAD	New Partnership for Africa's Development
TIN	Unique Taxpayer Identification Number
OHADA	Organization for the Harmonization of Business Law in Africa
IMO	International Metrology Organization
WTO	World Trade Organization
MDG	Millennium Development Goal
ONEMO	Office National pour l'Emploi et la Main d'Œuvre [National Employment and Labor Office]
NGO	Non-Governmental Organization
PACADEC	Projet d'Appui Institutionnel pour l'Amélioration du Climat des Affaires et de Diversification Economique du Congo [Institutional Support Project for Improvement of the Business Climate and the Economic Diversification of Congo]
EDSP	Economic Diversification Support Project
PAP	Priority Action Program
PAPN	Port Autonome de Pointe-Noire
PARSEGD	Programme d'Appui à la Réinsertion Socio-Economique des Groupes Défavorisés [Project to Support the Socioeconomic Reintegration of Disadvantaged Groups]
PDCTAC	Plan Directeur Consensuel des Transports en Afrique Centrale [Consensus-Based Master Plan for Transport in Central Africa]
GDP	Gross Domestic Product
SME	Small and Medium-Size Enterprise
SMI	Small and Medium-Size Industry
NDP	National Development Plan
PNEA	Programme National de l'Eau et de l'Assainissement [National Water and Sanitation Program]
PNEE	Programme National de l'Energie Electrique [National Electric Power Program]
HIPC	Heavily Indebted Poor Country

PRCTG	Programme de Renforcement des Capacités, de Transparence et de Gouvernance [Capacity-Building, Transparency, and Governance Program]
SW	Social Welfare
PUD	Pôles Universitaires Départementaux [Departmental University Centers]
CAR	Central African Republic
DRC	Democratic Republic of the Congo
REDDF	Réduction des Emissions Liées à la Déforestation des Forets [Reduction of Deforestation Emissions]
RGPH	Recensement Général de la Population et de l'Habitation [General Population and Housing Census]
SADEC	Southern African Development Community
SGTDR	Sous-Groupe Thématique de Discussion et de Rédaction [Thematic Discussion and Editorial Subgroup]
SIDERE	Système Intégré des Dépenses et Recettes de l'Etat [Integrated Fiscal Revenue and Expenditure System]
SNAT	Schéma National d'Aménagement du Territoire [National Land Reform Plan]
SNPC	Société National de Pétrole du Congo [national oil company]
SOCOFIN	Société Congolaise Financière [Congo Leasing Company]
SSPE	Service de Santé de Premier Echelon [Top-Tier Health Service]
ST	Secrétariat Technique [Technical Secretariat]
CET	Common External Tariff
ICT	Information and Communication Technology
SEW	Self-Employed Workers
VSE	Very Small Enterprises
VAT	Value Added Tax
UBA Congo	Union Bank for Africa Congo

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1. INTRODUCTION OF THE GROWTH, EMPLOYMENT, AND POVERTY REDUCTION STRATEGY PAPER (2012-2016 DSCERP)

A. BACKGROUND

1. In the early 2000s, the government launched a sweeping program of structural and governance-improving reforms aimed at consolidating peace and promoting the economic and social development of Congo. To that end, it prepared a *Poverty Reduction Strategy (PRS)* for the 2008-2010 period. This strategy was developed in conjunction with preparation for reaching the HIPC Initiative Completion Point, which was expected to benefit Congo through the cancellation of a major portion of its external debt.

2. The PRSP at that time translated the vision of the “*Nouvelle Espérance*” [New Hope] social project proposed by the President of the Republic for the initial seven-year period (2002-2009), which was aimed at rebuilding the country after years of conflict, consolidating peace, and putting Congo back on the road to development. These objectives were reflected in the priorities of the PRSP, through the following five pillars:

- (i) Pillar 1: *Improvement of governance and consolidation of peace and security;*
- (ii) Pillar 2: *Promotion of growth and macroeconomic stability;*
- (iii) Pillar 3: *Improvement of public access to basic social services;*
- (iv) Pillar 4: *Improvement of the social environment and integration of disadvantaged groups;*
- (v) Pillar 5: *Combating HIV/AIDS.*

3. The review of three years of PRSP implementation shows that Congo has made significant strides, but much remains to be accomplished, improved, and consolidated:

- > ***In political terms***, the country achieved remarkable results in consolidating peace and strengthening participatory democracy, as evidenced, inter alia, by the recent, peacefully held legislative and presidential elections and the restoration of a calm political environment. Building on these gains and in line with the orientations of the new “***Future Path***” social project of the President of the Republic for the second seven-year period (2009-2016), the government launched the second phase of its program, which consists of deepening reforms aimed at improving governance and promoting democracy and national harmony. This program consists of implementing key major projects designed to spur economic and social development with a view to Congo’s emergence;
- > ***In economic terms***, Congo has made significant strides, including a stabilized macroeconomic framework, fiscal consolidation, inflation brought under control, and sound overall growth of 7.0

percent per year (6.0 percent of it in the non-oil sector). Applauded by the international financial community, these excellent results enabled Congo to reach the HIPC Initiative completion point in January 2010, the benefits of which included the cancellation of a substantial portion of its external debt (*more than CFAF 3 trillion*, or close to 32.4 percent of GDP).

4. In addition, encouraging results in the oil sector, as well as the recovery and buoyancy of the non-oil sector, point to sustained growth in the coming years;

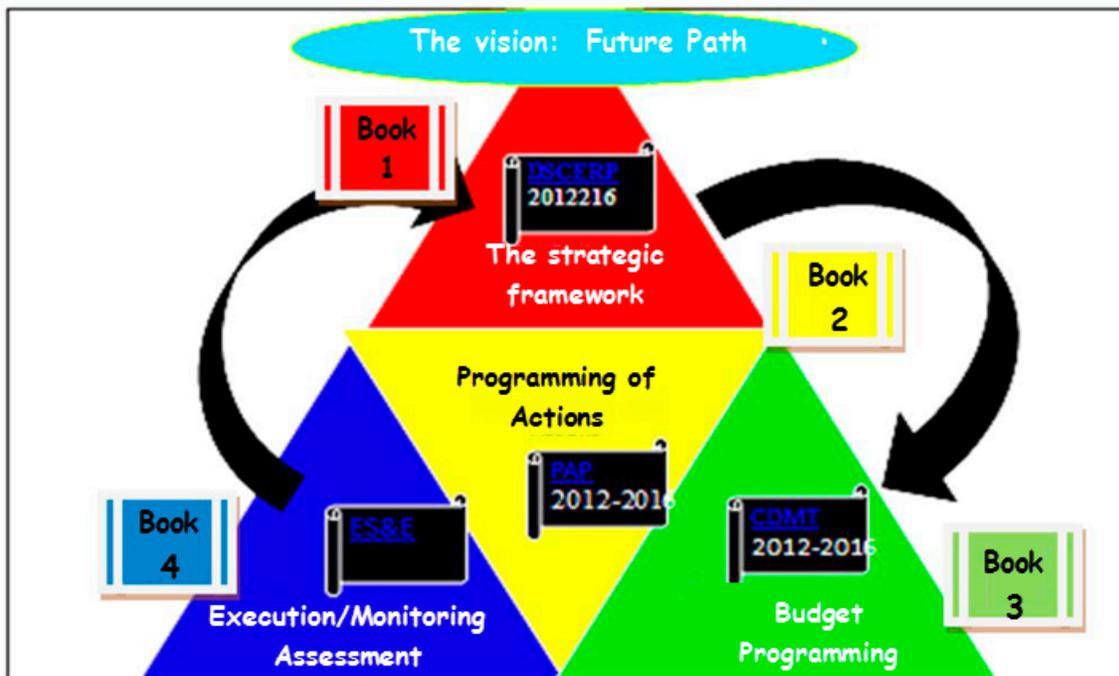
- > ***In social terms***, survey results— particularly those of the *Congolese Household Survey* (ECOM2-2011) - show that the country’s strong economic growth contributed to improved living conditions and poverty reduction. For example, the economic situation of households improved and the unemployment rate fell substantially, from 19.4 percent in 2005 (ECOM1-2005) to 6.97 percent in 2011 (ECOM2-2011). Nevertheless, these same surveys reveal that unemployment remains high among young people (twice the national average – for young people between the ages of 15 and 29) and that jobs are still precarious, as demonstrated by the high rate of underemployment, particularly among the young (nearly 40 percent). These surveys also show that essential services are – in terms of both access and quality – still well below public expectations and government objectives, particularly in the areas of health, water, sanitation, education, and energy.

5. Tackling these major challenges – diversifying the economy to create lasting jobs and to strengthen productive and social services – cannot be accomplished with partial, fragmentary, half-hearted, or short-term measures. It was in this context, and building on the significant gains of recent years, that the government decided to expand and strengthen the strategic poverty reduction framework through a five-year development plan (DSCERP), which is based on Enhanced Strategic Planning (ESP) and Results-Based Development Management (RBDM).

B. THE NDP AND ITS COMPONENTS

Figure 1. The Components Of The Congo Ndp

THE COMPONENTS OF THE CONGO 2012-2016 NDP:



6. **The National Development Plan (NDP) is a “common roadmap”** for moving Congo forward. It is the integrated multiyear and multisectoral strategic planning framework that gives life to the President’s vision, embodied in the “Future Path.” Its primary objective is to expedite the modernization of society and the industrialization of Congo, with a view to creating greater shared prosperity and thus set the stage for Congo’s emergence in the global economy.

7. The main purpose of the NDP is to translate the vision and program of the “Future Path” into a medium-term strategic framework for the 2012-2016 period, coupled with action programs, consistent fiscal objectives, strategic priorities, and an improved mechanism for taking action, monitoring outcomes, and assessing the impact on development. To that end, as shown in Figure 1, the NDP includes the Growth, Employment, and Poverty Reduction Strategy Paper (DSCERP), the programming and budgeting documents (PAP-MTEF), and the document for monitoring and assessing the country’s development strategy. It also includes the forward-looking document “Congo Vision 2025.”

8. The Growth, Employment, and Poverty Reduction Strategy Paper (*2012-2016 DSCERP*) is one of the key components of the NDP. It is a new-generation PRSP, expanded into a five-year plan. It provides an integrated framework of macroeconomic and sectoral strategies that Congo intends to combine to diversify and accelerate growth, create jobs, and develop the social sector in line with (i) the Millennium Development Goals (MDG); (ii) Congo’s dreams of emergence, and (iii) the aspirations of the Congolese people.

9. The aim of the 2012-2016 DSCERP is to modernize and industrialize the country. To that end, it retains the pillars of the 2008-2010 PRSP. In addition to these challenges, there are two major concerns:

- How to promote diversified, inclusive growth that creates jobs and value added, with a view to Congo's economic emergence;
- How to make a structured response to the problem of balanced development that is more evenly distributed throughout the territory, closer to populations, and more respectful and protective of the environment; Congo plans to do its part in the international effort to combat global warming and the abusive exploitation of natural resources.

10. **The operational components of the DSCERP** are based on a set of "Books" that will serve as guides for programming, budgeting, and monitoring and assessing implementation of the strategy during the period, within the framework of Results-Based Development Management (RBDM).

The principal books are:

- ***The Priority Action Plan (BOOK 2: PAP_2012-2016)***, which brings together the main action programs, by sector, for attainment of the objectives of the strategy.
- ***The Macroeconomic and Budgetary-Financing Framework of the Strategy (BOOK 3: CMB-FS 2012-2016)***, which projects the medium-term macroeconomic outlook and profiles resource allocation by strategic objective, fields of action, responsibilities, institutions ("strategic budget") and financing arrangements;
- ***The Institutional Framework for Monitoring and Assessing the Implementation and Results of Priority Action Programs (BOOK 4: SEP-PAP)***, which describes the institutional mechanism and the statistical and IT tools to be made available to ensure effective program execution, the monitoring of outcomes, and assessment of the impact on the country's economic and social development.

C. THE PROCESS OF PREPARING THE DSCERP

11. **A participatory, inclusive approach:** the government decided, after a frank assessment of its successes and failures in implementing the PRSP (2008-2010), to adopt the RBDM approach and to strengthen the planning process based on three complementary pillars, namely:

(i) full accountability of the sectoral ministries for the preparation of strategies, the programming and budgeting of actions, the programming and execution of budgets, and the monitoring and assessment of results;

(ii) effective alignment of the budgetary process with the priorities of the strategy;

(iii) strengthening the institutional mechanism for monitoring and assessing the actions taken.

12. **These principles were followed with good results in preparing the DSCERP (2012-2016) and the other components of the NDP.** The government took appropriate steps to ensure that this second-generation PRSP and the entire NDP were designed, prepared, and executed within an enhanced participatory framework, to ensure that “all are included, all are aware, all count, and all will be held accountable.”

13. Accordingly, and for the design and preparation of the NDP, the government put together an institutional steering group consisting of the following:

(i) a steering committee, chaired by the Minister of State, Responsible for Economic Coordination, Minister of Economy, Planning, Land Reform, and Integration (MEPATI);

(ii) a permanent technical secretariat responsible for Strategic Planning, coordinated by the Director General of Planning and Development (DGPD);

(iii) central and sectoral technical units, which carried out the analytical tasks, prepared and coordinated the strategy (DSCERP, BOOK 1), action programming, budget, and monitoring and assessment documents (BOOKS 2, 3, and 4).

14. In the meantime, Thematic Discussion and Editorial Groups (GTDR) were organized based on the main strategic pillars and sub-areas. These groups analyzed the situation, identified constraints and challenges, and reviewed programs and proposals for medium-term strategies and programs, with a view to Congo’s economic and social development. The resulting thematic reports led to the production of this DSCERP and the other components of the NDP, in an iterative, participatory, and inclusive process.

2. STATUS OF GROWTH, EMPLOYMENT, POVERTY, AND SOCIAL DEVELOPMENT

A. THE MACROECONOMIC SITUATION

Growth

15. *Growth, to be sure, is still dependent on developments in the oil sector, but the increasingly encouraging performance of the non-oil sector portends a positive outlook for economic diversification.* Indeed, in 2008-2011, Congo experienced average annual growth of 7.0 percent, driven both by the oil sector (9.6 percent) and by the non-oil sector, the contribution of which is growing (4.0 percent in 2009, 6.4 percent in 2010, and 8.0 percent in 2011).

16. The performance of the oil sector is attributable to the increase in oil production made possible by the outputs of the M'boundi, Nkossa Sud, Kombi, Likalala, Loango, and Zatchi oilfields, and by the start of operations at the Moho Bilondo oilfield, at a time when international crude oil prices are on the rise.

17. The performance of the non-oil sector remains encouraging. After a decline in 2009 caused by the global crisis, which hit forestry operations especially hard (- 42.0 percent), the non-oil sector recovered and posted solid growth, going from 4.0 percent in 2009 to nearly 8.0 percent in 2011, according to estimates. These favorable developments are attributable to the sustained dynamism of certain sectors in recent years, especially telecommunications (10 percent), agriculture (7.3 percent), manufacturing (7.0 percent), and trade and transport (6.0 percent). They provide evidence of the recovery of non-oil economic activities, no doubt “the fruit of the structural reforms” undertaken, together with the efforts to strengthen economic infrastructures.

Inflation

18. **Inflation has been kept well under control and the trends of its structural components are promising.** In the wake of the substantial pressure created by soaring international food and oil prices in 2008 (6.3 percent), inflationary pressures eased considerably in 2009 (4.7 percent) before stabilizing at around 4 percent between 2010 and 2011.

19. This positive development is attributable to the combined effects of three factors. The “imported” components of inflation shrank in 2010 and 2011, resulting in a slower rise in food and oil prices. The “structural” component of inflation (factor and transaction costs) also contracted owing to the combined effects of structural reforms and the infrastructure rehabilitation program, particularly as a result of the improvement of food supply routes into urban centers and progress in the supply of electric power, which led to lower trade costs. Finally, the “monetary” component of inflation was brought under control, as a result of community monetary policy and the prudent fiscal policy adopted by the authorities under the economic program. Indeed, the government was able to avoid demand pressure by containing the growth of all expenditure, thanks to a relative reduction in consumption expenditure in favor of investment and the sterilization of some of the country’s oil revenue through the establishment of reserves for the future (Fiscal Revenue Stabilization Fund and Future Generations Fund deposited with the BEAC). These trends point to a positive medium-term outlook for the control of inflation. In particular, stepping up reforms and improving the quality of infrastructure services – transport and energy – together with the government’s ambitious yet prudent fiscal policy, should enable it to control inflation and at the same time support growth.

Government finances

20. **Government finances were consolidated and debt was brought to a sustainable medium-term level and rate.** The government’s fiscal policy aimed at restoring fiscal balance by focusing on improvement in the collection of non-oil revenues and slowing the growth of current expenditure. This judicious policy enabled the government to increase investment expenditure, while at the same time continuing to save a large portion of oil revenues, both for “financial stabilization” needs and to provide security for future generations, on the assumption that oil revenues would decrease in the long term.

21. As an indicator of good fiscal performance, revenue growth was positive. In particular, the share of non-oil revenue during the period increased from 22.5 percent to 27.4 percent of non-oil GDP between 2008 and 2011. This helped stabilize, and even improve, the overall balance (cash basis), which went from a deficit of 4.1 percent of GDP in 2008 to a surplus of 15.9 percent in 2010. For 2011, this rate is estimated at 14.3 percent. Debt contracted substantially following attainment of the *completion point in*

January 2010. The share of debt thus went from 65.5 percent of GDP in 2008 to 23 percent of GDP in 2011, and debt service from 5.2 percent in 2008 to 3.4 percent of exports in 2010.

22. With good fiscal performance and the resulting positive fiscal balance, the prospects for further government debt reduction are favorable.

B. SOCIOECONOMIC SITUATION

Demographics

23. The ECOM surveys show that the Congolese population grew at an annual average rate of 3.0 percent between 2005 and 2011, swelling from 3.551 million to 4.085 million. Gender composition hardly changed (51.7 percent women and 48.3 percent men); however, the population became increasingly urbanized, and the size of the urban population overall increased 8.7 points during the period. This is an especially young population, with 40.0 percent under 15 years of age and more than two out of three people under the age of 30.

24. **The high rate of urbanization and the youth of the population represent both a strength and a challenge for Congo:**

- > A strength, because these trends mean that Congo has a young work force, concentrated in urban areas where most industries are located, which, if properly educated, can embrace new technologies – a situation that is especially promising from the perspective of Congo’s industrialization;
- > A challenge, because this places greater pressure on the demand for infrastructure, housing, and employment services in urban areas, calling for urgent, properly calibrated responses.

The economic situation of households

25. *The results of ECOM 2 show that the economic situation of Congolese households has partially but perceptibly improved in recent years.* Comparing the results of the two surveys (ECOM1-2005 and ECOM2-2011) reveals that households’ net assets grew over the last 5 years, reflecting an improvement in both economic capacities and public welfare. A growing proportion of households (i) has access to residential electricity (38.4 percent in 2011 compared to 28.0 percent in 2005) and (ii) owns a television set (46.1 percent in 2011 versus 20.0 percent in 2005).

26. In addition, more young wage-earners are leaving the residence of their homeowner parents and renting a place of their own, to such an extent as to explain the reversal in the proportional rate of urban households that own a house (43.0 percent in 2011 and 47.8 percent in 2005). However, access to home ownership remains difficult for these young people.

Household living conditions

27. The trends of living conditions and access to essential social services, however, confirm uneven improvement in the economic conditions and welfare of Congolese households. Indeed, the type of housing, its characteristics (materials used for the roof, walls, and floor), tenure status of the dwelling, the type of toilets, the source of drinking water, the source of residential energy, the method of disposing of household waste and wastewater, as well as access to certain basic social services, all reflect this situation.

28. **Housing** in Congo is dominated by single-family dwellings. Examining the quality of housing, in terms of construction materials, confirms that the standard of living of Congolese households is improving. It is noted, in particular, that: (i) more than half of Congolese households (57.7 percent) own and occupy single-family dwellings; (ii) in 2011, more houses were built of durable materials than of hard-packed or reinforced earth (55.0 percent in cinder blocks and fired bricks compared to 51.2 percent in 2005); (iii) a slight increase in the proportion of households with flush toilets (7.8 percent compared to 6.0 percent in 2005), and still more with access to residential electricity (38.0 percent versus 27.7 percent in 2005).

29. **Water**, the Congolese people still have difficulty obtaining water, despite the country's abundant water resources. A sizable portion of the population still relies on artesian wells (3.3 percent), rainwater (2.3 percent), streams and unprotected springs (17.1 percent). In recent years, major public investments have been made in the production and storage of water in urban areas. The SNDE system, however, covers only a limited area and is outdated, resulting in high technical loss rates (30.0 percent). Rehabilitation and expansion of the system are major challenges that must be met in order to improve the rate of access to safe drinking water in urban areas. In rural areas, on the other hand, efforts will be made to include communes in the Drinking Water Supply System (SAEP) and to provide villages with protected springs, boreholes, and wells.

30. **Sanitation**, sanitary conditions have deteriorated and need to be dealt with by the competent authorities, particularly those responsible for household waste management. Indeed, the disposal of household waste constitutes a real challenge for both households and local government authorities. The percentage of public waste receptacles has fallen from 6.1 percent to 1.9 percent. Similarly, the percentage of households disposing of waste in public spaces or outdoors has increased by 6 percent (from 53.7 percent of households in 2005 to 60.0 percent in 2011). *In addition, toilet facilities are little used.* Although the number of "flush toilets" and improved latrines has increased, many households still do not use toilet facilities (7.8 percent in 2005 as opposed to 9.0 percent in 2011); and only one of two households (52.4 percent) has adequate/healthy toilet facilities, with covered latrines predominating (43.8 percent). Finally, regarding the disposal of wastewater, only 10.6 percent of households use an appropriate system (sewer and gutter systems). A large percentage of households dispose of wastewater outdoors, in the courtyard, or in the street (54.4 percent in 2005 compared to 83.2 percent in 2011). This situation points to pressing sanitation and public health problems in the large cities, where road and sanitation services are in urgent need of rehabilitation.

31. In short, the positive results obtained in socioeconomic terms, particularly with regard to employment and household assets, provide evidence of a positive change in the economic

situation of Congolese households, largely offset by disturbing trends in access to water and, in particular, sanitation.

Employment

32. **The results of the ECOM2 survey** indicate encouraging trends in the area of employment. ECOM2 revealed that following the economy's steady growth in the 2005-2011 period, the unemployment rate fell considerably, from 19.4 percent to 6.9 percent. This improvement is more noticeable in urban areas (from 30.2 percent to 10.0 percent between 2005 and 2011) than in rural areas (from 6.3 percent to 1.7 percent between 2005 and 2011). Nevertheless, although the unemployment situation has improved markedly since 2005 (36.6 percent), it continues to affect young people between the ages of 15 and 29 in particular, among whom the rate of unemployment is roughly 12.0 percent. Moreover, the rate of youth underemployment is estimated at 27.8 percent. The surveys also reveal that many jobs are tenuous or in low-productivity, low-income sectors.

33. Indeed, as in 2005, two-thirds of "job holders" are self-employed workers, many of whom make a living from informal activities that are poorly remunerated because of their low level of productivity. Conversely, there are fewer active workers in the more stable and relatively higher-paying sectors, such as the civil service (11.4 percent), SMEs (7.7 percent), and large private enterprises (4.8 percent). These trends are also observed in occupations grouped by industry. Agriculture and forestry employ a large percentage of the employed population (37.8 percent), followed by trade (23.1 percent) and services (10.9 percent). Mines and quarries, however, which offer the highest-paying private jobs, currently employ the fewest Congolese workers (0.9 percent).

The situation, achievements, and challenges

34. **Employment by sector of activity:** employment in the modern sector continues to be dominated by the central government, which provides six of ten jobs. However, recent private sector developments (8.0 percent annual job growth between 2008 and 2010) point to a positive medium-term outlook for the creation of quality jobs. This surge in private employment is needed to enable the Congolese economy to continue absorbing job seekers and reduce underemployment, which, as indicated above, remains high, particularly among young people.

35. **The formal job market** in Congo is regulated and facilitated by the Directorate-General of the Civil Service (DGFP) and the National Employment and Labor Office (ONEMO). However, according to the most recent urban employment survey, only 3.2 percent of unemployed workers avail themselves of ONEMO's services. The little use made of this office's services and the low rate of satisfaction reveal deficiencies in the capacities of these government entities. This situation is further complicated by the problems involved in training and retraining job-seekers to satisfy the requirements of employers.

36. An educated population is better able to embrace new technologies, boost productivity, and make a greater contribution to modernization of the economy. It is also more aware of its rights and obligations, more attuned to how the state is run and, therefore, more demanding with

regard to the quality and impact of government policies. For all these reasons, strengthening the capacities of human resources is one of the major challenges for the success of the DSCERP.

37. Indeed, the recommended strategy of cluster-based industrialization requires trained or retrained personnel, able to contribute to the economic vitality that will in turn lead to the full employment of available human resources.

Key strategies, programs, and actions

38. The government is determined to solve the employment problem and enhance job quality, particularly for the youngest populations. The strategy will be implemented on the basis of three main pillars, namely: (i) greater availability of lasting jobs in the priority sectors of the diversification strategy, particularly in the clusters and in infrastructure projects; (ii) increased “empowerment” of job-seekers, thanks to sound basic training supplemented by practical vocational training; (iii) improved functioning of the labor market and of the regulatory agencies, particularly the ONEMO; and (iv) expansion of the boundaries of employment.

- > ***On the supply side***, the emphasis will be on promoting employment in all sectoral programs aimed at diversification of the economy, particularly in the “Agriculture,” “Forestry and Wood Industry,” “Mines,” “Buildings and Construction Materials,” and “Tourism and Hotels” clusters. To that end, specialized schools and institutes will be created in the domains of wood, mines, fishery resources, construction, tourism and hotels, ICTs, financial services, etc. Employment will also be promoted within the framework of large infrastructure projects, with priority going to highly labor-intensive (HILO) projects;
- > ***On the demand side***, the strategy consists of better equipping young people with a sound, universal basic education, up to the secondary level, and vocational training geared to the needs of the growth sectors. Accordingly, the government plans to: (i) align training systems and profiles with the needs of the labor market; (ii) improve the qualifications of the national work force, especially in occupations where a structural labor deficit looms in the future; and (iii) build capacities with a view to empowering disadvantaged groups.

39. The overall objective is to guarantee full employment of the work force in decent, lasting jobs. To that end, the government plans to develop programs to train and retrain human resources, in collaboration with bilateral and multilateral partners. Accordingly, the ministries responsible for education must be given new responsibilities to respond to the special human resources requirements created by the cluster development strategy. Indeed, this strategy is aimed at improving ***the functioning of the labor market*** and the intermediation units.

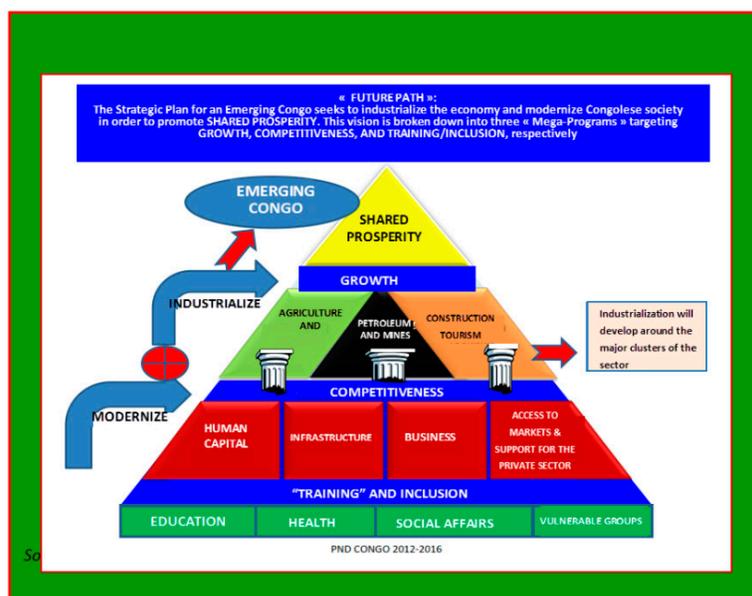
40. In this connection, the government plans to launch a program of actions to: (i) reform the legislative and regulatory framework of labor so as to increase incentives to create jobs and protect workers’ rights; (ii) strengthen the capacities of ONEMO and the Directorate-General of the Civil Service, including their human resources, databases, and intermediation methods; (iii) better organize the process of involving Congolese living abroad in effective coverage of the market’s need for qualified workers; (iv) develop institutional mechanisms to provide training, retraining, and ongoing and “sandwich” training; and (v) assist graduates of technical training institutes in the creation and development of new enterprises and with job placement.

3. THE 2012-2016 DSCERP

A. MEGAPROGRAMS UNDER THE “FUTURE PATH”

41. The 2012-2016 DSCERP serves as the operational framework of the “Future Path.” As shown in the diagram in Figure 2, the main objective of the “Future Path” is to seek greater shared prosperity through industrialization of the economy and the modernization of Congolese society. This overall objective is broken down into major action program blocks aimed at the respective secondary objectives of *growth, competitiveness, and social inclusion*.

FIGURE 1: THE THREE BLOCKS OF CONGO’S EMERGENCE



Source: STP/DSCERP

42. The first block concerns the *growth* “vectors” (agriculture, forestry, mines and hydrocarbons, tourism, etc.), which create national wealth, transform and strengthen the economic fabric, and create jobs. The second block includes the development strategies for the *production* “factors” (infrastructure, human and financial resources), which determine production costs and therefore the economy’s overall *competitiveness*, upon which the prospects for transformation depend. The third block comprises *empowerment and inclusion* strategies targeting the social sectors (education, health, gender, social welfare, etc.). The aim of these strategies is to improve the *productivity* of economic actors, facilitate their *access* to production factors, and increase their share of the distribution of income. Thus, they enhance the *capacity* of populations to contribute to growth and their *relative power* to benefit from its positive effects. This block therefore serves a “transmission belt” between economic growth and social development.

B. THE PILLARS OF THE 2012-2016 DSCERP

43. The DSCERP is subdivided into three basic parts, and it groups the “Future Path” framework programs into five “pillars”:

- (i) part one of the document reviews performances (“How is Congo doing?”);
- (ii) part two defines the strategic objectives (“Where does Congo want to be in 2016?”) and describes the priority programs (“What can be done to that end?”);
- (iii) part three outlines responses to the question “How can it be done?”

44. ***The first pillar, which determines success in all the other areas, covers the issue of governance in all its aspects – political, judicial, administrative, security and defense, economic and financial.*** The main objective of political and judicial governance is to strengthen participatory and inclusive democracy and to promote the rule of law and social peace to which

all Congolese aspire. The same is true of the governance of security and defense, and of economic and financial governance, by means of which the government can improve the quality and effectiveness of its interventions, in order to promote shared prosperity as the linchpin of national harmony and a guarantee of long-term peace. *This subject is covered in the DSCERP in Chapters 2 – Analysis of the Situation, and 7 – Strategies and Programs.*

45. ***The second pillar concerns growth and diversification.*** The main objective is to step up economic activities in order to accelerate growth and promote job creation. This pillar incorporates diversification strategies targeting the vectors of production. It also includes cross-cutting competitiveness strategies, particularly macroeconomic policies, structural reforms, and trade strategies aimed at opening up national, regional, and global markets, which create an investment- and growth-friendly environment. *This subject is covered in Chapters 3 and 8-9.*

46. ***The third pillar concerns the development of economic and social infrastructures.*** This is the “hard core” of the modernization of society and the enhancement of competitiveness. It comprises “soft” reform programs and “hard” investments aimed at ensuring physical (transports) or virtual (ICT) interconnection of the economic space (domestic, regional, and global markets). These strategies are designed to reduce transaction costs and, consequently, boost competitiveness. They also make essential productive and social services available (energy, transport, water, etc.) to populations, which increases their capacity to participate in growth and share the benefits. *This subject is covered in Chapters 5 and 10.*

47. ***The fourth pillar concerns social development and inclusion.*** It aims at the strengthening and development of human resources, as well as building the capacities of groups, including the most vulnerable, to contribute to and benefit from growth. It comprises programs related to education, scientific research, health, social welfare, and the inclusion of vulnerable groups (gender, children, young people, the elderly, indigenous populations, etc.). These programs are designed to strengthen the productive capacities of populations (“empowerment”), reduce their vulnerability, and strengthen social solidarity and security. *This subject is covered in Chapters 4 and 11-13.*

48. ***The fifth pillar covers the various dimensions of “balanced,” sustainable, and, therefore, lasting development.*** The strategies are subdivided into two sub-groups:

- *the first aims to better “distribute” development in the various departments of the country, and particularly between urban and rural areas, so that no region or population group will be “harmed or left behind” in Congo’s progress toward emergence. These programs include decentralization, land reform, accelerated municipalization, and local development; in addition, there are rural and urban development programs, as well as policies targeting “pockets” of marginalization and poverty. These strategies are designed to bring the government closer to populations throughout the territory and enable the latter to take fuller ownership of development programs and contribute effectively to and benefit from them;*
- *the second sub-group comprises the medium- and long-term “sustainability” strategies. The objective is to preserve the country’s natural resources, while at the same*

time developing them sustainably for the long-term welfare of the population. The programs include environmental protection, rehabilitation, and combating global warming. *This subject is covered in Chapters 2 and 14.*

49. **The third part of the document contains answers to the question “How can it be done?”** It is a “condensed” version of Book 3 (Macroeconomic and Budgetary Framework) and Book 4 (Monitoring/Assessment). In particular, Chapters 15 and 16 address the major issues of the cost and financing of the strategy. Chapter 15 describes the macroeconomic outlook under the strategy, taking into account the growth effects generated by the major sectoral programs. It then proposes a strategic budgetary framework (Global MTEF) to orient the budget and match appropriations with sectoral priorities. Next, it identifies the financing requirements of the entire strategy. Chapter 16 outlines the strategies for financing the entire DSCERP with budget appropriations, external resources, and private resources. It also proposes financing innovations, including public-private partnerships for infrastructure.

50. **Chapter 17 concerns the institutional and technical arrangements for carrying out actions, monitoring outcomes, and assessing effects and impacts.** The first section discusses the institutional arrangements and tools needed to monitor execution of the programs, as well as the implications for strengthening the capacities of the administrative units concerned, particularly the DGGT, the coordination units within the Ministry of Economy, Planning, Land Reform, and Integration (MEPATI), and the sectoral ministries. The second section concerns the mechanism and the statistical system used to monitor and assess the strategy and the implications for building the capacities of the units concerned, particularly the National Statistics Institute (INS) and the Directorate-General of Planning and Development (DGPD).

51. The document also contains a series of boxes designed to make all stakeholders aware of the importance of the fields of action selected and the relevance of the government’s strategies in each field, in light of conditions in Congo and the experiences of “competitive” and/or “emerging” countries. Unless otherwise indicated, the databases for the figures and tables are those produced by Congo (official statistics), the World Bank (*World Development Indicators, 2010*), and other traditional partners of Congo. The following sections of this summary provide an overview of the situation and recent developments described in each pillar of the DSCERP, as well as a recap of the main objectives, strategies, priority programs, and key actions in each field.

3. THE MAIN PILLARS OF THE STRATEGY FOR 2012-2016

52. To respond to the challenges of growth, employment, and poverty reduction, the 2012-2016 strategy will be based on the following five pillars:

PILLAR 1: GOVERNANCE

53. Governance in all its aspects – political, administrative, judicial, economic and financial, national security and defense – is fundamental to economic and social development. Consequently, the government intends to articulate, through the DSCERP, its commitment to the following objectives and actions: (i) remedy government shortcomings by restoring the prerogatives of public authority; (ii) consolidate peace, security, and institutional stability; (iii) improve capacities for overseeing, promoting, and monitoring and assessing government actions;

(iv) promote the emergence of a more participatory democratic environment more suited to the Congolese community base; (v) improve the handling of Congolese problems; (vi) promote democratic openness and citizen involvement; (vii) promote the values of initiative and accountability; (viii) institute a results-based development management system; (ix) create a culture in which the victorious majority is attentive and tolerant and the opposition is critical but participatory and constructive; (x) ensure the regular, satisfactory, and harmonious functioning of institutions; (xi) create centers of administrative excellence and suppress corruption, misappropriation, fraud, and other wrongdoing; (xii) promote local governance and community development; and (xiii) foster the efficient and rational management of human resources.

A. POLITICAL GOVERNANCE

The situation, recent achievements, and challenges

54. The resumption of the democratic process, interrupted by the conflicts in the late 1990s, together with the establishment of the institutions provided for in the Constitution of 2002 significantly improved the political situation by strengthening the culture of democracy and governance within the framework of the PRSP. The recent organization of the latest elections (legislative, local, presidential, and senatorial) is a perfect example of this. Nevertheless, there are still major challenges to be overcome to complete the process of restoring government impartiality, with a view to ensuring institutional stability and development.

Key strategies, programs, and actions

55. The general objective is to build up the Congolese nation, based on the following fundamentals: participatory democracy, social cohesion, decentralization, regional and international cooperation, and the prevention of conflicts in order to consolidate peace.

56. **The key programs and actions include:** (i) enforcement of the law on political parties and organizations; (ii) establishment of the status of the opposition, of elected representatives, and of persons who have assumed high government office; (iii) acceleration of the decentralization process; (iv) strengthening of the press and of the freedoms of opinion and expression; and (v) the strengthening of civil society.

B. ADMINISTRATIVE GOVERNANCE

The situation, recent achievements, and challenges

57. The conflicts in the 1990s seriously damaged the nation's administrative apparatus and undermined the values associated with respect for government. This led to a decline in the quality of public services as well as the public's access to them. However, as a result of the reforms undertaken, the country has made important advances, including, in particular, an increase in civil service staffing and resources, reorganization of the government based on centers of coordination in order to enhance the sectoral consistency of programs and actions, the establishment of entities to combat corruption, and strengthening of the capacities of local government employees.

58. Despite these efforts, the central government is still hampered by major deficiencies that affect its efficiency, including: (i) outdated laws and regulations governing civil servants and the

social welfare system; (ii) inadequate definition of responsibilities, structures, jobs, and staffing; (iii) difficulties controlling the wage bill and the lack of an attractive compensation policy that would encourage efficiency; (iv) the aging of government workers and the obsolescence of the civil service career tracking system.

Key strategies, programs, and actions

59. The objective is to rebuild an administration in service to development and the public. To that end, the government plans to modernize and resize public administration, based on the priority missions of sovereignty and guiding development.

60. **The major programs include:** (i) for the civil service, reform of the fiscal year legal framework; (ii) effective management of civil service employees; (iii) strengthening of human capacities; (iv) reorganization of departments and development of results-based management tools; (v) introduction of a compensation system that encourages performance and improves the effectiveness of government action; and (vi) establishment of the territorial civil service.

C. JUDICIAL GOVERNANCE

The situation, recent achievements, and challenges

61. Major efforts have been made in the area of judicial infrastructure and facilities. The country has also implemented important legal and judicial reforms, particularly those related to Congo's membership in the Organization for the Harmonization of Business Law in Africa (OHADA). Despite these advances, Congo is still seriously lacking in terms of ensuring legal certainty for private operators. The resulting perception of insecurity is a major obstacle to improving the business climate and boosting private investment, both domestic and foreign, which is essential for transforming the economy. Congo has also made substantial progress with regard to protecting the rights of indigenous peoples.

Key strategies, programs, and actions

62. The general objective is to guarantee impartial, efficient, and diligent justice in service to development and the public. To that end, the government has committed to strengthening the rule of law by: (i) accelerating the process of modernizing the judiciary; (ii) enhancing the protection of human rights; (iii) stepping up the fight against corruption and impunity; and (iv) expediting enforcement of the OHADA laws, specifically with a view to improving the business climate.

63. **The major programs include:** (i) the strengthening of physical capacities by continuing the work of rehabilitating and constructing judicial and penitentiary infrastructure (tribunals, courts, detention centers); (ii) the strengthening of human capacities by promoting knowledge of legal procedures and texts, and the publication and dissemination of legal texts and procedures; and (iii) the promotion of a business-friendly environment through enforcement of the provisions of business law, as defined by OHADA.

D. GOVERNANCE OF SECURITY AND NATIONAL DEFENSE

The situation, recent achievements, and challenges

64. **In the “national defense” subsector**, the analysis of recent conflicts shows that the risk of foreign attacks is waning and that the focus is shifting to the management of domestic conflicts, whether armed or not, against a backdrop of political demands. The armed forces thus seem unprepared to deal with this possible new type of engagement. The increasingly pronounced shift of theaters of operation from the open countryside and forest edges to cities clearly reflects the need to incorporate the urban environment in training, in the formulation of doctrines, and in the procurement of suitable equipment. The necessity of participating in operations other than keeping or restoring the peace requires the development of appropriate projection and support capacities.

65. **In the “security” subsector**, the objective is to guarantee the free movement of persons and goods throughout the territory. Also, keeping and restoring public order assumes special importance owing to the increase in the number of mass demonstrations. Crime, organized crime, and drug trafficking have risen sharply as a result of rapid urbanization and widespread poverty. The growth of terrorism and cross-border phenomena (porousness of borders, uncontrolled migratory flows, traffic of all types, etc.) necessitate an increase in investigative resources to prevent negative repercussions on the security of persons and goods. It thus appears that the sector’s role has evolved in recent years owing to the changes that have occurred in the national and international environments.

Key strategies, programs, and actions.

66. The key strategies, programs, and actions are based on the following two major pillars:
- > **Professionalization of law enforcement** by rationalizing and strengthening human resources and by upgrading the infrastructure and equipment of the army and the national police.
 - > **Involvement of law enforcement** in poverty reduction activities, particularly through the participation of the army in development (infrastructure construction, production of goods and services) and in the training of young people.

E. ECONOMIC AND FINANCIAL GOVERNANCE

The situation, recent achievements, and challenges

67. Congo has made major strides in improving economic governance. In recent years, the country has experienced average growth of 7.0 percent, driven both by the oil sector and by the non-oil sector. The performance of the non-oil sector is encouraging and reflects the resurgence of economic activities in the wake of structural reforms and efforts to strengthen economic infrastructures. GDP per capita amounted to \$1,581.5 in 2010. The structural components of inflation were contained and inflation has stabilized at around 4 percent. External public debt was reduced to 19.9 percent of GDP.

68. On the fiscal front, the government has put in place: (i) a new functional classification of budget expenditure that complies with international norms and standards; (ii) two action plans relating, respectively, to improving public financial management (PAAGFP) and public investment (PAAGIP); (iii) a new procurement code; (iv) a new expenditure chain which makes

the ministries aware of their responsibilities in their respective budget operations; (v) a unique Taxpayer Identification Number (TIN) for each taxpayer; and (vi) ASYCUDA software at the customs administration to ensure better control of the basis of assessment and the secure collection of customs revenue.

69. The government has adopted the bill on State taxation to be in line with the directives of the Economic and Monetary Community of Central Africa as regards public finance management. This bill, which has been submitted to Parliament for approval, sanctions the development of results-based budget programs.

70. Par ailleurs, le Gouvernement a amélioré la transparence et la gouvernance du secteur pétrolier par la certification trimestrielle des recettes pétrolières et leur transfert au Trésor dans les 45 jours suivant la date d'enlèvement des cargaisons de pétrole. Il a adhéré, en 2004, à l'Initiative de Transparence dans les Industries Extractives (ITIE). Il a également adopté le schéma directeur de l'informatisation du ministère en charge des finances et s'est approprié les instruments de planification et de budgétisation stratégiques, le CDMT ainsi qu'un système intégré pour le suivi des recettes et des dépenses. En outre, le Gouvernement a libéralisé le secteur financier, restructuré le système bancaire et défini un plan de réformes du marché des assurances et réassurances. De même, l'opérateur public (Assurances et Réassurances du Congo, ARC) a été restructuré. Toutes ces actions vont contribuer à terme à améliorer les interventions publiques, la qualité des services économiques et sociaux (transport, eau, électricité, etc.), ainsi que le climat des affaires.

Key strategies, programs, and actions

71. **The main objective is to expand the productive base, develop services, and improve financial sector governance.** To that end, during the 2012-2016 period, the government plans to step up its efforts by; (i) improving the provision of public services in support of economic activity; (ii) improving the business climate; (iii) modernizing the management of public enterprises and the government; (iv) delegating the provision of certain public services to private operators; and (v) conducting an integrated strategy for diversification of the Congolese economy.

72. **The main programs and key actions** designed to remove the constraints affecting the business climate are: (i) promoting a competitive economic environment by liberalizing and regulating the various markets; (ii) increasing the role of the High Council for Public-Private Dialogue and creating an investment promotion agency and a subcontracting exchange; and (iii) strengthening private sector financing institutions including, in particular, the creation of an SME Development and Guarantee Fund (FIGA) and other institutions that contribute to financing the economy.

PILLAR 2: GROWTH AND DIVERSIFICATION

73. The reforms undertaken by the government in recent years enabled Congo to achieve an average annual growth rate of 7.0 percent in the 2008-2010 period, which, according to the World Bank, makes Congo one of the most competitive economies in sub-Saharan Africa. However,

growth is still largely dependent on the oil sector, though growth in the non-oil sector is clearly on the rise.

74. The cluster-based strategy to diversify the economy, as explained above, should help increase the number of formal jobs in high value added sectors and reduce the underemployment of young people.

75. Strong, diversified economic growth is necessary to create jobs, boost income, and improve living conditions. Indeed, even with the best redistribution efforts, poverty, precarious living conditions, and vulnerability will not decrease in a lasting manner if economic growth remains weak, undiversified, and unstable. Consequently, strong, sustained, and diversified growth is one of the keys to Congo's emergence.

A- CLUSTER-BASED DIVERSIFICATION POLICIES

76. To meet the challenge of industrialization, the government proposes a strategy of diversification by “clusters” of activities, with cross-cutting assistance strategies to enhance the competitiveness of the subsectors. A cluster encompasses all the enterprises and institutions belonging to the various sections of a subsector, the lead sectors, support activities, infrastructures, and other basic economic services. The cluster approach will enable the government to organize operators by integrated subsector and to work with them to better identify needs and target support, particularly with regard to infrastructure, human resources, financial services, and institutional support. This will ensure greater consistency within and between sectors in respect of the strategies for diversification and transformation of the economy.

77. Thus, Congo plans to base its industrialization strategy on seven “clusters,” namely: (i) agriculture and the agrofood chain; (ii) forestry and wood industries; (iii) oil and hydrocarbons; (iv) mines; (v) buildings and construction materials; (vi) tourism and hotels; and (vii) financial services. The government plans to include the *Special Economic Zones (ZES)* approach in its industrial strategy with a view to catalyzing investment, processing, and exports. To that end, it envisages developing the following subsectors: (i) the food-producing agricultural subsector around cities; (ii) the agricultural export subsector in the Cuvette and Sangha areas; (iii) the mining subsector, particularly iron ore around Zanaga-Mayoko to the south, Souanké to the north, and the “other ores” subsector (polymetallic ores, potassium, magnesium, etc.); and (iv) the oil and hydrocarbons subsector on the coastal front around Pointe-Noire.

The “Oil and Hydrocarbons” Cluster

78. **Strengths and challenges.** Congo has major crude oil reserves, which, according to recent estimates, total about six billion barrels, or the equivalent of 40 years of production at the current rate. In addition to the quality of its crude, Congo is also competitive in terms of exploration and operating costs, which would be further improved by the projected major investments and by efforts to reform the subsector with a view to rationalizing production capacities and methods. This combination of strong potentialities, in terms of both capacities and competitiveness, promises to make the subsector a real “driving force” for additional contributions to budgetary financing and job creation.

79. Congo also has natural gas reserves large enough to cover domestic needs (approximately 73 billion cubic meters), or the equivalent of 20 years of production at the current rate of operation. To date, the production of natural gas remains marginal. The “national content” in the subsector remains small, as the activities involved in supporting the hydrocarbons cluster – suppliers and subcontractors – are still essentially outsourced abroad. This chronic under-representation is attributable to the lack of a “national integration” strategy.

80. **Key strategies, programs, and actions.** The government will develop an ambitious, three-part program designed to promote development of the hydrocarbons subsector. The three parts are:

(i) for cluster leads: increase refining capabilities by building a new refinery with a capacity of more than 4 million tons per year, ensure the regular supply of oil products throughout the national territory, and promote the petrochemical sector by installing petrochemical processing units;

(ii) for support activities: improve the management of exploration and production by applying the new legal and tax framework of the “upstream oil” sector, adopting and implementing a petroleum code and a natural gas code, and optimizing the means of combating the pollution caused by oil operations;

(ii) for infrastructure and other support services: establish a major school for careers in the oil and gas industries, and continue the program of modernizing and expanding infrastructure in the Pointe-Noire area.

The “Mines” Cluster

81. **Strengths and challenges.** Congo has large mining reserves that remain under-explored and underdeveloped. Mining production is still essentially artisanal, although the country did experience an industrial period in the past. Several potassium, polymetallic ore, and iron ore operations could be launched during the DSCERP period. They are encouraged by favorable prospects on the international market, as well as by the wealth of deposits, their low production costs owing to the proximity of the port, and the existence of railways in Congo, Cameroon, and Gabon. However, national actors are not well represented in the chain of direct or support activities. Moreover, infrastructures and economic support services, as well as human resources, are still seriously deficient.

82. **Key strategies, programs, and actions.** The government’s program will comprise the following actions:

(i) for the direct activities of the subsector (cluster leads): promote artisanal mining by organizing “diamond and gold subsectors,” encourage foreign investment and industrial operations in the mining sector to relaunch ore prospecting, production, and processing at the local level;

(ii) for support activities: organize subcontracting activities by creating a subcontracting exchange;

(iii) for infrastructure and other support services: strengthen basic infrastructure to facilitate access to operating zones (means of transport, supply of power and water); create a mining

institute in partnership with operators; implement reforms to provide institutional support to the subsector, particularly by enforcing the Mining Code adopted in 2005; protect the environment and take into account the interests of populations living next to mining areas by ensuring that enterprises in the sector fulfill their social responsibilities; and strengthen the protection of mining assets by inventorying national mining potential and drawing up a geological and mining map.

The “Agriculture and Agroindustry” Cluster

83. **Strengths and challenges.** *Congo has more than ten million hectares of arable land, more than 90.0 percent of which remains uncultivated.* Moreover, because it spans the Equator, Congo’s geographic location is conducive to year-round farming. Two large river basins (Congo and Kouilou-Niari) also provide it with a strong potential for fish production. Despite these possibilities, the performance of the Congolese agricultural sector is suboptimal, even though the international market offers promising prospects for agricultural and fish products and byproducts. The country’s lackluster performance in this area is attributable to a combination of factors, namely: (i) the heavy predominance of small family farms in a very sparsely populated country, particularly in rural areas; (ii) the lack of sufficient human, technological, and financial resources and, consequently, low productivity and incomes; and (iii) rural exodus and the aging of agricultural assets.

84. **Key strategies, programs, and actions.** The government has prepared a multisectoral program focused on agriculture in order to maximize its potential and make it one of the drivers of the transformation of the Congolese economy. The program will comprise the following actions:

(i) for “cluster leads”: modernize small farms, fisheries, and aquaculture; expand industrial agriculture; and develop aquaculture in floating cages with hatcheries;

(ii) for “support activities”: organize the production and distribution of inputs;

(iii) for “infrastructure and other support services”: grant land for large industrial farms; build infrastructure for the unloading, processing, and preservation of agricultural, fish, and meat products; build warehouses and markets (MIN, MID, and MIL); build fishing and aquaculture infrastructure (jetties); upgrade the irrigation system and rural infrastructure and equipment; institute soil management; and strengthen producers’ technical capacities.

The “Forestry and Wood Industries” Cluster

85. **Strengths and challenges.** The second most productive sector in the country, forestry contributes 5.6 percent to GDP formation and accounts for 10 percent of the country’s foreign trade, with nearly 11,000 direct jobs and approximately 5,000 induced jobs. Nevertheless, the country still does not earn enough revenue from its forests, owing to deficient processing rates, little control of the value chain, and inadequate taxation. Moreover, the production of non-wood products is still an informal activity.

86. **Key strategies, programs, and actions.** Congo’s sectoral strategy is set out in the “Wood and Forestry” plan, which aims at better governance of forests, dissemination of the principles of

sustainable forestry management to all forestry operations, and the adoption of a genuine industrial strategy organized around the forestry cluster. The main programs include:

(i) for the sustainable management and development of forestry and wildlife resources: development of production forests (9,519,690 hectares); economic development of the wood subsector (second- and third-degree processing) and of non-wood forestry products (production of resins and oils); reforestation and regeneration of forestry resources (600,000 hectares of plantations out of the projected one million in ten years); and development of parks and protected areas (3,680,424 hectares of protected areas);

(ii) for sustainable development: strengthening of the legislative framework through the definition of a sustainable development strategy, including standards and indicators, and the creation of a National Sustainable Development Commission;

(iii) for environmental protection: protection of the environment and preservation of biodiversity through the establishment of an environmental education program, the promulgation and dissemination of the law on the environment, and the management of wetlands.

The “Buildings and Construction Materials” Cluster

87. **Strengths and challenges.** Implementation of the infrastructure rehabilitation program and the robust growth of private housing construction offer opportunities for development of the construction sector. However, a number of constraints affecting all components of the sector stand in the way of tapping this potential: (i) shortage of construction projects; (ii) unsafe construction quality; and (iii) poorly organized sector, including with regard to norms and standards.

88. **Key strategies, programs, and actions.** Development of the “Buildings and Construction Materials” cluster will be based on the following three strategic pillars: (i) improvement of construction industry performance; (ii) development of construction sector human resources; and (iii) enhancement of private construction sector capacities and competitiveness.

The key actions include: (i) expansion of the interurban network; (ii) continuing development of basic infrastructure in the urban environment and construction of low-cost housing; (iii) organization of the real estate sector pursuant to a specific regulation; and (iv) promotion of local construction materials, including wood.

The “Tourism and Hotels” Cluster

89. **Strengths and challenges.** Congo has natural assets upon which to build its tourism industry, particularly ecotourism and recreation. However, development of the tourism sector is seriously hampered by major constraints, including: (i) the lack of an effective sectoral strategy to promote the sector’s growth; (ii) inadequate hotel infrastructure; (ii) deficiencies in other infrastructure services, particularly transport, which drives up access costs; (iii) the weakness of human resources and training institutions; and (iv) the underdevelopment of tourism sites and the

difficulty of getting to them. The lack of a recreational policy also hinders development of the subsector.

90. **Key strategies, programs, and actions.** To increase tourism's contribution to economic growth and poverty reduction, the government has undertaken to launch a development program focused on: (i) expanding hotel infrastructures; (ii) conducting various studies for the development of tourism sites and making investments to promote them; and (iii) strengthening human capacities in the sector, including training schools. This program is designed to develop and promote tourism, as well as increase the country's foreign exchange flows. It will also contribute to local development and promotion of the national ecological environment.

The "Financial Services" Cluster

91. **Strengths and challenges.** With the reorganization of the financial sector, the banking sector was significantly expanded with nine (09) commercial banks; sixty-two (62) microfinance institutions; four (04) funds transfer companies; one (01) Agriculture Support Fund; six (06) insurance companies; and two (02) retirement and social security funds. Conspicuously lacking in Congo's financial sector are business and investment banks, development banks, specialized banks, and financial establishments. SOCOFIN, the only leasing company in Congo, was taken over by BGFIBANK CONGO in 2010.

92. Its apparent diversity notwithstanding, the Congolese financial system is still underdeveloped, poorly diversified, and largely dominated by commercial banks. Although underdevelopment of the structure of its financial system enabled Congo to escape the effects of the global financial crisis, it nevertheless constitutes a real impediment to the emergence of the private sector. In contrast to the relatively high level of deposits (46 percent of GDP), the level of lending is still too low (15 percent of GDP). Congo also has a low rate of banking penetration (roughly 3 percent).¹

93. In these circumstances, the government decided to create a Caisse de Dépôts et Consignations. This will make it possible to use the savings collected by the social security funds for the long-term financing of general interest projects (low-cost housing, urban renewal, transport infrastructure, hospital real estate, etc.). This fund can also be used to support local governments.

94. **Key strategies, programs, and actions.** With support from the international financial community, the government defined a strategy for the development of the financial sector under the Poverty Reduction and Growth Facility (PRGF) program. Thus, in 2012-2016, it will focus specifically on the provision of nonfinancial services to enterprises, the establishment of loan incubators, and the creation of specialized institutions. In addition, the government decided to create a Caisse de Dépôts et Consignations. This will make it possible to use the savings collected by social security funds for the long-term financing of general interest projects (low-cost housing, urban renewal, transport infrastructure, hospital real estate, etc.).

¹ COBAC, Study on the introduction of the single license in the CEMAC zone.

95. The government undertakes, in 2012-2016, to:
- provide the country with financial tools appropriate for financing its economy;
 - promote long-term financing;
 - increase access to banking services and the delivery of nonfinancial services to enterprises;
 - regulate domestic funds transfers;
 - modernize the microfinance sector;
 - complete the insurance sector overhaul;
 - publicize the requirements for licensing insurance intermediaries and develop micro-insurance;
 - promote the development of specialized financial institutions;
 - improve the functioning of the National Credit Council (CNC);
 - finalize the establishment of the SME and Handicrafts Development and Guarantee Fund (FIGA-PME/A);
 - create the Caisse de Dépôts et de Consignations (CDC);
 - encourage public-private partnerships for project financing.

B- THE PRIVATE SECTOR AND TRADE POLICIES

The private sector

96. ***The situation, achievements, and challenges.*** The Congolese private sector remains underdeveloped. Its structure is dualistic, with a few large enterprises, mostly foreign, coexisting with a multitude of small informal enterprises, 80 percent of which engage in activities related to trade and support services for individuals. It must contend with an excessively heavy tax and parafiscal burden, administrative harassment, deficiencies in basic infrastructures and in access to water and electricity, difficult access to credit, and the lack of an effective guarantee system. Aware of the fact that in the current circumstances, private initiative seems largely condemned to a fragile existence operating at the margins of the legal framework, the government, with donor assistance, adopted a policy to support the private sector, as well as an action plan to improve the business climate. The specific objectives of this plan are the following:

- facilitate effective implementation of the public-private dialogue to improve the business climate;
- simplify and reduce the tax and parafiscal burden and put in place a corporate tax system more oriented toward private sector development;
- establish an institutional mechanism to support private sector development;
- improve the legal and judicial environment of enterprises;
- develop mechanisms for financial and nonfinancial support to Congolese SMEs to improve access to credit;
- promote market access for SMEs;
- align professional training with the needs of enterprises;
- increase the awareness of the government and administrative agencies to actual conditions in the private sector;

- promote entrepreneurship;
- facilitate the establishment of export enterprises and attract FDI by creating industrial parks and free trade zones (special economic zones).

97. **Key strategies, programs, and actions.** The government’s strategy includes a number of programs:

(i) *continuous cooperation between the central government and the private sector* by operationalizing the High Council for Public-Private Dialogue (HCDPP) for purposes of:

- breaking the vicious circle of mistrust between the government and employers;
- initiating high priority institutional and legal reforms;
- enabling the private sector to play its designated role to the fullest, particularly with regard to job and wealth creation. Specifically, this will involve streamlining the procedures for establishing enterprises, strengthening the legal framework, settling commercial disputes, improving the functioning of commercial courts, facilitating trade by simplifying customs procedures with a view to stabilizing the national business environment, and reducing the tax and parafiscal burden;

(ii) *establishment of an institutional mechanism to support private sector development* through creation of the Investment Promotion Agency (API), the Development and Guarantee Fund (FIGA), the Subcontracting Exchange, and the Industrial Training Center (CFI) in order to align training with the needs of enterprises;

(iii) *improvement of essential productive services*, particularly infrastructure and the facilitation of related services in order to reduce factor costs (energy, transport, telecommunications, etc.).

Global and regional trade policies

98. Congo is a “corridor country,” spanning the Equator between the coastal (Atlantic) and Saharan zones. It borders the DRC (population 65 million), itself a member of the SADC (200 million inhabitants), which also includes the continent’s leading economy, South Africa. Congo should take advantage of its unique position and implement openness strategies to expand markets and compensate for the small size of its domestic market, with a view to stimulating the investment needed for its emergence.

However, numerous institutional, legislative, and regulatory constraints need to be removed. There are many nontariff barriers, such as restrictions on certain imports and controls on domestic prices, that fall far short of the initial goal of promoting the growth of domestic supply capacities and instead have the effect of overprotecting profits, reducing incentives for investment in modernization, and perpetuating outmoded and noncompetitive capacities. This repeatedly puts pressure on prices, which the government is sometimes forced to subsidize for social reasons, with a consequent negative impact on its budget.

99. **Key strategies, programs, and actions** in the area of trade policy include promoting trade in Congolese products and strengthening regional integration and multilateral cooperation.

- *Promoting trade in Congolese products*: the trade liberalization and facilitation policies mentioned above encourage competition and rationalize capacities; they also improve product

quality and lower costs, which enhances the competitiveness of Congolese products. However, as in the case of the industrialization clusters, targeted policies are needed to better position Congolese enterprises and products and to derive greater benefit from market liberalization.

Accordingly, the government plans to launch a program to support and enhance the competitiveness of Congolese products. This program includes *three components*:

- (i) promotion of Congolese exports;
- (ii) establishment – in conformity with WTO reciprocity agreements – of trade defense instruments (antidumping, antisubsidy, quotas, trade barriers) to protect Congolese products from unfair trade practices;
- (iii) creation of quality control laboratories and promotion of the Congolese brand;

- *Strengthening regional integration and multilateral cooperation*: the planned economic integration should be consistent with global trade policies; consequently, the government plans to employ an aggressive strategy of multilateral cooperation and regional integration to rationalize Congo’s capacities in order to better “participate in competition” and increase market shares in the global economy.

To that end, the strategies comprise *two major components*: (i) bilateral and multilateral cooperation to diversify trade agreements with various partners, taking into account the opportunities each country or region offers; and (ii) regional integration in the CEMAC and within the framework of the CEEAC to step up integration and cooperation with its neighbors to the east of Congo, particularly the DRC and the other CEEAC countries (Angola, Burundi, São Tomé and Príncipe), which constitute a market three times larger than CEMAC.

PILLAR 3: THE DEVELOPMENT OF ECONOMIC AND SOCIAL INFRASTRUCTURES

100. Access to good quality infrastructure services is an indicator of both economic development and social welfare and an essential instrument for modernizing the economy. It is, therefore, *an end in itself* and *a means* to achieving the shared growth and prosperity envisioned by the “Future Path.” Indeed, access to roads, energy, water, and telecommunications is a key indicator of the quality of life. At the same time, these services are essential production inputs and thus components of the production factor, transaction, and distribution costs that determine national *competitiveness*. They also make it possible to connect economic operators with domestic, regional, and international markets and thus relieve the isolation of people living in pockets of poverty. This, then, is an important factor in *growth and the empowerment of populations*. Aware of the stakes for Congo, the government has made major efforts in recent years to develop basic infrastructures. These efforts should be stepped up and better organized in the years ahead.

A. ROADS AND ROAD TRANSPORT

The situation, achievements, and challenges

101. Congo’s road network consists of 20,925 km of roads, most of which are in very poor condition and less than 10.0 percent (1,976 km) of which are paved, including urban roads. Since

the 2000s the Congolese government has increased the number of programs to pave and rehabilitate the road network. The authorities have stepped up these efforts in the last three years, with promising results. In addition, a number of paving programs are currently in progress (approximately 1,500 km).

102. Despite these efforts, major challenges remain in terms of modernizing the entire road network, particularly regarding: (i) the extent of deterioration of the existing network, (ii) the inadequacy of road maintenance; (iii) the lack of organized road transport companies; (iv) the weakness of vehicle technical inspection units; and (v) the inadequacy of road administration capacities.

Key strategies, programs, and actions

103. **Improving road transport infrastructures:** In implementing the road network improvement and modernization program in accordance with the PNT (National Transport Plan), the government intends: (i) to continue and complete projects already begun; (ii) pay greater attention to maintaining and protecting the road system thus created; and (iii) undertake new actions, on the one hand to improve/expand the interurban network and, on the other, to accelerate urban infrastructure development. To that end, the authorities will pay special attention to the implementation of investment programs adopted under the NEPAD and PDCT-AC, including the CEMAC integrating network, which is behind schedule and lacks sufficient resources.

104. **The key projects are:** (i) construction and paving of the Pointe-Noire-Brazzaville-Ouesso-Bomassa-Enyéélé (RN1 & RN2) backbone network, (ii) rehabilitation and paving of the connecting routes of the ten (10) departments with the backbone network; (iii) protection of the road system by adopting a specific regulation, acquiring axle scales, and enforcing rainy season road closures; (iv) construction of regional integration routes: the CAR and Chad via the Ouesso-Enyéélé-Mongoumba road, Cameroon via the Ketta-Sembé-Souanké road, Gabon from Ngongo, Cabinda from Nzassi, the DRC via the Brazzaville-Kinshasa road-railway bridge. Opening up and rehabilitating agricultural roads in order to facilitate access to major production areas should also be included in the plans for this network.

105. **Facilitating road transport.** In addition to improving infrastructure – construction, rehabilitation, and maintenance – the government intends to continue its program to facilitate road transport and ensure the “free flow” of traffic. This involves tightening and strictly enforcing road regulations (rules, signaling, etc.), liberalizing trade by removing nontariff barriers to free movement, and promoting quality road transport services for operators. Similarly, the construction of bus stations, rest areas, service stations, etc. should be part of this dynamic. Also, to ensure effective control as well as the irreproachable quality of the planned works, in conformity with the standards set out in the national regulations, it is important that the BCBTP and the BEBATP be revitalized and reorganized, as they will henceforth be required to work in tandem with external control and inspection firms and offices.

B. OTHER TRANSPORT MODES: RAIL, AIR, RIVER, AND SEA

Rail transport

Recent achievements and challenges.

106. The government has made a major effort to improve the country's railway infrastructure. The *CFCO Rehabilitation and Equipment Program* launched in 2007 continues and is producing tangible results. However, the irregularity of traffic and the level of services provided are not yet sufficient to ensure optimal operating conditions. Among the reasons for these deficiencies are: (i) the aging of *Chemin de Fer Congo Océan (CFCO)* equipment and personnel; and (ii) the inadequacy of the transport and traction equipment.

Key strategies, programs, and actions.

107. The government is committed to ensuring successful operation of the rail network by: (i) rehabilitating tracks, stations, and the maintenance shop; (ii) upgrading traction and transport equipment; (iii) restaffing and capacity-building; and (iv) resuming the CFCO privatization procedure, particularly with a view to placing it under concession. **The key actions include:** (i) *continuing the CFCO modernization program* by acquiring traction equipment and railcars; establishing standards for and rehabilitating the line linking Pointe-Noire and Brazzaville, including the elimination of track features, rehabilitation of the long tunnel, the construction of civil engineering works, restaffing, and technical capacity building based on the resumption of workshop and training center activities; and improving management through privatization, in the form of management contracts, leasing contracts, and concession agreements; (ii) *monitoring by private operators of the work of constructing* railway sections linking mining operations to ore shipping ports.

Air transport

Recent achievements and challenges

108. Congo has made significant progress in modernizing the Brazzaville and Pointe-Noire international airports, thanks to major investments in renovation and expansion. The airport infrastructure created by these improvements has turned these two major cities into regional "hubs." Significant operational changes were made along with these infrastructure improvements, including the granting of concession agreements for operation of the Brazzaville, Pointe-Noire, and Ollombo airports.

109. Despite these achievements, sizable challenges remain in respect of optimizing the use of installed capacity. Although the initial usage rate of these airports remains low, in view of maintenance costs, the development dynamic that will begin to unfold with the establishment of Special Economic Zones, industrial parks, and tourism sites close by should offset the initial construction and maintenance costs.

Key strategies, programs, and actions.

110. The government will pursue its air transport modernization program by: (i) developing airport facilities throughout the country; (ii) upgrading safety and assisted navigation equipment; (iii) expanding the network of weather stations; (iv) building the capacities of national operators and monitoring the activities of other operators in the sector (travel agencies, tour operators, airlines, public and parapublic enterprises, etc.).

111. The key actions include: (i) continuation of the airport construction program in the principal towns of departments; (ii) continuation and completion of the work of modernizing the Brazzaville, Pointe-Noire, and Ollombo airports; (iii) strict enforcement of air transport regulations to ensure passenger safety, as well as reciprocity rules, to strengthen national operators.

River transport

Recent achievements and challenges

112. The government has made major efforts to improve the navigability of Congolese waterways. However, those efforts have not been followed up with the organization of traffic, particularly in the port of Brazzaville where the time required for the completion of formalities by arriving travelers remains relatively long (45 minutes on average, instead of the 10 minutes mentioned in international standards). Moreover, problems in navigating certain tributaries of the Congo River have led to the diversion of wood shipments from northern Congo to Douala (in Cameroon). Apart from buoyage operations (1,050 km in 2009 and 1,200 km in 2010) and dredging (210,000 m³ in 2009 and 233,000 m³ in 2010), insufficient investments in maintenance equipment and in the improvement of wharves and warehouses, as well as traffic control deficiencies, are the main constraints in this subsector.

113. However, the government plans to step up its river maintenance and river port rehabilitation operations. The development of river transport will also facilitate wood shipments from the northern region and help improve the flow of fishery products (inland fisheries). In addition to improving infrastructure, the government intends to pay more attention to easing traffic flows and facilitating river-based trade.

114. **Key strategies, programs, and actions** include: (i) construction and rehabilitation of secondary ports; (ii) expansion and improvement of Brazzaville Beach and rehabilitation of the port of Brazzaville; (iii) dredging and construction of embankments in the port of Mossaka; (iv) access dredging in the port of Brazzaville; and (v) implementation of a special program to facilitate river transport, in line with the country's trade facilitation strategies.

Marine transport

Recent achievements and challenges.

115. The capacities of the deepwater port of Pointe-Noire were expanded under the PAPN rehabilitation program, which led to the rehabilitation of three (3) bonded warehouses. The major rehabilitation projects already in progress (access, networks, etc.) will further enhance the functionality and competitiveness of this port and make it a regional "hub."

Key strategies, programs, and actions.

116. The government plans to continue to promote shipping by: (i) providing support to the PAPN for the development of port infrastructure and equipment; (ii) supporting the development of security, safety, and marine navigation infrastructure and equipment; and (iii) implementing a policy to facilitate marine transport, as a component of the trade facilitation program.

117. **The key actions include:** (i) monitoring performance of the concession agreement for the terminal of the Autonomous Port of Pointe-Noire by Congo Terminal; (ii) modernizing the administrative facilities of the Autonomous Port of Pointe-Noire (including the construction of new headquarters); (iii) enhancing the surveillance of Congo's territorial waters by acquiring appropriate equipment and protecting the marine and coastal environment by stepping up the fight against the polluting effects of oil production barges; (iv) creating a One-Stop Maritime Window (GUMAR); and (v) implementing a special program to facilitate marine transport, in line with the trade facilitation strategies.

C. ENERGY AND ICTS

Energy

Strengths, recent achievements, and challenges.

118. Congo has substantial hydroelectric potential (approximately 14,000 MW identified), but that potential has not yet been sufficiently tapped (barely 194 MW). As electric power is not widely available in Congo, the government has allocated considerable resources in recent years to closing the energy production gap by implementing a number of programs to boost capacities for the generation, transport, and distribution of electric power. These actions include construction of the Imboulou hydroelectric power plant (120 MW), construction of the natural gas-fired plants of Ndjeno (50 MW) and Côte Matève (300 MW), rehabilitation of the transport lines and the associated transformer stations; rehabilitation of the power distribution networks of Brazzaville and Pointe-Noire; and expansion of rural electrification from the Imboulou plant.

119. The main challenges in the subsector are:

- rehabilitation of the distribution networks of Brazzaville and Pointe-Noire;
- pursuing construction of the energy highway, intended to link the south to the north and with neighboring countries;
- connection to the national network of all large cities through which the energy highway passes;
- construction of new dams (Sounda, Kouembali, Chollet, Liouesso ...)
- improvement of the rate of rural electrification coverage through the use of appropriate energy sources (solar, wind, pico- and micro-hydroelectric plants);
- optimization of the management of subsector services by making appropriate managerial and commercial choices.

Key strategies, programs, and actions.

120. The government has developed an action program aimed at significantly improving the capacity for generating and distributing electricity in urban and rural areas. The specific objectives include: (i) strengthening capacities for the generation, transport, and distribution of electric power; (ii) expanding rural electrification; (iii) deepening the reform of the governance of the sector; and (iv) developing renewable energy resources.

Postal services, telecommunications, and ICTs

Recent achievements and challenges.

121. To relaunch its traditional activities, the *Société des Postes et de l'Épargne du Congo* (SOPECO) has undertaken to renovate and modernize its post offices. *With regard to postal services and telecommunications*, the Congolese government has established a regulatory agency for the subsector, known as the Postal and Electronic Communications Regulatory Authority (ARPCE) and, like the mobile telephone companies, has made substantial investments in heavy infrastructure. As a result, capacities have been increased, with a national coverage rate of 90 percent (100 percent in urban areas and 72 percent in rural areas), subscriptions have soared, and Congo now has some of the lowest communication costs in all of sub-Saharan Africa. Unlike mobile telephony, however, access to ICTs is still limited to a small segment of the population, owing to the excessively high cost of the related equipment and services.

Key strategies, programs, and actions

122. The overall objective is to ensure that all population segments enjoy access at the lowest possible cost to postal, telephone, and information and communication technology services. The government plans to: (i) strengthen the institutional and legal framework of the postal and telecommunications sector; (ii) reestablish the community postal services sector and further develop fixed telephony; (iii) formulate and implement a flexible ICT policy; (iv) strengthen the institutional and legal framework of the communications sector; (v) strengthen data-producing entities; and (vi) improve national media coverage.

123. The key actions include: (i) reform and strengthen the authority responsible for regulating the sector; (ii) renovate, equip, and modernize post offices; (iii) reassign personnel to all these offices and strengthen human capacities; (iv) overhaul the wired (fixed) telephony installation system; (v) facilitate the acquisition of modern, high-performance equipment; (vi) popularize the use of IT and the Internet via fiber optic connection; (vii) enforce existing laws; (viii) strengthen the human and material capacities of press and communications entities and agencies; and (ix) upgrade national radio and television equipment to achieve a high level of performance and operation.

D- WATER, SANITATION, HOUSING, AND URBAN DEVELOPMENT

Water

124. **Recent achievements and challenges.** Despite the country's abundant water resources, the population still faces serious problems in terms of access to water. These access-related problems are the result of significant inadequacies in the sector's physical and institutional capacities, particularly: (i) inadequate water quality control mechanisms; (ii) aging and deteriorated equipment; (iii) insufficient watering places in rural areas; and (iv) deficiencies in sectoral governance.

125. The Congolese government has already made significant efforts to remedy this situation and has recently taken several far-reaching steps in this area, in particular: (i) in Brazzaville, rehabilitating the Djoué water treatment plant, supplying drinking water in peripheral

neighborhoods, rehabilitating and expanding the drinking water distribution network; (ii) in Pointe-Noire, constructing a new Drinking Water Supply System (DWSS), and rehabilitating and expanding the drinking water distribution network; (iii) In the departments and secondary cities, rehabilitating water production and storage infrastructures in departmental capitals and constructing the DWSS; and (iv) In rural areas, drilling wells at several village locations.

126. **Key strategies, programs, and actions.** The government intends to continue its efforts to achieve significant improvements in national water production and distribution capacity. Priority programs include: (i) continuing and completing work to expand and modernize the Djiri water plant; (ii) rehabilitating urban water distribution networks; (iii) continuing construction of water supply units in secondary centers and drilling wells in villages; and (iv) improving the management of the National Water Distribution Company (SNDE) through privatization under a management, leasing, or concession agreement.

Sanitation

127. **Recent achievements and challenges.** In urban areas, the ECOM2 shows that the individual sanitation coverage rate (flush toilets and improved ventilated latrines) is adequate but still too low. As a result, the installation of liquid, solid, or gaseous waste collection and treatment infrastructures remains a major challenge for improving the population's living conditions.

128. **Key strategies, programs, and actions.** The government plans to accelerate the installation of modern liquid, solid, or gaseous waste collection and treatment infrastructures to improve the population's living conditions. Principal actions include: (i) extending appropriate technologies through small-scale construction of flush toilets in both urban and rural areas, improving ventilated latrines, and ecological latrines in schools; (ii) disposing of solid waste in controlled landfills; (iii) rehabilitating existing storm drains and constructing new ones; (iv) constructing sewer systems and treatment plants in hospitals, hotels, and industrial installations; (v) implementing a household awareness program to improve hygiene and public health, consistent with health promotion strategies.

Housing and urban development

129. **Recent achievements and challenges.** As part of the program of urban renewal and densification of the old quarters in the major cities, Brazzaville and Pointe-Noire, many building projects have been started both by government and private enterprise. The Banque Congolaise de l'Habitat (BCH) was created to oversee developers and households in home purchases, but the results still lag far behind the population's expressed needs. The government's challenge in upcoming years will be to accelerate the implementation of a social housing construction program, along with adequate home purchase financing mechanisms, particularly for low-income populations.

130. **Key strategies, programs, and actions.** Key actions include: (i) reform of urban planning and land law; (ii) development and strict application of urban development plans; (iii) creation of the land use management agency (iv) continuation of the social housing construction program; (v) conduct of studies on creation of the National Housing Fund, on the National Housing Strategy, and on procedures and sources for assistance to social housing developers and

buyers; and (vii) effective oversight of the strategy for developing the “Buildings and Construction Materials” cluster so as to foster increased national capacity to produce local construction materials (clay bricks, tile, etc.) at affordable prices.

PILLAR 4: SOCIAL DEVELOPMENT AND INCLUSION

A- EDUCATION

131. The principal results from the ECOM2 point to perceptible improvement in households’ access to educational services in terms of the rate of enrollment and satisfaction. In effect, between 2005 and 2011, the *rate of access* to primary schools improved noticeably, from 86.6 percent to 91.5 percent. This is consistent with an equivalent increase in the *net primary enrollment rate* (from 86.8% to 89.3%) and households’ *rate of satisfaction* with primary school (from 27.3% to 30.8%). These favorable developments refer to girls as well as boys, confirming that boy-girl parity is a reality in Congo, at least in the area of basic education.

132. **Nonetheless, disparities based on location do persist.** In 2011, the rate of access is quite low in rural areas (42.5%) and high in urban areas (84.7%), while population numbers are still lower and more spread out in rural areas compared to urban areas. This combination of a low enrollment rate and a relatively small population necessitates adjustments in specific public policies for rural areas, particularly in primary education.

133. **Progress is even more noticeable in secondary education.** The gross enrollment rate reached 84.5 percent in 2011 compared to 65.3 percent in 2005. This favorable development is even more obvious in the growth of the net enrollment rate, which increased from 44.4 percent to 59.1 percent between 2005 and 2011. Disparities based on location can still be noted between rural and urban areas (32.8% compared to 69.7%). In order to substantially and sustainably improve the different rates indicated above, the decentralization policy should assign greater responsibility to the departments in the area of basic education. This situation could be better analyzed at various academic levels.

134. **With respect to education at the preschool, primary, and secondary level,** the Congolese government has taken actions since the early 2000s to reenergize the Congolese educational system and to guarantee primary education for all, consistent with the MDGs. Thus, we note: effectively free access to primary education; free textbooks; hiring of more than 6,000 primary school teachers between 2002 and 2008, peaking at 1,800 new hires for 2008 alone; the implementation of a program to build more than 581 new classrooms and provide more than 11,000 bench desks since 2005; relaunch of adult literacy and informal basic education activities at the national level; and the census of teaching staff with funding from the budget of the Ministry of Primary and Secondary Education and Literacy (MEPSA), developing in other departments.

The situation, recent achievements, and challenges:

135. **At the preschool level,** the level of coverage remains low (13.5% in 2010). This weak enrollment rate could affect the primary level. Preschool education faces the following problems:

- Low coverage nationally in terms of nursery schools and preschool educational facilities;

- The current model for preschool educational centers is ill-suited to the setting where they are installed;
- Uneven coverage between rural and urban areas;
- The marginal nature of early childhood special education in the educational system;
- Insufficient financial and material resources allocated to preschool education, which is also not included under free education;
- Inadequate equipment and teaching aids in nearly all preschool education centers;
- Educational objectives, content, and methods ill-suited both to children's affective, psychomotor, and intellectual needs and to the sociocultural environment;
- Inadequate training of private school teachers and lack of continuing education for public school teachers, with repercussions on what is learned;
- Failure to take holistic development, including health, nutrition, and education, into account;
- Lack of synergies among the various interventions by the ministries involved in early childhood;

136. Inadequate qualifications of staff responsible for early childhood services. **At the primary level.** The number of educational facilities increased from 1,542 in 2003 to 3,008 in 2007. This growth is due to the emergence of private sector schools, amounting to 1,154 facilities in 2007 (63 of which are officially recognized - conventionné), compared to 601 in 2003. Public school staff is increasing at a slower rate than private sector staff, even noting the growth seen in 2009, or two years after free education was implemented.

The principal internal constraints at the primary school level are:

- Frequent grade repetition, particularly in grade CE1;
- Excessive use of support staff (who are not teachers) due to recurring teacher shortages;
- High student/teacher ratios in major population centers;
- Problems financing educational projects;
- Enrollment (supply/demand) problems in areas that are difficult to access and for vulnerable populations;
- Limited supply of alternatives.

137. **At the secondary level,** the total number of students enrolled in the first year showed a very significant increase over the period 2005-2010. The student population increased from about 191,000 to 206,000, for an annual increase of about eight percent. Despite this growth, school coverage is far from reaching 100 percent. The number of high school students also increased but coverage remains weak.

- The first and second cycles of secondary education face the following problems:
- Old facilities;
- Insufficient childcare facilities, particularly in rural areas;
- Lack of laboratories and/or laboratories with not enough equipment in nearly all facilities and hence the theoretical nature of the science lessons imparted to students;
- Shortages of teaching staff, particularly in the sciences;

- Inadequate teacher qualifications;
- Excessive use of support staff (who are not teachers) and hence the need to resort to contractors, suppliers, and volunteers;
- Inadequacy of budgets allocated to education.

In addition, the Congolese educational system is subject to several other factors that hamper its development:

- Under-representation of girls;
- Uneven distribution of school enrollment (heavily concentrated in major population centers);
- A high rate of income poverty among heads of household;
- Limited development of assistance and support activities (remedial training, school transportation, etc.).

Key strategies, programs, and actions

138. Access to quality basic education is an important factor in poverty reduction. On this basis, the government plans to: (i) increase the supply of preschool, primary, secondary, and literacy education; (ii) improve access to education and educational quality; (iii) develop school property; (iv) solve the problem of uneven distribution of teaching staff nationwide; (v) adapt school mapping to local requirements; (vi) take measures to promote training of girls in sectors where they are poorly represented; (vii) intensify campaigns to combat HIV/AIDS in schools; (viii) emphasize equitable access to literacy programs; and (ix) promote literacy for women.

Technical and Professional Education

139. ***The situation, recent achievements, and challenges.*** Various types of training were organized to improve the operational capacities of the technical and professional education sector. This sector also hired new teachers, thus fostering improvement in the student/teacher ratio. Technical and professional education (TPE) represents ten percent of college enrollment and 37 percent of high school enrollment. There are several deficiencies and areas of dysfunction, most notably: (i) inadequate and uneven distribution of childcare facilities; (ii) uneven distribution of staff nationally; (iii) a lack of infrastructure and equipment; (iv) aging and insufficiently retrained staff; (v) weak partnership with the workplace, related sectors, and institutions in other countries; (vi) training not suited to real needs; (vii) unsuitable and often incomplete curricula; (viii) limited range of training and limited access to higher education for subsector graduates; (ix) unsuitability of certain disciplines, leading to dead-end training programs; and (xi) limited awareness of HIV/AIDS and limited dissemination of knowledge on measures to prevent it.

140. ***Key strategies, programs, and actions.*** The government developed a program to improve the response to developments in the job market. From this perspective, specific efforts will be undertaken in technical and professional education as well as skills training. These will focus on: (i) improving the access and retention rates by rehabilitating facilities and building additional facilities to provide better geographic coverage and diversification of training; (ii) building density in the network of technical and professional education facilities in collaboration with

productive sector, urban community, and local community networks; (iii) improving the technical platform of technical institutions; (iv) upgrading teaching tools for developing technical and professional skills, by revising training programs and content; (v) defining new professional certifications and strengthening trainers' skills; (vi) efficiently mobilizing human and financial resources to promote technical and professional education by hiring qualified teachers and diversifying financing sources; (vii) developing a modern and dynamic partnership with the productive sector; (viii) improving the school guidance system by upgrading the guidance counselor corps; and (ix) encouraging school attendance by girls by setting quotas, particularly in agriculture and industry.

Higher Education

141. ***The situation, recent achievements, and challenges.*** The government has taken actions to increase the supply of higher education and improve its quality and output. To offset the weaknesses of the Marien Ngouabi University, the higher education sector was opened up to private enterprise, permitting the opening of numerous institutions, some of which have been authorized.

142. The following actions are being taken in the context of recent developments in higher education: (i) application of LMD (Bachelor's/Master's/Doctorate) system programs; (ii) oversight and inspection of authorized private institutions of higher education; (iii) redefinition of the missions of the Marien Ngouabi University by the draft decree on reorganization of the Marien Ngouabi University; (iv) construction of a new library within the framework of Sino-Congolese cooperation.

143. However, there are some deficiencies at the subsectoral level, in particular: (i) the lack of authorization for private higher institutions as of 2010; (ii) unjustified duties and taxes (patents, flat-rate tax on salaries) for institutions with a public service mission; (iii) no exemption on imported technical and teaching materials; (iv) failure to partners with local enterprises in the area of internships; (v) overly cautious banking sector in terms of financing graduates' plans. These deficiencies are such that they could hamper development of the subsector.

144. ***Key strategies, programs, and actions.*** The general objectives pursued by the government aim to: (i) promote and decentralize the public supply of higher education; (ii) promote more efficient and more competitive higher education on the national and international environment; (iii) improve the supply of services and streamline the management of human resources; and (iv) redirect and better target social assistance to students.

145. The principal programs and key actions are as follows: (i) improving the management and steering of higher education; (ii) improving quality and gender equity; (iii) promoting scientific and technological research geared toward sustainable development; (iv) redirecting higher education to the country's development needs, in terms of the requirements of regional integration and globalization, using a university-workplace relationship approach; (v) strengthening infrastructures to accompany LMD (Bachelor's/Master's/Doctorate) reform; and (vi) granting scholarships, particularly to young women, as well as giving them access to university housing. The government will also commit resources to improve the intake capacity of the Marien Ngouabi University by rehabilitating the 11 existing institutions.

B- SCIENTIFIC RESEARCH

Scientific Research

146. ***The situation, recent achievements, and challenges.*** Scientific research is conducted both at the Marien Ngouabi University and at research and development facilities. The various research studies carried out in this context have produced satisfactory results in the following areas:

- Forestry: development of eucalyptus and limba cutting; highly productive industrial breeding of eucalyptus; creation of clonal plantations, etc.;
- Agriculture: layering and grafting of fruit trees; micropropagation of food and fruit crops; in vitro conservation of food crop germplasm; creation of bacterial blight resistant varieties of cassava;
- Intellectual property: during the period 2003 to 2007, 111 applications for protection were submitted to the African Intellectual Property Organization (AIPO).

In addition, flora and fauna studies made it possible to: (i) establish a catalogue of vascular plants, estimating the flora of Congo to be 4,397 species broken down into 198 families and 1,338 genera; and (ii) create a national herbarium in Brazzaville. Nonetheless, some research studies conducted on the fish in Congolese inland waters, snakes, amphibians, and mammals are still fragmentary.

147. Congo now has a 2009-2013 national scientific and technological development plan (PNDST) being implemented by two coordination and collaboration bodies: a higher council for science and technology and an inter-ministerial council on science and technology. However, the development of scientific research in Congo is generally limited by internal constraints (resources, management, effectiveness) and external constraints (sociopolitical burdens, support from development partners for whom the sector is not a priority) as well as cross-cutting (the population explosion, spread of HIV/AIDS, gender-based disparities), cultural, and socio-economic constraints. In terms of scientific cooperation, Congo has also benefitted from a number of agreements and conventions promoting research in certain areas and on certain scientific topics.

148. ***Key strategies, programs, and actions.*** From the perspective of building the “Future Path” and reenergizing scientific research, the government has undertaken to: (i) generate knowledge in order to transmit-disseminate it through education; (ii) generate knowledge in order to inform the agents of development; (iii) produce, disseminate, and evaluate knowledge; (iv) participate in the production of knowledge at the global level; (v) make the knowledge generated available to the agents of development.

149. ***The principal programs and key actions*** are as follows: (i) building supply capacity (management of researchers, construction and rehabilitation of infrastructures.); (ii) building the supply of useful high-level scientific and technical knowledge through programs on human and animal health, food safety, the environment and biodiversity, engineering, mineralogy and materials, man and his environment.

The principal actions related to these programs are broken down as follows:

- Increasing the productivity of root crop and tuber production systems;
- Improving the quality of post-harvest conservation and diversifying processed products;
- Ensuring that urban centers have a regular supply of accessible products;
- Developing a broad range of cereal, legume, and vegetable crop varieties adapted to the diversity of agricultural and ecological conditions;
- Helping to improve the sustainable management of natural ecosystems and genetic resources (plant, animal, and fishing);
- Improving knowledge regarding non-woody forest products (NWFP) so as to manage them sustainably;
- Disseminating information on climate change and contributing to land restoration and sustainable conservation;
- Evaluating mineral resources;
- Studying the representations and practices of social agents regarding issues affecting man and his environment.

C- HEALTH AND HIV/AIDS

Health

Trends in health services access and performance are matters of concern.

150. The indicators show that the situation barely changed between 2005 and 2011 or may even have deteriorated in some cases. For example, the rate of access to health services fell from 68.7 percent in 2005 to 65.8 percent in 2011 and the health services utilization rate fell from 26.7 percent in 2005 to 23.8 percent in 2011. However, a rather favorable trend can be noted for women who received prenatal care, which increased from 88.9 percent in 2005 to 91.9 percent in 2011. It is expected that the effective application of recent decisions by the President of the Republic on making certain types of medical care free for mothers (Caesarian sections in particular) will help to improve this maternal health trend.

151. **These developments confirm that the health of population groups remains a great challenge for Congo.** The government is aware of the scale of the challenge and has already taken steps to address it. For this reason, the authorities decided in the *President's Framework Letter* for the 2012 budget and the accompanying *Budget Guideline Paper* to make the year 2012 the *year of health*. Reflecting this choice, health's share of the budget increased significantly, from 4.7 percent of the investment budget in 2011 to 6.5 percent in 2012, and the Ministry of Health is refining its action plan to improve the effectiveness of its interventions.

152. **Key strategies, programs, and actions.** These are broken down according to the following areas:

- Improving the governance and direction of the sector by developing the institutional and legal framework for health development, planning, and programming, as well as reform of health sector financing;

- Improving access to healthcare services by improving health coverage (building and equipping new health facilities, rehabilitating and equipping existing health training programs, etc.);
- Reducing inequities in access to health services by ensuring access to healthcare for the poor and improving vulnerable pregnant women's access to prenatal care (PNC), intermittent preventive treatment (IPT), and sulfadoxine-pyrimethamine (SP);
- Strengthening the supply of healthcare by promoting health services, social markets, and communication and developing health action appropriation mechanisms;
- Improving the quality of services by developing leadership, to include management teams, the provision of medically assisted procreation (MAP) and appropriate patient controlled analgesia (PCA), responding to the population's needs, particularly for water, electricity, and a system for disposing of biomedical waste;
- Managing medications by coordinating supplies, strengthening the Congo Essential Generic Drugs Agency (COMEG), streamlining the prescription of essential generic drugs (EGDs), and using appropriate guides in healthcare institutions, developing a quality assurance system, and managing auxiliary services, particularly the National Public Health Laboratory (LNSP) and the National Blood Transfusion Center (CNTS);
- Combatting communicable and non-communicable diseases, with particular emphasis on maternal and child health;
- Managing emergencies, disasters, and responses to epidemics by strengthening the health emergency management system and providing the departments with emergency kits.

BOX No. 1: CONGO AND THE MDGs

The favorable developments indicated above with respect to growth and income poverty augur well for achieving the goal of reducing extreme poverty in 2015 (MDG1). They are also encouraging for making basic education universal. However, with respect to the health outcomes evaluated, the achievement of goals continues to be a major challenge, particularly in the area of reproductive health (MDGs 4 and 5) and combating HIV/AIDS (MDG 6). Achieving these goals will require intensified efforts but above all increased diligence and effectiveness in interventions. Congo's position in terms of the principal MDG targets is summarized below.

MDG 1: *Reduce extreme poverty and hunger.* Preliminary results from the ECOM confirm that good performance in the non-petroleum economy and in job creation is reflected in a substantial reduction in the incidence of income poverty. Estimates indicate that the percentage of the poor fell by about 15 points, from 50.7 percent in 2005 to 36 percent in 2011. At the current rate or with an increase in the average growth rate, the MDG of 35 percent would be quite accessible by 2015.

MDG 2: *Achieve universal primary education.* The net enrollment rate increased by only 2.5 points in five years (2005-2011). At this pace, the rate would be about 95 percent in 2015, or five points below the goal of universal enrollment. However, with effort and increasingly effective programs, Congo may make up for this delay.

MDG 3: *Promote gender equality and empower women.* The results of the ECOM confirm that Congo has made significant efforts and recorded encouraging results in terms of enrolling girls and boy-girl parity, as indicated by the nearly identical rates of primary enrollment in 2011 (89.4 compared to 89.2). However, the targeted parity goes well beyond education, referring also to economic status (access to land and other means of production), employment, and salaries, as well as women's representation in the country's political, economic, and social life. In this regard, more focused and sustained attention will be required to achieve the goal of gender parity in Congo.

MDG 4: *Reduce child mortality rates.* Between 2008 and 2010, the mortality rates of children under the age of five (young children) and children under the age of one (infants) barely fell at all. This disappointing performance makes it difficult to achieve the MDG target in 2015. However, significant progress has recently been made in the area of vaccination coverage with the Expanded Program on Immunization (EPI), particularly for measles (from 66.8% to 77.8% between 2008 and 2010), as well as in combatting diarrheal diseases and dietary deficiencies. Intensification of these efforts could accelerate Congo's progress toward the MDG target.

MDG 5: *Improve maternal health.* Some progress has been made in this area. Between 2008 and 2010, maternal mortality fell from 781 deaths for every 100,000 live births to about 624 deaths, improving by about 52 points each year. At this pace, the MDG target of 365 deaths for every 100,000 live births would still be achievable between now and the year 2015.

MDG 6: *Combat HIV/AIDS, malaria, and other diseases.* The seroprevalance survey conducted in 2009 showed that the prevalence of HIV/AIDS was 3.2 percent nationally, with 4.1 percent for women compared to 2.1 percent for men between the ages of 15 and 49. The urban environment is more affected than the rural environment. The review of outcomes shows that Congo has made significant progress. With a concentrated focus on the authorities' part, the target would be within the country's reach if current programs continue with the same enthusiasm.

MDG 7: *Ensure environmental sustainability.* The government is implementing an active environmental policy. Protected areas set aside to preserve the environment represent more than one-tenth of the national land area (11% in 2010). The target of 70 percent of forested areas by 2015 is potentially achievable in terms of the percentage of forested areas, which was 65 percent in 2008 compared to 65.1 percent in 1990 and 64.6 percent in 2002. The percentage of the population using an improved source of drinking water increases each day. However, efforts are

still needed despite a net increase in the percentage of the population with access to drinking water because this percentage conceals local disparities that put rural areas at a disadvantage. The data are negative with regard to the percentage of the population using improved sanitary facilities.

MDG 8: *Develop a global partnership for development.* The plan for achieving the MDGs indicates that enormous resources are needed. As internal financing is not sufficient, external assistance proves to be necessary. Significant budgetary credits must be increasingly mobilized and allocated to the social sectors. The partnership to be implemented aims to control and reduce the youth unemployment rate, particularly in urban areas; to align incomes and the cost of living; to make essential medications available to the most disadvantaged segments of the population; to reduce the inequities between men and women by promoting strategies to strengthen the economic power of women; to popularize the use of information and communications technologies (ICTs); and to improve the standard of living.

In summary, Congo has established clear milestones for achieving the MDGs and moving toward the country's economic emergence. The next five years represent a critical period in this sense. The government is aware of the challenges: it must intensify the reforms, accelerate the pace at which actions are taken, including investment projects, with increased focus on the results of development, so as to propel the Congo over the next five years along the path toward emergence and achievement of the MDGs. Conversely, any relaxation in these efforts or in any of the pillars mentioned above entails a significant risk of compromising this collective enthusiasm, with the country reverting to instability and vulnerability and its populations exposed to economic insecurity, despite the considerable wealth of Congo's subsoil and soil.

The following sections summarize the strategies, principal programs, and key projects that the government is determined to put into effect to meet this challenge during the period 2012-2016.

153. Problems associated with nutrition are also a significant cause of morbidity and high mortality. Expectant mothers, the elderly and especially children, are the most vulnerable to food insecurity. According to an FAO study (2007) on the food balance sheet in the Congo, average consumption is 2 512 Kcal per person per day, but a more thorough analysis of food security and vulnerability (2009/2010) has highlighted the fact that the diet of most households is lacking more in quality than in quantity.

154. In order to improve the nutritional state of the population, the government intends to concomitantly step up nutritional education at all levels through the following programs:

- social communication;
- educational communication;
- institutional communication.

HIV/AIDS

155. ***The situation, recent achievements, and challenges.*** **The HIV/AIDS pandemic continues to be a major concern.** According to the results from the survey on seroprevalence and the indicators of AIDS (ESIS-C), the situation has improved in that the overall HIV prevalence rate (both sexes combined) fell from 4.2 percent in 2003 to 3.2 percent in 2009. While in 2003 the highest prevalence was 9 percent in some communities, in 2009 the highest prevalence was 4.8 percent according to this latest survey. The survey shows that the HIV

prevalence rate is 3.2 percent for those between the ages of 15 and 49. This HIV prevalence is slightly higher in urban areas (3.3%) than in rural areas (2.8%).

156. Implementation of the second generation strategic framework (2009-2012) revealed clear progress in the area of HIV prevention with:

- Purchase and start-up of the first complete Mobile HIV Screening Unit (UMODEV) in December 2009, allowing a large number of people to learn their serological status;
- Prevention activities also carried out among men who have sex with men (MSM);
- Continued preventive work among sex workers;
- Increased activity of the Yellow Line (HIV/AIDS information line) and appreciable increase in the number of calls;
- Organization of AIDS fairs during school holidays in Brazzaville, Pointe-Noire, and Ouessou.

Furthermore, it should be noted that continued use of the cultural approach, involving traditional mediators in the fight against AIDS, seems to be bearing fruit.

Increasingly larger numbers of people agree to be screened, and people living with HIV (PLHIV) and being treated in health institutions are more numerous in the country's twelve departments.

157. ***Principal programs and key actions are:***

- Intensified preventive activities at the community level, at worksites, and in health care settings;
- Improved overall management of those infected and affected by HIV/AIDS;
- Improved supply and distribution of reagents, anti-retroviral drugs (ARVs), and consumables;
- Strengthened follow-up/evaluation and epidemiological surveillance system;
- Strengthened public-private and civil society partnerships;
- Strengthened efforts to combat HIV/AIDS in schools, law enforcement, agriculture, forestry, and transportation.

D- SOCIAL PROTECTION AND INCLUSION OF VULNERABLE GROUPS

Social protection

158. **The situation, recent achievements, and challenges.** Weak social coverage is evidence of the country's lack of a coherent social security system. In effect, the scope of application of social protection measures is limited to private sector officials and employees despite the development and adoption of a framework law reforming social security and instituting social security covering the large majority of the population under its various components. The number of retirees under the National Social Security Fund (CNSS) increased from 34,594 in 2009 to 35,205 in 2010 while those covered under the Employee Retirement Fund (Caisse de Retraite des Fonctionnaires - CRF) amounted to 18,950 in 2010.

159. The current situation indicates that the financial equilibrium of the "pay as you go" model with one retiree for every four employees has broken down. The current demographic dynamic

requires that the Congolese economic system create more formal sector jobs in order to ensure the inter-generational balance and viability of the two retirement funds.

160. The government plans to strengthen social protection policy in order to reshape it within an integrated institutional framework that includes strategies for preventing and mitigating social risks and their effects and responding to those risks. It also plans to strengthen employment, social insurance, and social security policies geared toward universal care of the population. The objective is also to provide for the social and professional integration of vulnerable people and social groups.

161. **Key programs and actions include:** (i) social and professional integration of the disabled; (ii) support for the elderly; (iii) psychosocial management of the indigent and the victims of HIV/AIDS and other debilitating diseases; (iv) support for instituting protection and social security mechanisms for informal sector workers; (v) better management of vulnerability to shocks; and (vi) strengthened capacities of institutions working to develop solidarity.

Promotion of mutual health organizations.

162. **The situation, recent achievements, and challenges.** The difficulties encountered in gaining access to health services are due in part to insufficient capacity and financial resources. Naturally, these difficulties increase the precariousness and vulnerability of population groups, particularly the poorest segments.

163. **Key programs and actions.** To facilitate access to health services and strengthen the productive capacities of population groups, the government plans to develop targeted programs to: (i) develop measures to encourage the establishment of mutual health organizations; (ii) encourage community mutual health organizations; and (iii) raise the population's awareness of the advantages of belonging to a mutual health organization.

Vulnerable groups

164. **The situation, recent achievements, and challenges.** The weakness of social protection in Congo is illustrated by existing mechanisms that do not cover all risks of vulnerability and fragility and only take into account the smallest fraction of the population, namely formal sector workers. However, the government plans to continue its promotion efforts on behalf of women and other vulnerable groups in particular, consistent with its vision of inclusive development.

165. **Key strategies, programs, and actions.** These efforts will be made along three lines: (i) strengthening programs to promote women and their participation in political, economic, and social life on an equal basis with men; (ii) strengthening programs to protect vulnerable groups (children, women, the elderly, indigenous peoples, etc.); and (iii) strengthening social protection and promoting mutual health organizations.

Families and children

166. **The situation, recent achievements, and challenges.** In the absence of a national pro-family policy, families continue to face many problems, particularly in housing, nutrition, education, health, and transportation. The situation of children is of particular concern as

illustrated by the indicators in the areas of health, nutrition, and education. However, there have been some achievements, including:

- Measures to provide free services (school fees, malaria treatment for children aged 0 to 15, identification of women presumed to be suffering from obstetric fistulas, and socio-economic reintegration of women cured of this condition, Caesarian sections, etc.);
- Transportation premium of 10,000 CFAF for employees and a 10 percent increase in the minimum salary paid to civil servants, increasing from 64,000 to 70,000 CFA francs;
- Increase of more than 100 percent in the family allowances the State pays each month to children in the care of employees. Allowances, which had already increased from 1,200 to 2,000 CFAF in 2011 henceforth increase to five thousand (5,000) CFAF per child, per month;
- Fifty percent increase in student scholarships.

Between 2009 and 2010, the government also took charge of about 22,106 orphans and other vulnerable children, reintegrated 300 street children, and educated 411 children.

167. **Key strategies, programs, and actions.** Efforts on behalf of children during the period will be directed to improved enforcement of regulations regarding the rights of children; systematic civil registration of children; and combating childhood malnutrition, morbidity, and mortality, poor conditions in basic education, and early sexual activity, in both urban and rural areas. Moreover, special actions will be taken to effectively combat the exploitation of children (work, prostitution, child soldiers, trafficking in children) and to guarantee care for children in difficult situations, particularly those infected and affected by HIV/AIDS.

The disabled

168. **The situation, recent achievements, and challenges.** Following preparation of the national action plan for the decade of disabled persons, the government was able to care for 1,600 disabled persons between 2009 and 2010.

169. **Key strategies, programs, and actions.** The government plans to achieve (i) production of sign language and braille aids; (ii) literacy for disabled adolescents and adults; (iii) support for screening and early intervention for the disabled.

Indigenous peoples and other minorities

170. **The situation, recent achievements, and challenges.** Between 2009 and 2010, the government was able to educate more than 4,011 indigenous children and 4,864 benefitted from other programs. In addition, Law No. 5/2011 was enacted on protecting and promoting the rights of indigenous peoples (civil, political, social, and cultural rights as well as the right to property).

171. **Key strategies, programs, and actions.** The government plans to ensure the protection and promotion of the rights of indigenous peoples through:

- Universal access to school for all citizens, particularly the children of indigenous persons while respecting their practices and customs as well as their specific calendar and agenda;

- Effective exercise of civil and political rights recognized by the Constitution (through effective representation in government entities);
- Preservation of their cultural heritage.
- With regard to albinos, support will consist of providing certain specific types of medical care.

Promotion of women

172. ***The situation, recent achievements, and challenges.*** Women occupy a central place in social organization and play a critical role in the balance of family and society. They represent the “cement” of the family unit. In Congo, women represent more than half of the population (51.4%, according to the ECOM2 survey). In rural areas, they take an active part in production (58.3%). Their activities in both rural and urban areas make a direct contribution to food security. They are particularly involved in the family’s social life (basic education, health, child care, etc.).

173. However, this position is not reflected in women’s economic or political status within Congolese society. Serious efforts have clearly been made in the area of basic education in Congo, which has nearly achieved parity, but gaps persist in:

- (i) The economic arena: access to land and financial capital;
- (ii) The political arena: weak representation in government, in constitutional institutions, among elected officials, and in both public and private sector decision-making, etc.

174. Congolese society and government are increasingly aware of these gaps. Should they persist, they would limit Congo’s ability to promote inclusive development in line with its full human potential and to achieve truly shared prosperity. For this reason, the government decided to focus on women, children, and the family in its development program.

175. **Key strategies, programs, and actions.** The promotion of women includes: (i) improving women’s political, social, and cultural status; (ii) protecting and preserving the family; and (iii) strengthening the capacities of institutions promoting the family and households taking in orphans and vulnerable children.

176. The principal programs include:

- (i) **In economic terms:** improving the land code to facilitate women’s access to land ownership; facilitating women’s access to the means of financing, including microfinance; accelerated literacy, targeting women in particular; and strengthening women’s capabilities through targeted training programs;
- (ii) **In legal terms:** revision of the legal framework so as to ensure gender parity (laws on inheritance, matrimonial law, political parties, etc.);
- (iii) **In political and administrative terms:** appointment of women to government and public and private organizations, as well as direct support for women’s associations.

E- SPORTS, CULTURE AND THE ARTS, CIVIC EDUCATION AND YOUTH

Sports and physical education

177. **The situation, recent achievements, and challenges.** There have been some achievements in terms of infrastructure, including rehabilitation of the A. MASSAMBA-DEBAT Stadium and the Municipal Stadium in Pointe-Noire, construction of the Denis SASSOU NGUESSO stadium in Dolisie, the Marien NGOUABI stadium in Owando, and the Oyo multi-purpose gymnasium. Efforts made in recent years have been able to give the country international visibility, particularly in specific sports:

- **Soccer**, junior African champion in 2007; CEMAC Cup winner in 2007 and 2010; bronze medalist in the African Cup, cadets category, and world quarter-finalist in the same category in 2011, and gold medalists in the Francophone games in 2009;
- **Handball**, two times in a row the Congolese teams were finalists in the continental competition (nation and club); Congo was the silver medalist in the African games in Maputo in 2011;
- **Table tennis**, Congo was the gold medalist in the Africa championship in 2007; gold medalist for women and bronze medalist for men in the 2009 world championship; etc.

178. **Key programs and actions** include: (i) completion of the national sports development plan within the framework of a public-private partnership, intended to give each department viable infrastructures; (ii) strengthening of sports activity supply capacities (with continued construction and rehabilitation of various infrastructures); (iii) promotion of physical education through organization of sports platforms in the country's schools and universities, and (iv) promotion of sports through:

- The development of cooperation and partnerships with international sports associations and organizations;
- Organization of school and university games, as well as local and departmental competitions to identify talent.

Culture and the arts

179. **The situation, recent achievements, and challenges.** Culture and the arts have recently marked Congo's national and international image. For example, some writers have been awarded prestigious literary prizes, including the Prix Goncourt in 2004; Congolese artists participated in the World Festival of Black Arts in Dakar in December 2010; and several monuments "witnessing" the political history of the Republic in particular were built, representing progress in affirming a cultural identity for the sector.

180. **Key programs and actions** include: (i) protecting the national (natural, cultural, and artistic) heritage; (ii) promoting cultural and artistic industries (support for endogenous cultural industries, the national ballet, and the national theatre, etc.); (iii) constructing the City of Culture (to house the Pan African Musical Festival or FESPAM) and the national museum, and managing the national archives and documentation; (iv) constructing cultural and artistic spaces (house of

culture, including a library, performance and exhibition room, and a museum) in each department; and (v) developing national and international partnerships.

Civic education and youth

181. **The situation, recent achievements, and challenges.** After the long period of political instability and the breakdown of government administration, there is clearly a need for moral rehabilitation of Congolese society. Hence, civic education is one of the essential preparatory links for achieving the objectives of the modernization and industrialization of Congo called for by the “Future Path.”

182. **Principal programs and key actions** include: (i) developing the national policy on youth and civic education; (ii) combating anti-values; (iii) promoting a culture of peace and citizenship education; (iv) improving the framework of the youth association movement; (v) creating a risk capital fund for youth; (vi) developing and popularizing civic education programs in the preschool, primary, and secondary cycles, as well as in the professional arena; and (vii) rehabilitating the youth camps (Djoué, Kindamba, Aubeville, Odziba).

PILLAR 5: PROVIDE BALANCED AND SUSTAINABLE DEVELOPMENT

A. BALANCED TERRITORIAL DEVELOPMENT

183. **The situation, recent achievements, and challenges.** The distribution of population, opportunities, and economic activities in the country is quite imbalanced. Analyses of living conditions and poverty have shown significant gaps between rural and urban areas. This is also true of the distribution of economic opportunities, particularly in terms of infrastructure and essential productive and social services (education, health, water, etc.). The persistence of these gaps contributes to the migration of populations, particularly the youngest, toward the cities, exacerbating relative rural impoverishment as well as problems related to employment and the availability of social services in the cities. The government is aware of this major challenge and has made it a priority in its development strategy. Much has already been done in this area in the context of accelerated municipal development, decentralization, and local development programs. However, these programs must be expanded and their implementation must be accelerated and sustained.

184. **Key strategies, programs, and actions.** The government plans to strengthen the above-mentioned programs and to implement them throughout the country. ***The objective is better distribution of economic opportunities in the country’s various departments, and between cities and rural areas, so that no region or population group is “left behind” in the country’s development.*** Major programs include decentralization, accelerated municipal development, and programs to revitalize the fabric of village life and to promote cross-border development basins. There are also rural and urban development programs as well as policies targeting “pockets” of marginalization and poverty.

185. **Strengthen accelerated municipal development and the revitalization of towns.** The government plans to continue and strengthen the accelerated municipal development strategy for urban areas. In this second phase, the authorities plan to emphasize the development and

implementation of *local economic development plans* around which the provision of infrastructure services will be organized. These plans will be aligned with national sectoral strategies and policies on diversification by clusters associated with the *Special Economic Zones (ZES)*.

186. ***For rural areas, the strategy aims to equip and clean up villages so as to make them hubs of local development, taking inspiration from the Accelerated Municipal Development that has contributed to the rapid development of Congolese urban areas.*** This will make it possible to improve rural inhabitants' standard of living and increase their ability to supply urban markets. This refers to the equivalent of the [text missing]. Key projects include:

(i) **Central government-department contracts:** Financial tools of the land use policy specifying the organizational, functional, and financial relationships between the central government and the department councils and providing an annual statement of account based on the priorities expressed by local communities;

(ii) **Millennium villages:** Being tested in Etoro and Obaba, consistent with efforts to improve the country's interior by strengthening local infrastructures and equipment. The experiment is financed by the government, local communities, NGOs, and the UNDP. A new experiment is underway with the Ente Nazionale Idrocarburi (ENI) at Hinda.

187. ***Improve cross-border development basins. Improving cross-border development basins*** is one of the strategic responses for reenergizing trade between the populations of Congo and populations in neighboring countries and for developing the zones involved. These cross-border basins are located close to the priority development corridors defined by the New Partnership for Africa's Development (NEPAD) as well as the heavy transport routes mandated in the Consensus-Based Master Plan on Transportation in Central Africa (PDCT-AC).

188. **Principal programs and key actions:** Consistent with regional integration strategies, the government is committed to giving priority to projects that have high integrative potential and to developing areas of interdependence in order to transform cross-border areas into centers of prosperity. To this end, each basin will have a portfolio of projects to enhance existing potential as well as present and future trade. These projects will be included in a coordinated cross-border management and development plan (PCADT) setting out a vision of development for the basins concerned.

B. ENVIRONMENTAL PROTECTION AND COMBATING CLIMATE CHANGE

189. The objective is to preserve the country's natural resources while developing them in a sustainable way for the long-term well-being of the population. These programs include: (i) environmental protection; and (ii) combating global warming.

190. **Environmental protection.** The strategy incorporates environmental protection in all socio-economic activities carried out in Congolese territory so as to sustainably manage the environment and the extraction of its natural resources. Thus, environmental protection actions refer in particular to agriculture, forestry, mining, and energy programs and infrastructure and transportation programs. The government will also ensure the inclusion of training modules on

these concerns in secondary and higher education and in professional training programs. Moreover, with respect to the *sustainable management of natural resources*, the government plans to: (i) develop non-wood forest products; (ii) create a wildlife park north of Brazzaville; (iii) implement the National Afforestation and Reforestation Program (PRONAR); and (iv) develop the botanical and zoological garden in Brazzaville. Finally, the government also plans to combat pollution through the project called “Combating the voluntary introduction of invasive plants and animals.”

191. **Combating global warming.** This will involve reducing the footprint of economic activities generated by the development policy on climate change, particularly through a suitable policy on Reducing Emissions Associated with Deforestation and Forest Degradation (REDD+). Implementation of the REDD+ will be embodied in: (i) the pilot REDD+ URFE – north Pikounda project; (ii) installation of a Monitoring-Reporting-Verification (MRV) unit geomatics laboratory; (iii) the pilot REDD+ Energy Efficiency project for large cities; and (iv) the REDD+ Management pilot project of community development series.

5. MACROECONOMIC AND BUDGETARY PROGRAMMING OF THE STRATEGY

A. 2012-2015 MACROECONOMIC PROSPECTS

Growth and inflation

192. **Growth.** Based on anticipated favorable developments on the international level and effective execution of the principal programs and key actions of the DSCERP, favorable performance of the Congolese economy in previous years is projected to increase over the period 2012-2016. Growth will reach an average annual rate of about eight percent, driven by increased activity in the non-petroleum sector. The increase in oil drilling (Moho-Bilondo) and mining (iron, potassium, etc.) would “boost” growth and bring the average annual rate to more than 10 percent over the period.

193. **Inflation.** Inflation could be held below five percent over the period, even falling below three percent for 2016. This would be consistent with CEMAC convergence goals. This outcome would be the result of favorable trends in the three principal components of inflation. “*Imported*” inflation will continue to fall with the prospects for relative international price stability for food and petroleum products. *Structural inflation (costs for the factors of production)* would be contained with the anticipated reduction in transaction costs following the strengthening of infrastructures and the liberalization of trade. In addition, rationalization of the labor market and financial markets as well as improvements based on factor productivity would allow reductions in unit labor and capital costs, favoring a reduction in structural inflation. Finally, *in monetary terms*, prudent community policies and the government’s pro-growth but prudent fiscal strategy will prevent aggregate demand from overheating, helping to contain the “monetary” component of inflation.

Budgetary support

194. **Government expenditures.** To support the implementation of programs, the government plans to increase expenditures on a sustainable but prudent basis in order to prevent slippages that

would imperil macroeconomic stability. The government plans to free up more resources for investment in order to finance development. This will make it possible to hold the increase in total expenditures to about 11 percent per annum over the period 2012-2016, so that the ratio to GDP can be stabilized at about 40 percent.

195. **Government revenues.** Mobilizing revenues will be a challenge for the government. On one hand, everything must be done to mobilize revenues in line with needs but, on the other hand, the government will have to remain attentive so as not to impose too high a tax burden on the private sector and thus to maintain a climate that encourages investment and growth. The government plans to improve the mobilization of its own revenues through the reforms underway as well as expansion of the tax base, among other measures.

196. With efforts to strengthen multilateral partnerships, *external resources* should also increase. Consistent with commitments made in the context of the *HIPC Initiative Completion Point* and the *Paris Declaration* for effective management of Official Development Assistance (ODA), external resources will basically consist of financing at concessional rates.

197. **The budget balance.** With these trends reflecting both aspirations and prudence, the budget balance will continue to have a surplus, possibly about three percent of GDP. The primary balance excluding petroleum will remain at its current level, although with a deficit. These trends will allow Congo to continue along the path of debt reduction.

B. 2012-2016 BUDGETARY GUIDELINES

198. Reflecting the strategy's priorities, the Medium-Term Expenditure Framework (Global MTEF) indicates that the government's efforts over the period 2012-2016 will relate to social development, diversification of the economy, and strengthening of infrastructures. Particular emphasis will be placed on the development of key growth sectors as set out in the clusters strategy (agriculture, livestock, fisheries, and silviculture, forest exploitation, mining, and tourism). By backing sectoral strategies, the government plans to commit adequate efforts to support the competitive base of the economy, particularly **infrastructures** (communication routes, electricity, drinking water, ICT, etc.) and human resources. These priorities are expressed in the relative share of these components in total government expenditures. In effect, the MTEF indicates that the growth and social development sectors will see their respective share grow by 1.3 points between 2012 and 2016.

C. HOW DOES THE MACROECONOMIC AND BUDGETARY FRAMEWORK ENSURE ACHIEVEMENT OF THE MILLENNIUM DEVELOPMENT GOALS?

Poverty reduction and social development (the MDGs)

199. **Income poverty.** With non-petroleum growth of 10 percent, the baseline scenario shows a considerable reduction in the rate of income poverty, falling from 50.7 percent in 2005² to 33.4 percent in 2015, or 1.6 points below the target set (35.0%). **These results show that**

² Source: ECOM 2005, CNSEE

implementation of the DSCERP will allow for substantial improvement in the population's living conditions and achievement of MDG1 with respect to reducing extreme poverty.

200. **Education.** The net primary school enrollment rate will increase by an average of three percent a year, only achieving the target of 100 percent in 2016. This growth would be the result of sustained increases in public expenditures allocated to the education sector (13.0% of budgetary expenditures in 2016 compared to 11.7% in 2011).

201. **Health.** Some important measures are being implemented, such as free treatment for malaria, HIV/AIDS, and Caesarian sections. The baseline scenario points to a gradual improvement in the indicators – child mortality and maternal mortality rates – over the period 2012-2016. However, these favorable developments are insufficient to offset the delays of the past and to achieve the MDG targets in 2015. Thus, increased efforts will be required in terms of the resources allocated and improved effectiveness in the execution of actions in order to reverse the trends and reach the MDG health targets in 2015.

D. HOW DOES THE REFERENCE FRAMEWORK ENSURE MACROECONOMIC STABILITY?

202. **Taxation.** Mobilizing revenues will represent a major challenge for the Congolese government. Despite significant requirements for public funding of the strategy, the government would have to continue to ensure a tax framework that encourages private investment.

203. **Public debt.** Over the period 2012-2016, the average rate of discounted debt would be 19 percent, much less than the norm of 30.0 percent for countries with the same profile as Congo. Outstanding discounted public debt would average 68 percent of own budgetary revenues, compared to the established ceiling of 200 percent according to debt sustainability criteria. This means that the baseline scenario is entirely consistent with the logic of continued Congolese debt reduction.

204. **Risks.** According to the simulations, the Congolese economy would continue to be very sensitive to developments in the international environment because of the significant and continued weight of petroleum in its economy over the course of the period. The government plans to effectively manage the room to maneuver afforded by the oil bonanza so as to increasingly shelter the country from reversals in the international environment. The analyses also indicate that the above-mentioned outcomes (10% GDP growth excluding petroleum) are in no way guaranteed but depend on the determined and effective implementation of the government's strategy. Otherwise, the Congolese economy would return to the downward trends of the past and "stagnate" with erratic growth of about five to six percent a year. This level of growth would be insufficient to guarantee achievement of the MDGs and would hold the country back from realizing its aspirations.

6. FINANCING THE STRATEGY

A. OVERALL COST OF THE STRATEGY

205. The ability to mobilize adequate financing – in terms of volume and type – represents one of the major determinants for converting visions, policies, and action programs into tangible realities. In this regard, significant financial requirements based on ambitious and proactive policies necessitate heavy mobilization of both public and private resources.

206. According to the cost estimates for the priority programs in the sectoral PAP/MTEF, the financing needed for the entire strategy over the period 2012-2016 would amount to about **13,000 billion** CFA francs. The preceding macroeconomic projections indicate that, with real growth of 8 percent and an average tax rate of 24 percent for the non-petroleum sector and 14 percent for petroleum income, the government would mobilize about **three-quarters (75%)** of the financing from its own resources, leaving a financing gap equal to one-fourth of what is needed, or about **3,500 billion CFAF**.

B. STRATEGY FOR MOBILIZING FINANCING

207. The government will mobilize additional resources based on a creative and innovative strategy it plans to include among its priorities. The strategy will be a mix of: (i) government loans under concessional terms; (ii) issuance and sale of government securities in order to profit from the financing potential of subregional monetary and financial markets; (iii) reliance on the private sector, by strengthening Public-Private Partnerships, setting up services contracts, licensing concessions for private entities to provide some public services, using BOTs (Build-Operate-Transfer) schemes in the construction of infrastructures, creating public-private companies, as well as calling for direct contributions from the population to finance social sectors (education and health).

CHAPTER 1: OVERVIEW OF THE 2012-2016 DSCERP

PRESENTATION OF THE 2012-2016 DSCERP

208. **The 2012-2016 DSCERP.** This *Growth, Employment, and Poverty Reduction Strategy Paper (2012-2016 DSCERP)* is the first book of Congo's *National Development Plan (NDP)*. It presents an integrated summary of the medium-term sectoral strategies and policies that Congo plans to implement to give substance to the President's vision as explained in the "*Future Path*." The principal objective of this vision is to accelerate society's *modernization* and the country's *industrialization*. The approach is to generate increased and shared prosperity in order to prepare for Congo's emergence in the global economy.

209. The 2012-2016 DSCERP is also a new generation of Congo's growth and poverty reduction strategy known by the acronym PRSP, the first edition of which was adopted in 2008. It was developed in the context of reaching the Completion Point of the Heavily Indebted Poor Country Initiative (HIPC-I) that Congo was supposed to facilitate by cancelling a significant portion of its external debt.

210. Despite the constraints at the time, the government spared no effort to ensure a participatory and consultative approach in developing this strategic framework. However, despite these efforts and limited by a very tight schedule for meeting the Completion Point requirements, this first edition of the PRSP encountered some difficulties in terms of adoption at the national level, which partially handicapped its realization (implementation, follow-up, and evaluation). The problem of adoption was most evident at two levels: (i) within the sectoral ministries; and (ii) in the budgetary process.

211. *The first problem involves the adoption and recognition of the strategic framework and its priority programs by the principal stakeholders, particularly the sectoral ministries.* In effect, based on the logic of "*results-based management*" to which the government is committed, the sectoral ministries are primarily responsible for the design, programming, budgeting, and execution of actions, and thus accountable for the results. However, despite a consensus-based approach, the limitations of the calendar on the one hand and limited capacities on the other contributed to weak involvement by the principal stakeholders in the preparation of the strategic framework and its PAP. In effect, at the time the PRSP1 was adopted, several ministries had not completed the process of validating their sectoral strategy and the programs that should have ensued therefrom. This failure was an obstacle to effective implementation of the strategy.

212. The second problem involves *recognition* of the strategic framework as the *frame of reference for establishing national priorities and aligning the government's budget with these priorities*. The government has clearly espoused the PRSP as the consensus-based national strategic framework. However, despite significant progress made in strategic alignment of the budget since the introduction of the MTEF, the PRSP is still not given enough *consideration* in budgetary discussion, allocation, and forecasting processes. As indicated in the "public expenditure reviews" done with the Bretton Woods institutions: "budgetary allocations were not

always consistent with the strategy's priorities, which hampers the implementation of certain programs.”

213. After a straightforward review of these shortcomings, Congolese authorities resolved to strengthen the planning process to ensure that the sectoral ministries are fully responsible and the budget is strategically aligned so as to improve the effectiveness of government interventions. They took appropriate measures so that this second generation of the PRSP would be designed, prepared, and executed according to a *strengthened participatory* focus ensuring that **“everyone is covered, everyone is involved, everyone is recognized, everyone counts, and all will have to be accountable.”** These improvements are made intentionally and are among the attributes of the DSCERP summarized below.

214. The first substantive improvement is ***expansion of topics covered by the strategic framework compared to the first edition.*** The DSCERP is no longer limited to the traditional areas of poverty reduction such as the social sector or the economy itself. From now on it covers all the broad areas of government interest and intervention, particularly political, administrative, judicial, and security governance, productive sectors and integrated diversification strategies, infrastructures, and human resources.

215. ***In the planning and programming of actions,*** this complete coverage of the government's principal missions/functions allows the DSCERP to take better account of sectoral interdependencies, complementarities, and synergies, enhancing the consistency of all actions and maximizing the effects of economic and social development.

216. ***For the budgetary process*** as well, taking all the broad areas of government intervention and thus the principal “cost centers” into account in the DSCERP presents a great advantage. It allows the government to make better trade-offs in budgetary choices based on the intersection of overall constraints on resources and the respective merits of the national strategy's programs and priorities.

217. The second improvement involves the planning horizon. The *DSCERP is broader in terms of the planning horizon (five years) compared to the PRSP1 (three years).* The objective is to give the government and other stakeholders enough time to be better organized so that program implementation can be well sequenced over time, better synchronized among ministries and institutions within the administration, and more interactive in terms of the involvement of the public sector, private sector, and development partners.

218. This type of execution with improved coordination and follow-up is essential for improving the strategy's chances of success. However, while the strategic framework establishes five-year goals, the DSCERP also includes three-year rolling program framework instruments for actions and budgets (the PAP and the MTEF). This combination of a more expansive planning horizon and strategic objectives defined over five years, targets set for three years and revised every year based on the realization of action plans and annual budgets offers better prospects for success in the implementation of the DSCERP.

219. **“A common roadmap.”** The third improvement is clearly the most decisive in terms of the chances of success for the Growth, Employment, and Poverty Reduction Strategy (SCERP). It

involves operational documents supporting the DSCERP. In effect, besides the DSCERP itself (Book 1), the NDP also includes a sectoral programming document (Priority Action Plans - PAP) that is broken down into action programs for all the ministries. The PAP is used to prioritize actions and to ensure intra- and inter-sectoral consistency, as well as alignment with overall guidelines and strategic objectives. The NDP also includes a budgetary programming framework document (Medium-Term Expenditures Framework, MTEF), which is used to align the allocation of resources with the priorities of the strategy and the requirements of priority programs.

220. **Full accountability of sectoral ministries.** The fourth improvement involves the effort to prepare the DSCERP. To improve adoption, the DSCERP and its attached documents – particularly the priority action programs and program budgets – were prepared by the sectoral ministries themselves under the coordination of the central agencies (Planning and Budget) that ensured consistency based on an interactive and iterative process involving the sectoral ministries. This in-depth participatory approach orchestrated by the Plan made possible substantial contributions from all stakeholders in the preparation of the *DSCERP*. This made for a truly “integrated framework” that “brings together” sectoral policies and programs and “integrates” them in a coherent whole for pursuing the national objectives of growth, social development, and the emergence of Congo.

221. **The 2012-2016 DSCERP, PAP, and MTEF.** As indicated above, the DSCERP is accompanied by a set of attached “Books” that will be used to guide the programming, budgeting, and follow-up of actions carried out in upcoming years. The principal annexes include:

- *Priority Action Plan (BOOK2: PAP_2012-2016):* It brings together the principal programs and action plans of the sectoral ministries for achieving the objectives of the strategy; the PAP is a summary of the sectoral PAPs, to which the ministries’ program budgets are attached (“*Budgets by Program Objectives, BOP*”);
- *A macroeconomic and budgetary framework for financing the strategy (Book 3: CMB-FS_2012-2016):* It forecasts medium-term macroeconomic prospects (macro framework) and profiles the allocation of resources based on strategic objectives, areas of intervention, missions, and institutions (ministries and other government institutions) as well as financing methods;
- *An Institutional Framework for Following up the Execution and Performance of Priority Action Programs (BOOK4: SEP-PAP).* This key document describes the institutional mechanism and the statistical and data processing tools to be set up to ensure the effective execution of programs, the follow-up of achievements, and the evaluation of impacts on the country’s economic and social development.

222. **In summary, based on full sectoral coverage and its operational annexes, the DSCERP constitutes the core of the medium-term *National Development Plan* (“*Comprehensive Development Framework*”³) for the Congo.** It provides an integrated

³ This refers to the “Comprehensive Development Framework” that includes all the initial iterations of the PRSP. Future iterations should gradually evolve toward such a framework while remaining participatory, operational, and focused on growth, poverty reduction, and achievement of the MDGs as national strategic objectives.

framework of macroeconomic and sectoral strategies. It makes it possible both to organize the programming of actions and to align the government's budget with the priorities of the strategy and effective follow-up of the execution of sectoral actions and budgets.

WHY THE 2012-2016 DSCERP?

223. **Why is there a 2012-2016 DSCERP at this point in Congo's history?** The DSCERP is the “key product” of a far-reaching endeavor to strengthen the technical and institutional mechanism for strategic planning and economic management geared to development results. The government launched this program in 2008 with adoption of the PRSP. The program was intensified in 2009-2010, a period that marks an important turning point in the history of Congo's recent economic governance, for both political and economic reasons.

224. *In political terms*, 2009 clearly marks the end of Congo's difficult post-conflict period of transition to political stability and the “redeployment” of collective attention toward the country's economic and social development. It is the year during which the government was able to turn its attention and its resources to the needs of social reconciliation and consolidation of the peace, as well as strengthened democracy and accelerated economic development.

In economic terms, it marks an important post-conflict transition from **emergency management** to **requirements planning** for Congo's development.

225. This historic transition was marked – and made possible – by an important political event, namely the presidential election on July 12, 2009, which, in a very peaceful manner and with a significant majority, gave the President of the Republic a mandate for a new seven-year term. This event meant much more than a return to political stability. Firstly, it reflected the population's satisfaction regarding the conduct of public affairs owing to the “New Hope” plan for society proposed by the President, candidate for his own succession in 2002. Next, it expressed the Congolese population's acceptance of the President of the Republic's vision for the country's modernization and industrialization as advocated in the “Future Path”.

226. At the same time, the government is aware of the challenges of this new mandate, since it will be necessary, *more than ever, to translate the promises of the “Future Path” into tangible achievements for the population and to promote Congo's transition to economic emergence and shared prosperity*. This is clearly a major political challenge, and the government's response will determine the country's medium- and long-term economic prospects.

227. *In economic terms*, in recent years Congo has undertaken significant reforms in economic and financial governance. On that basis, it benefited from a significant reduction of its debt in 2010, thanks to its having *reached the Completion Point* under the Heavily Indebted Poor Country Initiative (HIPC-I), and has reconnected with the international financial community on new terms.

228. From this perspective, debt relief is clearly the mark of a renewed “bond of trust” between the Congo and its Technical and Financial Partners, along with a substantial commitment of resources to assist the government in its development program. The funds thus released will complement domestic efforts and allow the government to intensify reforms and implement an

ambitious program of structural investments, in order to diversify the economy, accelerate growth, create jobs, reduce poverty, and achieve the MDGs in 2015.

229. **The 2012-2016 DSCERP and the sectoral PAPs represent important innovations for strengthened economic governance.** Vigorous mobilization of domestic and foreign resources should help the government increase its *budget margins* so that it can cover the expenditures needed to support growth. *However, achieving the targeted strategic objectives will require much more than a simple increase in the volume of resources. It will require a significant improvement in the effective use of resources and the quality of spending. For that reason, the Congo has a significant need for improved economic governance.*

230. **Well aware of this challenge, since 2008 the government has undertaken a far-reaching program to strengthen its technical governance capabilities.** This program took the shape of several important efforts, particularly the implementation of the Action Plan for Improving Public Investment Management (PAAGIP); implementation of the Government Action Plan for Fiscal Management (PAGGFP), with strengthening of the system for following up government revenues and expenditures including installation of the Integrated Fiscal Revenue and Expenditures System (SIDERE); and reform of the government procurement process with creation of the Public Procurement Regulatory Authority (ARMP).

231. **With equal enthusiasm, the government has introduced significant innovations in economic management and strategic planning.** Particularly since 2009, the government has implemented important reforms in the area of economic and financial management, including the adoption of a new *Organic Law Establishing the Budget Law (LOLFP)*, and progress toward a system of Results-Based Management (RBM) in Development.

232. At the confluence of public finance reform and improved strategic planning, the government has adopted and introduced a Medium-Term Expenditure Framework (MTEF) to guide budgetary policy. The MTEF establishes a “bridge” between planning and budgeting. It allows for better alignment of budgetary allocations and strategic priorities. Thus, the MTEF forces an important transition in budgetary culture and practice, moving from the paradigm of budgets of “means” (availability of resources) to the paradigm of budgets of “ends” (financial embodiment of strategic objectives), as clearly specified in the strategic framework. This “marriage” of the budget and the strategic plan makes these two tools the key instruments for pursuing the objective of increased and shared prosperity.

233. **The 2012-2016 DSCERP: toward a culture of development and structured commitment to transform the “Congolese condition.”** Transforming the Congo as indicated in the “Future Path” is not just a technical or financial matter of mobilizing resources or increased effectiveness in the use of those resources. Achieving such an ambition demands a new culture of leadership and government for development.

234. **The government’s reform efforts and the favorable international environment have in fact already ranked Congo among about a dozen developing countries with the best performance over the last three years, particularly in the area of economic growth.** This performance has been recognized and applauded by the international financial community.

235. However, this growth continues to be very volatile because it is highly dependent on petroleum resources, for which prices are extremely variable. This great volatility limits the beneficial effects of growth on poverty reduction and sustained improvement in household living conditions. For example, income poverty still affects more than one-third of the population in a country with abundant natural resources.

236. Nonetheless, it is very encouraging that good performance in the non-petroleum sector in recent years is apparently reflected in a sustained rate of private sector job creation (averaging 8% since 2008). Added to this is the effect that government spending has had in helping to significantly reduce unemployment. The results of the ECOM2 indicate that the unemployment rate has fallen considerably, from 19.4 percent in 2005 to 6.9 percent in 2011.⁴ Despite this performance, the employment problem persists in terms of numbers and quality, particularly with respect to young people between the ages of 15 and 29, the age group for which the unemployment rate (12% in 2011) continues to be twice the national average. In addition, despite encouraging progress made in recent years, the social sector still has significant weaknesses, most particularly in the areas of health, education, social protection, water, and sanitation.

237. The government performed a candid analysis of this mixed picture and has resolved to redouble its efforts and efficiency in strengthening achievements and meeting challenges. Although it is very encouraged by the sustained progress of recent years, the government recognizes that there is little room or tolerance for complacency, procrastination, and “business as usual.” On the contrary, it plans to inject a national sense of urgency along with collective awareness of the challenges and a national desire for rapid and sustained change to achieve Congo’s transformation. It plans to promote this enthusiasm and mobilize forces and national resources to transform Congo from a nation relying passively on the wealth of its subsoil to a nation that is prospering based on the quality of its governance, the productivity of its human resources, the creativity and entrepreneurship of its operators, and the diligence of its citizens.

238. To this end, the government plans to promote a new pro-development culture and leadership like that of countries that have successively made the transition to emergence over the last four decades (see *Box 2*). In effect, the experience of these countries shows that Congo needs leadership marked by several attributes: (i) “*clear-sightedness*” to better target and plan for the future, but also to adapt to unanticipated changes; (ii) “*diligence*” to carry out actions in a resolute and sustained way; and (iii) “*perseverance*” in efforts and actions to surmount obstacles and recover from setbacks, in order to achieve results.

239. **Increased emphasis on diligence and results.** It is in this spirit that the government adopted this new culture of “*Results-Based Management in Development*” (*RBM-D*) in which it wants to make the DSCERP the reference document for its interventions over the course of the period 2012-2016. This new approach in the management of public affairs is based on clearly identified and broadly shared objectives, well-defined and well-distributed missions and responsibilities, “missionaries/actors” well endowed with resources (“budgets based on program

⁴ Congolese household survey, CNSEE, 2011 (ECOM 2). This rate is calculated according to the concepts and methods of the International Labour Organisation (ILO). It should be noted, however, that unemployment as defined by the ILO does not fully cover the reality and scope of Congo’s problem, where under-unemployment is high. Considering this broader definition of unemployment, the analyses show that the unemployment rate is higher and could even reach 40% for young people between the ages of 15 and 29.

objectives”), and accountable in terms of performance (“Performance Contract”), and an institutional mechanism with the power to execute and “act as the policeman” for the government’s programs and actions in the area of follow-up and evaluation. This culture of “due diligence” has already been adopted at the highest levels of the administration (Office of the President of the Republic, cluster coordination within the government). It must spread from the top down to all government decision-makers and employees and must ultimately be emulated by private sector operators and the public in order to support success in the implementation of the national development strategy.

240. In summary, the government plans to combine efforts to mobilize and effectively use resources with a culture of vision and shared ambitions, sustained collective efforts, diligence, perseverance, and obsession with performance, in order to rally the entire administration, the public, private operators, and partners around an “*Emerging Congo*” project. The 2012-2016 DSCERP constitutes the common road map for this collective journey.

HOW THE 2012-2016 DSCERP WAS DEVELOPED: MECHANISM AND PROCESS

241. The government set up an institutional process to organize the preparation of the 2012-2016 DSCERP on a participatory basis and with particular emphasis on the contribution of the sectoral ministries, out of respect for the principle of *subsidiarity*. This process was supervised by a *Steering Committee* that guided, encouraged, and directed the work, and then validated the outcomes. It was supported by a technical mechanism that put together the documentation, organized the conduct of analytical studies, and coordinated thematic group discussions and the production of basic reports. It then prepared analyses and strategy documents, as well as sectoral programming and macroeconomic and budgetary framework papers.

THE INSTITUTIONAL MECHANISM

242. The preparation of the 2012-2016 DSCERP was coordinated by an institutional mechanism inherited from the preparation and follow-up of the PRSP-1. This mechanism was strengthened so as to allow for increased contributions from the sectoral ministries, development partners, the private sector, and civil society. This mechanism was formally established under Order No. 4838/MEPATI-CAB of June 30, 2010, on “creation of a Steering Committee,” a “Technical Secretariat,” and “Technical Units.”

243. ***The Steering Committee (SC)***. A policy group guiding the work, the SC is presided over by the Minister of the Economy, Planning, Land Reform, and Integration (MEPATI), who is the Coordinator for the “economic cluster.” The SC also includes representatives from the legislature, the private sector, and civil society. Throughout the process, the SC provided general guidelines. It reviewed the drafts of various documents and presented and defended them before government as a whole (government seminar and the Council of Ministers) as well as parliamentary groups, partners, and the public.

244. ***The Permanent Technical Secretariat (STP)***. The secretariat is coordinated by the General Director for Planning and Development (DGPD/MEPATI). The STP was responsible for coordinating the technical work, particularly the work of the Thematic Discussion and Editorial Groups, as well as the Technical Programming Units. In that capacity, it supervised the

preparation of documents and the process of validation and dissemination of output. The STP was assisted by the *Consultative Group* made up of Technical and Financial Partners.

245. **The Technical Support Unit.** This is a task force set up to carry out the various components of the program to prepare and draft the DSCERP and the other books attached to it.

246. **The GTDR/SGTDR (Thematic Discussion and Editorial Groups and Subgroups).** These groups, divided into subgroups according to the sub-components of each theme, led the sectoral strategic discussions and prepared contributions for the chapters and sections of the DSCERP. The GTDRs were organized according to the broad themes (“nodes”) in the development of Congo, namely: (i) Governance; (ii) Economy; (iii) Infrastructure; (iv) Social Development and Inclusion; (v) Education, Training, and Scientific Research; (vi) Sustainable and Balanced Development. They had to prepare the status report and in-depth review of sectoral strategies and to suggest medium-term strategies for achieving the general and sectoral objectives of the DSCERP. They saw to the production of the basic documents (sectoral reports) that were used to draw up the DSCERP.

247. **The Permanent Committee for Macroeconomic and Budgetary Framing Unit (CPCMB).** This unit was organized into three sub-groups: (i) the macroeconomic and budgetary framework sub-group; (ii) the central MTEF sub-group; and (iii) the sectoral MTEF subgroup. The first two were in charge of strengthening the macroeconomic and budgetary programming tools, doing the work of macroeconomic simulation, and preparing the macroeconomic framework and the global MTEF for the DSCERP. The third sub-group was responsible for preparing the priority action plans (PAPs) consistent with the DSCERP and for preparing the Budgets by Program Objectives (BOP) for the ministries. These reports made it possible to produce the compendium of the strategy’s PAPs/MTEF for the period 2012-2016.

248. **Technical support.** A team of international consultants was hired to provide technical support for the work, with a view to capacity building.

THE PROCESS OF DEVELOPING THE DSCERP

249. The mechanism described below was used to drive a participatory and consultative process, in both technical and institutional terms, for developing the 2012-2016 DSCERP.

250. *At the technical level.* The work done to enhance the planning tools, starting with adoption of the PRSP, intensified in 2009 and 2010. This includes: (i) introducing the MTEF and its macroeconomic, budgetary, and sectoral components; (ii) parallel tasks initiated in 2010, particularly to strengthen the technical mechanism for physical and financial control of investments; and (iii) statistical follow-up of PRSP programs.

251. Besides the strengthening of tools, a series of analytical studies were done to define the overall strategic framework and the sectoral policies. This included in particular: (i) a forward-looking study (Congo Vision-2025) undertaken, on the basis of a participatory approach, to define more precisely the type of society to which the Congolese aspire; (ii) important sectoral studies, particularly on employment, the business climate, diversification/industrialization clusters, for developing integration strategies for the transformation of the economy in order to

promote growth and job creation; (iii) the Congolese Household Survey (ECOM 2) to evaluate poverty and human development trends in Congo and provide correctives to the policies of the PRSP; (iv) Demographics and Health Survey (EDS2) to analyze performance and trends in the area of health and demographics; (v) the national report on progress made toward achievement of the MDGs; (vi) the report on implementation of the PRSP in 2009 and the PRSP completion report.

252. *In institutional and political terms.* As these different technical spheres were being developed, the government took steps to bring it all together in preparing the NDP. To this end, the MEPATI first prepared a “*Rationale*” to explain the justification for and functionalities expected from the NDP, which was presented to the Council of Ministers. The MEPATI then issued an order creating the mechanism and organizing the process for preparing the NDP as indicated above.

253. A *detailed road map* was then prepared. On this basis: (i) a seminar launching the NDP and the Forward-Looking Study was organized in March 2011; (ii) the seminar was followed by discussion and editing work by the GTDRs over the period from April to May 2011; (iii) the GTDR reports were compiled and merged according to broad themes by the Technical Secretariat (ST); (iv) these reports were revised and integrated in a preliminary draft of the DSCERP during an editing retreat (July 2011).

254. Based on this preliminary draft, the STP set up reviews to strengthen the sectoral strategies and make programs consistent within and across the broad themes. Various studies were also undertaken to further develop the strategies and action plans in the productive subsectors, particularly hydrocarbons, mines, forests, agriculture, and tourism. The results of these tasks and of the major studies (ECOM, EDS, etc.) were integrated in the document to develop a complete draft of the DSCERP (Draft 1, 30 October 2011), with its sectoral programming annexes (Book 2) and macroeconomic and budgetary framework (Book 3). A seminar was organized from October 15 to 22, 2011 to review the supporting works in order to incorporate them in the document.

255. Technical tasks were undertaken to take into account the government’s guidelines and stakeholders’ observations. A rereading seminar was organized by the Permanent Technical Secretariat for November 27-29, 2011, after which a final product was sent to the government for validation.

THE PILLARS OF THE 2012-2016 DSCERP

256. As stated above, the NDP is the operational framework for the “Future Path” for the seven-year period 2012-2016. Recall that the objective of the “Future Path” is to *modernize* and *industrialize* Congo to ensure increased and shared prosperity, and to raise the country to the rank of the emerging nations (See “Future Path,” 2009). This vision is broken down into three broad strategic lines that represent the areas of intervention or “mega-programs” of development.

THE MEGA-PROGRAMS OF THE “FUTURE PATH”

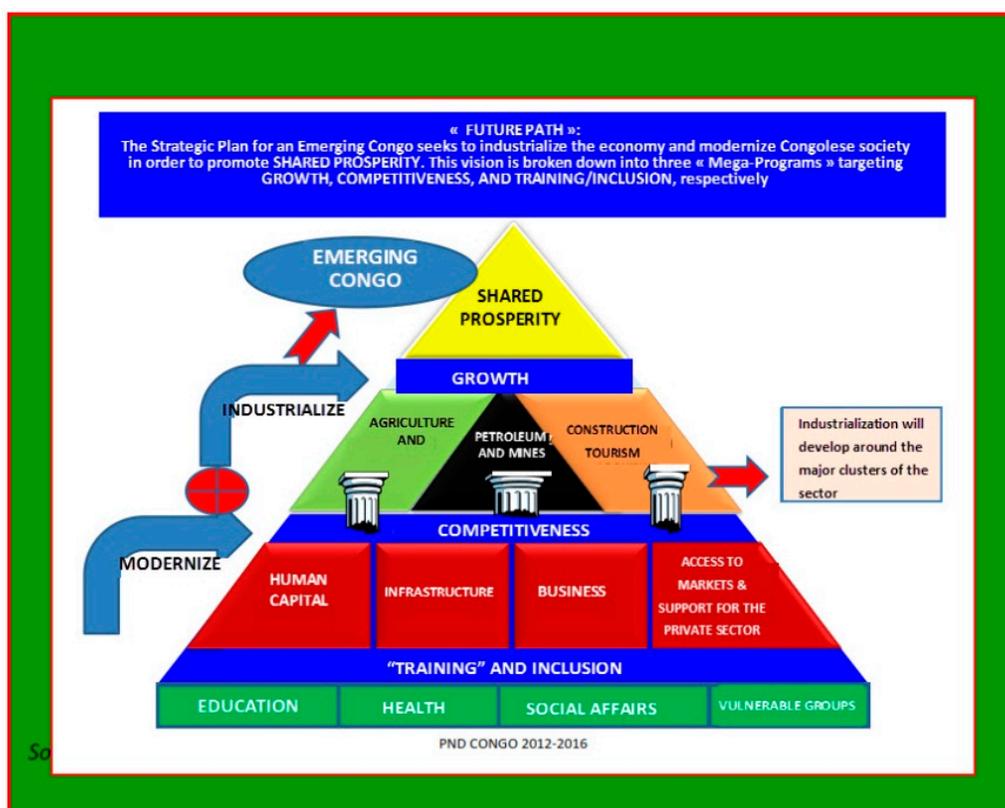
257. The 2012-2016 DSCERP is the operational framework for the “Future Path.” As shown in the diagram in Figure 2, the principal objective of the “Future Path” is to pursue increased and shared prosperity based on industrialization of the economy and modernization of Congolese society. This overall objective is broken down into broad categories of action programs targeting the respective sub-objectives of ***growth, competitiveness, and social inclusion***.

258. **The first category** involves the “*vectors*” of growth. This refers to combined policies targeting the “productive sectors” (agriculture, forests, mines and hydrocarbons, tourism, etc.) to stimulate the transformation and densification of the economic fabric. The strategic sub-objective being pursued is to increase and maintain the pace of growth and job creation.

259. **The second category** includes the development strategies for the “*factors*” of production (infrastructure, human resources, financial resources, and business climate). These key factors determine the costs of production and thus the overall *competitiveness* of the economy, which in turn allows development of the vectors of growth described above.

260. **The third category** includes the “*training and inclusion strategies*” that affect the social sectors (education, health, gender, social protection, etc.). These strategies make it possible to improve the productivity of participants, facilitate their access to the factors of production, and improve their share in the distribution of income. In sum, these strategies strengthen the population’s *capacity* to contribute to economic development, on the one hand, **increase** its *relative ability* to profit from the fruits of growth in terms of increased income and improved living conditions, on the other. This bloc thus constitutes the two-way “conveyor belt” between economic growth and social development. It is the *engine* of shared prosperity.

FIGURE 1. CONGO, THE THREE PILLARS OF EMERGENCE



THE PILLARS OF THE 2012-2016 DSCERP

261. The broad areas of intervention called “pillars” were already the essence of the “Strategic Themes” of the PRSP1, specifically governance, economic growth, and social development. They continue to be major challenges that together constitute the “nodes” of Congo’s development and emergence.

262. *The first pillar, governance, determines success on all the other fronts. It means governance in all its dimensions – political, judicial, administrative, security-related, and economic.* The principal objective of this pillar is to strengthen participatory and inclusive democracy and to promote the rule of law and peace to which Congo aspires. The strategies in this area take into account political and administrative organization and management, defense and security, as well as the judicial system. They also involve economic and financial governance, on the basis of which the government can improve the quality and effectiveness of its interventions, in order to promote shared prosperity – growth and social development – as the most effective means of ensuring national harmony and long-term peace.

263. *The second pillar refers to the transformation of the economy.* The principal objective is to intensify economic activities in order to accelerate growth and promote job creation. This pillar incorporates diversification strategies targeting the vectors of production. It also includes the cross-cutting strategies of “soft” competitiveness, particularly macroeconomic policies, structural

reforms, and commercial strategies for the opening of national, regional, and global markets, creating an environment favorable to investment and growth. These strategies are based on major reforms that “open up” economic opportunity and make it more competitive due to increased competition (effects of competition) and induced rationalization of the structures and capacities of production (economies of scale).

264. ***The third pillar refers to the development of economic and social infrastructures.*** This is the “hard core” of the modernization of society and improved competitiveness. It involves (soft) reform programs and (hard) investment programs that seek to provide for the physical (transportation) or virtual (telecommunications) connection of the economic area, as well to connect operators to domestic markets, the regional economy, and the global economy. These strategies make it possible to reduce transaction costs and thus increase competitiveness (external economies). Moreover, they provide essential productive and social services to population groups. In this sense, strengthening infrastructure services (particularly transportation, energy, water) also contributes to socio-economic “training” strategies, which increase the population’s participation in growth and in the sharing of its benefits.

265. ***The fourth pillar refers to social development. It seeks to strengthen and develop human resources, as well as to improve the ability of groups, including the most vulnerable groups, to contribute to growth and profit from it.*** It involves programs dealing with education, health, social protection, and vulnerable groups (gender, children, youth, the elderly, etc.). These programs seek to strengthen the productive capacities of population groups, to reduce their vulnerability, and to strengthen solidarity and social security. In turn, structured solidarity and shared prosperity make it possible to better cement the body social, to avoid tensions and conflicts born of gross disparities and marginalization, promoting the genesis of a strong pro-growth national consensus and helping to accelerate the pace and maintain the sustainability of achievements.

266. ***The fifth pillar refers to various dimensions of “balanced” development that is sustainable and thus enduring.*** The strategies are subdivided into two sub-groups. **The first sub-group seeks to better “balance” development in the country’s different departments and between urban and rural areas.** The objective is still inclusion: to ensure that no department or population group is “left out.” The programs include decentralization, territorial development, accelerated municipal development, and local development. Added to these are rural and urban development programs, as well as policies targeting “pockets” of marginalization and poverty (urban slums, disadvantaged areas in the provinces). These strategies make it possible to even out the status of various populations throughout the country and allow them to adopt development programs better, contribute to them effectively, and benefit from them. This sub-group thus constitutes the basis for adoption of the NDP by all population groups.

267. **The second sub-group in this pillar brings together the medium- and long-term “sustainability” strategies.** The objective is to preserve the country’s natural riches while developing them on a sustainable basis for the long-term and greater well-being of the population. These programs include environmental protection, sanitation, and combating global warming.

THE PILLARS OF THE DSCERP AND THE “NODES” OF AFRICA’S EMERGENCE

268. A World Bank study examined in depth “*how Africa can claim its just place in the 21st century*”⁵ and overcome the challenge of development. The main conclusion is that a confluence of factors – particularly *poor governance and conflicts, weak human capital, limited competitiveness and diversification of economies, as well as the problems of indebtedness* – constituted a chain of “*vicious and interconnected circles.*” This chain “linking” countries in stagnant growth perpetuates poverty and prevents populations and countries from benefiting from globalization.

269. As a corollary, Africa’s emergence requires integrated strategies as well as coordinated and simultaneous actions on these specific fronts in each country in order to convert the chain of “*vicious circles*” into “*virtuous circles*” and thus provide the catalyst for development. In summary, countries must focus “*their development efforts on four groups of problems, leading to important cumulative interactions,*” in particular: (i) improving the management of public affairs (good governance) and preventing conflicts; (ii) investing in human capital (education, health, etc.); (iii) improving the competitiveness and diversification of their economies; (iv) reducing their indebtedness and dependence on aid, as well as strengthening partnerships at both the global and departmental level.

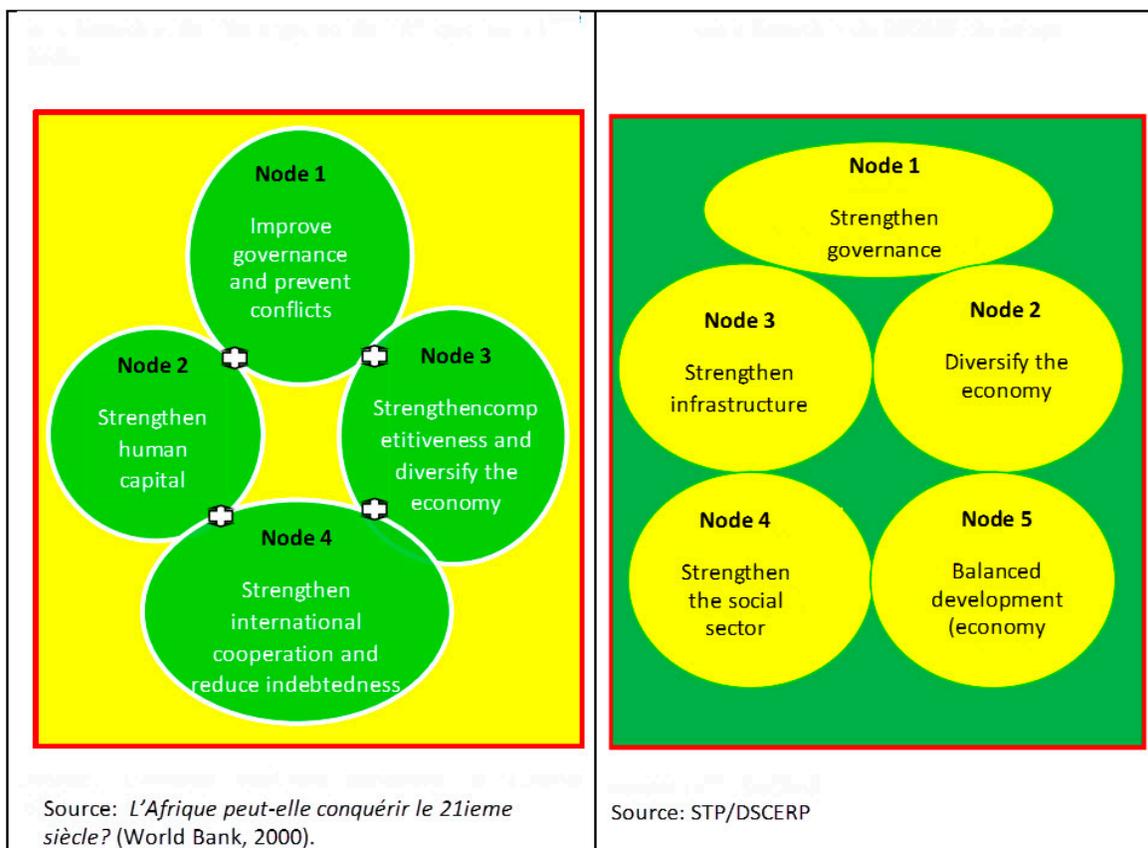
270. Regardless of the endogenous causes for under-development and poverty presented and illustrated in *Figure 2*, it should, nonetheless, be stipulated that some of the causes of this under-development and the resulting poverty are based on the marginalization of Africa, and sub-Saharan Africa in particular, with respect to the general process of globalization. The characteristics of this marginalization include unfair terms of trade and the flooding of these markets by products subsidized by the so-called developed, or emerging, economies. This situation often condemns entire subsectors because the prices for these subsidized imported products are lower than the cost of production. This is true of the livestock sector.

271. Efforts to overcome these exogenous constraints on development and poverty reduction should be undertaken at the supranational level, in continental or regional circles, in order to defend the continent’s position within large international organizations.

272. With some minor variations, the pillars of the Congo’s DSCERP are clearly the “links” in the chain of factors leading to impoverishment or development that were identified in the aforementioned study. In the case of Congo, the relevance of this configuration of “development themes” is reinforced by concern over converting the very organization of government into decision-making “hubs.” In effect, the missions of the ministries are grouped together under collaboration and decision “hubs” including “political governance,” “economy,” “infrastructure,” and “social sectors.” This was the underlying administrative organization of the structure of the PRSP1. It was also used effectively to organize the GTDR for preparation of the 2012-2016 DSCERP. It will facilitate both the effective implementation and follow-up of programs.

⁵ L’Afrique peut-elle revendiquer sa place dans le 21^{ème} siècle?” World Bank, Washington DC, May 2000

FIGURE 2. THE DEVELOPMENT NODES OF CONGO AND AFRICA



IMPLICATIONS FOR THE ALIGNMENT OF DSCERP POLICIES

273. The aforementioned study clearly emphasizes that the interdependencies and interactions among the different links in the chain involve ***“integrated strategies and coordinated and simultaneous actions on all fronts.”*** In other words, none of the pillars can be set aside without hampering progress at other levels and thus the strategy as a whole. For example, no progress can be made toward participatory democracy or in diversifying and modernizing the economy if the social sector is neglected, because the weakness of human resources (lack of education) represents an obstacle to democratization (weak participation in the political process) as well as to diversification (limited ability to absorb technologies and limited labor productivity). Similarly, “governance” cannot be sacrificed to benefit other factors because poor governance also means poor-quality policies, ineffective implementation of programs, and exorbitant costs that limit budgetary resources to such an extent that the development of the other pillars cannot be accommodated on a financially sustainable basis.

274. It is this cumulative awareness of the interactions among the pillars of development that led the Congolese government to expand the strategic framework of the traditional PRSP to create a complete and integrated framework of development in all its dimensions, meaning a truly national plan. In practice, the interdependence of these pillars also means that none of these strategic areas can be neglected and sidelined or left behind for long without limiting the other areas and impeding the success of the strategy as a whole. Thus, there is absolutely no question of

“priority sectors.” Rather, there must be simultaneous actions with optimal *synchronization of programs and effective “sequencing” of actions*. In such a process, budgetary programming around the MTEF will prove to be decisive. The DSCERP and its operational components are thus well-designed and structured to help the government lead the battle against poverty and support emergence on all fronts.

THE STRUCTURE OF THE 2012-2016 DSCERP

275. The document is organized in three large sections and each section is organized around the “nodes” indicated above. The first section (**“How is Congo doing?”**) reports on the status of each of the broad areas, specifically governance (Chapter 2), growth and employment (Chapter 3), infrastructure (Chapter 4), social development, poverty, and the other Millennium Development Goals (MDGs) (Chapter 5). These analyses provide a brief historic overview for each area. They then present Congo’s recent performance, particularly since adoption of the PRSP1. They conclude with a list of the principal obstacles to be removed in order to improve performance and accelerate the pursuit of the strategic objectives.

276. The second section is the most detailed of the document. It addresses the central question, namely: **Where does Congo want to be in 2016 (Vision and broad strategic targets)? What needs to be done over the next five years to lead Congo toward the realization of this vision (Action programs)?** Specifically, Chapter 6 deals with the long-term vision as expressed in the “Future Path.” It provides the bridge between this vision with its underlying “framework programs” and the medium-term objectives specified in the different pillars of the DSCERP.

277. *Strategies, major programs, and key actions are described in Chapters 7 to 15.* Specifically, Chapter 7 reviews the challenges in the area of governance. It specifies the medium-term objectives and describes the strategies and programs for strengthening governance in political as well as legal and economic terms. Chapters 8 to 11 address the objectives, strategies, and programs that should improve competitiveness and stimulate the diversification of the economy with a view to accelerating growth and creating jobs.

278. *Chapter 8 in particular deals with the “vectors” of growth.* It proposes a group of sectors of activity (“clusters”) that, based on integrated and targeted strategies, should lead to industrialization and produce sustained growth. The clusters examined in detail include (i) mines and hydrocarbons; (ii) agriculture and the agroindustry chain; (iii) forests and timber industries; (iv) construction and building materials; (v) tourism and hotels; and (vi) financial services. In each case, the analysis briefly presents the cluster’s products and key actors, as well as supporting activities. It discusses Congo’s competitive advantages in terms of the national, regional, or international market and goes on to describe key programs and projects for development of the cluster as well as prospects in terms of the contribution to growth, employment, and government revenues.

279. *Chapters 9 to 13 deal with the principal “factors” of economic growth and social inclusion.* In particular, Chapter 9 describes the major strategies and programs for strengthening private sector participants, making economic opportunities more competitive and attractive to business (reducing risks and transaction costs), and expanding markets (commercial and regional integration policies). Chapter 10 deals with employment both in terms of supply (sectors of

production) and demand (basic training and skills training) and the labor market (wage and benefit policies, selective immigration strategies). Chapter 11 deals with another key factor of production and competitiveness: infrastructure. It analyzes the major strategies and programs – structural reforms and investments – in the development of transportation, energy, water, and telecommunications.

280. Chapters 12 and 13 address development of the social sector, which is crucial both for sustaining growth and for ensuring that population groups participate in that growth and share in its fruits. Chapter 12 describes key strategies, programs, and projects in the education sector. Chapter 13 considers the health sector, HIV/AIDS, and social protection. The sections on gender and vulnerable groups address other important questions related to training and inclusion.

281. *Finally, Chapter 14 deals with questions of balanced development.* The initial sections cover the strategies of decentralization, accelerated municipal development, local development, and territorial development. The final section describes the challenges and details the strategies and major programs for protecting the environment and combating global warming.

282. **The third part of the document deals with the question of “How is this to be done?”** Chapters 15 and 16 in particular analyze the important questions of costs and financing for the strategy. Chapter 15, on the “macroeconomic and budgetary framework,” describes the macroeconomic prospects consistent with the strategy, taking into account the growth effects of major sectoral programs. It then proposes a strategic budgetary framework (Global MTEF) to align resource allocations and sectoral priorities. It then highlights the financing requirements (government portion) for the strategy as a whole. Chapter 16 outlines the financial strategies for the entire DSCERP in terms of both the government’s budget and private resources. It suggests some innovations in this area, particularly public-private partnerships for financing economic infrastructures.

283. *Chapter 17 deals with the institutional and technical organization for implementing actions, monitoring achievements, and evaluating effects.* The initial section discusses the institutional arrangements and tools needed to monitor program performance and the implications for strengthening the capacities of the administrative structures concerned, particularly the General Large-Scale Projects Commission (DGGT), the coordinating structures within the plan, and the sectoral ministries. The second section deals with the statistical mechanism and system for following up and evaluating the strategy’s programs, and the implications for strengthening the capacities of the structures concerned, particularly the Statistics Directorate and the Planning Directorate.

284. The document also contains a set of illustrations that are intended to raise all stakeholders’ awareness of the importance of the policy areas considered and the relevance of the Congolese government’s strategies in each area, in terms of the experience of “high-performance” or “emerging” countries. The data used for the figures and tables are official Congolese statistics or based on World Bank data (*World Bank databank, 2011*).

285. Attached to this summary document are detailed operational books organized or grouped according to the “nodes.” This means: (i) a PAP (Book 2) that summarizes the programs and actions of ministries and institutions, as well as program budgets for these institutions; (ii) a

complete macroeconomic and budgetary framework document (Book 3), explaining in detail how the macro framework and the comprehensive MTEF were determined and indicating how the strategic objectives – growth, employment, poverty reduction, and social development – could be achieved if the strategy as a whole is well-executed; (iii) an important document on organizing the follow-up of execution and evaluating DSCERP program performance (Book 4).

PART ONE: HOW IS CONGO DOING?

- ❑ **Governance**
- ❑ **Growth and Employment**
- ❑ **Poverty and Social Development**
- ❑ **Infrastructure**

CHAPTER 2: GOVERNANCE

286. Governance in all its dimensions – political, administrative, judicial, economic and financial, security and national defense – constitutes the foundation of economic and social development. It contributes to poverty reduction, sustainable human development, and the emergence of nations. In effect, poor governance, whether in the organization and exercise of power (political governance), in the management of common resources and the provision of public goods and services (economic and administrative governance), in the application of laws and protection of rights (judicial governance), or in the use of government defense and security forces (security and national defense governance) is the principal cause of the persistence or growth of extreme poverty, inequities, exclusion, and socioeconomic marginalization. In other words, the combination of poor governance and socioeconomic marginalization are at the core of a tangle of vicious circles that often generate conflicts.

287. In economic and administrative management in particular, poor governance is the source of governmental dysfunction, of poor allocation and misuse of public funds, of deterioration in the quality of public services, and of ineffectiveness in the interventions of government. It also causes significant slippages due to the poor quality of macroeconomic policies, leading to instability. It is the source of weak growth, extreme indebtedness, or inflation, which stifle the economy and impoverish households. All these factors are unfavorable to growth and poverty reduction.

288. The history of Congo, like that of many other countries, particularly in Africa, clearly shows that there is no greater cause for the impoverishment of populations and the regression of countries than conflicts, in both economic and humanitarian and social terms. It follows that poor governance is the principal factor in economic and social regression or stagnation, and thus the greatest obstacle to development.

289. These developments are analyzed in the following sections, according to the different sub-areas of governance, from political to judicial to economic governance. The strategies for strengthening governance in these sub-areas are examined in detail in the third part of the document.

POLITICAL GOVERNANCE: ADVANCES IN DEMOCRACY AND CONSOLIDATION OF THE PEACE

290. Political governance is defined as the set of methods used to determine and operate the political system, the appropriations system, and the exercise of political power. The principal objective for Congo is the emergence of a modern, inclusive, and participatory democracy that guarantees institutional stability, under the rule of law, liberty, and peace.

291. It follows that good practices in the area of political governance are defined by the representativeness of those in government, which in turn depends on how they are selected (electoral process and other method of appointing leaders), the participation of the governed in the political process and their influence on the objectives, methods, and results of political action. Governance thus results from the credibility of the electoral system, from how powers are distributed, and from balance in the exercise of powers, as well as from respect for laws,

rights, and liberties. Hence the famous Jeffersonian phrase extolling a “*government of the people, by the people, and for the people.*”

HISTORIC OVERVIEW

292. Like most African nations, Congo has confronted the thorny issue of political governance since it gained national sovereignty on August 15, 1960. In effect, since independence, Congo has gone through a period marked by numerous tumultuous events leading to a succession of political regimes. These changes were based on ethnocentrism, recurring violence, and ceaseless and renewed instability. A period of relative stability fostered the restoration of a multi-party system and pluralist democracy.

IMPORTANT ACHIEVEMENTS IN RECENT YEARS

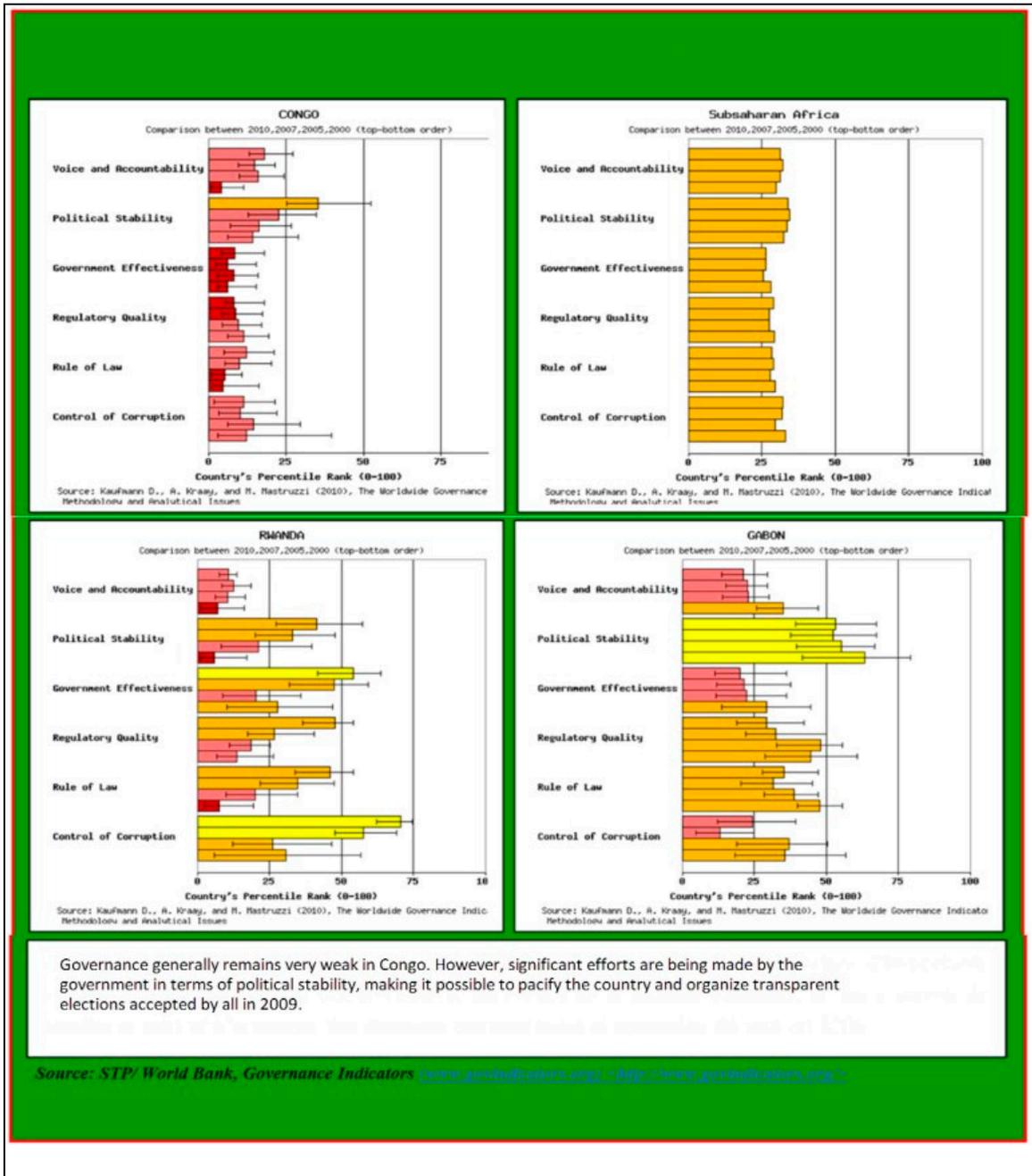
293. Despite the legacy of habits inherited from the past, the implementation of governance programs has been significantly improved, as these programs have made it possible, among other things, to:

- Resume the democratic process and accelerate the establishment of constitutional institutions;
- Further develop the democratic and decentralization process;
- Effectively finance political parties from the government’s budget;
- Establish a program to promote and protect indigenous populations.

294. Despite the restoration of political stability, perception indicators in the area of good governance are still low and fall far short of expectations, in that the country is still at the bottom of the scale (in the bottom quintile) in terms of the perception of the rule of law and its rating has even deteriorated slightly in the area of combating corruption.

295. These programs are also reflected in a perceptible improvement in international indicators of political governance in Congo, although major challenges remain in other aspects. *Figure 4* shows the progression of international governance indicators. Congo appears to have made notable progress in the area of “*political stability*” between 2000 and 2010, with its rating increasing from 10 to 35 out of 100 according to the international classification of the World Bank. By comparison, the countries of sub-Saharan Africa have seen little change in this criterion over the same period, although the average rank remains higher than that of Congo.

FIGURE 3. CONGO IN INTERNATIONAL COMPETITION – GOVERNANCE



296. Resumption of the democratic process, which had been interrupted by the conflicts of the late 1990s, and the establishment of institutions in accordance with the Constitution of 2002 have allowed for significant improvement in the political situation by strengthening democratic culture and governance within the framework of the PRSP. The recent organization of the latest elections (legislative in 2007, local in 2008, presidential in 2009, and senatorial in 2011) is a perfect example of this. To consolidate these achievements,

consultations among the political authorities were organized prior to the upcoming elections in December 2011 in Ewo (West Cuvette).

THE MAIN CHALLENGES TO BE ADDRESSED

297. Although significant progress has been made in promoting good political practices, individual liberties, and the independence of the media, the government should take the following actions, among others, to further consolidate social peace:

- Improve social and inclusion policies, particularly through transparency, impartiality, accountability, and combating public sector corruption, as well as political practices (financing of political parties, electoral campaigns, etc.);
- Strengthen gender policies to improve the political and administrative representation of women in society.

ADMINISTRATIVE AND JUDICIAL GOVERNANCE

ADMINISTRATIVE GOVERNANCE

HISTORIC OVERVIEW

298. Governance in Congo is a long-standing issue dating back to when it first took charge of its own destiny with the proclamation of the republic on November 28, 1958. This culminated with independence on August 15, 1960, when the colonial administration made way for the Congolese administration. Since that time, it has not ceased to be the focus of concern for constitutional regimes characterized by institutional instability (18 constitutions – from independence to 2002). This cyclical movement was summarized as follows in an assessment of the record of the fifty years that had passed since independence: “construction, destruction, and reconstruction.” Thus, as of now there is no framework capable of serving as a basis from which the dynamics of development could be successfully launched. Instead we find “institutional duplication of effort, an overload of laws and regulations, an overgrowth of projects and programs that still fail to reflect previously defined strategies, endless diagnostic assessments, and cumulative problems.” This has meant that there is still no effective social organization in the service of development.

ACHIEVEMENTS IN RECENT YEARS

299. After the conflicts that marked the 1990s, the fabric of national administration is considerably weakened as are the values associated with respect for public affairs. This is reflected in deterioration in the quality of public services and the population's access to them. However, as a result of the reforms undertaken, the country has made significant progress, particularly in terms of increased personnel and resources allocated to civil service, reorganization of the government in coordinating hubs to improve the sectoral coherence of programs and actions, the establishment of agencies to combat corruption, and increased staff capabilities in local governments.

THE MAIN CHALLENGES TO BE ADDRESSED

300. Despite these efforts, government administration continues to present significant areas of dysfunction that affect its effectiveness, particularly (i) anachronistic laws and legislation for government **PERSONNEL** and the social protection system; (ii) ill-suited missions, structures, positions, staff, and resources; (iii) difficulties controlling civil servants as well as the payroll; (iv) the absence of an attractive compensation policy to encourage effectiveness; (v) aging government personnel and an obsolescent system for tracking civil service careers.

JUDICIAL GOVERNANCE

HISTORIC OVERVIEW

301. Since Congo gained independence, Congolese courts have been governed by two systems of justice, one based on custom and the other based on French law. The Congolese legislature has attempted to unify these systems by enacting laws and codes, including:

- Law No. 18-60 of January 16, 1960 on protecting youth;
- Law No. 35-61 of June 20, 1961 on the nationality code;
- Law No. 1-63 of January 13, 1963 on the criminal procedure code;
- Law No. 5/63 of January 13, 1963 on looting and destruction;
- Ordinance No. 25/70 of August 1, 1970 on regulating the conditions under which convicted foreigners may remain in the Popular Republic of Congo;
- Highway code (Order No. 4223 TP-AP on the application of Decree of October 4, 1932 governing automobile traffic and road traffic in French Equatorial Africa);
- Law No. 45-75 of March 15, 1975 instituting the labor code in the Popular Republic of Congo;
- Law No. 51-83 of April 21, 1983 on the code of civil, commercial, administrative, and financial procedure;
- Law No. 073/84 of October 17, 1984 on the family code;
- Law No. 022-92 of August 20, 1992 on organization of the judicial branch in the Republic of Congo;
- Law No. 19-99 of August 15, 1999 amending and adding some provisions of Law No. 022-92 of August 20, 1992 on the organization of the judicial branch in the Republic of Congo;

- Law No. 025-92 of August 20, 1992 and Law No. 30-94 of October 18, 1994 on the organization and operation of the Supreme Court;
- Law No. 17-99 of April 15, 1999 amending and adding certain provisions of Law No. 025-92 of August 20, 1992;
- Law No. 30-94 of October 18, 1994 on the organization and operation of the Supreme Court;
- Law No. 026-92 of August 20, 1992 on the organization of the legal profession;
- Law No. 017/89 of September 29, 1989 on the institution of the notary's office;
- Law No. 027/92 of August 20, 1992 on the institution of the bailiff's profession;
- Law No. 023-92 of August 20, 1992 on the regulations for the judiciary;
- Law No. 15-99 of April 15, 1999 amending and adding certain provisions of Law No. 023-92 of August 20, 1992 on the regulations for the judiciary;
- Law No. 4-2010 of June 14, 2010 on the protection of children in the Republic of Congo;
- Law No. 5-2011 of February 25, 2011 on the promotion and protection of indigenous populations in the Republic of Congo.

302. Judicial governance refers to a legal and judicial system in which laws are clearly defined and uniformly applied by an objective and independent judiciary. The judicial branch must in particular ensure respect for the law and for citizens' rights as well as ensure the movement of people and goods in line with the public service function. According to the Congolese Constitution of January 20, 2002, judicial power is exercised by the Supreme Court, the Court of Accounts and Budgetary Oversight, the Court of Appeals, and other national jurisdictions.

ACHIEVEMENTS IN RECENT YEARS

303. Under the terms of Article 1 of Law No. 19-99 of April 15, 1999 "*justice is rendered in the name of the Congolese people*" by a single court system. For various reasons and with the exception of the military and administrative courts that have not yet been established, the judicial map of Congo includes 103 jurisdictions, distributed as follows:

- Supreme Court (1).
- Court of Accounts and Budgetary Oversight (1).
- Court of Appeals (5) - (Brazzaville, Pointe-Noire, Dolisie, Owando, and Ouesso).
- District Courts (17) sixteen (16) of which are operational (Brazzaville; Pointe-Noire; Dolisie, Sibiti; Madingou; Mouyondzi; Djambala; Oyo, Owando, Ouesso, Impfondo, Ewo, Mossaka, Gamboma, Mossendjo, and Kinkala) and one that is not operational due to lack of facilities (Kindamba).
- Lower Courts (74) six (6) of which are led by magistrates and are operational: four (4) in Brazzaville (Poto-Poto; Makélékélé-Bacongo; Mfilou; and Talangaï) and two (2) in Pointe-Noire (Tchinouka and Tié-Tié). Some of the other lower courts are led by magistrates, clerks, and secretaries appointed by the first presidents of the Courts of Appeal, while others are awaiting the assignment of personnel.
- Labor courts (2), Brazzaville and Pointe-Noire.

- Commercial courts (2), Brazzaville and Pointe-Noire.
- Children's courts (2), Brazzaville and Pointe-Noire.

This distribution is intended to ensure minimum coverage by judicial services throughout the country.

304. **Congo has also implemented significant legal and judicial reforms** by enacting laws on the protection of children and the promotion and protection of the rights of indigenous peoples. Significant efforts have been made in terms of judicial infrastructure and equipment. The country has also implemented important legal and judicial reforms with respect to Congo's integration in the Organization for the Harmonization of Business Law in Africa (OHADA).

THE MAIN CHALLENGES TO BE ADDRESSED

305. Beyond the aspects inherent to the organization and management of judicial administration, the number of cases tried seems to have barely improved, despite the increase in judicial personnel. Under these conditions, the system is hard-pressed to respect and recognize the protection of private property and citizens' rights in a timely way.

306. In addition, legal and judicial procedures and provisions are not well publicized, making citizens vulnerable in their dealings with the courts. The lack of law or justice centers makes it impossible to fill in these gaps.

307. Moreover, prison facilities suffer from a shortage of infrastructure and qualified personnel. In effect, many prison administration tasks are now carried out by the police and gendarmes rather than by trained personnel. In addition, there is no policy on the social and professional reintegration of prisoners.

308. Finally, Congo still shows significant weaknesses in the area of judicial security for private **OPERATORS**. The resulting perception of a lack of security is a significant obstacle to improving the business climate and the development of both domestic and foreign private investment, which are so essential to transformation of the economy.

SECURITY AND NATIONAL DEFENSE GOVERNANCE

309. Defense and security missions are performed by the Congolese armed forces, the *gendarmerie*, and the national police – the three components of Congolese law enforcement. This sector has **EXPERIENCED** significant development as changes have occurred in the world strategic context. Thus, the collapse of the socialist bloc, the end of the cold war, and globalization have led to a redefinition of national and international approaches to the issues of defense and security that once focused on the defense of territorial integrity, so that the defense and security sector is now focused on the management of new threats produced by:

On the domestic level: (i) the emergence of non-state armed groups, (ii) the problems of rapid urbanization and governance deficits, (iii) organized crime, (iv) the breakdown of the socioeconomic fabric (unemployment and poverty);

On the international level: (i) international terrorism; (ii) fundamentalism and religious fanaticism; (iv) transnational crime; (iii) armed conflicts in neighboring countries; (v) cybercrime; and (vi) uncontrolled immigration.

PRINCIPAL ACHIEVEMENTS

310. Following these sociopolitical events, the unity of the army, police, and the *gendarmerie* was reestablished. From that point on, they were able to perform their primary missions of securing persons and property. Providing law enforcement with equipment and hiring new personnel made it possible to appreciably reduce insecurity and organized crime groups. The participation of specialized defense units in foreign peace-keeping operations helped to strengthen regional and subregional cooperation in the area of security and defense (FOMUC, MICOPAX).

- With respect to national defense, nine military defense zones and two military regions were created;
- The *gendarmerie* is organized into seven regions. Besides the mobile *gendarmerie* corps and specialized teams (railway and air), the territorial *gendarmerie* has an effective presence in the country's 86 districts;
- The national police has 12 departmental headquarters and six central police stations (Brazzaville, Pointe-Noire, Dolisie, Nkayi, Mossendjo, and Ouessou) and [text missing...]

This defense and security architecture is responsible for surveillance of the country, as well as for local protection for citizens.

THE MAIN CHALLENGES TO BE ADDRESSED

311. With the new domestic and international sociopolitical context, it should be recognized that the defense and security subsectors will now be facing new challenges, namely:

- continuous adaptation to new types of crime and delinquency (consistent with strategies, material and human resources);
- more productive professionalization of the defense and security corps;
- Involvement of defense and security forces in development work (building infrastructure, producing goods and services, training young people, etc.)

ECONOMIC AND FINANCIAL GOVERNANCE

HISTORIC OVERVIEW

312. During the first decade after Congo gained international sovereignty in 1960, the country experienced a short three-year period marked by a free-market-oriented economic development strategy and the launch of large projects designed to establish the foundation for the country's sustainable economic development. In contrast, the second part of that decade was characterized by government interventionism in the spheres of production and commerce,

an interventionism that allowed the creation of nearly fifty state-owned enterprises and offices.⁶

313. The following decade (1970s) was marked by the ideology of “ownership” of the national economy as reflected initially in a series of nationalizations, followed by difficulties managing a vast government economic sector in the second phase. Several companies were in fact nationalized in the early 1970s. In 1973, the consecration of petroleum as the country’s primary export commodity coincided with the gradual but constant decline in agricultural exports as well as the exploitation and processing of forests, representing the first crisis in this subsector, particularly with the withdrawal of Israeli developers and industrialists.⁷

314. In the mid-1970s, the Congolese economy had to confront its first great post-independence crisis. The Congolese government’s difficulty bringing in budgetary revenues for financial years 1975 and 1976, primarily based on petroleum revenues, and the stagnant management of state-owned enterprises, took on the dimensions of an unprecedented crisis. During the second half of the 1970s, the government became the dominant economic actor with nationalizations and government-created companies and jobs. However, the preceding crisis of “interventionist government” would expand to include the country’s political and institutional sphere until the end of the decade.

315. During the 1980s (third decade) two distinct periods could be noted as well. The early part of that decade was marked by the adoption of two interim plans in 1980 and 1981, in preparation for the launch and implementation of the five-year plan (1982-1986). It should also be noted that a Conference of State-Owned Enterprises was organized in 1980 to redefine the management framework for state-owned enterprises and the powers to be granted to their Boards.

316. The second period in the 1980s was characterized by the simultaneous collapse of petroleum barrel prices and the U.S. dollar, further impeding the successful conclusion of the five-year plan (1982-1986). This period was characterized by a worsening of the external imbalances and the financial situation of the government and the public sector at large, an increase in foreign debt service, and cumulative foreign payments arrears,⁸ justifying the adoption of structural adjustment plans, the restructuring of some state-owned enterprises, and abandonment of some government offices.

317. The 1990s is when government interventionism fell into disrepute and market-oriented management of the economy was restored. This choice entailed costs that had to be assumed in a tense context of public finances and the devaluation of the CFA franc in January 1994 and against the backdrop of recurring social and political tensions. During this period, public debt service became unsustainable. Despite the pronounced decline in economic activities, particularly in the productive sector, the renegotiation of petroleum contracts in 1995, and the development of new oil fields (notably in Nkossa and Kitina) during the second half of the

⁶ See annual report of the BCCO, June 1966.

⁷ With the Yom Kippur war and the ensuing internal political events, Israeli operators withdrew from Congo, leading to the closure of three of the five timber peeling and veneer plants set up in Pointe-Noire.

⁸ In the Economic Policy Framework Document for 1996-1999 (P2). Negotiated with the IMF by the government, Presented at the Round Table Conference, Geneva, November 1996

decade allowed the government to improve the level of its revenues, and it did so before, during, and after the sociopolitical events of 1997.

318. **The 2000s** are characterized by relative stagnation in per barrel oil prices initially, followed by a sustained recovery two years later and continuing up to 2010. Petroleum operations thus allowed the government to garner substantial resources with which to undertake the in-depth restructuring of its economy by developing infrastructure and promoting the diversification of economic activities.

TABLE 1. REPUBLIC OF CONGO: KEY MACROECONOMIC INDICATORS: 1960-2010										
	Ave. 1960- 1969	Ave. 1970- 1979	Ave. 1980- 1989	Ave. 1990- 1999	Ave. 2000- 2005	2006	2007	2008	2009	2010
GDP, annual growth as a %	4.0	5.5	6.8	0.8	4.7	6.1	-1.6	5.6	7.6	8.8
Non-petroleum GDP, annual growth as a %					7.4	6.0	6.6	5.3	3.9	6.4
Petroleum GDP, annual growth as a %					-0.6	6.8	-17.2	7.4	16.1	13.7
GDP per capita, annual growth as a %	1.2	2.3	3.6	-1.4	2.3	4.0	-3.4	3.7	5.6	6.0
Inflation			1.0	-3.5	1.4	6.5	2.7	7.3	5.0	
Agriculture (% of GDP)	20.1	15.6	10.0	10.5	8.6	8.7	9.5	9.5	9.4	9.2
Forestry and logging					2.4	2.5	2.5	2.4	1.3	1.2
Current account (% of GDP)		-14.4	-13.1	-19.4	10.9	8.4	-15.9	4.8	-28.2	-14.2
Trade balance (% of GDP)	-31.7	-17.7	-0.5	2.9	25.4	18.5	23.2	26.3	21.0	31.8
Budget balance, including grant (% of GDP)			1.8	-7.0	2.0	17.0	11.0	26.9	5.8	18.8
Debt at concessional rate (% of GDP)		26.1	29.8	78.9	55.6	39.9	35.7	29.5	34.6	
Debt at non-concessional rate (% of GDP)		29.3	100.4	144.0	89.7	44.9	32.0	20.8	18.0	

Source: STP/DSCERP, World Bank Data, World Development Indicators (<http://databank.worldbank.org>) and National Authorities

Box 2. GOVERNANCE AND LEADERSHIP: LESSONS FROM COUNTRIES THAT HAVE EMERGED SUCCESSFULLY

1. Since 1950, 13 developing countries (Botswana, Brazil, China, Hong Kong, Indonesia, Japan, South Korea, Malaysia, Oman, Singapore, Taiwan, and Thailand) have experienced average annual growth of 7 percent or more over a period of 25 years or more. At this rate of growth, an economy doubles its size (nominal GDP) every decade. These 13 countries have **five similar characteristics**. They have (i) been able to **integrate themselves in the global economy and exploit the advantages of the international market**; (ii) **maintained macroeconomic stability**; (iii) **accumulated abundant financial resources and achieved very high savings and investment rates**; (iv) **allowed their domestic market to allocate resources**; (v) had committed, credible, and capable governments.
2. Economic growth requires conditions that go beyond the economy. It requires committed, credible, and capable governments. **The 13 countries with strong and rapid growth built their economic prosperity on solid political foundations**. Their political decision-makers quickly understood that growth does not miraculously appear all of a sudden. It must be carefully chosen as the country's primary objective. For example, in Singapore, according to a speech by Minister Goh Chok Tong: "the pursuit of the objective of growth has been a principle of the country's policy for the last 40 years." Singapore's government and its institutions constantly seek to anticipate the actions needed to sustain the momentum of Singapore's economy.
3. Several developing countries' governments have promoted "political acceptance" of the idea that economic growth will follow. Others have adopted economic reforms solely for the sake of adopting reforms. When growth did not follow, they did not try other reforms. In contrast, in the 13 **countries with rapid growth**, political decision-makers understood that successful development required a commitment lasting for several decades. Even at relatively high growth rates of 7 to 10 percent, it takes decades for a country to go from a low-income country to a middle-income country. During this long period of transition, the country's citizens must forego consumption today for higher living standards tomorrow. The public can accept this policy only if decision-makers clearly communicate their vision of the future and a clear strategy for achieving high levels of growth. They must be credible and considered thrifty and the population must believe their promises of future rewards.
4. Their promises must also be inclusive so that citizens can be confident that they and their children will share in the fruits of growth and development. In Botswana, for example, Seretse Kama ceded the rights over his own tribe's diamond mines to the government. This gave each tribe in Botswana a more significant share in the success of the government.
5. Other governments have established an implicit or explicit contract favoring growth, by offering health and education services and sometimes by redistributing national wealth. These contracts have been maintained, at least in spirit. Without these political foundations, sustaining growth policies is very difficult, or impossible.
6. Such leadership requires time and patience and a long-term perspective. In many cases, rapidly growing countries have been dominated by a single party that could expect to retain power for several decades. In contrast, in a multi-party system, governments look only to the next election. Nonetheless, democracies can experience moments of strong growth. Today's India and Australia are examples of this. Australia's Productivity Commission was established by an act of Parliament in 1998. As an independent institution, it regularly evaluates the government's regulations and microeconomic policies, analyzes long-term growth prospects, and helps bring together the principal economic actors to design economic reform proposals. Ireland's Social Partnership, which grew out of the country's economic stagnation during the 1980s, brings together employees, unions, and the government every three years to rethink and renegotiate the country's economic strategy. Once ratified, these deliberations become the economic policy framework for the next three years.
7. When committed to the objective of strong growth, governments must be pragmatic in their pursuit of that growth. Political decision-makers who have succeeded in sustaining strong growth were prepared to try, to fail, and to learn from their defeats. Singapore, for example, did not establish a policy of opening up economically to foreign trade until after it had tried an economic policy that turned inward and encouraged domestic companies to compete with industrial imports (import substitution policy). In China, Deng Xiaoping described this approach as "crossing the river by jumping on stones," a phrase often repeated in China.

Source: STP/DSCERP in Summary of World Bank Document.

RECENT ECONOMIC MANAGEMENT: THE PERFORMANCE HAS CLEARLY IMPROVED

319. There are two important aspects to economic governance:

- How the State manages itself (management of government and the public sector)
- How the State manages the economy and the private sector.

"How the State manages itself" can be appreciated in different areas: (i) management of the public finances; (ii) management of human resources, government investments and government property; and (iii) macroeconomic management and strategic planning.

"How the State manages the economy and the private sector" can be assessed through different policies and actions to reform and regulate markets, to procure essential public goods and services, and to create an administrative and legal climate conducive to a flourishing private sector

Management of the public finances

320. Accountability for fiscal management is overseen by the internal and external control bodies. In Congo, ex ante internal administrative control is entrusted to the Directorate-General of Budgetary Control (DGCB) and the Directorate-General of Budget (DGB), while ex-post internal control falls to the Inspectorate-General of Finance (IGF). The Office of Audit and Budgetary Discipline and the Economic and Finance Committees of the National Assembly and the Senate oversee internal controls. The Inspectorate-General of Government supervises all controls in the executive branch.

321. Revenue collection is the responsibility of the Directorate-General of the Treasury (DGT). Revenues assessed by the Directorate-General of Taxation and State Property (DGI) and the Directorate-General of Customs and Indirect Duties (DGDDI) are recovered directly by a receiving officer who deposits them on a daily basis in the treasury.

322. The quality of ex ante internal control has long been affected by the lack of representation of the DGCB in the Government Procurement Regulatory Authority and the lack of a computerized link between the file kept by government agents and the file showing the balance. Moreover, ex post internal control is hindered by a shortage of financial resources and the poor quality of human resources assigned to the IGF. The elimination of unannounced controls and inspections has also reduced the effectiveness of ex post internal control.

323. Major reforms have been undertaken to strengthen both internal and external control over fiscal management. In particular, a new budgetary accounting terminology has been adopted, based on the functional classification and consistent with international rules and standards (*International Financial Statistics* methodology). The objective is to facilitate consistency between budgetary allocations and the government's strategic priorities.

324. As well, a Government Action Plan for Fiscal Management (PAGGFP) and another concerning improved management of government investments (PAAGIP) have been adopted with a view TO reinforcing government transparency, efficiency and performance. The action plan for government investment management calls for improving the preparation process, cost

estimation, and the selection of new projects, as well as bringing greater efficiency and transparency to execution of the government's capital budget. These plans are designed to: (i) reinforce the capacities of the research and planning directorates (DEP) of ministries and institutions; (ii) improve the budget preparation process; (iii) streamline and rationalize the expenditure circuit and unify the payment circuits. These two plans provide a solid foundation for introducing fundamental reforms to the system for managing the public finances.

325. A new government procurement code was promulgated in May 2009. It establishes the regulatory and institutional framework for public procurement in Congo, consistent with best international practices. The code will help to optimize the utilization of resources earmarked for development, by ensuring competition and transparency.

326. At the same time, significant innovations have been introduced in recent years to strengthen FISCAL management. These include:

- Introduction of SYSTAF and the Single Identification Number (*Numéro d'Identification Unique*, NIU). The tax administration can now record all taxpayers and create a single file for them. This reform has served to expand the tax base.
- Introduction of the ASYCUDA software in the customs administration, for better control of the tax base and of customs revenues.
- Improved transparency and governance in the oil sector, via quarterly certification of oil revenues and their transfer to the treasury within 45 days following the lifting of oil shipments. Data on oil production and revenues are regularly published at the Internet site of the Ministry of Finance, Budget and the Public Portfolio.
- Adoption of the master plan for computerizing the Finance Ministry, more specifically the revenue collecting agencies (*régies financières*). The objective is to exert greater control over the tax base and over government revenues.

327. Nevertheless, judicial and parliamentary supervision over fiscal management still betrays some technical weaknesses. These weaknesses have also been identified in the Directorate-General of Budget and of the Treasury, as well as in the Directorate-General of Public Accounts (DGCP), when it comes to producing administrative and management accounts for preparing the budget review act at the end of the fiscal year.

Public debt management

328. The government has created a National Public Debt Committee (CNDP) in order to monitor the country's indebtedness more closely and avoid a return to the over-indebtedness of past years. It is widely acknowledged that the weakness of accountability mechanisms with respect to borrowing and public debt management, together with insufficient budgetary discipline, have caused the country's over-indebtedness and problems with speculators ("vulture funds"). To address this weakness the authorities promulgated a decree (no. 2008-56 of March 31, 2008) instituting a National Public Debt Committee (CNDP) to monitor the debt and report on public debt management.

329. The creation of the CNDP is also consistent with the CEMAC regulation (12/07-UEAC-CM-15) formalizing the benchmark framework for government borrowing policy and public debt management in member states. Among other tasks, the CNDP is to prepare a national public debt strategy consistent with the country's development objectives and its

financial capacity. This strategy is now annexed to the budget law as a way of strengthening parliamentary control over borrowing mechanisms and conditions.

330. Despite these shortcomings, Congo has made significant reforms that have allowed it to reach THE completion point and benefit from significant debt relief. Thanks to the solid economic performance of recent years, the debt relief obtained under the HIPC initiative, and the pay-down of domestic debt, Congo has reduced its debt considerably and has improved its sustainability over the medium term. This good performance can be seen in Congo's debt ratios. Table 2 shows that, over the period 2004-2010, the debt stock has clearly declined as a proportion of GDP from 198.7 percent to 23.8 percent, and debt service has dropped from 16.0 percent to 3.4 percent of exports. The following table presents the country's situation, compared to other African countries, mainly in the subregion.

TABLE 2. PUBLIC DEBT OF CONGO AND COMPARABLE COUNTRIES

	2004	2005	2006	2007	2008	2009	2010
Petroleum exporting countries	57.1	35.6	17.7	18.0	17.9	21.7	21.6
Excl. Nigeria	64.0	46.3	27.0	25.1	26.1	29.8	27.2
Angola	55.3	42.5	20.6	20.8	31.5	36.3	35.0
Cameroon	61.4	51.8	15.7	11.9	9.5	10.6	12.1
Congo, Rep. of	198.7	108.3	98.8	98.0	68.1	57.2	23.8
Gabon	65.2	53.8	42.1	43.2	20.9	26.4	25.1
Equatorial Guinea	6.2	3.0	1.6	1.1	0.7	5.1	7.5
Nigeria	52.7	28.6	11.8	12.8	11.6	15.2	17.3
Chad	34.2	33.6	29.6	26.0	23.6	30.5	32.6

Source: IMF Africa Department database (September 16, 2011) and World Economic Outlook (September 16, 2011)

Government investment

331. The management of government investments remains a major challenge that the government must address to ensure the success of the country's development strategy. In comparison with other countries, Congo devotes considerable resources to public investment, but the quality and effectiveness of that investment is still well below that of the best performers in the region. Table 4 confirms that Congo's public investment rate is considerably higher than the average for sub-Saharan African countries. However, effectiveness falls short of the average in those countries. This point is confirmed by other international benchmarks. For example, governance indicators show that, when it comes to government effectiveness, Congo is still at the bottom of the scale in international rankings.

332. The analyses point to a number of causes underlying the investment quality problem, in particular shortcomings in: (i) the project planning process (identification, evaluation, validation); (ii) budgetary choices (aligning resources with development projects); (iii) and, most importantly, investment execution, in both financial and physical terms, and the monitoring of that execution.

333. The government is aware of these shortcomings and has instituted a program to strengthen the planning and management of government investment. The key actions already taken in this CONTEXT include:

- Adoption of decree no. 2009-230 of July 30, 2009, clarifying and simplifying the expenditure circuit and the respective roles of the principal players. That decree: (i) delegates to ministries the responsibility for committing and verifying expenditures; (ii) establishes budget control units within ministries to supervise and approve commitments and verifications; (iii) eliminates sign-off by the budget controller after the payment order (*ordonnancement*) is issued; and (iv) leaves the Directorate-General of Budget with only the task of issuing the payment order.
- Adoption in 2009 of a new system for evaluating and selecting investment projects, designed to ensure that new projects financed from the budget are consistent with the objectives of the PRSP and meet clear criteria of technical and financial feasibility.

334. There have been some difficulties, however, in implementing these reforms, due to capacity problems. While decree no. 2009-230 gives the line ministries responsibility for committing and verifying expenditures, there are a number of gaps in the system that can lead to inefficiency. As well, ministries and institutions have difficulty in conducting project studies and drawing a link between these projects and the PRSP objectives.

335. Lastly, introduction of the Medium Term Expenditure Framework (MTEF), the Priority Action Programs (PAPs) and objective-based program budgets in the ministries must also allow the framework for their implementation to be rationalized. The PAP approach makes it easier to identify and plan for ministries' human resource needs vis-à-vis priority program requirements. These needs are programmed in the PAPs and reflected in the line ministries' MTEF. To the extent that these needs form the basis for budgetary allocations under the MTEF, the MTEF process will help align recruitment with sectoral strategy priorities. This will help to rationalize the entire recruitment process in the civil service, in line with national strategic priorities.

Management of government property

336. Congo still has no system of accounting for public assets, but the government has created two ministries in charge of government property (*domaine public*) and state assets (*patrimoine de l'Etat*). Those ministries are responsible for inventory, accounting and management of State assets, but they are not yet fully operational in carrying out their missions. The authorities are well aware of this and are working to resolve the problem so that the State will have a sound basis of information on its assets and their status.

Strategic planning

337. Congo has made significant progress with strategic planning in recent years. Key actions include: (i) adoption and execution of the first-generation Poverty Reduction Strategy Paper (PRSP) in March 2008; (ii) implementation of the MTEF in 2009 for better alignment of the budget with the PRSP; (iii) reorganization of the Investment Projects Evaluation Center (CEPI) to strengthen the project planning and evaluation process; (iv) reinforcement of technical capacities for monitoring and evaluating PRSP programs, including physical and financial execution of investments; and (v) introduction of results-based management (RBM).

338. With the first PRSP, the Republic of Congo had for the first time a coherent and credible multisectoral strategy for integrated development. The general objective of the strategy was to improve the macroeconomic framework in a sustainable manner and to

strengthen the social sector, so that Congo could move toward achieving the Millennium Development Goals (MDG). The PRSP was a prerequisite for achieving the completion point under the Heavily Indebted Poor Countries (HIPC) Initiative.

339. In this context, the authorities have also made great efforts to reorganize and reinforce the ENTIRE process of program execution and monitoring. This initiative is a response to the shortcomings detected in the coordination and monitoring of activities under the strategy.

340. This problem is common to nearly all countries of sub-Saharan Africa. For example, PRSP evaluations have shown that in most cases it is not the quality of the strategy documents or other programs but rather the lack of adequate execution and monitoring capacities that has undermined the effectiveness of national strategies. In this respect, Congo has been no exception. To a large extent, the disappointing performances are due to the problems of resource allocation (budgetary alignment) mentioned above, but also to problems of organizational, execution and monitoring capacity.

341. To address this challenge, the Congolese authorities have made great efforts to strengthen the execution mechanism. The key move in this area was certainly the establishment of the DGGT (General Commission for Large-Scale Projects) to carry out major government projects of national importance. The DGGT has executed nearly 80 percent of all government investment over the period 2008-2010.

342. In the course of its efforts to resolve execution problems through a "concentrated and centralized" approach, the government has become increasingly aware of the merits but also the limitations of this approach. It is important to improve communication between the assistant project manager and the contracting authority (sectoral ministry) in the monitoring and evaluation of the work. Indeed, the ministries (DEP) often highlight information gaps with respect to the progress of their work entrusted to the DGGT.

Moreover, the government has engaged in discussions to reassess the situation and refine the criteria for DGGT intervention in capital project execution

Moreover, the government has engaged in discussions to reassess the situation and refine the criteria for DGGT intervention in capital project execution.

Box 2. The General Commission for Large-Scale Projects (DGGT)

1. Created in 2002, the DGGT is today governed by decree no. 2009-158 of May 20, 2009, which reorganized it. It is the government's focal point for carrying out large-scale projects. It reports to the President of the Republic and has responsibility for investment projects in the amount of 250 million or more.

2. The DGGT is an administrative and technical agency. Government departments are required to delegate to the DGGT the work of preparing, tendering and monitoring contracts for government procurement or the concessioning of public services beyond the threshold indicated above. In this capacity of "owner agent" (*maître d'ouvrage délégué*), the DGGT is responsible for:

- Finalizing procurement programs, together with the project owner.
- Organizing and calling for bids for government procurement or public-service concessions.
- Reviewing and examining bids for government procurement or public-service concessions.
- Drafting, negotiating and managing contracts.
- Assessing the technical and financial specifications of contracts, as well as their execution statements.
- Organizing and conducting the acceptance of works, goods or services and overseeing the performance of public-service concessionaires.

3. The DGGT thus plays the role of a horizontal or cross-sector administration, mobilizing energies within all ministries to achieve objectives of common interest. The projects carried out by the DGGT are financed from the capital budget of the various ministries and institutions.

4. Large-scale projects handled by the DGGT include:

- the construction of airports at Dolisie, Owando, Pointe-Noire and Impfondo;
- construction of the second runway and air terminal at the Brazzaville Airport;
- completion of work on the Ngoulonkila-Lékana section of highway RP 26, Ngo-Djambala-Lékana;
- construction and paving of about 46 km of the Bouansa - Mouyondzi highway;
- construction of 84 km of railway 1998-2009;
- construction 2004-2009: Moukondo-Nkombo Highway; 2nd exit North Brazzaville; bridge over the Tsiémé and road; bus station at Dolisie;
- construction of the Port Autonome de Pointe-Noire;
- construction of the Imboulou dam; Impfondo power station; M'Pila power station;
- water supply at Likouala; rehabilitation of the Djoué plant;
- construction of the port at Lékéty;
- dredging at Mossaka and de-silting of the main port of Brazzaville and secondary ports;
- rehabilitation of high-voltage transformer stations at Tsélampo, Mongo Kamba, N'goyo and the Djoué dam;
- construction and outfitting of the national radio and television center;
- construction of the radio/TV station at Oyo;
- rehabilitation of stadiums: Franco Anselmi and M'voumvou at Pointe-Noire, Massamba-Debat at Brazzaville and Pont at Dolisie;
- construction of the municipal stadium at Owando and the Oyo gymnasium;
- construction of the Oyo general hospital and the Loandjili hospital;
- construction of prefecture or sub-prefecture headquarters in the *départements* of Kouilou, Niari, Likouala, Oyo, Dolisie, Impfondo, Cuvette-ouest, Owando.

Source: ST/DSCERP and INT-DEC.

343. At the same, aware of the growing importance of foreign investment for transforming the economy, the government has put in place the National Investment Commission (CNI) to track private investment plans and projects, under the coordination of the Ministry for Economy and Planning. Under this initiative, an inventory of investment intentions will be compiled and the introduction of investors into the Congolese economy will be facilitated. The initiative reflects the importance that the government places on foreign investments as a channel for transmitting new technologies, injecting significant financial resources into the

national economy, and opening up international markets for Congolese products. This initiative will also improve the programming of the government's own actions in support of these investments, so that public investment can be an effective complement to private investment for accelerated the transformation of the Congolese economy.

344. All these developments with respect to strategic planning and building capacities for execution and monitoring of the strategy have contributed to implementation of PRSP 1. They have been used for preparation of the PND and they will be reinforced and put to work for its effective execution.

Macroeconomic policies

345. Beyond administrative management, economic governance is reflected in the quality of macroeconomic management. Here, Congo has made remarkable progress during the last decade. The government has resolutely embraced structural reforms in order to stabilize the country's macroeconomic situation. It was in this context that it implemented the macroeconomic program supported by the IMF under the Poverty Reduction and Growth Facility (PRGF) in the context of the HIPC initiative. The program brought Congo to the completion point in January 2010. It will continue with the support of a new instrument, the Extended Credit Facility (ECF).

346. Implementation of this aspect, together with other components of the poverty reduction strategy, has allowed Congo to consolidate the macroeconomic framework. As proof, economic growth has been robust in recent years, averaging around 7.0 percent between 2008 and 2010, despite volatility in the oil sector. In particular, the non-oil sector has produced very encouraging results, with average growth of around 5.2 percent over the same period, despite adverse world economic conditions.

347. Similarly, the public finances have been cleaned up. Non-oil revenues have been rising steadily, from 22.7 percent of GDP in 2008 to 25.5 percent in 2010. Despite the launch of the PRSP programs, spending increases have been relatively restrained in GDP terms, thanks to control over operating expenses, and despite the higher capital outlays occasioned by implementation of the PRSP.

348. This pro-growth fiscal policy has been combined with a prudent monetary policy. As a result, inflation has been kept under control (... percent) over this period, despite higher prices for food and oil products.

STRUCTURAL REFORMS AND STRENGTHENING THE BUSINESS CLIMATE

349. In its approach to economic management, the government has also introduced structural reforms intended to liberalize and regulate markets, together with policies to improve the business climate and promote the private sector. Economic operators had long complained of an environment characterized by bureaucratic red tape, corruption and quasi-fiscal levies that was **DISCOURAGING** business and hindering the competitiveness of domestic firms. The government is well aware of these ills and is facing them squarely. To this end, it has instituted a series of measures to reduce transaction costs and improve the business climate.

Key sectors

350. The government has taken a series of steps to reduce transaction costs at Customs. The main actions here included: (i) institution of the "one-stop maritime window" (GUMAR) for integrated handling of commercial operations at the Pointe-Noire customs station, together with measures to streamline and simplify customs clearance procedures; (ii) strict management of electronic manifests and a scanning device for container inspection and risk management.

351. To promote competition and reduce distortions, the government has eliminated exceptional exemptions and has computerized exemption granting and management procedures. It has also reviewed the customs privileges contained in government contracts, conventions and other texts. As well, the government has applied CEMAC Act 298 concerning establishment agreements in the oil industry, including subcontractors.

352. In the mining and oil sector, the government has devoted considerable effort to improving the transparency of natural resource management, especially in the context of its membership in 2004 to the Extractive Industries Transparency Initiative (EITI). This action was followed by the establishment of appropriate national structures, certification of oil revenues, and audits of oil company accounts (oil cost audits).

353. Improved management of the oil sector is now reflected in better performance by the two key national companies in the sector, Société Nationale du Pétrole du Congo (SNPC) and CORAF. In particular, the SNPC reforms have instituted analytical accounting in that company, which has improved its earnings results.

354. The government has adopted an action plan for marketing Congolese oil in line with international standards. A program of reforms and upgrades has been instituted to enhance the capacities and performance of CORAF. The government has also taken steps to clean up the accounts of that enterprise, including application of a transfer price for crude oil that will gradually balance its accounts while keeping the pump price accessible to Congolese consumers. As a result of these reforms, recent years have seen a clear improvement in CORAF's earnings and in coverage of domestic market needs. These reforms and good performances have also translated into a clear improvement in government mobilization of oil revenues. In fact, the share of oil revenues in total government revenues was consistently above 80 percent between 2008 and 2010.

355. In the financial sector, the government has made major reforms to clean up credit institutions and insurance companies. Those reforms have also improved the operating conditions of micro-finance institutions. Liberalization in the banking sector has sparked the entry of new credit institutions and greater diversification of banking activities. Specifically, the government has instituted reforms to eliminate the ceiling on lending rates and to make lending conditions more transparent (in particular through publication of the total cost of loan offers, including fees and commissions). The government has also succeeded in expanding the use of banking services by paying salaries and pensions via direct deposit and eliminating account charges.

356. The government has defined a plan to reform the insurance and reinsurance market. The public operator (Assurances et Réassurances du Congo, ARC) has been restructured in

accordance with code of the Inter-African Conference on the Insurance Market (CIMA) and the rules of the Regional Reinsurance Company (Compagnie Commune de Réassurance des Etats membres de la CIMA, CICA-RE). All these actions should help improve government intervention, the quality of economic and social services (transport, water, electricity etc.), and the business climate.

Management of state-owned enterprises

357. Major steps have been taken to reinforce accountability in the management of state-owned enterprises. The government created the National Management Center (CENAGES) by decree no. 49/78 of December 18, 1978 and the National Audit Office (*Commissariat National aux Comptes*, CNC) by law no. 13/81 of March 14, 1984 creating the Charter of State-Owned Enterprises.

- CENAGES is the government instrument for promoting the development of modern management techniques in state-owned enterprises, semipublic enterprises, and public organizations and establishments.
- The CNC has the task of reviewing and auditing the operations, accounts and training programs of state-owned enterprises in the fields of internal control, accounting control and organization.

However, these two agencies have performed poorly in carrying out their missions and they will have to be thoroughly overhauled, in light of the new free-market context, if they are to make a meaningful contribution.

358. In addition, the "accountability" obligation of private and public enterprises alike demands rehabilitation of a government agency to certify their accounts for various purposes (taxation, banking, legal etc.).

359. On this point, it may be noted that the legislative and regulatory framework for private-sector accounting in Congo is governed by OHADA provisions. The government has reformed the legal and judicial mechanism and has harmonized the commercial code with the OHADA treaty. The powers of the OHADA National Commission have been reinforced as have those of the commercial courts.

360. However, the absence of an officially recognized college of accountants and the ineffective organization of the Association of Professional Accountants (APC) represent obstacles to the preparation of reliable financial statements. Efforts are needed, then, to strengthen the institutional environment for the accounting profession by establishing a College of Accountants, improving initial and ongoing training for accounting professionals, and making private-sector operators aware of the need to prepare accounting and financial statements.

Infrastructure services and private sector support programs

361. Despite the reforms described above, the business climate is still not very conducive, as indicated by Congo's low rating against international criteria. It is a demonstrated fact that it is not easy to start up and grow a business in Congo, or to invest there, not because of the lack of economic opportunities but because of an environment that is still unattractive and difficult to navigate.

362. Aware of these weaknesses, the government has undertaken major structural reforms as well as investments in essential infrastructure and services for improving the business climate and encouraging investment. These programs are backed by the country's development partners. Thus, the World Bank is supporting government initiatives under the Economic Diversification Support Project (EDSP), focusing on its component to foster public-private dialogue and reform the investment climate. The African Development Bank is also involved in this effort through the Institutional Support Project for Improvement of the Business Climate and Economic Diversification of Congo (PACADEC). These projects, implemented concurrently and coordinated by the government, are designed to strengthen the institutional framework for supporting business and investment. In 2010 they led to creation of a high-level council for public-private dialogue (HCPP), a forum for coordination between public and private stakeholders. The council meets once a year, and reports to the President of the Republic.

363. In the transport sector in particular, the assistance provided by the third component of the PADE project for reforming the CFCO (the Congo-Ocean Railway) should improve the supply of transport infrastructure services and reduce access costs. Government infrastructure investments, including construction of the Imboulou hydroelectric station, the Pointe-Noire gas fired power station, the Pointe-Noire-Brazzaville highway (of which the Pointe-Noire-Dolisie section is completed), and various other projects are part of this move to improve the business climate.

Combating corruption

364. The government has undertaken targeted efforts against corruption as well as against money laundering and terrorism financing. In this context, it has created the National Commission to Combat Corruption, Fraud and Misappropriation (CNLCCF), the Anticorruption Observatory, and the National Financial Investigation Agency. The Commission has the mandate to formulate, coordinate and implement the national anticorruption strategy, while the Observatory was created to oversee and assess that strategy's implementation. The Agency is responsible for investigating financial crime. The institutional and regulatory framework for combating corruption, fraud and misappropriation is governed by the anticorruption law adopted in July 2009. An action plan was adopted in August 2009. It provides for a series of measures to curb the risks of corruption in the five most exposed sectors: oil production and marketing, forestry, fiscal management, justice and police, and the social sectors.

THE MAIN CHALLENGES

365. As has been repeatedly noted, improving governance in all its forms, and particularly in economic management, is imperative for the modernization of Congolese society, the transformation of the economy, and the emergence of Congo as envisioned in "*Le Chemin d'Avenir*". The government is well aware of this and intends to redouble its efforts in pursuit of its program to strengthen governance.

366. Specifically, the government will step up its efforts to: (i) improve delivery of the public services essential for building the infrastructure needed to support economic activity; (ii) modernize the management of state-owned enterprises and public administration, and

delegate certain public services to private initiative while reinforcing accountability in public services; (iii) enhance the efficiency and effectiveness of government agents and interventions through better management of human resources, improved strategic planning and budgeting, and stricter execution and monitoring of activities; (iv) improve the business climate and boost the economy's competitiveness through liberalization and effective regulation of factor markets as well as goods and services markets, and consolidate the achievements of public-private dialogue. The key strategies and programs in the area of economic governance are described in chapters 7 to 9 of this paper.

CHAPTER 3. GROWTH AND EMPLOYMENT

367. Even with the best efforts at redistribution, there will be no significant decline in poverty and vulnerability if economic growth remains weak or volatile. Recent experience in emerging countries such as Brazil, Russia, India and China (the “BRICs”) shows that poverty reduction has resulted from strong and sustained growth over a long period. Similarly, a recent World Bank study showed that the 13 countries that have seen strong growth over a long period, i.e. an annual growth rate of 7 percent over at least 25 years, have also succeeded in reducing monetary poverty, and in some cases eradicating it, and making significant improvements to people's living conditions. The lesson is clear: strong, sustained, job-creating growth is necessary to raise living standards and reduce poverty at a fast pace. Despite problems of inequality in some cases, performances of this kind have been shown sufficient at least to reduce monetary poverty and strengthen social development.

368. The government has paid attention to these outcomes, and for this reason the acceleration of growth stands at the core of its development strategies. Indeed, it is aware that this objective will not be achieved unless the country can diversify the sources of growth, in favor of the non-oil sector, and ensure the further processing of primary products, in favor of industry and services (upstream and downstream). This "integrated" vision of diversification is clearly set forth in the *Chemin d’Avenir*, which places the emphasis on modernization of society and on industrialization as the twin pillars of the strategy for Congo's emergence.

369. However, the government recognizes that for the time being and for some years to come, oil will remain the primary source for financing of the state budget, and hence of economic growth. Mining resources will be progressively added to this base: iron in particular has a very promising outlook for Congo. The government is well aware, however, that these resources are hostage to world price fluctuations, and they could dwindle as wells and quarries are exhausted.

370. Moreover, and notwithstanding its weight in the economy and in government revenues, the mineral sector – oil in particular – creates relatively few direct jobs, because of its weak linkages, upstream and downstream, with the rest of the economy. The government also understands the risks of the so-called "Dutch disease" associated with appreciation of the real exchange rate in the context of abundant resources, notably oil. This would compound the mechanical effects of nominal appreciation due to the CFA franc’s linkage to the euro, and would seriously undermine the Congolese economy’s competitiveness and hence its prospects for industrialization.

371. It is for this reason that the government, while pursuing strategies for the development of extractive industries, is determined to exploit its resources prudently in order to finance a strategy for diversification into other sectors. The following sections of this paper will analyze performance in terms of program execution and will evaluate the outcomes in terms of overall economic growth and sectoral contributions.

GROWTH: SOURCES, PERFORMANCE AND CHALLENGES

HISTORIC OVERVIEW OF CHANGES IN THE CONGOLESE ECONOMY

372. The bouts of political and economic turbulence described above, as well as the important changes in the international setting, have greatly influenced the macroeconomic performance of Congo since independence in 1960. Over that long period, Congo recorded average annual growth rates of around 4.0 percent (1960-2011) while the country's population grew at around 2.6 percent each year. Consequently, real per capita GDP averaged annual growth of 1.4 percent, rising from US\$619.20 in 1960 (in constant dollars of 2000) to US\$715.10 in 2011. This performance places Congo slightly above the average for sub-Saharan Africa (1 percent annual growth in per capita GDP over the period 1960-2010).

373. In line with political developments, changes in the productive structure of the Congolese economy can be grouped into four phases: 1960-1974, 1975-1984, 1985-1999, and the years since 2000. From 1960 to 1974 the Congolese economy owed its dynamism essentially to forestry and potassium mining, to which may be added agriculture (foodstuffs, coffee and cocoa). The extension of the rail and river transport network to neighboring countries during that time gave services a prime place in national income. The economy achieved an annual growth rate of around 5.5 percent.

TABLE 3. COMPARATIVE MACROECONOMIC INDICATORS

Tableau 3. EVOLUTIONS COMPAREES DES INDICATEURS MACROECONOMIQUES CLES											
country		Average 1960-1969	Average 1970-1979	Average 1980-1989	Average 1990-1999	Average 2000-2005	2006	2007	2008	2009	2010
Annual growth of GDP (%)	Congo, Rep.	4,0	5,5	6,8	0,8	4,7	6,1	-1,6	5,6	7,5	8,8
	Cameroon	2,1	7,3	4,0	0,4	3,8	3,2	3,5	2,9	2,0	2,6
	Central African Republic	1,9	2,0	0,9	1,3	-0,4	3,8	3,7	2,0	1,7	3,3
	Chad	1,0	-1,0	5,4	2,2	14,2	0,2	0,2	-0,4	-1,6	4,3
	Equatorial Guinea			0,9	20,2	26,1	1,3	21,4	10,7	5,3	0,9
	Gabon	6,7	9,9	1,9	2,5	1,1	1,2	5,6	2,3	-1,4	5,7
	Angola			4,2	1,0	9,3	18,6	22,7	13,8	2,4	2,3
	Ethiopia			2,4	2,7	6,5	10,8	11,5	10,8	8,8	10,1
	Ghana	2,3	1,4	2,0	4,3	4,8	6,4	6,5	8,4	4,7	6,6
	Mozambique			0,4	5,5	7,4	8,7	7,3	6,8	6,4	7,2
	Tanzania			3,8	3,3	6,7	6,7	7,1	7,4	6,0	7,0
	Annual growth of GDP per capita (%)	Congo, Rep.	1,2	2,4	3,8	-1,9	2,2	3,3	-4,3	2,7	4,6
Cameroon		-0,3	4,3	1,0	-2,1	1,5	1,0	1,2	0,7	-0,2	0,4
Ethiopia				-0,8	-0,5	3,9	8,3	9,0	8,4	6,5	7,8
Gabon		5,9	7,3	-1,2	-0,5	-1,0	-0,7	3,6	0,4	-3,2	3,7
Ghana		-0,3	-0,8	-1,0	1,6	2,3	3,9	3,9	5,9	2,2	4,1
Tanzania					-0,2	3,9	3,8	4,1	4,4	3,0	3,9
Angola				1,5	-1,9	5,7	14,9	19,1	10,6	-0,5	-0,5
Central African Republic		0,0	-0,1	-1,7	-1,1	-2,0	2,0	1,9	0,1	-0,2	1,4
Chad		-1,2	-3,2	2,6	-0,9	10,3	-2,8	-2,6	-3,0	-4,1	1,6
Equatorial Guinea				-2,8	16,3	22,2	-1,7	18,0	7,6	2,4	-1,8
Mozambique				-0,6	2,6	4,6	6,0	4,7	4,3	4,0	4,8
Inflation, consumer prices (Annual growth in %)		Congo, Rep.			1,0	8,5	1,4	6,5	2,7	7,3	5,0
	Cameroon	-1,1	10,3	9,1	5,6	1,9	5,1	0,9	5,3	3,0	1,3
	Central African Republic			3,6	3,9	2,4	6,7	0,9	9,3	3,5	1,5
	Chad			3,0	5,5	3,7	8,0	-9,0	10,3	10,0	
	Equatorial Guinea			-5,5	6,6	6,4	4,4	2,8	6,6		
	Gabon	3,4	11,1	6,5	3,7	1,5	-1,4	5,0	5,3	1,9	1,5
	Angola				1122,5	125,2	13,3	12,2	12,5	13,7	14,5
	Ethiopia	0,3	10,4	4,6	8,0	4,5	12,3	17,2	44,4	8,5	8,1
	Ghana	9,3	38,8	48,3	27,6	21,2	10,9	10,7	16,5	19,3	10,7
	Mozambique			45,1	34,5	12,0	13,2	8,2	10,3	3,3	12,7
	Tanzania	13,5	11,0	30,1	23,1	5,2	7,3	7,0	10,3	12,1	6,2
	Investment rate (% of GDP)	Congo, Rep.	33,8	29,7	32,5	25,9	23,9	24,8	26,4	22,1	24,6
Cameroon		12,7	21,4	23,8	14,8	18,7	16,8	17,7			
Ethiopia				15,7	16,5	22,7	24,2	23,5	19,9	22,5	21,5
Gabon			46,4	34,6	26,0	23,6	25,9	25,9	24,4	28,7	25,9
Ghana		16,4	10,2	7,8	19,9	25,1	21,6	20,1	21,5	19,6	22,4
Tanzania				21,8	19,7	24,2	25,5	26,7	29,8	29,8	30,6
Angola				14,8	19,9	11,8	11,3	13,7	16,0	14,8	14,6
Central African Republic		20,5	15,0	10,9	11,4	8,0	9,2	9,0	11,6	10,8	
Chad		14,2	17,0	6,3	13,1	36,3	14,4	18,0	24,8	33,9	36,8
Equatorial Guinea		17,2	17,2		59,5	51,4	32,5	35,3	25,9	46,7	
Mozambique				12,2	20,7	23,4	17,7	16,1	15,7	20,5	23,7

Country	Average 1960-1969	Average 1970-1979	Average 1980-1989	Average 1990-1999	2000-2005	2006	2007	2008	2009	2010
Savings Rate (% of GDP)										
Congo, Rep.	95,3	88,0	68,1	71,2	50,7	56,7	50,4	51,6	54,5	43,2
Cameroon	88,7	81,7	75,8	81,5	81,2	81,1	81,5			
Central African Republic	91,5	95,8	101,1	96,3	97,5	98,6	98,5	101,3	97,3	
Chad	90,7	91,7	108,1	100,5	92,1	63,6	79,5	72,6	94,1	88,0
Equatorial Guinea	66,4	91,9		86,3	20,5	13,9	13,1	26,9	41,2	
Gabon		45,7	55,7	56,4	47,5	44,0	44,7	41,1	52,2	53,1
Angola			76,0	78,0	72,8	50,9	55,8	58,9	79,2	71,2
Ethiopia			89,5	90,3	92,1	98,5	95,8	99,6	95,9	99,6
Ghana	88,6	89,8	95,2	92,5	93,7	93,9	96,2	98,0	91,3	90,7
Mozambique			106,2	102,9	93,1	91,2	93,7	98,4	97,8	94,3
Tanzania				97,1	85,8	89,0	87,4	89,7	82,1	83,2
Congo, Rep.	4,7	12,0	31,9	28,8	49,3	43,3	49,6	48,4	45,5	56,8
Cameroon	11,3	18,3	24,2	18,5	18,8	18,9	18,5			
Central African Republic	8,5	4,2	-1,1	3,7	2,5	1,4	1,5	-1,3	2,7	
Chad	9,3	8,3	-8,1	-0,5	7,9	36,4	20,5	27,4	5,9	12,0
Equatorial Guinea	33,6	8,1		13,7	79,5	86,1	86,9	73,1	58,8	
Gabon		54,3	44,3	43,6	52,5	56,0	55,3	58,9	47,8	46,9
Angola			24,0	22,0	27,2	49,1	44,2	41,1	20,8	28,8
Ethiopia			10,5	9,7	7,9	1,5	4,2	0,4	4,1	0,4
Ghana	11,4	10,2	4,8	7,5	6,3	6,1	3,8	2,0	8,7	9,3
Mozambique			-6,2	-2,9	6,9	8,8	6,3	1,6	2,2	5,7
Tanzania				2,9	14,2	11,0	12,6	10,3	17,9	16,8
Trade balance (% of GDP)										
Congo, Rep.	-31,7	-17,7	-0,5	2,9	25,4	18,5	23,2	26,3	21,0	31,8
Cameroon	-1,4	-3,1	0,4	3,7	0,1	2,1	0,8	-3,0	-4,3	-4,6
Central African Republic	-12,0	-10,8	-12,1	-7,7	-5,5	-7,9	-7,5	-12,9	-8,0	
Chad	-4,8	-9,5	-13,5	-13,6	-28,4	22,0	2,5	2,6	-28,0	-24,8
Equatorial Guinea	16,4	-9,1	-28,6	-45,8	28,2	53,7	51,6	47,3	12,2	
Gabon	1,6	7,9	9,7	17,7	28,8	30,1	29,4	34,6	19,1	21,0
Angola			9,1	2,2	15,4	37,8	30,4	25,1	6,0	14,1
Ethiopia			-5,3	-6,8	-14,8	-22,7	-19,3	-19,4	-18,3	-21,1
Ghana	-5,0	-0,1	-3,1	-12,4	-18,8	-15,5	-16,3	-19,5	-10,8	-13,1
Mozambique			-18,4	-23,6	-16,5	-8,9	-9,8	-14,1	-18,3	-18,0
Tanzania				-19,0	-5,5	-13,1	-12,8	-16,4	-11,9	-13,7
Exports of goods and Services (% of GDP)										
Congo, Rep.	30,4	39,3	52,0	60,2	80,8	84,2	76,7	73,3	71,9	82,3
Cameroon	22,2	23,1	25,7	20,9	20,9	23,0	22,1	32,5	26,6	27,9
Central African Republic	27,1	25,7	20,5	16,2	15,2	14,0	15,0	10,7	14,6	
Chad	13,8	16,1	14,3	16,1	30,1	63,2	54,8	52,8	42,1	43,9
Equatorial Guinea	48,5	41,8	35,9	52,9	95,7	86,8	81,9	78,8	69,9	
Gabon	42,0	57,2	53,3	54,0	60,7	61,9	62,2	66,6	52,7	52,3
Angola			34,8	63,4	76,4	73,8	74,0	76,3	52,2	58,0
Ethiopia			6,6	8,1	13,3	13,9	12,7	11,4	10,6	11,4
Ghana	20,9	16,3	11,2	25,2	42,2	25,2	24,5	25,0	30,5	25,3
Mozambique			6,8	12,8	26,4	38,4	35,4	32,3	24,5	25,3
Tanzania				15,9	17,8	22,6	24,3	22,6	23,2	24,0

Source: ST/DSCERTP and INT/DEC, World Bank Data, World Development Indicators <<http://databank.worldbank.org>>

374. From 1975 to 1984, oil production intensified, bringing about profound changes in the structure of domestic output and exports, as well as in government revenues. This trend was assisted by a particularly favorable economic setting of high and sustained oil prices on the world market during those years. As a result, the Congolese economy consistently recorded average annual growth rates of around 10 percent.

375. This performance was then reversed by emergence of the "Dutch disease": Congo saw a sharp appreciation in the real exchange rate and thus a steep decline in its competitiveness, which depressed agriculture and manufacturing and aggravated dependence on oil. In fact, the sharp domestic demand boost from oil revenues exerted equivalent pressure on prices, wages and production costs, and was accompanied by nominal and real appreciation of the CFA

franc. The resulting loss of competitiveness was devastating for sectors producing tradable goods: agriculture and manufacturing. The contraction of these sectors, in turn, accentuated Congo's dependence on the oil sector and made the economy and the public finances hostage to fluctuating world prices, and hence to the kind of volatility that is damaging to any sustained development effort.

376. These structural problems plunged Congo into a period of economic and political instability between 1985 and 1999. This combination of circumstances undermined the social consensus and mired the country in devastating conflicts that aggravated the economic situation. The cumulative macroeconomic imbalances and structural weaknesses, which were masked by the proceeds from oil, became steadily worse during this period. Despite significant flows of oil revenues, Congo found itself structurally indebted, and the growing burden of debt service crowded out productive investment by government. The collapse of public investment, combined with the economy's declining competitiveness, led to a slowdown in growth and an increase in poverty.

377. Since the turn of the century, Congo has progressively consolidated domestic peace and has undertaken economic reforms that have reversed the previous trends and have revived the country's economic growth. Several factors have contributed to this development: (i) the return to a favorable international oil market and expansion of local oil production; (ii) implementation of courageous structural reforms to liberalize the economy and restore competitiveness. As a consequence, the Congolese economy has recorded a positive average annual growth rate of around 5.0 percent, which is 24 times higher than the average for the period 1985-1999. The oil sector has contributed significantly to this performance, but the non-oil sector has also shown signs of revival, with an average annual rate of 7.0 percent led by the forestry industry (before the 2008 crisis) and by telecommunications.

378. With these results, the government is determined to step up efforts at reform in order to strengthen the business climate, encourage domestic and foreign investment, and make the private sector a partner and prime agent in transforming the economy. The following analysis of performance and opportunities by sector indicates the areas where these efforts should be directed in order to maximize the impact on the economy as a whole.

SECTORAL PERFORMANCES

Agriculture

379. Congo has some important agricultural assets that are still largely unexploited. The most important of these, of course, is the extent and quality of its cultivable land. The country has more than 10 million hectares of arable land, of which 90 percent remains available. This situation contrasts with the conditions in many sub-Saharan African countries, where land is in short supply as a result of demographic pressure and advanced agricultural development. This is the case, for example, in Kenya, Rwanda and Burundi and to a lesser extent in Ghana, Côte d'Ivoire and Cameroon. As a consequence, Congo still has strong potential for the development of staple food crops as well as cash crops, including the production of biofuels for which there is a booming international market.

380. Moreover, Congo is endowed with an exceptionally favorable geographic location. Straddling the equator, the country has the possibility to produce seasonal crops throughout

the year. A situation of this kind, where crops can be alternated during the entire year, is rare in Africa and even worldwide. The country's orchards have a rich heritage of fruit-bearing tree species (21 kinds of mango, six kinds of mandarin, four kinds of orange). It also has know-how in grafting, which allows production cycles to be shortened, and Congo can now position itself as an exporter of orchard products.

381. Despite these advantages, agriculture has languished over the years because of low investment and productivity. This decline has been evident as much in staple food crops, where output per head dropped from 420 kg to 300 kg from the 1980s to the middle of the last decade, as in cash crops (coffee, cocoa, palm oil, cotton, peanuts, sugar cane). This situation has resulted in a steady shrinkage of agriculture's share in GDP, from 20 percent in the 1980s to less than 10 percent in the first decade of this century, and it currently stands at only 4 percent of GDP.

TABLE 4. COMPARATIVE AGRICULTURE POTENTIAL OF CONGO AND SELECTED COUNTRIES

Tableau 4. REPUBLIQUE DU CONGO, POTENTIEL AGRICOLE COMPARE A CELUI D'AUTRES PAYS

Country	Average 1960-1969	Average 1970-1979	Average 1980-1989	Average 1990-1994	Average 1995-1999	Average 2000-2004	Average 2005-2010
Agricultural lands (percent of total country surface area)							
Congo, Rep.	30,9%	30,9%	30,9%	30,8%	30,8%	30,9%	30,9%
Afrique du Sud	81,0%	78,5%	78,2%	80,6%	82,0%	82,0%	81,9%
Burundi	64,3%	79,1%	83,7%	83,0%	85,4%	90,3%	86,5%
Cameroun	16,4%	17,7%	19,3%	19,4%	19,4%	19,4%	19,4%
Cote d'Ivoire	50,3%	52,5%	56,6%	60,6%	62,0%	61,8%	63,6%
Gabon	20,3%	20,1%	20,0%	20,0%	20,0%	20,0%	19,9%
Ghana	51,4%	51,9%	54,0%	56,0%	60,0%	64,8%	67,8%
Rwanda	54,9%	63,8%	73,2%	71,4%	64,1%	73,2%	78,0%
Tanzanie	31,2%	36,1%	37,8%	38,4%	38,4%	38,8%	39,3%
Afrique Subsaharienne	50,0%	50,0%	50,5%	51,6%	52,1%	53,0%	54,1%
Agricultural land area (in millions of hectares)							
Congo, Rep.	10,5	10,5	10,5	10,5	10,5	10,5	10,5
Afrique du Sud	98,3	95,3	95,0	97,9	99,6	99,6	99,4
Burundi	1,7	2,0	2,1	2,1	2,2	2,3	2,2
Cameroun	7,7	8,4	9,1	9,2	9,2	9,2	9,2
Cote d'Ivoire	16,0	16,7	18,0	19,3	19,7	19,6	20,2
Gabon	5,2	5,2	5,2	5,2	5,2	5,2	5,1
Ghana	11,7	11,8	12,3	12,7	13,7	14,7	15,4
Rwanda	1,4	1,6	1,8	1,8	1,6	1,8	1,9
Tanzanie	27,7	32,0	33,5	34,0	34,0	34,4	34,8
Afrique Subsaharienne	957,9	967,1	980,5	998,6	1008,1	1027,3	1049,9
Farming population (in millions)							
Congo, Rep.	0,8	0,9	1,1	1,2	1,2	1,2	1,2
Afrique du Sud	8,9	8,6	7,2	7,0	6,6	6,0	5,3
Burundi	3,0	3,5	4,5	5,4	5,7	6,1	7,0
Cameroun	4,9	5,6	6,9	8,1	8,4	8,4	8,3
Cote d'Ivoire	3,4	4,6	6,4	7,8	8,3	8,4	8,3
Gabon	0,4	0,4	0,5	0,5	0,5	0,5	0,4
Ghana	5,0	6,1	7,7	9,2	10,4	11,4	12,5
Rwanda	3,1	4,1	5,7	5,9	5,8	7,7	8,5
Tanzanie	10,5	13,7	18,0	22,3	25,2	27,8	30,9
Afrique Subsaharienne	203,2	246,1	302,0	353,2	386,4	420,5	455,2
Agriculture sector output (% of GDP)							
Congo, Rep.	20,1%	15,6%	10,0%	11,5%	9,6%	5,8%	4,2%
Afrique du Sud	10,0%	7,3%	5,5%	4,4%	3,9%	3,5%	3,0%
Burundi		65,5%	58,1%	52,6%	48,9%	40,1%	34,8%
Cameroun	31,6%	30,7%	25,7%	24,2%	24,3%	21,7%	19,6%
Cote d'Ivoire	40,5%	27,8%	27,1%	30,7%	23,8%	24,7%	23,6%
Gabon	29,0%	9,6%	7,7%	8,2%	7,3%	6,1%	4,7%
Ghana	44,9%	56,5%	52,5%	43,8%	41,4%	39,9%	32,2%
Rwanda	69,3%	53,9%	40,2%	36,3%	44,9%	37,1%	35,8%
Tanzanie			47,0%	42,0%	42,0%	32,9%	29,8%
Afrique Subsaharienne	21,2%	19,8%	18,4%	18,7%	17,9%	17,6%	14,7%
Population density (persons/km²)							
Congo, Rep.	3,4	4,5	6,1	7,6	8,4	9,3	10,6
Afrique du Sud	16,3	20,2	25,5	30,2	33,7	37,4	40,0
Burundi	125,4	144,2	187,5	229,9	244,1	264,5	308,8
Cameroun	12,8	16,4	22,0	27,4	31,3	35,2	39,8
Cote d'Ivoire	13,4	20,5	32,3	42,6	50,1	56,8	63,1
Gabon	2,0	2,3	3,0	3,8	4,4	5,0	5,6
Ghana	34,3	43,1	56,2	69,7	79,8	90,0	101,6
Rwanda	131,6	177,0	247,6	258,9	255,3	343,0	391,8
Tanzanie	13,2	17,8	24,3	30,8	35,7	40,6	47,3
Afrique Subsaharienne	11,0	14,1	18,7	23,1	26,3	30,0	34,3
Population growth (percent)							
Congo, Rep.	2,7%	3,1%	3,0%	2,7%	1,8%	2,3%	2,0%
Afrique du Sud	2,4%	2,2%	2,5%	2,1%	2,3%	1,7%	1,1%
Burundi	1,8%	1,5%	3,2%	1,9%	0,9%	2,3%	2,9%
Cameroun	2,3%	2,8%	3,0%	2,8%	2,5%	2,3%	2,3%
Cote d'Ivoire	4,1%	4,7%	4,1%	3,5%	3,0%	2,2%	2,2%
Gabon	0,8%	2,4%	3,0%	3,2%	2,7%	2,2%	1,9%
Ghana	2,6%	2,3%	3,0%	2,8%	2,6%	2,3%	2,2%
Rwanda	2,6%	3,2%	3,6%	-5,2%	5,9%	3,4%	2,6%
Tanzanie	3,0%	3,2%	3,1%	3,3%	2,7%	2,6%	2,9%
Afrique Subsaharienne	2,5%	2,8%	2,9%	2,8%	2,7%	2,6%	2,5%

Source: ST/DSCERTP and INT/DEC, World Bank Data, World Development Indicators <<http://databank.worldbank.org>>

382. As a result, Congo is experiencing problems of food security and heavy dependence on imported food products. Trends in the agriculture sector are exacerbating food insecurity and making the country increasingly dependent for its food on the outside world. As agricultural output has stagnated or declined, imports of foodstuffs have risen sharply, to around 130 million CFA francs, or 12 percent of the country's export proceeds. This is making the country and its people, in particular the poorest, increasingly vulnerable. As an indication, the index of food production per capita at the beginning of this century was

barely 60 percent of its level in the 1960s, while in developing countries as a whole that index stood at 170 percent of its 1960 value.

383. This poor performance is in large part due to the competitiveness problems discussed above, aggravated by low factor productivity and small-scale production patterns. The observed weakness of agriculture performance is linked in part to the dominance of a traditional farming system, which is still practiced on 81 percent of cultivated lands and is characterized by low productivity. This system coexists with two smaller-scale but more productive systems, namely "periurban" agriculture and large-scale public or private plantations.

384. Beyond the small size of farming operations (0.5 to 1.5 ha), traditional agriculture produces very low yields. The yield for maize, for example, is only 690 kg/hectare, compared to more than 3 tons per hectare for developing countries as a whole and 1.2 tons for sub-Saharan Africa. Yields are higher for cassava (6.6 tons/hectare) but are still well below the average for developing countries (more than 10 tons/hectare in the past decade). These low yields are due to rudimentary production techniques, in particular the very scarce use of fertilizer.

385. The poor agricultural performance is also the result of inadequate government attention and the inappropriate sector policies that have long prevailed. For more than 30 years (1960-1992), agricultural policy focused on establishing large-scale, government-run farms and ranches. With the withdrawal of government from direct involvement in production activities, agricultural policy during the periods of structural adjustment shifted in favor of private operations. Unfortunately, the reforms in support of private agriculture have not been applied with the diligence required, in light of the weakness of traditional agriculture. To the contrary, the reforms have been scattered and haphazard and as a result they have had a negligible impact on transforming the sector and boosting its productivity. To this must be added the depressing effects of competitiveness problems and, more particularly, the conflicts at the beginning and end of the 1990s. The end result has been a sharp decline in agricultural activity.

386. The lack of sustained attention, in terms of government investment, is still evident in agriculture. Investment spending earmarked for agriculture is still low in comparison to national needs and international standards. Over the years 2008-2010, government investment in the sector represented only 5.5 percent of average annual capital spending. This poor performance leaves Congo well below the international benchmark established at the Maputo Summit in 2003. (The NEPAD recommendations called for allocating at least 10 percent of the budget in order to achieve an agricultural growth rate of 6 percent, or three percentage points in excess of population growth).

387. The government is determined to revive the agriculture sector and make it one of the drivers of economic transformation to achieve greater and better-distributed growth. However, there are a number of severe constraints that must be addressed in order to take advantage of Congo's agricultural assets and reinforce their contribution to the country's development.

388. **The issue of "small-scale" production and factor productivity.** As noted above, the very first constraint concerns the "small-scale" and rudimentary production technologies typical of "peasant agriculture" that account for 80 percent of farm output. As a result, productivity and competitiveness are weak and remain a drag on the expansion of Congolese agriculture. To this must be added a series of factors, in particular: (i) human capital shortcomings; (ii) absence of effective mechanisms (farm banks, microfinance) for financing agricultural investment and activity; and as a corollary, (iii) the weakness of farming technology and production methods.

389. **The land question.** Promoting investment and modernizing agriculture will also require addressing another essential constraint on production factors – land. Traditional farming is based on communal ownership of the land, organized according to cultural traditions in the country's various *départements*. To institute modern and larger scale agriculture, the land regime will have to be adapted to the market economy. In this regard, the current regime has great weaknesses, in particular the difficulties in asserting and securing land title and developing a real land market accessible both to citizens and to foreign investors and farmers. Foreign involvement can not only contribute know-how, raise needed financial resources and inject innovations, but can also open export markets for Congolese products.

390. **Market size.** On the demand side, the growth of Congolese agriculture may also have been held back by the small size of the country's population and hence of its domestic market. Experience in Congo and in other countries with narrow domestic markets (Benin, Togo, Gambia, Zimbabwe etc.), however, shows that this constraint has been greatly overestimated. As evidence, staple food crop production has not kept pace with population growth and, as noted earlier, this has left Congo increasingly dependent on food imports. Moreover, this constraint does not seem to affect cash crop production, which in all countries of the region is essentially for export. More significantly, with globalization, the domestic market size constraint is becoming less important, at least on the demand side.

391. **The quality of trade policies.** The weaknesses in production capacities and trade policies and the lack of competitiveness in agriculture are much more important for the sector's growth than is the size of the domestic market. Prospects for exports to the subregion, particularly to the DRC, but also to the rest of the world, are highly favorable. To take advantage of them will require a sound combination of domestic, regional and global trade policies and targeted measures to organize domestic producers, in order to preserve the resources for balanced and sustainable development purposes. Strategies in the agriculture sector are described in chapter 8 of this document.

Livestock

392. As in the case of crop agriculture, Congo has significant natural advantages in livestock, in particular its vast expanses of pasture land, in their natural state or capable of conversion, most of which is suitable for sheep and goat raising, even if the nutritional quality is limited. Heavy-livestock raising was in fact introduced into Congo in the colonial era. Over the intervening decades, a number of experiments have been attempted, including the successful introduction of new cattle breeds (primarily Lagune and Ndama). On the other hand, small-scale, traditional cattle herding has been virtually snuffed out by the emergence of government-owned ranches that have taken over the best pasture lands and that compete with the output of traditional farmers. With the failure of state-owned ranches and farms, there is now a possibility to revive private cattle raising.

393. Congo also has great potential for the raising of small livestock and poultry, as a family farming pursuit. However, in contrast to countries of the Sahel (e.g. Chad, Cameroon), and other countries that have significant pastoralist populations (such as the Masai in Kenya and Tanzania), Congo has little in the way of an agro-pastoral tradition. Consequently, the development of small-livestock raising will require still greater efforts to arouse the interest of farmers and herders in this subsector and, for small-scale traditional farmers, to modernize their operations and boost their productivity.

394. Congo also has important native fauna reserves that should encourage family-based livestock raising. These include certain poultry species such as quails and guinea fowl, as well as ruminants and rodents such as antelope, *aulacodes* (cane rats) and hedgehogs, for which the lifecycle and production cycle are now well in hand, thanks to innovations.

395. Compared to these potentials, the livestock sector is still in its infancy in Congo and, like agriculture, its development has been handicapped by capacity and competitiveness problems. In recent years, livestock raising has grown at an average annual rate of 2.8 percent, well below the rate for agricultural output and for the overall non-oil economy. Its contribution to non-oil GDP has consequently been declining steadily, and is well below the sector's potential.

396. There has however been a sharp increase in domestic demand for livestock products, as indicated by the strong growth in imports per capita. As well, regional demand is booming, especially in the DRC. Congo can benefit, then, from these natural assets to expand domestic production in response to this demand.

397. To this end, the government will have to strengthen the capacity of the working population of the sub-sector and remove the main obstacles concerning the small number of agro-pastoralists. To these factors of production must be added the problem of competitiveness of the economy as a whole which constitutes a cross-cutting prerequisite that must be met if Congolese products are to be made more attractive in comparison to imports.

Fishing

398. In this area, Congo again has some undeniable but under-exploited assets: it has a coastline of 170 km and a dense continental hydrographic network with two main river basins: the Congo and its tributaries (Oubangui, Sangha, Likouala-Mossaka, Alima, etc) and the Kouilou-Niari and its tributaries (Loutété, Bouenza, Loudima, Louvissi kibaka). These two watersheds are rich in fishery resources. As an indication, the potential annual catch is estimated at 100,000 tons of freshwater fish and 80,000 tons of marine fish. However, the marine fishery has shrunk significantly, while the freshwater fishery is still marking time, with output of barely 15,000 tons a year.

399. Despite these assets, fishing is still underexploited in Congo and its contribution to national wealth falls far short of its potential. As an indication, the sector's average annual contribution to growth has been barely 1 percent, even during the period 2000-2010. By comparison with other coastal countries, the Congolese fishery contributes little either to GDP or to exports. This weak contribution can be explained by:

- Insufficient understanding of the available fishery resources and lack of control over their exploitation, especially in inland waters.
- Lack of support facilities for fish harvesters, in terms of training in enhanced fishing techniques and methods (processing and conservation techniques are often outdated).
- Inadequate facilities for conservation and processing of fishery products.
- Obsolete equipment, processing plants and boats.
- Inadequate fish landing and transport facilities.

Apart from these major difficulties, fishing zones have receded because of oil operations in maritime waters, the invasion of vegetation in water bodies, the silting of the Congo River and its tributaries, and the presence of floating logs that make it impossible for small vessels to navigate in forested areas.

Aquaculture and fish farming

400. When it comes to aquaculture and fish farming, the basins of the Congo and Kouilou-Niari rivers represent a major strength for the development of aquaculture and pisciculture activities. Indeed, the Congo has some rare and valuable natural species that could be raised for export. These include species such as missala (crustacean), malangwa, djombo, and ngolo (clarias, catfish), tilapia (nilotica), the Ngoki (crocodile) the skin of which is used in the leather and footwear industry. Market prospects are enticing given the sustained growth of the domestic and regional markets, as indicated by the growth in the consumption and imports of fishing products.

401. Aquaculture is still confined to family-operated and traditional pond-based fish farming, and is limited by the lack of appropriate inputs (fry of good stock, proper feed, fertility agents etc.). This situation explains in part the poor yields obtained from fish farming. To this may be added the almost complete lack of extension agents as well as of means for the local delivery of technical support.

402. Significant measures are planned to boost capacities. These include the establishment of support infrastructure in the Lower Alima basin, for the development of aquaculture and

fish farming. In terms of human resources, some *départements* (Pool, Lékoumou, Niari, the Plateaux, Cuvette and Kouilou) have know-how available for fish farming in ponds and in still river waters (“oxbows”).

403. From this viewpoint, boosting the sector will require coordinated action programs in two areas: (i) building the capacity of operators and strengthening key factors, in particular infrastructure and human resources, and (ii) improving the overall competitiveness of the economy, without which Congolese products will not be able to compete with imports.

Agro-industry

404. The low level of development of farming, livestock and fishing activities has also left the food and agri-food industry in the doldrums. The agri-food industry amounts at present to a single cane sugar production facility, one wheat flour mill, and some beverage producers (mineral water, beer and soft drinks). Even in these cases, the industries have had little in the way of spillover effects upstream, and many inputs are imported (e.g. wheat for flour milling, maize, malt and hops).

405. There is much room for growth in this sector, then, provided it is accompanied by an adequate supply of key inputs. As well, export prospects are attractive, particularly for vegetable oils (palm oil, peanut oil clock), soap making and newly developed lines to satisfy the growing international market for beauty products and bioenergy.

Forestry and the wood industry

406. Congo abounds in forestry resources. Exploitation began long ago in the southwestern part of the country (Kouilou) and expanded into the Niair forest and thence into the Chaillu Mountains before reaching into the northern part of the country. Congo has some 22.5 million hectares of forest and a commercially exploitable wood potential of 340 million m³. Forest production thus became the country's main economic activity, geared essentially to export, and the one with the highest rate of growth. From 1946 to 1959, exports of raw logs rose from 5,660 tons to 197,000 tons, including 140,000 tons of *limba* (shinglewood), and lumber exports increased from 5,570 tons to 12,720 tons, to which may be added 3,740 tons of veneer. Public investments have included prospecting work as well as activities to enrich the natural forest and create artificial stands: for example, 5,500 ha of *limba* in Mayombe, 400 ha of eucalyptus near Pointe-Noire.

407. Given the proven potential, the level of output could reach 2 million m³ without harming the ecological balance. Despite uncertain economic conditions, Congolese production has been growing steadily, particularly for raw logs. The same is true for wood processing. However, the country is still far from achieving its ambitions, in terms of exploitation and in terms of the provision in the forestry code that calls for processing 85 percent of wood production locally.

408. Despite the disruptions mentioned above, the forestry industry remains one of the biggest employers in the economy. Having been displaced by oil since 1974, wood is still the country's second largest export resource. The industry has grown steadily in 2009-2010 after considerable contraction in 2008 due to the global economic crisis and the collapse of wood prices.

409. As in Cameroon and Gabon, the “wood industry” can contribute substantially to economic growth, to job creation as well as to government revenues. The government has already launched a program to increase domestic wood processing in order to derive greater value added. Targeted actions are already under way to build capacities in the sector and to encourage investors in this sector.

Market services

410. Congo has great potential to develop a transit economy because of its geographic position in the heart of central Africa. Congo has a proven track record in providing services to neighboring countries both for imports and for export of their products. Despite the slowdown caused by structural problems and the crises described earlier, Congo remains a country of transit and it has the principal "economic entry and exit gateway" in central Africa, namely the Port Autonome de Pointe-Noire (PAPN).

411. **Transport.** Congo has a natural transport corridor to the countries of central Africa. This corridor consists of the Port of Pointe-Noire, the railway, the Port of Brazzaville and the secondary ports. However, problems with the Congo-Ocean Railway (CFCO) and navigation constraints on the Congo River during certain periods of the year (low water levels) have frustrated development of Congo's capacities to provide transit services to countries of the region.

412. Significant efforts have been made in recent years, or are now underway, to address this situation. These include rehabilitation of the railway (under way), construction of the Pointe-Noire-Brazzaville Highway (under way), expansion and modernization of the Pointe-Noire port (under way), in particular its container terminal, planned rehabilitation of the Port of Brazzaville and the secondary ports, as well as completion of the "bridge-road-rail" project between Brazzaville and Kinshasa.

413. Completion of these major projects is bound to allow Congo to take full advantage of its potential as a "corridor country", thereby improving interconnection of the economies of the subregion to the rest of the world.

414. **Tourism.** Congo has great potential for ecological tourism, but that potential has been underexploited. Congo is in fact a vast and relatively virgin natural garden situated in the heart of the Congo basin, commonly known as the "African Amazon" because of the wealth of its biodiversity. Its physical relief and its climate offer different ecological zones, the flora and fauna of which constitute an exceptional tourism resource. Its variety of watercourses, consisting of rivers, streams, lakes and lagoons, is one of its most attractive tourist assets. In particular, the equator-straddling city of Makoua symbolizes Congo's location in both the northern and southern hemispheres.

415. A number of natural sites have the potential to attract tourists. The principal ones are: (i) the Loufoulakari, Minguete and Moukoukoulou waterfalls and the cataracts of the Congo; (ii) the Diosso gorges, the Nkila-Ntari caves, the Inoni cliffs and the "holy hand" of Sembé; (iii) the mangroves of Conkouati, Lake Nanga and the "Blue Lake" of Louvakou ; (iv) the biosphere of Dimoneka ; and (v) the Léfini and Nouabalé Ndoki reserves and the Odzala National Park.

416. Congo has a great diversity of peoples and of cultural, linguistic and artistic riches, on which the country could build a "high-end" tourism business that would enhance the sector's contribution to national income, to foreign currency generation, and to job creation.

417. The tourism sector's contribution to growth is still very low in comparison to its potential. This poor performance reflects the shortage of capacities, and in particular the lack of development of tourist sites and circuits and the shortage of hospitality facilities, especially hotels. Here again, competitiveness is a problem, for transportation costs on the Congo River are still very high for a country that aspires to become a tourist destination. The government is well aware of the problem and intends to correct it in the context of this plan.

418. **Financial services.** Congo is currently experiencing a growth spurt in its banking sector. After the crisis of the 1990s, the Congolese banking sector underwent a cleanup, and several international banks moved in. However, the level of use of banking services in financing the economy, remains poor. Although credit institutions are awash in liquidity, they extend little credit to the private sector. The deepening and diversification of banking structures and products is one of main conditions for the sustainable funding of the development and modernization strategy of society.

419. The microfinance industry has been performing well, and savings and loan activities are growing strongly. This is very encouraging from the viewpoint of poverty reduction, for such services are used for the most part by poor people. At the same time, the insurance industry is undergoing a profound restructuring with the reorganization of the public operator – Assurances et Réassurances du Congo (ARC) – and stepped-up oversight of the industry.

420. Yet development of the financial market is still awaiting the effective start-up of the Central Africa Stock Exchange (BVMAC). That exchange is to serve the six countries of CEMAC and is intended to facilitate investment financing for private operators. Its failure to commence trading is holding back the efforts of the country and of the financial system to achieve the diversification of long-term financing instruments for private investment.

RECENT MACROECONOMIC PERFORMANCE: 2008-2011

The Government's Economic Program

421. The macroeconomic performance of recent years has been particularly encouraging, since introduction of the Government's economic program supported by the IMF (December 2004) and the Poverty Reduction Strategy (PRS, 2008-2010). Implementation of the PRS made Congo eligible for cancellation of nearly US\$3.5 billion in debts, representing 67.4 percent of the country's total debt stock and 32.4 percent of its GDP.

FIGURE 4. CONGO IN INTERNATIONAL COMPARISON: MACROECONOMIC POLICY



Growth and competitiveness

422. The oil sector remains the driver of economic growth in the Congo. Its positive performance during recent years is due to the favorable trend in global crude oil prices, the increase in exploitation at the M'boundi, Nkossa Sud, Kombi, Likalala, Loango and Zatchi fields and the operationalization of the Moho Bilondo field. During the period 2008-2011, the Congo experienced annual average growth close on 7,0% drawn from both the oil sector (9,6%) and the non-oil sector, whose contribution is on the rise (4,0% in 2009, 6,4% in 2010 and 8,0% in 2011) and this, despite the global economic crisis which shook the wood industry (2008-2009).

The oil sector's performance is due to rising oil output, which has been driven by the favorable trend in prices and good success in exploiting the fields (M'boundi, Nkossa Sud, Kombi, Likalala, Loango and Zatchi). With the coming on stream off the Moho Bilondo field, oil output rose from 15.3 million tons in 2007 to 15.7 million tons in 2011, for an average annual growth rate of 2.6 percent.

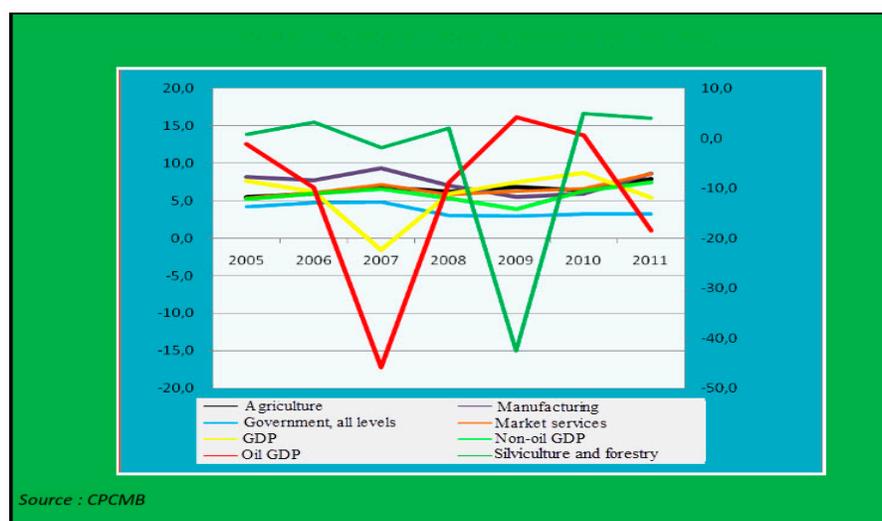
TABLE 5. GDP PERFORMANCE, 2008-2011

Year	2008	2009	2010	2011	Average 2008-2011
(Annual change, in percentages)					
Primary sector	6.8	10.6	11.8	2.6	8.0
Agriculture	6.2	6.8	6.4	7.9	6.8
Sylviculture and forestry	2.0	-42.5	5.0	4.1	-7.8
Extracted industries	7.4	16.1	13.7	1.1	9.6
Secondary sector	6.6	5.3	6.3	8.7	6.7
Manufacturing	7.0	5.5	5.9	8.6	6.7
Electricity, gas and water	3.6	1.3	5.5	7.4	4.5
Construction and public Works	7.6	8.7	8.8	10.5	8.9
Tertiary sector	5.0	5.4	5.7	7.2	5.8
Transport and telecommunications	6.7	6.1	6.9	9.2	7.2
Commerce, restaurants and hotels	6.0	7.5	7.4	9.2	7.5
Government, all levels	3.0	2.9	3.2	3.2	3.1
Other services	4.1	4.8	4.9	6.7	5.1
GDP at factor cost	6.0	7.6	8.5	5.3	6.8
Import duties and taxes	4.2	4.5	16.0	6.6	7.8
GDP at market prices	5.9	7.5	8.7	5.4	6.9
Non-oil GDP	5.3	3.9	6.4	7.5	5.8

Source: CPCMB

423. The performance of the non-oil sector has been particularly encouraging with respect to prospects for diversification. In fact, after a downturn in 2009 in the wake of the global crisis, which affected forestry output in particular (-42 percent), the non-oil sector saw growth accelerate to 4 percent in 2009, and to nearly 8 percent in 2011, according to recent estimates. Besides commerce and services, we note a sustained buoyancy in tradable goods, notably agriculture (7,percent), manufacturing (7.0 percent) and transport and commerce (6.0 percent).

Figure 5. Change In GDP (Percentages)



424. **Exports.** The behavior of exports and the structure of Congo's international trade follow production trends and seemed to confirm the gains in productivity. While oil remains the dominant sector, other tradable goods sectors have seen still sharper growth in exports as a share of growth in output, signaling an enhanced propensity in favor of export. This is particularly evident in wood products. Consequently, the share of non-oil exports has been progressing favorably, even if their weight remains low in the total of exports, given the dominance of oil.

TABLE 6. GOODS EXPORTS 1987-2009

Products	1987-1993	1994-2000	2001-2006	2007-2009
1. Crude oil	83%	92%	92%	93%
2. Oil products	2%	1%	1%	1,53%
3. Tropical wood	12%	5%	6%	3,50%
4. Eucalyptus logs	2%	2%	0%	0,10%
5. Sugar	1%	1%	1%	0,34%

425. **Investment.** There was a favorable progression of non-oil investment over the period, consistent with the growth in non-oil output. The non-oil investment rate in Congo rose steadily over the period (10.8 percent in 2008 and 14.8 percent in 2011). The intersection of this curve with that of non-oil GDP growth indicates a recovery of investment productivity in the non-oil sector.

426. **More interestingly, foreign investment in the non-oil sector has risen considerably over the period.** An analysis of the balance of payments confirms that foreign investment in the non-oil sector rose sharply in recent years (by an annual average of 35 percent between 2008 and 2011). This finding corroborates the modest improvement in the business climate, reflecting the courageous initiatives taken by the government. These positive developments have encouraged the government to persevere on this path and to redouble its efforts to strengthen the business environment, in order to stimulate investment for transforming the Congolese economy.

Inflation

427. The inflationary pressures recorded at the beginning of 2009, after the 2008 explosion in food and oil prices, slowed considerably in 2010. This favorable trend can be seen in the deceleration of the consumer price index (CPI), which rose at an annual average of 3 percent between 2008 and 2010.

428. The decline in world food prices contributed to this slowing of inflation. Also observable are the competitiveness effects resulting from structural reforms and the reinforcement of infrastructure services. The downward trend in inflation can in fact be correlated with the substantial reduction in business and transaction costs resulting from improvements in the supply routes for food products in urban centers, and the progress made in the delivery of electricity. With intensification of these reforms and improvement in the quality of infrastructure services (transport and energy), thanks in particular to rehabilitation of the power distribution networks and transport infrastructure, the downward trend in inflation should continue.

429. The fiscal and monetary prudence exhibited by the government in the context of its economic program should help contain inflation at around 3 percent, consistent with the CEMAC zone convergence criteria. On the fiscal and monetary side, the government continues to pay close attention to the rate of growth of spending and credit. This prudence is essential to avoid inflationary tensions that could result from sharp growth in domestic demand, given production and import capacities.

430. This policy, which is at once prudent but also accommodating of growth, is evident in the monetary situation. The money supply has grown at a rate proportional to GDP (the ratio remained stable at around 64 percent over the period), while the favorable trend in the government's debt position has served to free up credit for the private sector. As an indication, credit to the private sector rose at an average pace of 38.8 percent, in correlation with the progress of investment and private-sector activity, although the level still remains low. All told, the government's pro-growth but prudent fiscal and monetary policies have made it possible to sustain activity and maintain macroeconomic stability.

The public finances

431. Fiscal policy has been geared to restoring balance in the public finances, by stressing improvement in the collection of non-oil revenues and a reduction in the pace of growth of current expenditures. This judicious policy has allowed the government to boost investment spending while continuing to save a portion of oil revenues. The strategic objective is to constitute reserves both for "financial stabilization" needs and for the needs of future generations, recognizing that oil revenues will inevitably decline over the long term.

432. Revenues. Thanks to stepped-up collection efforts and the sound performance of the non-oil sector, government revenues rose strongly at an average annual pace of 25.8 percent over the period 2008-2011. This remarkable performance is due in particular to the solid record with non-oil revenues, which rose by 19.5 percent over the period, increasing their share of GDP from 7.6 percent in 2008 to 10 percent in 2011, and raising their contribution to government revenues from 14.3 percent to 20.4 percent.

TABLE 7. GOVERNMENT REVENUES 2008-2011 (AS PERCENTAGE OF GDP)

Year	2008	2009	2010	2011	Average 2008-2011
Revenues and grants	53.3	34.6	41.7	45.2	43.7
Own revenues	53.3	34.2	41.7	45.2	43.6
Oil revenues	45.6	24.1	32.9	36.0	34.7
Non-oil revenues	7.6	10.1	8.8	9.2	8.9
Tax revenues	6.9	9.2	8.3	8.7	8.3
Non-tax revenues	0.7	0.8	0.4	0.5	0.6
Grants	0.0	0.4	0.0	0.0	0.1

Source: CPCMB

433. **Expenditures.** The government has clearly reoriented its fiscal policy so as to reinforce infrastructure, boost competitiveness, and accelerate the transformation of the economy and of growth. To this end, and despite administrative and social pressures, the government has succeeded in containing the rise in current expenditures, while steering them towards growth sectors and social development (health and education). This has freed up fiscal room in favor of capital spending. As table 9 indicates (Public Spending 2008-2011, as percentages of GDP), while these two aggregates have behaved favorably, the share of current spending declined from 17 percent of GDP in 2008 to 10 percent in 2011, while capital expenditure rose from 10 percent to 16 percent over the same period.

TABLE 8. GOVERNMENT EXPENDITURE 2001-2011 (PERCENTAGES OF GDP)

	2008	2009	2010	2011
Net spending and loans	27,2%	28,8%	23,0%	23,3%
Current spending.	17,2%	16,2%	12,7%	9,0%
Compensation and salaries.	3,6%	4,5%	3,4%	3,0%
Goods and services.	4,8%	4,5%	4,3%	2,8%
Transfers.	5,0%	4,3%	3,2%	2,6%
Local governments.	0,5%	0,6%	0,8%	0,5%
Interest on the public debt.	3,3%	1,9%	1,1%	0,0%
Capital spending.	10,0%	12,5%	10,2%	14,3%
Internally financed.	8,6%	12,1%	9,6%	11,3%
Externally financed.]	1,4%	0,4%	0,6%	3,1%

Source : CPCMB

434. **On the strength of the policies described above, the government has been able to persevere along the path toward cleaning up the public finances.** As an indication, the budgetary balance on a cash basis improved considerably over the period 2008-2011, moving from a deficit of 4.1 percent of GDP in 2008 to a surplus of 15.9 percent in 2010. This surplus should stabilize in 2011 at around 14.3 percent. However, the picture is not the same once oil revenues are isolated. In fact, over the period, the primary balance excluding oil revenues remained structurally in deficit to the tune of around 14 percent of GDP. This poses a challenge to the authorities in terms of the risks to fiscal sustainability and macroeconomic

stability over the medium term. These risks could be accentuated with the increase in spending for implementation of the development program. The government is well aware of this challenge and is determined to show the greatest prudence and frugality in its budgetary policy, while ensuring that it remains – in terms of intensity and quality – compatible with Congo’s ambitions as an emerging economy.

EMPLOYMENT: PERFORMANCES AND CHALLENGES

OVERVIEW

435. The results of the ECOM2 survey point to particularly encouraging trends for employment. Of a workforce that represents 62.2 percent of the total population (4.085 million), 57.9 percent of its members are working and thus generating revenues through their productive activities. The ECOM also shows that, with the steady progress of the economy over the period 2005-2011, the unemployment rate dropped considerably over that time, from 19.4 percent (ECOM1) to 6.9 percent (ECOM2). This improvement can be seen both in rural areas (down from 5.8 percent to 1.7 percent between 2005 and 2011) and in the cities, where the unemployment rate stood at 10.0 percent in 2011.

436. Nevertheless, young people remain particularly hard-hit by unemployment. Youngsters under the age of 15 years account for around 40 percent of the population, and more than two thirds of the population is under 29 years. The results of ECOM2 show that, despite the overall downward trend, people between 15 and 29 years face an especially high unemployment rate of around 12 percent, although it has improved since 2005 (40.0 percent). When "discouraged job seekers" are taken into account, the youth unemployment rate is even higher.

437. An analysis of employment status by sector reveals another cause of concern: many jobs may be precarious or in sectors and occupations where productivity is low. As was the case in 2005, two thirds of the "gainfully occupied" are working for their own account. They are often engaged in informal, precarious and low-productivity activities where pay is low. On the other hand, there are fewer workers in the more stable and relatively higher-paying employment sectors such as the civil service (11.4 percent), small and medium-sized enterprises (7.7 percent) or large private firms (4.8 percent). Agriculture and silviculture employ the highest share of the working population (37.8 percent), followed by wholesale and retail trade ("*commerce*", 23.1 percent), and services (10.9 percent). By contrast, the mining and quarrying industry, where the highest paying private jobs are to be found, employs the fewest Congolese workers (0.9 percent). These trends confirm that most jobs are still in low-productivity and therefore low-paying sectors where job insecurity is high. An analysis of employment trends, both in terms of productive sectors offering work and of the people looking for work, provides a closer look at employment, its quality, and its outlook in Congo.

EMPLOYMENT OPPORTUNITIES

Recent trends

438. The results of the ECOM (2011) confirm those of the survey of urban employment and the informal sector (EESIC, 2009), showing a clear decrease in unemployment across the country, and most notably in Brazzaville and Pointe-Noire. Over the decade 2000-2009,

employment in the modern sector rose steadily overall, from 105,827 jobs to 131,455, for an average annual increase of 2.4 percent, compared to an average annual rate of GDP growth of 4.6 percent. In the non-oil sector, employment rose by 4.1 percent and GDP by 7.0 percent. These trends are encouraging in several respects. They show that output growth has translated into job creation. Just as importantly, the intersection of the two trends reveals that the Congolese economy has seen sharp gains in labor productivity over the period, especially in the non-oil sector. Yet the data do not make it possible to assess the performance of wages and incomes, which is needed to obtain an overview of the scope and quality of the jobs created.

Employment by sector

439. The greatest number of Congolese workers earn their livelihood in agriculture (35.6 percent) or in commerce (20.7 percent), while the proportion of persons working in manufacturing is relatively low (16.3 percent). The ECOM2 indicates that more than two thirds of the workforce (35.6 percent) is engaged in agriculture. Construction, commerce and other services each account for around 20 percent of the working population.

440. In terms of occupational category, persons working for their own account remain the largest group, accounting for 70.1 percent of labor market participants. The proportion of poor workers in this group is also the highest, at 75.2 percent. The prevalence of poverty in this group is correlated to the informal nature of activities.

441. Overall, a large portion of the workforce is engaged in the informal sector, and only 15 percent have formal jobs. This indicates that, despite the encouraging performance of recent years, job insecurity still prevails for a large portion of the population. That finding confirms the need for greater transformation of the economy (supply-side) but also of human resources (demand-side), and for greater attention to the functioning of the labor market.

JOB SEEKERS

442. The ability to find a job depends on a number of socio-demographic characteristics, the most important of which is the level of education. Overall, gender seems relatively unimportant, except in the cities. In fact, there is scarcely any difference in male and female unemployment rates in the economy as a whole (18 percent versus 20.5 percent), but the difference becomes more pronounced in urban areas (14 percent versus 19 percent).

443. Age is a much more important factor, as noted earlier. According to ECOM1 (2005), the unemployment rate exceeds 40 percent for the 15-19 years age group and varies between 20 and 40 percent to the age of 30. These results from 2005 are confirmed by those of 2009, when the unemployment rate in the 15-29 years age bracket in the country's two biggest cities was 25 percent as compared to 5.4 percent for persons 50 years and older. The ECOM2 2011 confirms these gaps: the 15-29 years unemployment rate dropped to 12 percent (11.7 percent for men and 12.4 percent for women), while the over-50 rate was 3.8 percent for men and 0.6 percent for women.

444. The most interesting finding has to do with the contrasting trends in employment and education levels among young people. The ECOM1 2005 and the EESIC 2009 reveal that

youth unemployment rises with the level of education. Young people with no schooling have in fact a lower unemployment rate than those with secondary schooling or higher.

445. This phenomenon lends itself to several interpretations. It is highly likely that the current, predominantly informal structure of the Congolese economy offers more jobs in sectors that require less human capital (in terms of quality), particularly in quasi-informal and SME activities. To the extent that they have higher expectations for wages and working conditions, the more educated jobseekers will have more trouble finding employment. The heavy weight of the informal sector may also have skewed the results. For example, many workers with little or no education may be tempted to leave the labor market to find or develop an informal occupation as small operators or "own-account workers". Lastly, it may well be that, besides being more demanding, the best-educated individuals have the kind of general training that is ill-suited to pursuing practical activities.

446. These explanations are complementary and they underscore a major source of concern for the economy and the government: the dominance of the informal sector. That dominance means that many workers are engaged in, and unable to escape from, activities where productivity and pay are low and where insecurity and vulnerability are high. Far from abandoning its education and training policy, the government will have to accelerate and intensify its human resource building program to make primary and secondary education universal. It will also have to encourage and facilitate young people's access to higher education, and strengthen its quality, in order to develop a sizable pool of skilled workers who can absorb new technologies and respond to the demands of Congo's modernization and industrialization.

THE LABOR MARKET AND PROMOTION POLICIES

447. The formal employment market in Congo is dominated by the public sector, which accounted on average for more than 61 percent of employees over the decade 2000-2009. However, the private sector has been gaining ground (from nearly 20 percent in 2000 to 37 percent in 2009), driven primarily by employment in agro-forestry, mining and telecommunications.

448. Yet the institutional mechanism for matching labor supply and demand needs to be reinforced. The Directorate-General of the Civil Service (DGFP) and the National Employment and Labor Office (ONEMO) are the principal government agencies for labor market facilitation. The Directorate-General of Vocational Training and Employment (DGFQE) supplements the efforts of the other two agencies.

449. According to the latest urban employment survey (EESI 2009), a very low proportion of the unemployed (3.2 percent) makes use of the services of ONEMO to find employment. The great majority rely on social and family networks in their job search. The reasons for this negligible reliance on government agencies are unclear, but the finding must call into question their *raison d'être*. In effect, if they were seen as particularly useful in the search for employment, there would be no reason why jobseekers and potential employers should not make more use of their services. In the end, it is the relevance and effectiveness of these administrative structures that are called into question.

450. The success rate of job searches through the intermediary of government agencies is low. Over the last five years, only 3 jobseekers in 20 (or 14 percent) were successful. When this low rate is viewed against the significant decline in unemployment, it must be concluded that government intermediation facilities are ineffective. Their poor performance can be attributed to capacity problems (human resources, equipment and databases), as well as the qualification shortcomings of jobseekers, vis-à-vis the demands of employers. The government is aware of these problems and is determined to correct them by, on one hand, boosting the capacities of the intermediation agencies and, on the other hand, strengthening the education system and its capacity to produce workers with the skills needed for the modern economy.

451. Reflecting the dysfunctional and distorted labor market, wages in the private and public sectors are ill-aligned with labor productivity, and this contributes to a mismatch between labor supply and demand. Private-sector wages and salaries are negotiated in collective contracts with firms, and are often determined according to "pay grids" and on the basis of academic qualifications, rather than the worker's productivity. Consequently, the benchmark minimum wage is not explicitly determined and adjusted on an objective, meaningful basis such as the cost of living index, below which a worker will prefer to stay home rather than go to work (the "reservation wage"). As a result, many potential workers are tempted to leave the labor market and "go it alone" rather than search for a formal job. This is probably the underlying cause of the high rate of "discouraged" job seekers and the gap between the total economically active population and formal employees. It is also one of the causes of the high rate of "underemployment" (more than one worker in two – 52 percent – is working less than 35 hours a week).

452. This problem of alignment persists in the public sector as well. It has been exacerbated by the long-standing freeze on the minimum wage and by decree no. 06/96 of March 6, 1996 blocking the financial benefits attached to promotions in the civil service. As noted earlier, these obstacles have reduced motivational incentives for civil servants, with the consequent depressing effect on their productivity and efficiency.

453. The government's recent measures will help to address these problems and to bring wages into line with labor productivity. In particular, the government has repealed decree no. 06/96 and has raised the minimum wage from CFAF 50,400 to 60,000 as of January 2011. Overall, wages are trending upwards in both the private and public sectors.

SUMMARY OF THE MAIN CONSTRAINTS ON GROWTH AND JOB CREATION

454. In summary, despite the significant progress in job creation, some major challenges remain. While the unemployment rate has fallen significantly since 2005, it is still high, particularly for young people, and it masks a low labor market participation rate.

455. With a small population, Congo cannot afford to have a poorly educated workforce, much less a low participation rate, especially in the modern sector. The government has recognized these challenges and intends to address them by refining its policies for labor market facilitation and workforce education, and offering incentives to align wages with labor productivity and thereby improve human resource efficiency.

456. At the same time, the government is working to remove various constraints in terms of capacities and competitiveness that are handicapping the productive sectors and preventing them from realizing their potential in light of the country's assets and the encouraging outlook for the international market. These policies are described in chapters 8 to 12 of this paper.

CHAPTER 4. POVERTY AND SOCIAL DEVELOPMENT

HOUSEHOLD LIVING CONDITIONS

457. The second Household Consumption Survey (ECOM2) makes it possible to appreciate the trend in household living conditions, to estimate economic and social welfare indicators, and to perform extrapolations for the incidence of poverty and human development indicators. The "poverty perception" component of the ECOM reveals how Congolese households themselves experience and understand their living conditions and how they judge the credibility and effectiveness of economic and social development policies and the government's poverty reduction efforts. These analyses serve to consolidate estimates to date on welfare and poverty trends.

Box 3. Congolese Household Conditions in 2011

1. The National Center for Statistics and Economic Research (CNSEE) conducted its first nationwide survey of household living conditions in 2005. This was the "Congolese Survey of Households to Evaluate Poverty" (ECOM1 2005). This socioeconomic survey covered 5,256 households distributed across the country, and estimated the monetary poverty rate (those living below the threshold of CFA 544.40 per day and per adult equivalent) at 50.7 percent for the Congolese population as a whole.

2. The second household survey (ECOM2) was launched on February 25, 2011, and covered 10,584 households, again nationwide. The survey results, and in particular the analysis of the "core welfare indicators" module (the CWIQ [French "QUIBB"] questionnaire), produced some indicators of household living conditions in 2011. The 201 CWIQ derived from ECOM2 can be used to draw some comparisons with selected indicators for 2005 produced by ECOM1.

3. Beyond ECOM 1 and 2, other socioeconomic and demographic surveys have been conducted since 2005: (i) the Demographic and Health Survey (EDS, 2005), (ii) the Survey of Seroprevalence and AIDS Indicators (ESISC-1, 2009), (iii) the Survey of Employment and the Informal Sector (EESIC, 2009), and (iv) the Agricultural Survey (2010). These surveys, along with some specific studies, provide an overview of the trends in household living conditions.

Source: STP-DSCERP

SOCIO-DEMOGRAPHIC TRENDS

458. Population. The cross-results from ECOM2 2011 and ECOM1 2005 indicate that the population grew at an average annual rate of 2.7 percent over the last five years. According to ECOM, the population is estimated at 4,085,422, compared to 3,551,500 in 2005. The gender make-up of the population has scarcely changed in five years: women continue to account for slightly over half (51.7 percent) compared to men (48.3 percent) in 2011.

459. Along with its strong growth, the Congolese population has become more heavily concentrated in urban areas, while its composition has remained the same. Demographic growth is higher in the cities (2.3 percentage points) than in the countryside, where it has declined (-3.8 percent). This has resulted in a greater concentration of population in urban areas (67.1 percent urban versus 32.9 percent rural) in 2011 than was the case in 2005 (58.4

percent versus 41.6 percent). Migration has accelerated over the last five years, confirming the attractiveness of the major cities and the perception that they afford better living conditions and economic performance. In particular, the départements of Pointe-Noire and Brazzaville have proven attractive, receiving 38.5 percent and 28.1 percent of migrants, respectively.

460. The city of Pointe-Noire seems particularly attractive because of its perceived employment opportunities. For example, nearly half (48.7 percent) of migrants looking for work choose Pointe-Noire as their destination, compared to 34.7 percent who choose the political capital of Brazzaville. These tendencies are at once favorable and worrisome.

461. Vigorous growth in the population of these "economic hotspots" is essential for assuring a labor force of the strength and quality needed to support the transformation of the economy. At the same time, this process will demand sustained efforts to develop infrastructure and provide essential social services at a rapid pace.

462. Overall, the Congolese population is young. People under 15 years of age represent around 40 percent of the total, and those between 15 and 29 years, 22.8 percent. This means that nearly two thirds of the population is under 30 years of age. By contrast, persons over 60 years represent only 5.8 percent of the total population.

463. This youthful population is at once a major asset and a cause of concern for Congo. On one hand, it offers a strong workforce which, with greater efforts at education and training, will provide a base of highly productive human resources. On the other hand, youthfulness also means that the government and Congolese society will have to devote considerable efforts to education and training in order to provide opportunities for young people and boost job creation in response to their needs.

464. On this point, the ECOM2 data show some alarming results. They indicate that more than a third of the population (38.4 percent) has not completed primary school, and only 3 percent has gone on to higher education. More detailed analysis will of course be needed to assess the education levels of young people and of the workforce as a whole. Unable to count on a large volume of workers because of the small size of its population, the country needs, in compensation, a highly educated workforce in order to reinforce its human capital. This constitutes a challenge for the modernization of the economy and society.

465. Congolese households. The household is defined as the basic socioeconomic unit within which members pool their resources and together meet their essential food and nonfood needs. Judging from the ECOM surveys, the characteristics of Congolese households have changed little over the last five years. In 2011 as in 2005, (i) around 75 percent of households were headed by men, in both urban and rural settings; (ii) the vast majority of households (79.5) were monogamous unions; (iii) 10.2 percent of household heads were single; and (iv) 6.4 percent were widowed, divorced or separated.

466. These considerations of marital status are important for the stability or vulnerability of the household as the nucleus of social organization, and for the capacity of households to fulfill their social responsibilities in terms of educating their children and maintaining the health of the population. More refined analysis will be needed to determine whether there is a correlation between marital status and socioeconomic welfare or vulnerability indicators. This will allow the authorities to plan appropriate actions through programs for the inclusion of

"vulnerable groups". For the time being, it is important to note that more than a quarter of Congolese households are headed by "own-account workers" (26.6 percent), engaged essentially in rural occupations, and that unemployed household heads account for 16.4 percent of the total, almost as many as are employed in the private sector (16.6 percent).

TABLE 9. MAIN INDICATORS OF HOUSEHOLD LIVING CONDITIONS

Indicators	Year of reference		Average annual growth
	2005	2011	
Demographics			
Total population (in millions)	3.551	4.085	2.7
Number of households (in thousands)	693.4	955.1	6.2
Urban population (%)	58.4	67.1	2.3
Female population (%)	51.7	51.7	0.0
Population under 15 years (%)	39.9	39.5	-0.2
Population over 65 years (%)	3.6	3.7	0.5
Urban households (%)	58.4	67.1	2.3
Average household size	5.1	4.3	-2.8
Under 15 years	39.9	39.5	-0.2
15-64 years	57.3	56.8	-0.1
65 years and over	3.6	3.7	0.5
Education and literacy			
Access to primary education (%)	86.6	91.5	0.9
Gross enrollment rate in primary (%)	128.3	117.7	-1.4
Girls (%)	123.5	115.9	-1.1
Boys (%)	133.1	119.5	-1.8
Net enrollment rate in primary (%)	86.8	89.3	0.5
Girls (%)	86.3	89.4	0.6
Boys (%)	87.2	89.2	0.4
Primary school satisfaction rate (%)	27.3	30.8	2.0
Adult literacy rate (%)	80.4	83	0.5
Women (%)	72.5	76.8	1.0
Men (%)	89.1	90.2	0.2
Access to secondary education (%)	58.5	72.6	3.7
Gross enrollment rate in secondary (%)	65.3	84.5	4.4
Net enrollment rate in secondary (%)	44.4	59.1	4.9
Secondary school satisfaction rate (%)	28.3	33.4	2.8
Health			
Access to health services (%)	68.7	65.8	-0.7
Health services need	39.3	38.2	-0.5
Utilization rate of health services (%)	26.7	23.8	-1.9
Patient satisfaction with health services (%)	71.2	72.5	0.3
Female population receiving prenatal care (%)	88.9	91.8	0.5
Employment			
Employed population 15 years and over (%)	56	57.9	0.6
Underemployed population (%)	9.3	27.8	20.0
Population 15 years and over employed in health and education (%)	5	5.5	1.6
Population 15 years and over employed in agriculture and silviculture (%)	33.8	37.8	1.9
Unemployment rate (%)	19.4	6.9	-15.8
Unemployment among 15-29-year-olds (%)	36.7	12	-17.0

HOUSEHOLD ECONOMIC SITUATION

467. Generally speaking, the ECOM2 results show that the economic situation of Congolese households has improved over the last five years. The improvement can be assessed in terms of the following two dimensions: (i) the growth in net household assets (net of financial liabilities); and (ii) the growth in employment and occupations.

468. Net household assets were strengthened in recent years, with the resulting improvement in "economic capacities" and well-being, and a concomitant decline in economic vulnerability. Household assets comprise all the goods acquired by the household, through purchase, gift or inheritance, excluding the consumption of fungible goods (such as food products). They represent household productive goods (land, house, car, electric and electronic devices such as power generators, computers etc.) as well as leisure goods (houses, cars and household appliances such as television, telecommunication etc.). These assets are, then, good indicators of households' productive capacity and of their social well-being.

469. The data on these assets, taken together, show an unambiguous improvement in household capacities and economic welfare. In particular, they reveal that: (i) a high percentage of urban households are homeowners (43 percent in 2011 and 47.8 percent in 2005); (ii) a growing proportion of households owns a television set (46.1 percent in 2011 and 20 percent in 2005); and has electric lighting (38.4 percent in 2011 and 28.0 percent in 2005). One particular feature stands out: over this period few households had a car (2.3 percent in 2011 and 1.8 percent in 2005). This meager increase in car ownership reflects, in part, the fact that public transportation is better developed in Congo than in neighboring countries, both in terms of the quality of vehicles and the density and safety of service, which is relatively affordable. This could help explain the low proportion of Congolese households with personal vehicles. More detailed analysis will however be necessary to support this assumption.

470. Employment. Rising household occupation rates confirm the favorable trend in economic capacities and conditions. Employment and, more generally, economic occupation are the most important means by which households can earn the incomes to acquire the goods and services needed for their well-being. However, employment alone does not guarantee economic well-being: the stability and growth of income are just as important for reducing insecurity and vulnerability.

471. The survey results show that, out of the active population of 2,541,132 (62.2 percent of the total population), 57.9 percent are gainfully occupied, and therefore earning income. The unemployment rate fell sharply between 2005 and 2011 from 19.4 percent (ECOM1) to 6.9 percent (ECOM2). This trend is evident both in urban areas (30.2 percent in 2005 and 10 percent in 2011) and in rural areas (6.3 percent in 2005 and 1.7 percent in 2011). At the same time, the rate of underemployment rose steeply, from 9.3 percent in 2005 to 27.8 percent in 2011, reflecting a situation of employment insecurity.

472. Nevertheless, unemployment continues to weigh heavily on the young in particular. According to ECOM, unemployment is highest among the 15-29 year age group, at around 12 percent, although it has improved considerably since 2005 (36.6 percent). Yet when "discouraged" jobseekers are taken into account, the youth unemployment rate is still higher.

473. Just as worrisome, employment status by sector indicates that many jobs are perhaps insecure and in low-productivity sectors. As in 2005, nearly two-thirds (62.9 percent) of the "gainfully occupied" are working for their own account. They are often engaged in informal, precarious and low-productivity activities where pay is low. On the other hand, there are fewer workers in the more stable and relatively higher-paying employment sectors such as large private firms (4.8 percent), the civil service (11.4 percent) and SMEs (7.7 percent). Agriculture and silviculture employ a large share of the working population (37.8 percent), followed by wholesale and retail trade (23.1 percent), and services (10.9 percent). By contrast, the mining and quarrying industry, where the highest paying private jobs are to be found, employs the fewest Congolese workers (0.9 percent). These figures confirm that most jobs are still in low-productivity and therefore low-paying sectors where job insecurity is high.

HOUSEHOLD LIVING CONDITIONS

474. In addition to assets and occupations, another important dimension of household well-being is the living environment and access to essential social services (education, health, housing etc.). In this respect, there has been an improvement in the living conditions and the economic and social well-being of Congolese households.

475. **Housing.** Housing in Congo is dominated by individual dwellings, and 57.7 percent of households are owner-occupants. This has changed little since 2005, when 64.4 percent of households owned individual homes. The homeownership rate is high, and this might suggest a sharp improvement in living standards. Unfortunately, this indicator is subject to ambiguous interpretations. For example, while rural living standards are, on average, well below those in the cities, the majority of rural households (83.4 percent) are homeowners, while almost half (49.2 percent) of city dwellers live in multiunit apartment buildings. This reflects the higher costs of urban land and construction compared to those in the countryside. In both environments, moreover, many properties are precarious hovels which are indicative of poverty rather than the comfort of a detached dwelling.

476. The trends are encouraging and they confirm the progress in household living standards. For example: (i) more than half of households (57.7 percent) own and inhabit individual homes; (ii) in 2011, compared to 2005, a greater proportion of dwellings were constructed of durable materials (55.0 percent were of cinderblock and bricks, versus 51.2 percent), rather than of clay or stabilized earth; (iii) a slightly higher proportion of households had flush toilets (7.8 percent versus 6.0 percent), and more households had domestic electricity connections (38.0 percent versus 27.7 percent). These indicators confirm the general trend toward a substantial improvement in housing quality and thus in the living environment of Congolese households over the last five years.

477. **Water.** Access to this precious commodity is still problematic, despite the abundance of the country's water resources. Much of the population still draws its water from artesian wells (3.3 percent), or relies on rainwater (2.3 percent), watercourses and unimproved sources (17.1 percent). Recent years have seen heavy public investments in production and storage facilities for the urban water supply. However, the SNDE network is limited and aging, with high technical loss rates (30 percent). Rehabilitation and expansion of the network are major challenges for improving access to drinking water in the cities. In the countryside, on the

other hand, efforts will be made to equip towns with drinking water systems and to provide improved springs, boreholes and wells for the villages.

478. Hygiene and sanitation. Public sanitary conditions have deteriorated, posing a challenge to the competent authorities, particularly in the management of household wastes. Garbage collection is in fact a problem for households and for local authorities alike. Appropriate facilities for treating solid and liquid wastes do not exist. The percentage of street bins has fallen from 6.1 percent to 1.9 percent. At the same time, the percentage of households dumping garbage in public spaces or in nature has risen by six percentage points (from 53.7 percent of households in 2005 to 60.0 percent in 2011). As well, the use of sanitary facilities remains low. While the number of flush toilets and “improved” WCs has increased, 9 percent of households were not using any sanitary facility in 2011 (compared to 7.8 percent in 2005), and only one household in two (52.4 percent) has an adequate sanitary toilet, with covered latrines predominating (43.8 percent). When it comes to the disposal of wastewater, only 10.6 percent of households use an appropriate system (sewer systems and drains). A large percentage of households dump their waste water into nature, the dooryard or the street (54.4 percent in 2005 versus 83.2 percent in 2011). This testifies to the pressing problems of public sanitation in large cities, and calls for urgent rehabilitation of public trash collection and hygiene services.

479. The results of ECOM2 show great shortcomings in this area. Despite the increased number of flush toilets and improved WCs, many households are not using any sanitary facility: 9.0 percent of households were defecating “out in the open” in 2011, compared to 7.8 percent in 2005. Uncovered latrines are used by 35.7 percent of households. 52.4 percent of households have adequate sanitary facilities, versus 51.9 percent in 2005; covered latrines are still used by 43.8 percent of households. When it comes to the disposal of wastewater, only 10.6 percent of households use an appropriate system (sewer systems and drains). A large percentage of households dump their waste water into nature, the dooryard or the street (54.4 percent in 2005 versus 83.2 percent in 2011). The number of households equipped with cesspools has declined [sic] (4.5 percent in 2005 versus 6.5 percent in 2011).

480. In short, the good results recorded in the socioeconomic areas, particularly with respect to employment and household assets, reveal a positive trend in the economic situation of Congolese households, but one that is offset by alarming tendencies when it comes to water and especially sanitation. These contrasting developments confirm the government's concerns over water, sanitation and hygiene for the country as a whole. These concerns were the focus of debate in 2011 in preparation for the 2012 budget.

HOUSEHOLD ACCESS TO ESSENTIAL SERVICES

Education

481. Since the early years of this century, the government has taken steps to revive the education system and to guarantee primary education for all, in accordance with the MDG. Achievements in this area include:

- Effectively free access to primary education.
- Free schoolbooks.
- The recruitment of more than 6,000 primary school teachers between 2002 and 2008.

- The revival of adult literacy and informal basic education activities nationwide.

To ensure the effective presence of teachers in the classroom, a census was conducted. The education system can be analyzed by subsector, as described below:

Preschool education. The coverage rate for preschool education is still low (12.3 percent in 2009), despite the rising numbers of preschool pupils, from 5,600 in 1995 to 39,652 in 2009, for an increase of 33.6 percent per year. Preschool education is essentially limited to urban areas and to a certain socioeconomic class. This situation is detrimental to those children who move directly into primary education without preschool experience. Preschool education faces the following problems:

- The coverage rate of daycare centers and preschool education facilities across the country is low.
- The model currently used in preschool education centers is inappropriate to the local setting.
- Coverage is unequal between rural and urban areas.
- Special early childhood education is only a marginal feature of the education system.
- Insufficient financial and material resources are devoted to preschool education, a which is not included in free schooling.
- Teaching equipment and supports are inadequate in nearly all preschool education centers.
- The objectives, contents and methods of education are not adapted to children's emotional, psychomotor and intellectual needs or to the socio-cultural environment.
- The training of private school teachers is inadequate and there is no continuous training for publicly-employed teachers, with the consequent repercussions on learning.
- No attention is paid to holistic development integrating health, nutrition and education aspects.
- There is a lack of synergy in the interventions of the ministries involved in early childhood questions.
- Personnel in charge of early childhood programs have inadequate qualifications.

Primary education

482. The results in primary school have improved in recent years. With the support of technical and financial partners, the government has taken steps to improve access, quality and productivity in the education system. These actions include: (i) free tuition in the public primary and secondary systems; (ii) free schoolbooks; (iii) the recruitment of a significant number of new teachers; (iv) strengthened service capacity through school rehabilitation and construction. The ECOM2 results indicate improved access to education services and better outcomes in terms of enrollment rates and family satisfaction with education services. Between 2005 and 2011, the rate of access to primary school improved perceptibly from 86.6 percent to 91.5 percent. This was accompanied by an almost equivalent increase in the net primary school enrollment rate (from 86.8 percent to 89.3 percent) and in the primary school satisfaction rate (from 27.3 percent to 30.8 percent).

483. However, there are still major shortcomings in the internal efficiency of the Congolese education system. The primary school completion rate is still low (83 percent in 2011), with a

dropout rate of 5.7 percent. As well, gender gaps have narrowed: the girls-boys parity index improved from 92.8 percent in 2005 to 97.1 percent in 2011. This shows that, in the education field, gender parity is indeed a reality. Yet regional disparities persist. In 2011 the access rate was considerably lower in rural areas (42.5 percent) than in the cities (84.7 percent), despite lower population numbers and density in the countryside. This combination of a low enrollment rate and a relatively small population points to the need for specific policies for rural areas.

484. Primary education has seen significant qualitative improvement in recent years. The number of schools rose from 1,542 in 2003 to 3,008 in 2007. This trend reflects the emergence of private institutions, of which there were 1,154, including 63 that were conventionné (officially recognized) in 2007, versus 601 in 2003. Enrollment numbers in public education have increased more slowly than in the private sector, although there was a jump in 2009, two years after free tuition was introduced. However, primary education still faces a number of problems:

- High repeater rates.
- Excessive reliance on support personnel (i.e. non-teachers) in the classroom because of the recurrent shortage of teachers.
- High pupil-teacher ratios in large cities.
- Difficulties in financing education projects.
- Difficulties of access (supply/demand) in remote areas and among vulnerable population groups.
- The scarcity of alternative education solutions.

TABLE 10. KEY EDUCATION INDICATORS

INDICATORS	2005	2008	2011	PRSP I target
Gross enrollment rate in primary	128.3	111.	117.7	N/a
Gross enrollment rate of girls in primary	123.5	84	115.9	N/a
Girls/boys parity index (% *)	92.8	89	97.1	N/a
Gross primary school admission rate	113	95	113	N/a
Gross primary school completion rate		77	83	N/a
Pupil/teacher ratio	52	75.7	50	

Source: ECOM 1 and 2, GTDR Education Report

*Gross enrollment rate for girls relative to that for boys.

Secondary education

485. The ECOM results confirm strong growth in the secondary enrollment rate. The gross enrollment rate rose from 65.3 percent in 2008 to 84.5 percent in 2011, for a substantial gain of 19.2 percentage points in five years. This gain may in fact be due to the government's introduction of free tuition in 2007. The rate of access to secondary school increased from 58.5 percent in 2005 to 72.6 percent in 2011.

486. Despite the good performance of recent years, many children are still missing out. Congo compares poorly in this regard with the average for sub-Saharan Africa and for emerging countries: 4.9 percent of school-age children 12 to 18 years were effectively "left behind" in 2011, a considerable number given the small size of the country's population. The

satisfaction rate with secondary education improved from 28.3 percent in 2005 to 33.4 percent in 2011.

487. The total number of students enrolled in the first cycle of secondary school showed a sharp increase between 2005 and 2010. The student body increased by some 8 percent, from around 191,000 to 206,000. Despite this progress, the coverage rate is far from 100 percent. At the lycée level, the student body also grew, but the coverage rate remains low, and there are regional disparities between rural and urban areas (32.8 percent versus 69.7 percent).

488. Compared to other countries, the secondary school enrollment rate is still low, and the government is concerned at the system's inefficiency: a relatively low rate means a shortage of human capital equipped to absorb new technologies, to boost productivity, and to contribute to modernization of the economy. Given the small size of the country's population, the government will therefore need to set a target of 100 percent enrollment in primary and secondary school, in order to assure the human capital needed for modernizing society and industrializing the economy, as envisioned in the "Future Path" ["Chemin d'Avenir"]. The government is determined to redouble its efforts to address this challenge over the next five years. The specific objectives, strategies and programs in this field are described in chapter 11 of this paper.

At the present time, secondary education (first and second cycles) faces the following problems:

- Institutions are run down and obsolete.
- There is a shortage of classroom space, especially in urban areas.
- Laboratories are nonexistent or poorly equipped in nearly all institutions, meaning that science instruction is strictly theoretical.
- There is a shortage of teachers, especially in the sciences.
- Teachers have inadequate qualifications.
- There is excessive resort to substitute personnel (supply teachers, volunteers) in the classroom.

Moreover, the Congolese education system must address several other factors that are holding back its development:

- Under-representation of girls.
- Unequal distribution of enrollment (which is heavily concentrated in the large cities).
- A high rate of monetary poverty among households.
- Shortage of assistance and support services (remedial courses, school transport, etc.).

Literacy

489. The literacy issue concerns the population 15 years and older. The results of the ECOM surveys show that the literacy rate has increased, rising from 80.4 percent in 2005 to 83 percent in 2011. However, these rates conceal sharp disparities between urban (91.5 percent) and rural areas (63.2 percent). The gender analysis also reveals a disparity in favor of males. The analysis by socioeconomic group finds that public sector employees have higher literacy rates in comparison, for example, to independent agricultural workers and other employees.

Technical education and vocational training

490. As with basic secondary education, technical instruction and vocational training are essential for reinforcing human capital. They supplement basic education, serve the needs of the economy, and prepare students to enter the labor market.

491. In practice, the authorities recognize that efforts to date have been insufficient and the results well below expectations. This sector still suffers from weaknesses in terms of its functioning and its outcomes. The Technical and Vocational Education (TVE) sector has only 74 institutions, more than 60 percent of which are concentrated in Brazzaville and Pointe-Noire, and 2,344 government-employed teachers. TVE accounts for 10 percent and 37 percent, respectively, of the student body at the collège (junior secondary) and lycée (senior secondary) levels. Because of the system's limited capacity, TVE is not yet in a position to meet the growing needs of the Congolese economy for skilled workers and qualified technicians.

492. Different kinds of training have been organized to boost the operational capacities of the TVE sector, which is now hiring new teachers and so improving the student/instructor ratio. This subsector betrays a number of shortcomings that are accentuating the difficulties and weaknesses of the system. The most pressing issues are: (i) the insufficient and uneven distribution of facilities; (ii) the uneven distribution of personnel across the country; (iii) the lack of infrastructure and equipment; (iv) an aging teaching body with inadequate refresher training; (v) the weakness of the linkages with the workplace and with related sectors and institutions in other countries; (vi) training that is inappropriate to real needs; (vii) programs that are poorly designed and often incomplete; (viii) a limited range of training fields and difficulties for graduates in accessing higher education; (ix) certain streams provide training that leads nowhere; and (x) lack of awareness raising about HIV/AIDS and preventive measures.

493. These shortcomings were highlighted in the review of sector strategies and programs in the PRSP 1 completion report. The authorities have taken due note of them and intend to redouble their efforts to strengthen the vocational education system, its intake capacities and its outcomes. This is regarded as an imperative, for the country requires stronger human capital to pursue its objectives of economic modernization and industrialization as called for in the Chemin d'Avenir.

Higher education

494. The government has taken steps to expand the capacity to offer higher education and to improve its quality and performance. To overcome the capacity limitations of the Marien Ngouabi University, the higher education sector has been opened to private interests: as a result, several institutions have been created, and some have been officially recognized. Recent developments include the following: (i) application of programs under the LMD (licence-master-doctorat) system; (ii) supervision and inspection of officially recognized private higher education institutions; (iii) redefinition of the missions of the Marien Ngouabi University as part of the decree reorganizing it; (iv) construction of a new library within the framework of Sino-Congolese cooperation.

495. However, the subsector betrays some shortcomings, notably these: (i) until 2010, private higher education institutions were not officially recognized; (ii) taxes and fees (license fees, flat tax on salaries) for institutions performing a public service are hard to justify; (iii) imports of technical and teaching materials are not exempt from customs duties; (iv) there is no partnership with local businesses to promote on-the-job training; (v) the banking sector is reluctant to finance graduates' projects.

Box 4. THE MERIEN NGOUABI UNIVERSITY AND THE LICENCE MASTER DOCTORAT (LMD) SYSTEM

1. Created by *ordonnance* 29/71 of December 4, 1971, Marien Ngouabi University initially embraced four institutions. 40 years later, it has 11 institutions, including five faculties, three institutes and three schools. These are the Faculty of Law, Faculty of Economic Sciences, Faculty of Letters and Human Sciences, Faculty of Sciences, Faculty of Health Sciences, Superior Institute of Management, Institute of Rural Development, Superior Institute of Physical and Sports Education, National School of Administration and the Magistracy, National School of Advanced Studies (*Ecole nationale supérieure*), and National Polytechnic School. At its creation, Marien Ngouabi University had only 3,000 students; today it has more than 20,500. This growth is placing great strains on the institutions' infrastructure and facilities.

2. Changes in the organization of training in Europe, with introduction of the *Licence Master Doctorat* (LMD) system, have altered the higher education landscape significantly and have had major repercussions on training systems in CEMAC countries. The main decisions concerning the LMD reform were taken at a conference of rectors in October 2003 in Yaoundé, Cameroon. Three principal points were adopted at that time: (i) to initiate, in 2005 and 2006, reforms to the structural organization of higher education in order to adapt the university curriculum to the LMD system; (ii) to take measures in the course of 2004 to strengthen capacities for regional integration by establishing a network of university and research institutions in the CEMAC zone; and (iii) to seek technical assistance from the European Union for training members of university and research institutions in CEMAC countries in the formulation of projects eligible for the ACP-EU program of cooperation in higher education.

3. It was against this backdrop that the various academic councils of Marien Ngouabi University adopted texts on the teaching organization of university and research establishments and on studies in the LMD system; those texts were to be signed during 2009. However, the organization of training under the LMD system might suggest that the system is merely a pedagogical reform. On the contrary, it is an in-depth and comprehensive reform that also affects the administrative management of Marien Ngouabi University. It entails new demands that, if not handled carefully, will accentuate the problems that the University is experiencing today. (For example, the law faculty has more than 9,000 students, and they must get up at 3 AM in order to secure a seat in the lecture hall. In the faculty of economic sciences, which has around 5,000 students, the first-year courses are given in two shifts).

4. These demands in terms of coaching and guidance may accentuate (i) the time management problem (additional hours, outreach work, vacations etc.) and (ii) the costs of directing research work (dissertation, doctoral thesis). In terms of infrastructure and equipment: (i) the shortage of classrooms and lecture halls; (ii) the shortage of computer equipment; (iii) lack of up-to-date libraries, and (iv) serious computerization problems in various institutions that lack visibility (particularly via the web). Congo must therefore address the challenge of economic diversification and modernization so that Marien Ngouabi University can become part of this globalization of instruction, which demands harmonization and standardization of measures for higher education, research and vocational training.

Source: STP/DSCERP

HEALTH AND HIV-AIDS

496. **The results of the Household Economic Survey (ECOM) confirm the disappointing trends observed in other health statistics.** Substantial efforts were made in connection with Congo's first Poverty Reduction Strategy Paper (PRSP-1) and the National Health Development Program (NHDP). During the PRSP-1 period (2008-2010), these programs aimed to reduce infant mortality (from 75 deaths per 1,000 live births to 30 deaths per 1,000 live births), maternal mortality (from 781 to 390 deaths per 100,000 live births) and to fight major endemic diseases—specifically malaria, tuberculosis, and the HIV/AIDS pandemic. In addition, HIV/AIDS was one of the pillars of PRSP-1.

497. **Performance levels are still inadequate.** However, we observe that these indicators have improved substantially. Trends, at the same time, seem to be less favorable. In any case, despite the efforts that have been made, health indicators are still cause for concern, particularly as compared with other countries. In fact, we observe even higher levels of maternal and neonatal mortality and lethality levels for malaria.

TABLE 11. KEY HEALTH INDICATORS

Indicators	2005	2009	2011	PRSP 1 target level
Infant mortality rate (per 1,000 live births)	87.5	80	66.8	56.25
Child mortality rate (per 1,000 live births)	117	127		117
Maternal mortality rate (per 100,000 births)	781	740		
Health service attendance rate	38	39		37
Health service attendance rate (children 0-5 years of age)	78	86		ND
Births assisted by medical and/or paramedical personnel	83	86		93
Prenatal consultation rate	86	86		
Rate of HIV/AIDS prevalence in pregnant women (in prenatal visits to health centers)	2.2	2	2.1	Less than 6 percent
Malaria lethality rate per population of 10,000	ND	135	140	62.5

Source: Health Demographic Survey (EDS1), Urban Survey on Employment and the Informal Sector (ESIC 1) and Research and Planning Directorate (DEP)/Ministry of Public Health (MSP).

498. This situation has persisted for a number of reasons, such as difficulties in accessing high-quality health care and targeted programs. The infant/juvenile mortality rate (assessed at 117 deaths per 1,000 births—EDS, 2005) may correlate with insufficient immunization coverage. We note that one out of three children does not have access to measles immunization.

499. **Nutrition problems are also a major cause of morbidity and high mortality levels.** Besides the shortcomings in available energy due to a shortage of food for some, and eating disorders for others, reflected by malnutrition with the resulting worsening in health conditions with the upsurge in emerging disease (AVC (cerebrovascular accident), hypertension, obesity...). In fact, agricultural and fish production are insufficient to achieve public food security, as many cannot afford high-cost imported goods. This factor explains why many poor households, who are unable to cover all of their nutritional requirements, suffer from hunger and various fragile conditions, contributing to the high levels of morbidity and mortality in Congo. Pregnant women, elderly persons, and above all, children are most vulnerable to food insecurity.

500. In fact, national food production is dominated by manioc and tubers, whereas cereals, livestock and oilseed products are largely imported. According to a 2007 FAO study on the food balance sheet in the Congo, average consumption is 2512 Kcal per person per day, but a more thorough analysis of food security and vulnerability (2009/2010) has highlighted the fact that the diet of most households is lacking more in quality than in quantity. A nutritional assessment carried out by the WFPs in Brazzaville, Pointe-Noire, Likouala and Plateaux, measured the rate of Severe Acute Malnutrition (SAM) at 3,8%, whereas the Global Acute Malnutrition (GAM), at 9,5% is lagging in growth at 15,4%. The analysis carried out at the departmental level showed that the departments of Lékoumou, Plateaux and Cuvette are the most vulnerable. The northern part of Pool could also be included here, given its recent past.

501. To reverse this situation, it will be necessary to strengthen nutritional education slightly. This would take place through, among others, the introduction of nutritional training modules (for mothers, adults and students) on the one part, and the improvement in the living conditions of household (salaries, pensions, bursaries, school canteens, meal vouchers, ...).

502. It must be highlighted that performance levels in the health sector are still poor, even though the authorities have redoubled their efforts to achieve their defined goals. The significant growth in resources allocated to the sector bear testimony to this. As an indication, during the past three years, investments in the health sector increased from F CFA 29,8 billion in 2010 to F CFA 47 billion in 2011 respectively, then to F CFA 94 billion in 2012, the “year of health”. But more relevant programmes of better quality will be necessary, as well as greater coherence and diligence in the implementation to reverse the situation.

Box 5. Improving Performance and Enhancing Productivity in University Hospitals

1. Established under Law 008/87 of February 2, 1987, the university hospital (CHU) is the reference hospital in Congo, encompassing a substantial number of health specialists and accommodating the largest number of patients. It is responsible for tertiary care, training, and biomedical research. Accordingly, it is in contact with Université Marien Ngouabi and its staff includes physicians on the faculty of the School of Science and Health.
2. The CHU has the following specializations: Pathological anatomy; Medical biology; Surgery; Cancer treatment; Dermatology; Pediatrics; Rheumatology; Gastroenterology; Hematology; Infectious disease; Metabolic and endocrine disease; Nephrology; Ophthalmology; Otorhinolaryngology (ORL); Pneumology; and Urology.
3. Despite the presence of specialists, patients are often evacuated to hospitals in the Maghreb and Europe, as the equipment is technically obsolete (technological plateau). In addition, the CHU does not cover a number of pathologies and certain medical operations (heart or brain operations, organ transplants, hemodialysis, etc.) cannot be performed owing to the shortage of equipment. In addition to these shortcomings, the CHU faces operational problems, specifically in the supply of drugs and other essential supplies such as oxygen. In addition, as there are no elevators, patients are carried on stretchers by porters who must be paid by their families. To correct the shortage of equipment in the CHU, the government decided to invest in its renovation in certain areas. The Ophthalmology, Stomatology, Gynecology, and ORL departments, for example, have been modernized.
4. In addition to the modernization of the CHU, the country must be equipped with reference health centers. As a result of this concern, government made 2012 a year for health, and in this connection, decided to make all quality health care services universally available. The following activities are planned: (i) rehabilitation and equipment of health care centers; (ii) reorganization and modernization of hospitals; (iii) creation of dialysis centers and specialized hospitals; and (iv) building of health institutions that meet normal standards.

Source: Technical Secretariat (ST)/DSCERP, and International Development Consulting.

HIV/AIDS

503. **The HIV/AIDS pandemic is an ongoing concern.** According to the results of the survey on seroprevalence and AIDS indicators (ESIS-C), the situation has improved only slightly as the overall prevalence rate for HIV (both genders combined) changed from 4.2 percent in 2003 to 3.2 percent in 2009, registering a gain of one point. However, we observe some progress in HIV prevalence at the department level. While in 2003 the highest prevalence rate was 9 percent in certain areas, in 2009, the highest rate was 4.8 percent in the region of Lékoumou, 4.6 percent in Pointe-Noire, 4.4 percent in the region of Niari, and 4.0 percent in the region of Sangha. In other areas, the prevalence rate was below 4 percent. With the exception of Brazzaville, we observe higher prevalence rates in areas where substantial levels of economic activity are present, which is indicative of a greater concentration of sex workers. The government should support educational efforts to promote the use of condoms in sexual relations, specifically targeting men. Surveys indicate that more women are now using condoms (an increase from 21 percent in 2003 to 29 percent in 2009). By contrast, fewer men are using condoms (a decline from 42.8 percent to 28 percent).

FIGURE 6. DISTRIBUTION OF SEROPREVALENCE BY DEPARTMENT

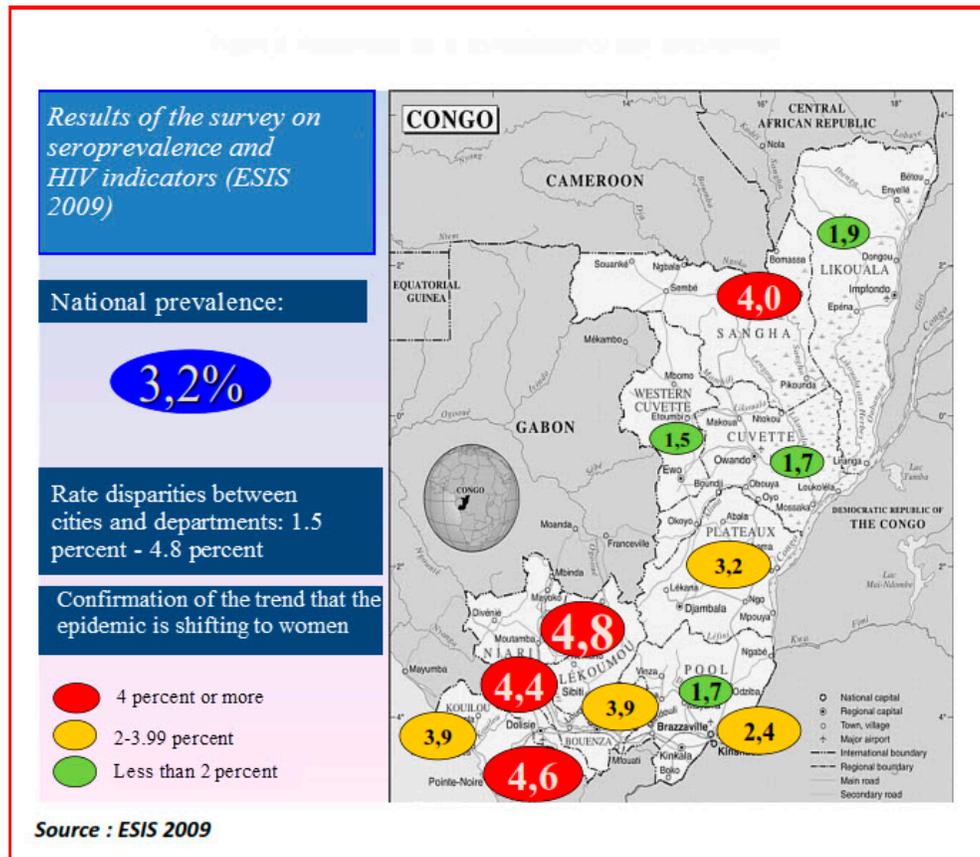


TABLE 12. COMPARATIVE STATEMENT OF PUBLIC EFFORTS IN EDUCATION AND HEALTH

Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public education expenditure (as a percentage of total public expenditure)										
Congo, Rep.	-	-	9	10	9	8	11.5	11.4	11.4	11.4
Burundi	13	14	13	13	13	18	-	-	22	23
Cameroon	10	12	15	17	17	16	15	19	17	19
Gabon										
Central African Republic	16		13	13	14	13	-	12	12	-
Congo, Dem. Rep.	--	-	--	--	--	--	-	--	--	-
Public health expenditure (as a percentage of total public expenditure)										
Congo, Rep.	5	4	5	6	5	5	5	5		
Burundi	9	7	9	10	12	12	12	12		
Cameroon	7	9	8	8	8	8	6	8		
Gabon	6	6	6	6	6	6	6	6	6	6
Rwanda	8	18	17	18	19	18	18	17	-	-
Congo, Dem. Rep.		11	9	9	12	14	18	17	-	-
HIV/AIDS prevalence rate in adults 15-29 years of age (in percent)										
Congo, Rep.				4.2	4	4	4	4	4	3.
Burundi				5	4	4	4	4	4	3.3
Cameroon				10.8	6.8	6.8	6.8	6.8	6.8	5.1
Gabon				7	7	7	6	6	6	5.2
Rwanda				4	4	4	3	3	3	2.9
Congo, Dem. Rep.				2	2	2	2	2	2	2

Source: Permanent Technical Secretariat (STP)/DSCERP, World Bank Data, World Development Indicators (<http://databank.worldbank.org/>).

Scientific research

504. Scientific research is conducted at Université Marien Ngouabi as well as in research and development agencies. The various activities conducted in this connection have produced satisfactory results in the following areas:

- Forestry: development of subculturing for eucalyptus and afara; creation of high-productivity industrial varieties of high-productivity eucalyptus; creation of clonal plantations;
- Agriculture: layering and grafting of fruit trees; micropropagation of food and fruit crops; in-vitro preservation of germplasm for food crops; creation of varieties of cassava resistant to bacterial wither;
- Intellectual property: during the period 2003-2007, 111 applications for protection were submitted to the African Intellectual Property Organisation (OAPI).

Further, studies conducted on flora and vegetation have made it possible to: (i) establish a catalog of vascular plants assessing flora of Congo at 4,397 species among 198 families and 1,338 genres; and (ii) create a national herbarium in Brazzaville accommodating nearly 4,500 species.

However, some research on fish in the Congolese continental waters, snakes and amphibians, and mammals is still fragmentary.

505. Congo now has a National Plan for Scientific and Technological Development (PNDST) for 2009-2013, for which the implementation is covered by two coordination and cooperation agencies: a higher council for science and technology and an inter-ministerial council for science and technology.

However, the success of scientific research and higher education in Congo is subject to ongoing constraints, as a result of internal (resources, management, efficiency, etc.), external (sociopolitical problems, support from development partners for which the sector is not a priority), and cross-cutting issues (population explosion, expansion in HIV/AIDS, gender disparities, cultural and socioeconomic constraints, etc.).

506. Where scientific cooperation is concerned, Congo has also benefited from a number of agreements and conventions to stimulate research activities in certain areas and on certain scientific topics.

POVERTY

507. During the period 2005-2010, the Congolese economy registered a sound annual average growth rate of approximately 6 percent. At the same time, while confirming prior estimates, the ECOM 2 Survey confirmed that the Congolese population grew at an annual average of 2.7 percent during the period 2005-2011. If we cross check these two estimates, we note a substantial increase in per-capita income averaging 4.4 percent per annum during the period. This performance places Congo among the highest performing countries in sub-Saharan Africa in terms of growth during the period.

508. While it constitutes the most important factor in poverty reduction, income growth alone is insufficient. The distribution of growth and income by sector, and more generally speaking, trends in economic and social development inequalities are also important factors in the dynamics of poverty. These factors are analyzed in the sections below, following an overview of the scope and recent trends in poverty in Congo.

TABLE 13. DEMOGRAPHIC DYNAMICS OF CONGO, 2005-2007

Population Location	ECOM 2005 (Estimates)	General Population and Housing Census (RGPH)
Population	3,551,500	3,697,490
Share of population (percent)		
Brazzaville	29.0	37.1
Pointe-Noire	23.5	19.3
Other municipalities	5.9	6.7
Semi-urban	7.0	10.0
Rural areas	34.6	26.8
Total	100.0	100.0
Average annual growth rate 2005-2007	2.0 percent	
Growth rate between censuses 1984-2007	2.9 percent	

Sources: National Center for Statistics and Economic Research (2005 and 2007).

TABLE 14. COMPARISON OF POPULATIONS OF YOUNG PERSONS AND ADULTS 2005-2007

Age group	ECOM 2005 (Estimates)	RGPH 2007
Total young persons	67.8	67.5
0-4 years	13.7	15.1
5-9 years	12.7	12.4
10-14 years	12.7	11.2
15-19 years	11.4	10.3
20-24 years	9.3	9.6
25-29 years	7.9	9.0
Total adults	32.2	32.5
30-34 years	6.5	7.8
35-39 years	5.9	6.5
40-44 ans	4.7	4.9
Over 44 years	15.1	13.3
Total	100.0	100.0

Sources: National Center for Statistics and Economic Research (2005 and 2007).

SCOPE OF POVERTY ACCORDING TO QUANTITATIVE ESTIMATES

509. The results of ECOM 2, which are in production, will make it possible to assess the incidence of and trends in monetary poverty during the period 2005-2011. However, the results that are now available on trends in household well-being, as analyzed in the preceding sections, can be used as a basis to estimate poverty trends in correlation with trends in household well-being indicators. This micro approach was crossed with a more macro approach in which developments in the monetary poverty rate incidence correlate with average per-capita income and the income distribution variance.

510. If we cross the results from ECOM 2 with the movements in the non-petroleum sector growth rate, we can assess that the rate of monetary poverty has declined substantially during the past five years of sustained reforms. The incidence declined from 50.7 percent of the population in 2005 (ECOM 1) to ** percent in 2011 based on macroeconomic performance and micro trends reported by ECOM 2. Although still provisional, these results are in line with the movements in household well-being indicators and the favorable performance in the economic growth, employment, and occupation rates.

511. **These results show that approximately ** out of ** Congolese nationals were poor in 2011, as opposed to one out of two in 2005.** The results in fact show that just under ** percent of the Congolese population lives under the poverty line (CFAF ** per day in 2011), as compared with 50.7 percent in 2005 (CFAF 839 per day in 2005). In other words, approximately ** million out of 4 million Congolese citizens in 2011 registered average annual income (average annual consumption) levels below the national limit of CFAF ** per year.

512. **It is quite encouraging to observe the contribution from growth, along with social development, and the substantial reduction in inequalities.** If we analyze the breakdown of trends in the poverty rate into *the growth and distribution effects*, we find that the bulk of the reduction in the poverty incidence (approximately ** points out of a total gain of ** points) can be attributed to sustained growth in average per-capita income (4.4 percent); while the effect of improved income distribution has also come into play (see Table **). These results clearly show that the government's efforts to sustain growth, diversify the economy, and strengthen the social sector have already led to a significant impact on poverty reduction.

513. **In Congo, poverty, which is common to almost all sub-Saharan African countries, is still more severe in rural areas than it is in urban areas. However, poverty reduction seems to be less pronounced in rural areas than in urban areas.** Rural and semi-urban areas in fact already registered substantial poor sectors in 2005 (64.8 percent and 67.4 percent, respectively) as compared with the cities of Pointe Noire and Brazzaville (33 percent and 42 percent, respectively). In light of the trends in the household well-being indicators analyzed above, the gap between rural and urban areas can only have persisted or worsened.

514. **The key lesson for programs is the persistence of poverty, which is still severe in rural areas.** The gap between rural and urban areas has also persisted, as observed in analyzing progress in terms of household well-being, and which is confirmed in the analysis of the poverty incidence, which underscores the increased emphasis the authorities should place on rural development. Quality must be enhanced and execution of rural development programs must be intensified, in economic activities (agriculture, stock breeding, etc.) as well as for infrastructures (rural roads and tracks, water, etc.). The government has clearly acknowledged the foregoing issues and is determined to intensify and optimize its efforts to address rural development. This issue has also been incorporated into the strategy for balanced development.

HOUSEHOLD PERCEPTIONS OF POVERTY AND ITS DETERMINANTS

515. The quantitative poverty analysis was supplemented with a qualitative analysis to gain an understanding of how households themselves perceive the poverty situation, their assessment of the causes of poverty, and how they evaluate the effects of poverty reduction strategy implementation. A subjective poverty component was incorporated into ECOM 2 to gain an understanding of how households assess their day-to-day living conditions.

516. **Poverty "perceived and experienced" by households is still more severe than the poverty "measured" by surveys.** In general, most of the Congolese population tend to consider themselves poor in a country they deem to be rich. More importantly, poverty *experienced and perceived* by households seems to be more severe than poverty *observed*

with quantitative measurements. In other words, households consider themselves to be much poorer than trends in the quantitative indicators would indicate.

517. **This mismatch between "experienced reality" and "observed reality" is often indicative of a greater problem of social cohesion: the perception or real situation of substantial economic and social inequalities.** *In fact, households may often consider themselves to be "more impoverished" than they are in absolute terms because they see other persons who are richer and who are enriching themselves further. In other words, poverty may increase in relative terms while it is in fact on the decline in absolute terms.* This situation is often observed in countries registering substantial disparities, particularly in petroleum exporting countries, as shown in the poverty analysis in countries of the subregion (Equatorial Guinea, Gabon, etc.).

518. **The Congolese authorities are highly attentive to these mismatches, and are well aware that they can cause social unrest and affect the credibility of poverty reduction and inclusion policies.** This could undermine the effectiveness of such policies, which depends greatly on the extent to which the public believes in them, owns them, and works towards their success. **Experience in emerging countries confirms that public support for development programs and the change of attitudes from cynicism and defeatism to hope, diligence, and perseverance is prerequisite for social consensus and the success of emergence strategies.** The Congolese government therefore intends to intensify its efforts to reduce inequalities and reduce experienced, perceived, and observed poverty.

519. **Access to employment and essential services is also a determinant factor in perceived and experienced poverty.** These factors can also explain the discrepancy between trends in poverty as observed and experienced by the public. In fact, household income may have registered favorable trends; while the standard of living may have deteriorated at the same time, and while essential services have become less available or accessible. This can also cause a mismatch between "income" poverty and poverty in terms of living conditions.

520. For this reason, poverty analysis must be supplemented with an analysis of the economic and social environment and factors connected with household well-being. In this connection, perceptions confirm the objective trends discussed above. Satisfaction rates have improved substantially in the area of education, although very marginally in health—findings consistent with the objective results. Accordingly, the perception of poverty factors has changed little between the two surveys. In general, the public continues to associate the state of poverty with a number of well-known economic and social problems. According to ECOM 2, the main causes of poverty are still: (i) shortage of employment (91.5 percent in 2011, as against 86.0 percent in 2005); (ii) poor public management (62.9 percent in 2011, as against 49.0 percent), (iii) insufficient income (58.9 percent in 2011, as against 41.0 percent); and (iv) corruption (51.6 percent in 2011, as against 15 percent in 2005). We also observe different forms of socioeconomic marginalization and exclusion. Well-being or poverty performance levels in these other areas are discussed below.

OTHER DIMENSIONS OF HUMAN DEVELOPMENT

WOMEN

521. **Gender.** Although a number of texts have been adopted (the Constitution, Law on Education, Law on Elections, etc.), establishing legal equality between men and women, and while most of these international instruments having the same purpose have been ratified, the situation of women in Congo is still characterized by well-known discrimination at the legal levels (tax law, criminal law, family code, and social and economic rights) to which we can add *de facto* inequalities (Levirat marriages, widowhood customs, estates, and gender-specific violence). In formal education, despite an egalitarian access policy, we observe disparities between girls and boys that can be explained by a substantial dropout rate for girls from the secondary level, attributable to poor guidance, early pregnancy, and poverty of the family, *inter alia*.

522. The recent analysis of the situation shows that, in the past few years, Congolese women have fought bravely and tenaciously for their emancipation, in order to enjoy all of their rights. The government has made every effort to involve women fully in the decision-making process. Despite the persistence of some negative trends, gender issues have taken on a truly national dimension.

523. The improvement of the status of women now faces a number of constraints, including: (i) insufficient policy support for gender issues, preventing them from being effectively addressed in all development projects, programs, and policies, despite the 2008 adoption of a national gender policy accompanied by an action plan for 2009-2013; (ii) insufficient representation of women in decision-making circles; (iii) persistence of violence against women, with those responsible going unpunished; (iv) the influence of retrograde customs and practices as women do not understand their rights; and (v) access to and control of resources and means of production.

524. Where women's participation in decision-making processes is concerned, a decline in the number of seats occupied by women in the national parliament was observed: the proportion of seats occupied by women has declined from 12 percent in 2005 to 8.6 percent in 2009 and to 6 percent in the current parliament. A study on the status of the representation of women in other institutions in the republic conducted in 2008 indicates that five women out of 39 (12.8 percent) are in government, four out of 21 (9.5 percent) serve in the Supreme Court, six out of 36 (16.7 percent) can be found in the High Court of Justice, and one out of nine (11.1 percent) serves in the Constitutional Court; while in the departmental and municipal councils, representation for women is estimated at 12 percent.

TABLE 15. KEY GENDER INDICATORS

Indicators	2005	2008	2011
Index of parity between girls and boys enrolled in primary school	0.93	0.92	0.97
Index of parity between girls and boys enrolled in secondary school	0.99	0.99	0.99
Index of parity between girls and boys enrolled in higher education	0.51	0.65	0.67
Seats occupied by women in the national parliament (percent)	12	8.6	6 percent

Source: STP/DSCERP.

SOCIAL SECURITY

525. **Social security.** The failure of past development policies, armed conflicts, and social disintegration as a result of many breakdowns in the social system (deterioration of practices and customs, social and generational conflicts, etc.) have not only worsened the living conditions for the population, but have also led to a breakdown in social equilibria that had served as a sort of social security system for the most vulnerable groups. The breakdown of this safety net has meant that more of the population is at risk. In addition to the traditional vulnerable groups (orphans, very young mothers, retired persons, unemployed young people, and handicapped persons), other vulnerable groups have appeared as a result of the sociopolitical unrest (disaster victims, displaced persons, and veterans). It was found that national solidarity requirements are insufficiently covered. Solidarity activities are incumbent on the Ministry of Social Affairs, Human Activity, and Solidarity. Social security activities are also carried out by humanitarian associations focusing on children in difficult situations, handicapped persons, the elderly, etc.. Despite the efforts of various institutional players, social security still lacks the features of a comprehensive, coherent system.

526. The national social security system is limited to benefits from the Civil Service Retirement Fund [*Caisse de Retraite des Fonctionnaires*—CRF] and the National Social Security Fund [*Caisse Nationale de Sécurité Sociale*—CNSS] covers only 15 percent of the population, excluding, *de facto*, the majority of the Congolese population, who are operating in the informal or small farming sector. A national social security policy is now being studied with support from agencies in the United Nations system.

527. Insufficient social coverage reflects the absence of a coherent social security system in the country. In fact, the coverage of social protection measures is limited to civil servants and employees in the private sector, despite the drafting and adoption of a framework law overhauling the social security system, which institutes social security entailing a number of components to cover the majority of the population. The number of retired persons in the National Social Security Fund (CNSS) increased from 34,594 persons in 2009 to 35,205 persons in 2010, while the personnel covered by the Civil Service Retirement Fund (CRF) amounted to 18,950 persons in 2010.

528. The current situation reflects the fact that the pay-as-you-go model of one retired person per four wage earners is no longer at financial equilibrium. The current demographic dynamics now require the Congolese economic system to create more formal employment opportunities to ensure that the two retirement funds reach equilibrium among the generations and that they remain sustainable.

529. The inadequacy of the social security system in Congo is illustrated by the existing mechanisms that do not cover all risks of vulnerability and weakness and do not reflect the fact that only a small proportion of the population—in this case, workers in the formal sector, is covered. However, the government intends to pursue its efforts, above all, to promote women and other vulnerable groups in keeping with its vision of inclusive development.

530. As a result of the absence of a national policy for families, the latter face numerous problems of housing, food, education, health, and transportation, in particular. The situation of children is of particular concern as described by the indicators presented in the areas of health, nutrition, and education. We note, however, that some progress, including the following, has been made:

- Measures to provide free benefits (school fees, malaria treatment for children 0-15 years of age, identification of women considered to be suffering from obstetric fistulas, socioeconomic reintegration of women who have been cured of this condition, and Cesarean procedures);
- The transportation allowance of CFAF 10,000 for civil servants and the 10 percent increase in the minimum wage paid to government employees, from CFAF 64,000 to CFAF 70,000;
- The increase of more than 100 percent in family benefits paid monthly by the state for the children of civil servants. The benefits were increased in 2011 from CFAF 1,200 to CFAF 2,000 and have now been increased to CFAF 5,000 per child per month.
- The 50 percent increase in stipends.

During 2009-2010, the government also undertook the care of 22,106 orphans and other vulnerable children, reintegration of 300 street children, and school enrollment for 411 children.

531. Where handicapped persons are concerned, following the preparation of the national action plan for the decade of handicapped persons, the government undertook care for 1,600 handicapped persons during 2009 and 2010.

532. For indigenous people, the government enrolled more than 4,011 children during 2009 and 2010 and 4,864 benefited from other programs during the same period. The government also promulgated Law 5/2011 on protection and promotion of the rights of indigenous peoples (civil, political, social, cultural, and ownership rights).

533. Where women's issues are concerned, women occupy a central place in social organization and play a critical role in the balance of the family and in society. They constitute the cement that holds the family unit together. Women represent more than half of the population of Congo (51.4 percent according to the ECOM 2 survey). In rural areas, women play an active role in production (58.3 percent). Their activities in rural and urban areas contribute directly to food security. Women are particularly involved in social and family life (basic education, health, child assistance, etc.). This position, however, is not reflected in economic status or in the political status of women within Congolese society. Of course, major efforts have been made in basic education, where Congo has to all intents and purposes achieved parity, although discrepancies do remain: (i) in economic affairs: access to land and financial resources; and (ii) in political affairs: insufficient representation in

government, constitutional institutions, among elected officials, in decision-making circles in both the public and private sectors, etc.

534. Society and the Congolese government are increasingly aware of these gaps, which, if they remain, stand to limit Congo's capacity to promote inclusive development commensurate with its human potential and true shared prosperity. For this reason, the government decided to place further emphasis on women, children, and the family in its development program.

CONGO ADDRESSING THE CHALLENGE OF THE MILLENNIUM DEVELOPMENT GOALS

535. During the period 2008-2010, Congo registered sound average annual growth levels of 7.4 percent. This average level is truly important, in comparison with the data from other petroleum producing and exporting countries in the Sub-Saharan African subregion, not including Nigeria, in positively influencing developments in household living conditions in Congo and therefore in achieving the Millennium Development Goals (MDG).

536. **MDG 1: Eradicate extreme poverty and hunger.** According to the results of the ECOM 1 survey (2005) and the World Health Organization Statistical Report (CNSEE, 2010), the proportion of the poor population declined by six points (from 50.7 percent to 44.0 percent) between 2005 and 2009, equivalent to an average decline of 1.7 points per annum. At this rate, the goal of 35 percent by 2015 is achievable. Where food poverty is concerned, the data indicate that the proportion of children under five years of age suffering from hunger (insufficient weight) at the national level declined from 14.4 percent in 2005 to 10.64 percent in 2009, equivalent to an average progress rate of approximately one point per annum. At this rate, the goal of 7.8 percent is achievable. With intensified efforts and more efficient program implementation, the outlook for reaching the goals for extreme poverty and hunger is encouraging.

537. **MDG 2: Achieve universal primary education.** According to the ECOM 1 and 2 surveys, the net primary school enrollment rate increased from 86.8 percent in 2005 to 89.3 percent in 2011, equivalent to an average annual progress rate of 0.5 points. This rate is insufficient to reach the universal school enrollment goal (100 percent) by 2015. The adult literacy rate (for persons 15-24 years of age) has improved substantially from 80.4 percent in 2005 to 83 percent in 2011, equivalent to an average annual progress rate of 0.4 points. This rate is insufficient to reach the goal by 2015. The government is determined to intensify the efforts and efficacy of program implementation to restore Congo to the path to achieving the objective of universal school enrollment and eradicating illiteracy.

538. **MDG 3: Promote gender equality and empower women.** Trends in the indicators in respect of the adopted goals show that the situation of women has improved, particularly in primary education, where the ratio of girls to boys increased from 0.93 in 2005 to 0.97 in 2011, equivalent to an average annual gain of 0.04 points. At this rate, the goal of 1 is achievable by 2015. Where economic activity is concerned, there are no reliable statistics available describing the labor force participation rate (employees) for women in the non-agricultural sector. In terms of political representation for women, the presence of women in the government and republican institutions is still insufficient. Women now represent only 8.6 percent of parliament.

539. **MDG 4: Reduce child mortality.** The child mortality rate in the Republic of Congo increased from 117 deaths per 1,000 live births in 2005 to 118 deaths per 1,000 live births in 2009. This rate is to all intents and purposes constant, and at this rate, the target of 55 deaths per 1,000 live births by 2015 cannot be achieved. Similarly, the neo-natal mortality rate in the Republic of Congo increased from 75 deaths per 1,000 live births in 2005 to 76 deaths per 1,000 live births in 2009. This increase is sufficient indication that the goal of 33 deaths per 1,000 live births will not be reached by 2015. In this connection, the government intends to take action to improve accessibility of health services and the quality of health care for children.

540. **MDG 5: Improve maternal health.** Between 2005 and 2008, maternal mortality decreased from 781 deaths per 100,000 live births to 740 deaths per 100,000 live births, equivalent to an average reduction of 14 points per annum. At this rate, the target of 390 deaths per 100,000 live births will be difficult to achieve by 2015. In addition to the steps taken, particularly the provision of free Caesarian procedures, the government intends to intensify its activities to improve maternal mortality rates to reverse the trend. However, it is quite possible to reach levels close to the target of 100 percent by 2015 for this indicator. The mortality rate indicators contrast with those for births assisted by qualified personnel (86 percent in 2005 and 91.6 percent in 2009) characterized by a gain of 1.4 points per annum. At this rate, the goal of 100 percent is achievable.

541. **MDG 6. Combat HIV/AIDS, malaria, and other diseases.** The survey on seroprevalence and AIDS indicators in 2009 revealed that the prevalence of HIV/AIDS is 3.2 percent at the national level, as against 4.2 percent in 2003, equivalent to an average decline of 0.17 points per annum. At this rate, the established goal of 2 percent by 2015 is not achievable. We also note that women (4.1 percent) are more vulnerable to HIV/AIDS than men (2.1 percent) in the 15-49 year age bracket. The incidence is also higher in urban areas than in rural areas, respectively with 3.3 percent as against 2.8 percent. Higher prevalence rates have been detected in the second poorest quintile (3.7 percent) and in the fifth richest quintile (3.5 percent). While substantial efforts have been made concerning HIV/AIDS, achievement of the MDGs by 2015 will be adversely affected by the lack of indicators describing coverage of persons living with HIV and malaria.

542. **MDG 7: Ensure environmental sustainability.** The government is implementing an active policy for the environment. Areas protected to conserve the environment represent more than one tenth of the national area (11 percent in 2010). The target of 70 percent of forest areas by 2015 is potentially achievable in light of the percentage of forest areas, i.e., 65 percent in 2008, as against 65.1 percent in 1990 and 64.6 percent in 2002. The proportion of the population using an improved source of drinking water is rising daily. However, there is still much scope for further efforts as the proportion of the population having access to drinking water, although clearly on the rise, harbors local disparities indicating a bias against rural areas. Negative trends have been observed in the proportion of the population using improved sanitary facilities.

543. **MDG 8: Develop a global partnership for development.** The plan to achieve the MDGs shows that tremendous financial resources are required to reach the MDGs. Domestic financing will be insufficient, and support in the form of external aid will be required.

Substantially more budget appropriations will be required for the social sectors. The partnership to be implemented aims to:

- control and reduce the unemployment rate among young persons, particularly in urban centers,
- align revenue with the cost of living
- to provide the least favored sectors with the essential medicines they require
- to reduce inequalities between men and women by promoting strategies for economic empowerment of women,
- to expand the use of information and communication technologies, and to improve living conditions.

CHAPTER 5: BASIC INFRASTRUCTURES

544. Access to high-quality infrastructure services is more than an indicator of economic development and well-being—it is also a key factor in economic modernization. It is both a goal in itself and a means to achieve shared prosperity and growth.

545. In fact, road, energy, water, and telecommunication infrastructures, and road access in general are key factors that support an improved quality of life. Such services are also essential inputs in production, i.e., cost components of transactions, production, and distribution that determine the competitiveness of the economic area. They also enable transactors to interconnect with domestic, regional, and international markets, and pockets of poverty to be opened up to the outside world. Accordingly, these are important factors in helping to bring about shared growth and poverty reduction.

TRANSPORTATION INFRASTRUCTURES AND PUBLIC WORKS

546. Economic transformation to promote industries or services requires even further infrastructure services, as competitiveness in industry is even more sensitive to transaction costs than in the primary sector, and therefore to the quality and cost of infrastructure services. For this reason, the government has made the strengthening of infrastructures one of the pillars of its priority investment program.

ROADS AND ROAD TRANSPORTATION

547. The Congolese road system comprises 20,925 kilometers of roads, most of which are in substantially poor repair, while less than 10 percent (1,976 kilometers) are asphalted, including urban roadways. Since the 2000s, the Congolese government has stepped up its programs to asphalt the roads and to rehabilitate the road system. These efforts have been intensified during the past three years, with encouraging results. Many asphaltting programs are also now in progress (approximately 1,500 km).

548. Despite the efforts that have been made, substantial challenges remain to be met in the modernization of the overall road system, owing to the: (i) scope of deterioration; (ii) shortage of road maintenance; (iii) absence of structured road transportation companies; (iv) inadequacy of technical vehicle inspection organizations; and (v) insufficiency of road administration capacities.

549. **Roads.** To recover its delay in the development of its road system, the government has intensified its programs to asphalt roads and to rehabilitate the system, since the 2000s. The development and asphaltting program for the road system has already made it possible to (i) asphalt more than 100 kilometers, including road sections between Bouansa and Mouyondzi and Inoni Plateau-Imboulou Dam; (ii) to build more than 150 linear meters of bridges (bridge over the Vouma River at Abeya on National Route 2 (Obouya-Owando); bridge over the Loémé River on the Pointe-Noire-Nzassi route; and (iii) development of roadways for several cities: Brazzaville, Makoua, Ewo, Owando, and Ouesso. The rehabilitation program involves asphalted and unpaved roads covering more than 1,000 kilometers, nearly 400 of which have

been completed on the routes of Owando-Manga; Botanga-Niangué-Malala; Mapati-Zanaga; Dolisie-Londéla-Kayes; and Dongou-Boucy-Boucy.

550. Many projects are still in progress. In the asphaltting program, nearly 1,500 kilometers are under construction on the following major routes: Obouya-Boundji-Okoyo-Border with Gabon; Owando-Makoua-Ouessou-Border with Cameroun; Pointe-Noire-Brazzaville; Makoua-Etoumbi; Sibiti-Mapati-Ibé (Zanaga); Boundji-Ewo; Oyo-Tchikapika-Tongo; and Bouansa-Mouyondzi. The same is true for the rehabilitation program in which the works are continuing primarily on the following sections: Ewo-Okoyo; Ewo-Palabaka; Etoumbi-Mbomo; Etoumbi-Kellé; Owando-Ngoko-Kenvouomo; Talas-Mbomo; Poueret-Mbomo-Katsoko-Isseyi-Okona; Issabi-Aboundji-Engwala; and Ingoumina-Kebarra.

551. Ultrasonic testing operations have been launched on the bridge over the Kouilou River with a view to its rehabilitation, along with feasibility studies for the construction of the road-rail bridge over the Congo River between Brazzaville and Kinshasa. Last, work in progress under the road system development program focuses on the cities of Brazzaville, Pointe-Noire, Dolisie, Impfondo, Mossendjo, Nkayi, Owando, Oyo, and Ouessou.

552. While the foregoing progress is important in many ways, the government should intensify its efforts to make up for Congo's delays by strengthening the country's transportation infrastructures, and roads in particular, to reflect the country's modernization and industrialization requirements. For roads, this effort entails (i) continuing and completing the projects in progress, while bearing in mind that maintaining and protecting the country's existing road facilities is of paramount importance.

553. In addition to the investments made in developing the road system, a number of road transportation facilitation infrastructures have been established, specifically signing and rehabilitation works to upgrade the bus stations.

554. By contrast, despite these efforts, much remains to be done in the area of road transportation regulation. Specifically, substantial upgrading efforts are required to keep Congo abreast of the new challenges involving climate change, road safety, and enhanced security for road transportation documentation in connection with the subregional integration process.

OTHER MEANS OF TRANSPORTATION: RAIL, AIR, RIVER, AND MARITIME

Rail transportation

555. The government has made a substantial effort to strengthen the rail transportation infrastructures. Specifically, the rehabilitation and equipment program for the Congolese railway company, Chemin de Fer Congo Océan (CFCO), launched in 2007, continues to produce tangible results. However, irregular traffic patterns and network service levels make it impossible to ensure optimal operating conditions. The reasons for these failures are related to the following, inter alia: (i) ageing equipment and staff of the CFCO; and (ii) insufficient transportation and hauling equipment.

556. Substantial effort have been made in the area of infrastructures. The CFCO rehabilitation and equipment program launched in 2007 has already produced visible results:

the rehabilitation of seven CC500 locomotives; rehabilitation of six BB700 locomotives; the purchase of four new locomotives; treatment of 27 specific points on the overall rail system, and construction of a bypass to avoid flood zones in the Kiéné area. However, the level of service on the network still does not provide passenger transportation under optimal safety or comfort. The average speed of passenger trains is now estimated at 34 kilometers per hour as a result of the constant risk of derailments. Making the railroad system safe for passengers will continue to be an important challenge for the government in the forthcoming years.

Air transportation

557. Congo has made a significant step forward in modernizing the Brazzaville and Pointe-Noire international airports as a result of substantial rehabilitation and expansion investments. Through this support, the country's two main cities have been equipped with airport infrastructures, making them into regional hubs. The strengthening of airport infrastructures has also been accompanied with major operational changes with the issue of concessions for the Brazzaville, Pointe-Noire, and Ollombo airports. The challenge will now be to maintain these new facilities (infrastructures and equipment) and to optimize their profitability, so that they can serve as true transit platforms for all countries in the subregion.

558. Despite this progress, there are still major challenges to be met to optimize the installed capacities. Although the attendance rate for these airports is still low during this initial period, in light of maintenance costs, the development dynamics that will be launched with the creation of Special Economic Zones, industrial areas, and tourism in the vicinity should offset the initial costs of construction and maintenance.

River transportation

559. The government has made efforts to enhance navigability of the Congolese waterways. However, these efforts have not been followed up with traffic organization efforts, particularly at the Brazzaville port, where passenger arrival formalities are still lengthy (45 minutes, as opposed to the average of 10 minutes according to international standards). Moreover, navigability problems in certain Congo River tributaries have meant that timber transport has been detoured from northern Congo to Douala, Cameroon. Despite the marking (1,050 kilometers in 2009 and 1,200 kilometers in 2010) and dredging works (210,000 cubic meters in 2009 and 233,000 cubic meters in 2010), insufficient investments to purchase handling equipment and develop docks and warehouses, and insufficient traffic organization are the main constraints in the subsector.

560. The government, however, will intensify its efforts to maintain the riverways and to rehabilitate the river ports. Development of river transportation will also facilitate the flow of wood felled in Northern Congo and will help improve the flow of inland fishing products. In addition to strengthened infrastructures, the government intends to focus more on facilitating trade traffic flows transported by river.

Maritime transportation

561. The Pointe-Noire deepwater port has undergone substantial capacity expansion under the Pointe-Noire Port Authority (PAPN) rehabilitation program. Under this program, three storage warehouses have already been renovated. The major renovation works in progress

(access, networks, etc.) will further strengthen this port's functionality and competitiveness and make it into a regional hub.

562. In the sections below, this performance will be examined for each subsector. Special attention will be given to issues of access for the public and service operators. The implications on transaction costs and the competitiveness of the economic area will also be analyzed. Last, the analysis will examine how Congo has used regional cooperation in this area to benefit from the substantial regional opportunities offered by its position as a corridor and border between west/central and east Africa. Infrastructure development strategies are reviewed in Chapter 11, Section Three of this paper.

TABLE 16. COMPARATIVE INDICATORS FOR SELECTED COUNTRIES – INFRASTRUCTURE (2009)

Indicator	Unit	Botswana	Cameroon	Congo	Malaysia	Morocco	Tunisia
I. Transportation and public works							
	Km/100 square km						
1. Road surface density		ND	11.1	6.14	ND	13	12
2. Proportion of asphalt roads	Percent	ND	10	9.4	ND	67.8	75.2
3. Volume of goods transported by rail	Thousands of tons	759	1,001	593	831	1,948	1,041
4. Number of passengers transported by rail	Thousands of persons	106	386	592	917	1,986	750
5. Number of passengers transported by plane	Thousands of persons	234	466	140	23,766	4,931	2,279
II. Energy, water, and sanitation							
6. Rate of access to electricity in urban areas	Percent	ND	90.4	45	ND	ND	ND
7. Rate of access to electricity in rural areas	Percent	ND	23.1	5.6	ND	ND	ND
8. Electricity produced	GWh	631	5,551	461	97,392	20,824	15,311
9. Rate of energy loss during transportation and distribution	Percent	52	9.7	76.8	2.7	11	12.4
10. Rate of access to drinking water in urban areas	Percent	ND	86.8	40	ND	ND	ND
III. Housing and urban development							
11. Urbanization rate	Percent	60.34	57.58	61.72	71.28	56.36	66.9
IV. Telecommunications and information and communication technologies							
12. Number of telephone lines per population of 100	Unit	7.28	1.69	0.62	15.43	11.12	12.25
13. Proportion of households having a mobile telephone	Percent	94.6	38.6	55.1	108.7	80	93.4
14. Number of fixed Internet subscribers	Unit	15,000	900	1,500	1,671,800	475,767	372,818
15. Number of fixed Internet subscribers per population of 100	Percent	75.70	0.47	3.81	598.15	150.39	357.12
16. Proportion of the population using the Internet	Percent	6.1	3.9	6.2	56.6	32.6	33.5
17. Number of Internet servers per population of one million	Unit	3.53	0.52	0.51	33.02	1.96	12.45

Source: STP/DSCERP, World Bank Data, World Development Indicators, 2010.

ENERGY, WATER, AND SANITATION

563. During 2010, the government adopted a strategy and policy paper for the electricity, drinking water, and sanitation sectors. This paper was broken down into two specific programs for each subsector: The National Electricity Program (PNEE) for the electricity subsector and the National Sanitation Program (PNEA) for the water and sanitation subsector.

ENERGY

564. Congo has substantial hydroelectric potential (approximately 14,000 MW as surveyed). This potential, however, is still insufficiently exploited (just under 194 MW) and the country registers a shortage of electricity service. In recent years, the government has devoted substantial resources to absorb the energy production deficit by implementing a number of programs to build capacities for production, transportation, and distribution of electricity. These activities include construction of the gas-fired plants at Ndjeno (50 MW) and Côte Matève (300 MW), rehabilitation of transportation lines and related substations, rehabilitation of the electricity distribution networks for Brazzaville and Pointe-Noire, and of the Imboulou hydroelectric plant (120 MW), and using this plant as a base to intensify rural electrification. Commissioning of the Imboulou plant strengthened Brazzaville's energy capacities and made it possible to connect Ngo, Djambala, Gamboma, Ollombo, Oyo, Boundji, and Owando to the national electricity network.

Accelerated municipalization works have also enabled certain departments (Likouala, Cuvette, and Cuvette Ouest) to establish electricity production and distribution facilities. Despite the efforts that have been made, the subsector still faces the following major challenges:

- To continue the rehabilitation of the Brazzaville and Pointe-Noire distribution systems;
- To continue construction of the energy boulevard intended to connect the northern and southern Congo and neighboring countries;
- To connect all cities located near the boulevard to the national system;
- To build new dams (Sounda, Kouembali, Chollet, Liouesso, etc.) to meet potentially increasing demand;
- To improve the electricity coverage rate in rural areas with appropriate energy (solar, wind, and pico- et micro-hydroelectric plants);
- To optimize management of services in the subsector through management and commercial decisions appropriate for the context.

WATER

565. Despite the country's abundant water resources, the population still registers serious difficulties in accessing drinking water. These access problems are the result of substantial shortages in the physical and institutional capacities of the sector, including (i) equipment that is obsolete and in poor repair (ii) insufficient rural water points; (iii) insufficient water quality control mechanisms; and (iv) insufficient governance in the sector.

566. Most of the population obtains its supplies from artisanal wells (3.3 percent), rainwater (2.3 percent), and undeveloped springs and waterways (17.1 percent). In recent years, substantial public investments have been made in water production and storage in urban areas. However, the national water company (SNDE) network is limited in scope and obsolete, and registers substantial technical losses (30.0 percent). Rehabilitation and expansion of the network represent major challenges to improve the access rate to drinking water in urban areas. By contrast, in rural areas, efforts are under consideration to equip the

municipalities with drinking water supply systems and villages with developed sources, boreholes, and wells.

567. The government intends to earmark substantial budget revenue for investments to increase the number of persons having access to drinking water. For the past three years, the budgets have respectively amounted to CFAF 27,144 billion in 2009; CFAF 25,430 billion in 2010, and CFAF 31,034 billion in 2011. As a result of these resources, a number of projects, including the following, have been carried out: (i) in Brazzaville: rehabilitation of the Djoué water treatment plant; purchase and installation of compact drinking water production units; drinking water connections for outlying areas of Brazzaville; rehabilitation and expansion of the drinking water distribution network; (ii) in Pointe-Noire: purchase and installation of compact drinking water production units; construction of a new drinking water supply system (SAEP); rehabilitation and expansion of the drinking water distribution network; (iii) in the secondary cities and departments: rehabilitation of water production and storage infrastructures in the department seats; construction of SAEPs; (iv) in rural areas: construction of boreholes in several village localities.

568. Further, accelerated municipalization works have enabled certain departments (Kouilou, Niari, Likouala, Cuvette, and Cuvette Ouest) to establish water production and distribution facilities. Reforms undertaken at the institutional level have led to the establishment of the Water Sector Regulatory Agency (ORSE) and the National Rural Hydraulics Agency (ANHYP).

However, insufficient quality control for the water provided to the public persists owing to a shortage of adequate organizational, technological, and infrastructure resources. It is therefore still a major challenge to improve governance in the subsector.

HYGIENE AND SANITATION

569. In urban areas, ECOM 2 revealed that the coverage rate with adequate individual sanitation facilities (flush toilets and improved ventilated latrines) is still insufficient. Accordingly, implementation of improved waste collection and treatment infrastructures is still a major challenge in improving public living conditions.

570. Congo's leading cities do not have updated master plans to reflect the challenges in the subsector, including waste collection and treatment systems, controlled public waste disposal systems, a system of drains and sewers, purification stations, etc. Owing to deterioration in health and sanitation conditions, the competent local authorities must take steps specifically to manage household waste. Household waste disposal in fact is a substantial problem for households and the local public authorities. There is a shortage of appropriate solid and liquid waste treatment facilities. The percentage of public sanitation tanks has declined from 6.1 percent to 1.9 percent. Similarly, the percentage of households discharging waste in public or nature areas has increased six points (from 53.7 percent of households in 2005 to 60.0 percent in 2011). Usage of sanitary facilities therefore remains insufficient. Although the number of flush toilets and improved toilets has increased, many households still do not use convenience facilities (7.8 percent in 2005 as compared with 9.0 percent in 2011); while only one out of two households (52.4 percent) has adequate sanitary facilities, with a predominance of covered latrines (43.8 percent).

571. Only 10.6 percent of households use an appropriate wastewater removal system (sewer and drainage systems). A substantial percentage of households dispose of wastewater in natural areas, courtyards, or in the street (54.4 percent in 2005 as against 83.2 percent in 2011). This is indicative of the problems affecting public health and sanitation in urban agglomerations, which call for an urgent effort to rehabilitate the public hygiene and sanitation systems.

As a result, the rehabilitation, construction, or implementation of sustainable infrastructures for wastewater removal and improved collection and treatment of liquid, solid, and gaseous wastes are major challenges to improve public living conditions.

HOUSING AND URBAN DEVELOPMENT

572. In Congo, housing is comprised predominantly of single-family homes. The surveys indicate that 57.7 percent of all households own and live in single-family homes. This situation has changed little since 2005, when two thirds of households (64.4 percent) owned single-family houses. Such a substantial home ownership rate would imply a significant improvement in living conditions. Unfortunately, this indicator is subject to ambiguous interpretations. For example, although the average standard of living in rural areas is clearly lower than in urban areas, we observe that most rural households live in single-family homes (83.4 percent) while in the cities there is a greater tendency (49.2%) towards houses comprising several apartments. This situation is attributable to the relatively high cost of land and construction in the cities. In general, in both urban and rural areas, many properties can be considered slums owing to their informal construction, as opposed to villas which reflect a privileged standard of living.

HOUSING

573. Under the program for urban renewal and densification of the old neighborhoods in the major cities, a number of property projects have been launched, both by the government and the private sector. Such programs primarily involve (i) in Brazzaville: Jardins de Baongo, Cité du Clairon, le Camp 15 août, Mpila, and Kintélé; (ii) in Pointe-Noire: Songolo Close; (iii) in Oyo: Alima Close; and (iv) in Kindamba. These projects have made it possible to produce just under 400 dwellings in 2009 and 2010. The supply of housing however, is still largely below expressed demand. The government's challenge for the next few years is to ensure that the program now under way to build low-cost housing continues and is accelerated.

The Banque Congolaise de l'Habitat was established to accompany property developers and households in purchasing homes, although the results still fall far short of the requirements expressed by the public. The government's challenge for the next few years will be to accelerate implementation of the program to build low-cost housing and to provide adequate mechanisms to finance home purchases, primarily targeting low-income sectors.

URBAN DEVELOPMENT

574. In 2009, the government undertook a vast property reform, one major component of which is to contribute to the servicing of urban areas by establishing subdivisions before any construction begins, and the reorganization of spontaneous neighborhoods. The accelerated municipalization program implemented a number of years ago is also helping to improve urban

living conditions. Obstacles, however, persist as a result of property problems and insufficient technical and institutional tools for urban management.

575. Moreover, some Congolese cities lack an updated master plan for urban development (Brazzaville, Pointe-Noire, Dolisie, Nkayi, Ouessou, and Mossendjo); while others have none at all, which is true for most recently-created urban communities.

POST, TELECOMMUNICATIONS, AND INFORMATION AND COMMUNICATION TECHNOLOGIES

576. To resume their traditional activities, the Congolese postal and savings company, Société des Postes et de l'Épargne du Congo—SOPECO undertook a rehabilitation and modernization of post offices. In the area of post and telecommunications, the government has provided the subsector with a regulatory agency (ARPCE). It has made investments in heavy infrastructures just as the mobile telephone operators. These efforts have led to increased capacities, with a national coverage rate of 90 percent (100 percent in urban areas and 72 percent in rural areas). Subscriptions have increased dramatically and communication charges are now among the lowest in Sub-Saharan Africa. In contrast to mobile telephony, access to information and communication technologies is still limited to a small proportion of the population owing to the excessive cost of the relevant supplies and services.

POSTAL SERVICE

577. To resume their traditional postal activities that were interrupted as a result of the sociopolitical crisis, the state undertook an effort to rehabilitate and modernize the post offices. Today, more than 45 post offices have reopened, and the two postal checking centers (in Brazzaville and Pointe Noire) were partially rehabilitated and computerized. It is still a major challenge to pursue this program to modernize the postal service in Congo.

TELECOMMUNICATIONS AND INFORMATION AND COMMUNICATION TECHNOLOGIES

578. In connection with the national coverage program, the government has made substantial investments in heavy infrastructures, along with the mobile telephone operators. The number of allocated fixed lines increased from 6,200 in 1997 to 15,000 in 2010, equivalent to an average annual rate of nearly 11 percent. This figure, however, is a far cry from achieving the pre-war level of 23,000 fixed lines. Mobile telephone subscriptions have also increased dramatically as a result of the competition now existing between four companies present in this market segment. As a result, mobile telephone communication costs in Congo are among the lowest in Sub-Saharan Africa. It will be an ongoing challenge to maintain this competitive advantage over other countries in the subregion, to be more attractive to new investors who register substantial requirements for communication equipment.

579. Unlike telephony, access to information and communication technologies is still limited to a small proportion of the population owing to the excessive cost of the relevant supplies and services. However, all other indicators describing the sector are on the rise: for example, during 2009 and 2010, the number of households having a computer was estimated to have increased to 43 percent; the number of Internet users per population of 100 increased

to 40 percent, and the number of jobs created in the information and communication technology sector increased to 43 percent.

580. The audiovisual sector has experienced enormous problems reflected by insufficient levels of national coverage. This business sector is characterized by: (i) obsolete production and distribution equipment; (ii) insufficiently qualified technical staff; and (iii) no statistical database. The sector still has few operators and insufficient press enterprises.

TABLE 17. STATUS OF INFRASTRUCTURES IN CONGO: 2010

<i>Indicators</i>	<i>Unit</i>	<i>Status in 2010</i>
<i>Transportation and public works</i>		
Road surface density	kilometers/square kilometers	0.06
Proportion of asphalt roads	Percent	9.4
Proportion of road system in good condition	Percent	32
Average passenger train speed	Kilometer/hour	34
Volume of goods transported by train	Thousands of tons	770.70
Number of international airports	Units	3
Proportion of riverways marked	Percent	16.5
PAPN ship usage rate	Percent	35
<i>2. Energy, water, and sanitation</i>		
Rate of access to electricity in urban areas	Percent	45.0
Rate of access to electricity in rural areas	Percent	5.6
Installed electricity	MW	171
Rate of access to drinking water in urban areas	Percent	40.0
Rate of access to sanitary facilities	Percent	14.0
<i>3. Housing and urban development</i>		
Stock of low-cost housing	Units	2,107
Urbanization rate	Percent	61.7
<i>4. Telecommunications and information and communication technologies</i>		
Fixed telephone penetration rate	%	0.125
Mobile telephone penetration rate	%	60.00
Internet coverage rate	%	2.07
Number of public communication portals	Unit	12

Source : STP/DSCERP, World Bank Data, World Development Indicators, 2010).

581. These data clearly show that, despite Congo's considerable advantages, to become an emerging country, Congo still has a substantial infrastructure gap to fill, which is preventing it from reaching the same level as other currently emerging countries (Malaysia, Morocco, and Tunisia). The gap is more pronounced in the transportation and energy sectors, in which Congo cannot sustain any comparison with non-emerging countries such as Botswana or Cameroon. As more than three fourths of the electricity produced is lost (as against less than 10 percent in Cameroon) it is clear that by simply increasing efficiency in electricity transportation and distribution, the country could cover most of its current energy deficit without any additional production efforts. A massive, sustained investment effort in transportation infrastructures is therefore required in order to supply electricity, which will directly and immediately impact enterprise production and competitiveness as well as

performance in the education and health sectors, and therefore the country's economic and social development.

PART TWO:

**WHERE DOES CONGO WANT TO BE IN 2016 AND WHAT CAN BE DONE TO THAT
END?**

CHAPTER 6. LONG-TERM VISION AND MEDIUM-TERM STRATEGIES

582. To accelerate the country's economic, social, cultural, and political transformation process, the President of the Republic has defined a medium and long-term vision to set the stage for emergence. **This vision prepared by the president** is based on his plan for society known as the Future Path. *This is an ambitious modernization and industrialization program for Congo.* This chapter presents this vision and its major programs. It explains how the economic growth and poverty reduction strategy paper (DSCERP) and its components are designed and organized for the implementation of this vision in the context of strategic planning for the next five years.

MEDIUM AND LONG-TERM VISION OF CONGO IN CONNECTION WITH THE FUTURE PATH

MAJOR OBJECTIVES OF THE FUTURE PATH

583. After having achieved peace in Congo, laid the groundwork for a state under the rule of law and the foundations for a dynamic economy, the government has set new goals for the President's seven-year term: accelerated modernization and industrialization of Congo. This ambition is part of the vision of the country's emergence at the horizon 2025. Emergence must be reflected by integrated, wealth-generating sustainable economic and social development in sum, by a robust and competitive economy built by the Congolese for the Congolese.

584. To that end, Congo must gradually reduce its petroleum dependence while benefiting prudently from petroleum resources to accelerate the diversification of its productive base. With this approach, the industrial sector in general, and the manufacturing sector in particular, should play a predominant role in Congo's GDP and export formation. The emergence process should enable quality improvements and further integration into the world economy with high value added products. In this will it will help generate a sustained increase in per-capita income and eradicate extreme poverty.

The Future Path

The strategic plan for the Congo in its emergence process aims to industrialize the Congolese economy and modernize society to promote shared ownership. This vision is broken down into three “Megaprograms:” Growth, Competitiveness, and Empowerment/Inclusion.

[Tr.: Please see page 157 of the source text for graphics.]

Industrialize	Emerging Congo Agriculture and Forestry	Shared Prosperity GROWTH Petroleum, Gas, and Mining	Construction and Tourism	Industrialization will be based on the key clusters of the sector
Capacity-building and Inclusion	Human Resources Education	Competitiveness Infrastructures Health	Business Environment Social Affairs	Access to markets and support for the private sector Vulnerable Groups
Congo – National Development Plan – 2012-2016 Pillars	No.	Strategic Objectives		
1. Modernize the country	1.	Promote values favorable to development		
	2.	Modernize national education		
	3.	Modernize general government		
	4.	Modernize justice		
	5.	Modernize the armed forces and police		
	6.	Modernize national political affairs		
	7.	Modernize other fundamental issues in society		
	8.	Modernize public economic governance		
	9.	Modernize basic infrastructures		
	10.	Modernize the diplomatic system and promote diplomacy in support of development		
Pillars	No.	Strategic Objectives		
2. Industrialize the country	11.	Help consolidate, diversify, and increase capacities of existing industries		
	12.	Industrialize the country through agriculture		
	13.	Industrialize the country through local processing of natural resources		
	14.	Industrialize the country through local processing of manufactured goods		
	15.	Industrialize the country through organization of the supply of local tourism		
	16.	Industrialize the country through services		
	17.	Create industrial economic areas specializing in exports		
	18.	Create conditions for the emergence of heavy industry		

Source: STP/DSCERP in “Future Path.”

FRAMEWORK PROGRAMS UNDER THE FUTURE PATH

Modernize the country

585. Modernizing the country is tantamount to promoting values conducive to development, to loosening the vice of crippling societal, structural, institutional, social, economic, and physical constraints—contingencies that block access to development.

586. **The vision of the Future Path is broken down into *framework programs* for the modernization of the country.** This program includes a set of key actions targeting key sectors of Congolese economy and society. As indicated in the foregoing box, modernization involves the major areas of governance, and in particular:

- ***Public administration***, through the computerization of tasks and strengthening of human resources, and the strengthening of governance and transparency in public affairs management;
- ***National education***, through improvement of facilities and the quality of education services, as well as through increased capacities of the education structures, including institutions devoted to applied research and promotion of technological expertise;
- ***Justice and the armed forces and police***, so that they are better equipped with material and human resources: development of a democratic and republican culture to guarantee individual and collective liberties and to protect the public's rights, including ownership;
- ***National political affairs***, through continued implementation of activities to consolidate peace, adoption of democratic processes, effective enforcement of the law governing the political parties, organization of the opposition, and more peaceful relations between the latter and the majority;
- ***Social fundamentals***, through the formulation and implementation of policies on employment, consolidation of the supply of health care, and restructuring of the social security system;
- ***Economic governance***, through improved infrastructures, a better business framework for existing enterprises, creation for incentives for the establishment of new enterprises, and creation of public enterprises for clearly targeted activities incumbent on the state.

Industrialize the country

587. Industrializing the country is tantamount to organizing national production of goods and services on a large scale, with an integrated approach for the processing of primary products to increase national value added. This approach entails creating new production and marketing activities to ensure robust, diversified growth.

588. Just as in the case of modernization, the Future Path comprises an industrialization framework program based on the following:

- Consolidation, diversification, and increased capacities of existing industries through a strategy to build capacities and competitiveness;
- Industrialization of agriculture through the reorganization and advanced integration of agricultural and agro-industrial subsectors. This effort involves establishing and developing

synergies between agriculture, processing industries, and applied research;

- Local processing of natural resources, including reorganization of the petroleum, mining, and forestry sectors;
- Emergence of a manufacturing industry through the exploitation of the country's potential to meet the increasing requirements of the regional and international markets;
- Promotion of service industries, and specifically the tourism industry and transit services, in light of the country's advantages in these areas, so that they can contribute more effectively to national revenue; as well as the development of sources of foreign exchange in non-mining industries to build export capacities and support investment and development;
- Establishment of industrial economic areas specializing in exports and in growth sectors.

589. Industrialization programs in turn will be reflected in operational subprograms under a Congo Industrialization Policy Letter (LPIC), which defines substrategies of industrialization policy, provides the main guidelines for national industrial redeployment, and describes the framework for implementing this policy.

THE ECONOMIC GROWTH AND POVERTY REDUCTION STRATEGY PAPER (DSCERP) AS AN INTEGRATED FRAMEWORK FOR IMPLEMENTATION OF THE FUTURE PATH

590. The aim is to reflect the various dimensions of the foregoing vision and megaprograms in an overall set of strategic objectives for the medium term (2012-2016), and in programs based on key projects and activities to be carried out during this period.

STRATEGIC PILLARS AND OBJECTIVES OF THE ECONOMIC GROWTH AND POVERTY REDUCTION STRATEGY PAPER

Objectives of the DSCERP

591. The main objective of the DSCERP is to increase and support growth, in order to create jobs and reduce monetary poverty with a view to reaching the Millennium Development Goals and fulfilling the expectations of the Congolese people. Increasing and supporting growth clearly requires diversification and enhanced transformation of the Congolese economy. The target sectors include hydrocarbons; mining; the agroindustrial sector; and the construction and services sectors, including exported services, and particularly tourism. Experience has shown that, for emerging countries or those that have been successful in eradicating extreme poverty, in Congo's current situation, the country will require a sustained average overall growth rate of 7 to 8 percent during the period 2012-2016 (the figure for the non-petroleum sector is approximately 9-10 percent) to meet the challenge of the MDGs and that of poverty reduction

592. **The second set of objectives involves the "sharing of prosperity." The aim is to develop the social sector to improve living conditions for households, and to more effectively empower them, or prepare them to participate in production and consumption activities.** Combined with income growth, the strengthening of essential services is an important factor in public well-being. The secondary objectives include enhanced performance in education, and specifically universal primary and secondary education; health, including mother and child health; eradication of HIV/AIDS; and strengthening of social security.

593. **Achievement of the MDGs by 2015 is an important benchmark for sustainable human development in Congo.** These objectives have already been incorporated into the sectoral targets of the DSCERP, and specifically (i) reduction of hunger and extreme poverty (growth overall and in food production); (ii) universal primary education, reduction of infant and child mortality and of the **incidence** of HIV/AIDS (human resources and social development).

594. **Finally, a series of strategic objectives relating to all aspects of governance** entails: (i) strengthening the democratic process, consolidating peace and preventing conflicts; (ii) strengthening justice to protect and foster liberties, rights for the public and for transactors, and to fight corruption and impunity; (iii) developing a modern public security and defense force that respects individuals and republican and democratic values, and that protects the public's liberties and property; (iv) improving management of public administration and the economy to enhance efficiency in public interventions.

Strategic pillars

595. These strategic objectives or pillars will in turn be addressed according to the breakdown of programs and subprograms that will serve as a basis for action plans for the ministries, institutions, and other stakeholders for the period 2012-2016. As explained in Chapter 1, the major strategic areas (pillars) include the following:

- *Governance: political, administrative, judiciary, security, and national defense, as well as economic and financial;*
- *Economic diversification and growth;*
- *Development of economic and social infrastructures;*
- *Social development and inclusion;*
- *Balanced, sustainable development.*

These programs are described in Chapters 7-15. They are also discussed in connection with the macroeconomic framework and budget allocations under the medium-term expenditure framework in Chapter 15.

CHAPTER 7. STRENGTHEN GOVERNANCE

596. Governance from all of its standpoints—political, administrative, judiciary, economic and financial, security and national defense—constitutes the foundation for economic and social development. Accordingly, good governance requires transparent, responsible management of resources, and the establishment of clear decision-making procedures for the public authorities and local governments. It also aims to develop transparent political, administrative, and republican institutions and the effective exercise of power to strengthen democracy and to instill in the mind of each citizen the values of merit, diligence, and competition, as well as respect for rules and laws, the dignity of each individual, and solidarity with others.

597. From the judiciary standpoint, good governance aims to strengthen the rule of law and justice in management of society and the economy, and the prevention and fight against corruption and official lawlessness.

598. From the security and national defense standpoint, good governance aims to strengthen the republican approach of the defense and security forces. In fact, the new domestic and external sociopolitical context requires constant, diligent, and effective adaptation of the defense and security forces to new forms of crime and delinquency, upgraded professional standing, and ownership of responsibilities in connection with development.

599. Last, from the economic and financial standpoints of good governance, the aim is to strengthen management of government, the economy, and financial affairs, and to empower transactors to facilitate their full participation in economic and social development and to enjoy the benefits of growth.

POLITICAL GOVERNANCE—PROMOTE AN INCLUSIVE DEMOCRACY

600. The participatory democracy deficit has worsened the country's issues of identity slippage and deepened the social gap. As Congo is a country in democratic transition, the effort will consist in reconciling the universal values of democracy with those of African solidarity. The government would like to engage in concerted public affairs management so that **those who benefit do not gain all of the benefits, and so that those who lose do not lose everything.**

601. With the understanding that inclusive, participatory democracy constitutes the foundation of satisfactory public governance, the government is committed to building a state under the rule of law, to protect the general interests, based on the following foundations: (i) participatory democracy, (ii) social cohesion, (iii) decentralization, (iv) regional and international cooperation, and (v) prevention of conflicts to promote the consolidation of peace.

STRENGTHEN PARTICIPATORY DEMOCRACY

602. The following objectives have been adopted to strengthen participatory democracy: (i) strengthen the constitutional institutions so that they fully assume their intended functions

in the political system; (ii) consolidate the electoral system to further guarantee the integrity of results and the rules of equity and transparency; (iii) develop public participation by strengthening civil society organizations and the media; and (iv) improve Congo's international image and standing in the area of democracy and good governance.

Strengthen the constitutional institutions

603. These objectives entail strengthening: (i) the political parties, the status of the opposition, and the quality of political competition; (ii) the parliamentary institutions, their representativeness, and their accountability to the people they represent.

604. **Enhance democracy and strengthen the political parties.** The government intends to pursue the financing efforts in progress to ensure the parties greater territorial access and promote their seasonal activities in the political area. For the political parties to fully execute their citizens' function and contribute effectively to civic education, it is in fact important for them to form sustainable social organizations that provide appropriate solutions to the major challenges facing the national community, particularly the challenge of credible changeovers.

605. Government support for the political parties will more effectively reflect the mechanisms for approval and a performance-based subsidization system in the areas of political and citizens' education. Such support will also require better representation for young people and women in the leadership authorities, as well as transparent trust management that requires financial reporting. The government also intends to strengthen the status of the parliamentary opposition.

606. **Strengthen the parliamentary institutions.** The government also intends to engage in strengthening the independence and autonomy of the parliamentary institutions. It will address capacity building for members of parliament so that they discharge the new responsibilities incumbent on them in assessing public policies, as well as budget supervision and oversight.

Consolidate the electoral system

607. The government will consolidate the electoral system by focusing on legislation reform with actions to build the credibility of the national electoral system. It is important to strengthen this process and the capacities of the players and institutions to promote a modern, competitive, and vibrant democracy in support of economic development and social peace.

608. This also means strengthening the financial autonomy of the political institutions with the appropriate budget mechanisms. In this connection, the reforms will extend to budget streamlining and electoral consultations with the aim of controlling costs while substantially improving the integrity, impartiality, and independence of the agency responsible for organizing the elections. Against this backdrop, special emphasis will be placed on updating the electoral roll and statistics. Similarly, the capacities of the Constitutional Court will be strengthened.

Develop citizens' participation

609. The government is committed to preparing an operational program to promote the involvement of civil society in public affairs management. The aim is to promote greater

demand for democracy among the citizens and democratic watchdog institutions such as the press and civil society organizations.

610. The following subprograms are aimed at strengthening participatory democracy: (i) building capacities and autonomy of the media and representative organizations of civil society; (ii) expansion of forums for dialog and consultation between nonstate players and the public authorities; (iii) participatory monitoring of the public authorities and intensification of the budget tracking mechanism at a time when Congo is undertaking vast works to build social services and infrastructures essential for the economic development and well-being of the public; (iv) advanced institutionalization of the participatory approach in DSCERP implementation with substantial involvement of target groups such as young people, women, grassroots communities, and unions.

PROMOTE INTERNATIONAL AND REGIONAL COOPERATION

611. **Promote cooperation and the image of Congo.** The government intends to take specific actions to promote regional integration. Beyond the Economic Community of Central African States (CEEAC) and Central African Economic and Monetary Community (CEMAC), Congo will undertake to expand its cooperation with other regional organizations to benefit from its position as a corridor between central, east, and southern Africa. To that end, it should undertake missions aiming to: (i) modernize and rationalize the diplomatic system and expand the diplomatic charter; (ii) contribute to the acceleration of the processes of subregional integration; (iii) undertake diplomacy in support of development; and (iv) strengthen cooperation and good neighbor relations.

612. With performance-based management, the diplomatic approach will reflect the: (i) opening of new diplomatic missions to emerging countries to give more substance to South-South cooperation; (ii) restructuring of diplomatic missions to attract foreign direct investment using a win-win approach; (iii) easing of legal and tax constraints to benefit the diaspora so that they will become actively involved in the country's development; and (iv) improvement of coverage and assistance for Congolese nationals abroad.

613. In connection with the mobilization of resources for development, Congo's technical and financial partners will be approached according to the five principles of the Paris declaration on public aid for development.

PROMOTE DECENTRALIZATION

614. Decentralization is the pillar of good governance at the local level. It brings the state and public services closer together and involves them more effectively in the management of such services. This enhanced public participation and accountability in the design and implementation of policies and programs affecting them is a key factor in accountability for governing authorities and for the efficacy of the services. Accordingly there is a need for grassroots management in support of development.

615. The subprograms in this area include: (i) promotion of integrated local development entailing development of local economic activities and the provision of essential services in social sectors and infrastructures; (ii) promotion of grassroots democracy to foster public involvement in governance at the local level, and for decisions that affect their living conditions.

Promote participatory local development

616. **In this connection, the government intends to strengthen local governance by expanding the areas covered and building institutional capacities to provide essential services.** The priority subprograms involve the following activities: (i) improving the institutional and regulatory framework for decentralization; (ii) strengthening management capacities in local governments by providing the territorial civil service with specialized, competent professionals and the infrastructures and equipment required to operate effectively; and (iii) promotion of community mechanisms such as parents' associations in the schools, management committees for drinking water wells, mutual health associations, etc.

617. **Moving towards a national program for local development.** The government intends to incorporate these measures into a national program for local development with the support of the technical and financial partners. In this connection, pilot tests have already been conducted in Plateaux and Kouilou. Expansion of this program to the national scale will require measures to build capacities for local planning, execution, and monitoring to make the territories more attractive.

Develop grassroots democracy

618. **The government's objective is to make the local governments a school of democracy.** To that end, appropriate measures must be devised to reflect the sociological and political developments in the country. This necessary progress will be embodied with the following: (i) definition of the rules governing local elected officials; (ii) regular renewal of the management and representation authorities for local units of government to avoid the establishment of "feudal" systems at the local level; (iii) neutrality of the devolved governments, the state, and the traditional authorities during local electoral consultations; (iv) strengthened involvement of civil society organizations in management of local units of government; (v) development of social communications at the local level.

619. **To that end, it is essential for the local authorities, and particularly the mayors, to be elected directly by the people.** In fact, to meet the requirements of a democracy of the people, by the people, and for the people, where elected officials are accountable to the public, the mayors should be directly elected by the public. These authorities should be responsible for management of resources for the implementation of programs and should be accountable to the public and to the central government for their performance. The process undertaken should be pursued with the conversion of urban communities into municipalities and through the establishment of the relevant municipal councils.

STRENGTHEN JUSTICE TO CONSOLIDATE THE STATE SUBJECT TO THE RULE OF LAW AND FIGHT IMPUNITY

620. The Preamble to the Congolese Constitution of January 20, 2002 affirms that Congo is a state subject to the rule of law. Title 2 of the Constitution guarantees Congolese citizens fundamental liberties and rights enjoyed by people in almost all advanced and emerging countries. The institution of a judiciary power is part of the movement to affirm human dignity as, in a state subject to the rule of law, it is incumbent on the judiciary power to play its constitutional role as guardian of the citizens' rights and liberties.

621. As corruption is the most serious of all vices in the area of governance, its prevention and repression are the first battlefield where the willingness of the public authorities to embark permanently on the path to good governance will be judged. Mindful of these ethical requirements, the government undertakes to consolidate the rule of law by: (i) accelerating the process of modernizing justice; (ii) providing greater protection and promotion of human rights; and (iii) intensifying the fight against corruption and impunity.

ACCELERATE THE PROCESS OF MODERNIZING JUSTICE

622. In a state under the rule of law, the function of justice is to regulate social relations to guarantee social peace. For the modernization of justice, the government has adopted important guidelines consisting in: (i) increasing the efficacy of justice; (ii) making the law and justice more accessible; (iii) strengthening the credibility of justice; (iv) making incarceration conditions more humane; and (v) strengthening the participation of nonstate players in development of the justice sector. In pursuit of these objectives, the government intends to take action at several levels.

623. **Legal and organizational framework.** In this connection, the government intends to ensure that the new organic framework for the Ministry of Justice and Human rights is fully operational. It undertakes to continue the juridical and judiciary reform launched with the implementation of the *national commission for the revision of codes*. The commission was also assigned the task of ensuring that the new national juridical and judiciary framework is adapted to current justice requirements, and specifically the enforcement of its decisions; as well as with international standards, and specifically priority for implementation of the system of the system of the Organization for the Harmonisation of Business Law in Africa (OHADA).

624. **Modernization of infrastructures** is being pursued gradually with the aim of coordinating the establishment of judiciary coverage with the administrative map of the territory and the rehabilitation and establishment of new penitentiary institutions. This movement will be intensified with recourse to *grassroots justice* through regular *open hearings* and the institution of *conciliation and police courts*; as well as appropriate recourse to the judiciary assistance mechanism. Special emphasis will be placed on improving the system of archives, documentation, and computerization of judiciary and penitentiary services.

625. **Human resource development** will cover training, reinforcement, and motivation of judiciary staff to affirm their competence, specifically in new business contentious matters and international or environmental contentious matters. The government also intends to create a specialized penitentiary administration agency to reconcile their mission of security with the duty of social reintegration and respect for the dignity of the prisoners. Last, programs will be implemented to build capacities in the areas of budget management, planning, programming, monitoring and evaluation, and statistics management.

626. **Participation of nonstate players** will be intensified through (i) implementation of a support fund for initiatives by civil society organizations; (ii) redefinition of the legal and institutional framework for private sector operations to create a permanent forum for dialog and consultation to strengthen judicial security for investments; and (iii) implementation of mechanisms for prisoners to organize and maintain family or community ties to better prepare them for reintegration into society or for rehabilitation.

PROMOTE HUMAN RIGHTS

627. **To confirm its commitment to the dynamics to protect human dignity initiated by the United Nations, Congo has incorporated the major international and regional texts on human rights into its domestic legislation.** This convergence has become particularly important in Congo with the legal protection of two vulnerable groups through the promulgation of the Law of June 14 on protection of children; as well as the promulgation of the Law of February 25, 2011 in respect of the promotion and protection of the rights of indigenous populations.

628. The government undertakes to consolidate these dynamics through the following activities: (i) promotion of the knowledge and culture of human rights through the pursuit of human rights education operations, capacity building for the national commission on human rights and its departmental directorates, and intensification of human rights information and awareness campaigns; (ii) protection of human dignity in prisons through improved management and oversight of penitentiaries, improved living conditions for prisoners, and promotion of justice for children.

INTENSIFY THE FIGHT AGAINST CORRUPTION AND IMPUNITY

629. Congo has implemented an institutional system to fight corruption and impunity. This system includes the national commission to fight corruption, fraud, and misappropriation of public funds; and the national anti-corruption observatory and ministerial units to fight corruption.

630. However, the government has not sufficiently supported the activities of the national entities. For example, rather than encouraging them to pursue serious investigations and to make the results available to the justice system for action, the government has acknowledged a proliferation of such institutions along with a dilution of their efficacy. The government is aware of the importance of the work of these organizations in fighting corruption and intends to support them more effectively in this effort. However, the government has not sufficiently supported the activities of the national entities. For example, rather than encouraging them to pursue serious investigations and to make the results available to the justice system for action, the government has acknowledged a proliferation of such institutions along with a dilution of their efficacy. The government is aware of the importance of the work of these organizations in fighting corruption and intends to support them more effectively in this effort.

631. **Prevent corruption.** The government undertakes to rectify the national strategy by: (i) conducting a prior study to identify the phenomenon of corruption: "active" corruption and "passive" corruption (giving and acceptance of bribes); (ii) implementing codes of ethics and professional conduct within the administration and in public contracting and services; (iii) implementing specific mechanisms such as mandatory accountability, declaration of property and assets, and protection for whistleblowers.

632. **Law enforcement.** The government intends to undertake the following: (i) criminal justice reform to reduce the discretionary principle in criminal proceedings as it implies partiality in justice (justice quicker to chastise the courtiers than the king); (ii) substantially improved financial information to more effectively fight cross-border organized crime; and

(iii) strengthening of the system of national integrity, as fighting corruption and impunity also involves rewarding merit and excellence.

STRENGTHEN NATIONAL DEFENSE AND SECURITY IN SUPPORT OF DEMOCRACY

633. Focusing initially on defending the territorial integrity, the Congolese defense and security system has shifted its focus gradually towards management of new threats deriving from endogenous and exogenous factors, particularly the emergence of armed groups, illegal light and small-caliber weapons trafficking, large-scale banditry, religious fanaticism and fundamentalism, transnational crime, armed conflicts in neighboring countries, and destabilizing influences from other countries.

634. *Despite encouraging results in restoring public order and keeping peace*, the Congolese armed forces and police face highly specific requirements in their work, which demands constant vigilance and innovation in light of seemingly unlimited crime potential; as well as the constraints inherent in armed activities, entailing exposure to risk, separations, and requiring availability regardless of the time or place. To meet these challenges, the government has adopted two approaches to continue the effort to upgrade the professional status of the armed forces and police and their role in economic and social development.

UPGRADE THE PROFESSIONAL STATUS OF THE ARMED FORCES AND POLICE

635. To modernize the armed forces and police, the government undertakes to endow this sector with an appropriate mechanism. According to the constitutional requirements, it has prepared the military programming law that will have the capacity to use a multiyear horizon to define activities to be conducted to strengthen the intervention capacities of the armed forces and police.

636. **Staff.** The government undertakes to rationalize and strengthen human resources, including to: (i) adapt training to requirements in connection with new threats; (ii) optimize the work force to reflect the missions to be carried out; (iii) strengthen the role of the police in execution of laws and regulations to better ensure security at the grass roots level; (iv) take due account of factors related to military status in personnel management; (v) improve discipline and the attitude of *defending republican institutions* within all corps of the armed forces and police; (vi) take due account of merit, excellence, and gender issues in promotions and access to responsibilities; (vii) intensify HIV diagnostics; (viii) take exemplary law enforcement action to fight acts against public assets; and (ix) take enforcement action against sexual violence.

637. **Infrastructures and facilities.** The government shall undertake to: (i) build administrative and barracks infrastructures to improve working and living conditions; (ii) increase the operational capacities of the armies and service support through the procurement of appropriate, effective equipment; (iii) improve and strengthen resources to project and protect the national land, air, and maritime spaces; and (iv) equip units with powerful computer and communication systems. The authorities further undertake to strengthen financial management and planning by adopting the performance-based management framework and target-based program budgeting under the medium-term expenditure framework approach.

INVOLVE THE ARMED FORCES AND POLICE IN POVERTY REDUCTION

638. The government intends to benefit from the reinforcement of specialized corps of the armed forces and police to enhance their contribution to the development process and therefore to poverty reduction. In this connection, the opening of the National Regional School of Engineering and Works (ENVR) will make it possible for defense and security personnel to participate in: (i) disenclosure of the territory, specifically in construction and public works; (ii) mechanization of farming; (iii) industrialization; and (iv) computer, hydraulic, and energy engineering.

639. The government is focusing on development tasks involving the following: (i) territorial disenclosure in keeping with the accelerated municipalization and balanced development policy; (ii) mechanization of farming to increase productivity; (iii) gradual industrialization to cover its own essential equipment requirements; (iv) computer engineering; (v) hydraulic engineering; (vi) construction and public works; and (vii) energy engineering.

640. To fight idleness among young persons and citizen's participation, the government will experiment with appropriate forms of *conscriptio and civic service*. This new focus for the defense and security forces is a partial solution to the problem of retraining staff.

GOVERNANCE AND THE QUALITY OF ECONOMIC POLICIES

641. To eliminate the dependence of the Congolese economy on petroleum, i.e., for the country's economic diversification, sectors must emerge in which the country has comparative advantages as a result of its geographic position and other natural advantages (see Chapters 3 and 8). Strengthened economic governance is essential to ensure effective management of this change. This effort in fact requires the following:

- (i) A clear strategic vision and integrated priority sectoral programs and activities in support of this vision (strategic planning);
- (ii) Macroeconomic and financial management compatible with the relevant expectations but prudent enough to accommodate the requirements of medium-term macroeconomic stability, and budget management effectively aligned with the emergence program priorities;
- (iii) A high-quality investment program that promotes economic and social development and that is effectively executed to maximize its impact; and
- (iv) A technical institutional system that is involved in the execution of activities and in the monitoring of accomplishments and results.

The government must also devote more attention to the accompaniment of the private sector to make it a true engine for development, and adopt creative mechanisms to finance investments.

IMPROVE THE TAX SYSTEM

642. The level of Congolese public revenue is still low against the backdrop of financing economic emergence and growth. It is essential to increase domestic revenue in order to avoid spending external financing, which is often difficult to forecast, insufficient, and volatile, to finance development. Such an increase in domestic revenue is also a necessary

condition for the state budget to finance heavy investment required for robust, sustainable growth.

643. Mobilization of revenue requires implementation of measures to expand the tax base. The effort to improve the fiscal system will above all involve modernization of the financial administrations, strengthening of the competence of human resources, legal and regulatory texts, as well as the simplification of tax procedures and instruments. The effort will also require generalized use of information and communication technologies within the financial administrations.

CONTAIN CURRENT EXPENDITURE

644. The government's objective is to *enhance the effectiveness of expenditure* to ensure *broader credibility in budget policy* and to conduct *contra-cyclical budget policy*, when required to *sustain economic growth*. As a result, rationalization of transfers to state enterprises that are running deficits and not performing will be emphasized, so that more expenditure can be earmarked to support sectors serving as growth engines, and in this case water, electricity, roads for general use and agricultural service, and the social sectors (health, education, social security, etc.).

PROMOTE PUBLIC INVESTMENT

645. Public investment is one of the key instruments through which the state can establish a competitive environment conducive to business, stimulate private investment, and in so doing, economic and social growth and development. From this standpoint, public investment is complementary to private investment; it also positively impacts performance in the education and health sectors.

646. Accordingly, the government will strengthen the effectiveness of public investments during the period through:

- The obligation it has adopted to approve in the state budget only projects that have been first subject to pre-feasibility or feasibility studies;
- Implementation of all reforms undertaken in connection with the plan to improve public expenditure (PAAGIP) designed to enhance the quality of investments.

Where the evaluation process is concerned, the government will ensure that all projects are subject to feasibility studies and tendering processes will be required in accordance with the public contracting code, to be coordinated by the authorities involved in public contracting in different capacities.

647. Capital expenditure will be financed to reflect the constraints of domestic financing capacities. Such expenditure may also be cofinanced with external resources mobilized under concessional terms.

STRENGTHEN BUDGET CONTROL

648. Budget control is a necessary condition for sound fiscal management. While giving new impetus to the internal supervision structures, the government therefore intends to include the networking of external supervision bodies for fiscal management, and specifically

the audit and budget discipline office, parliament, and various public policy monitoring and evaluation bodies in the framework of the anticorruption law.

STRENGTHEN STRATEGIC AND OPERATIONAL PLANNING

649. An economic emergence strategy requires strategic and operational planning focused on achieving clearly targeted results. Against this backdrop, the government has undertaken the implementation of performance-based management instruments in the context of strengthened strategic planning organized on the basis of the DSCERP and other documents comprising the national development program.

650. The DSCERP constitutes the reference framework for public programs and policies and the operations of the technical and financial partners, which must be aligned with the national priorities under the Paris Declaration. These priorities should underpin the budget orientations to ensure effective implementation of the strategy through state budget programming and execution.

651. Within the administrations, the government will ensure generalized use of the sectoral priority action plan/medium-term expenditure frameworks (PAP/MTEF). To that end, it will establish a new organic framework to organize the administrations to reflect the pillars, objectives, and strategic missions as defined individually in the DSCERP, PAPs, and MTEFs. The aim is to move forward towards target-based planning and budgeting for programs. To that end, the status of program directors, planning and research directors, and departmental directors must be strengthened.

652. The government deems it a very important matter to maintain a continuous program to build human and institutional capacities to ensure that the recent progress in the area of strategic planning is sustainable. Special emphasis will be placed on reinforcing the statistics system in general, and specifically on the ministerial statistics units. In the long term, the MTEF/PAP approach should become standard operating procedures for all administrations.

STRENGTHEN ADMINISTRATIVE AND HUMAN RESOURCE MANAGEMENT

653. Economic development in Congo is closely related to the quality of its administration and its human resources. Mindful of this requirement, the government has implemented a civil service reform with the following objectives: (i) to promote a new administrative culture for development; (ii) to establish a modern, effective administration; (iii) to foster the emergence of a new type of civil servant; (iv) to promote good governance and ethics within the government services; and (v) to prepare an inter-ministerial directory of civil service professions for rational recruitment management.

POLICY TO FINANCE GROWTH

Private investment finance credit

654. Limited access to credit is a major obstacle to business development for Congolese enterprises, particularly small and medium-scale enterprises, and therefore to economic growth. To correct this situation and stimulate growth in credit to the private sector, the authorities have implemented a financial sector reform strategy prepared with assistance from IMF staff.

655. This strategy provides a roadmap and schedule of measures executed in consultation with the private sector. These measures will concentrate *on promoting better access to credit*, specifically for small enterprises and households, by encouraging competition, eliminating interest rate ceilings, and ensuring that the credit supply is more transparent. These measures are discussed in detail in the financial services cluster.

Indebtedness strategies

656. Following the completion point for the enhanced Heavily Indebted Poor Countries (HIPC) Initiative, the government has undertaken to conduct a prudent indebtedness policy. Accordingly, it will pursue its policy consisting in financing development primarily based on its own resources, and will seek grants and external assistance only with concessional terms.

IMPROVE PROPERTY AFFAIRS MANAGEMENT

657. The government intends to control property affairs management in connection with the state reform. To that end, its activities will involve the following: (i) regulation of ownership duality; (ii) strengthening of institutional capacities in the sector; (iii) establishment of property reserves to benefit real property developers; and (iv) facilitation of access to serviced plots of land.

CHAPTER 8. DIVERSIFY THE ECONOMY TO ACCELERATE GROWTH

658. Economic diversification is the key in absorbing the effects of external shocks on the Congolese economy, whose performance is closely dependent on fluctuations in the prices of inputs, and particularly petroleum. By reducing growth volatility, diversification along with greater competitiveness will lead to more robust, higher-quality growth.

659. The example of 13 developing countries⁹ which registered sustained growth over 25 years indicates that sound competitiveness and sustained growth fostered structural economic transformation. Against this backdrop, the resulting transformation in the Congolese economy will strengthen the economic fabric, consolidate interrelations between sectors and interactions between transactors, consolidate the markets, and lead to development in the formal sector.

660. In turn, the strengthening of the markets and enhanced factor productivity will make it possible to generate remunerative jobs and therefore attractive revenue for both wage-earners and entrepreneurs. Ultimately, the expansion and consolidation of the sources of wealth creation will make it possible to sustain a higher growth rate while ensuring that it is more broadly distributed, to increase income, and therefore to reduce monetary poverty.

661. Economic diversification strategies in Congo aim not only to develop economic activity within the sectors (intra-sectoral consolidation of agriculture with industries and commercial services); and above all to intensify the intersectoral transformation from a primary-sector economy (agriculture, mining, and forestry) to industries and commercial services, and for the players to move from the informal sector to the formal sector.

662. The objective of economic diversification will therefore require coordinated strategies and activities at three levels: (i) direct actions and strategies to stimulate the growth sectors (production sectors) of agriculture, forestry, and services; (ii) public investments to strengthen infrastructures and human resources (production factors) to reduce factor costs and improve economic competitiveness; (iii) strategies and activities to support economic players, and specifically farmers and the private sector, to improve the business and investment climate.

663. With this approach, these diversification strategies should be grouped into three major categories: (i) sector support strategies that aim to develop activities within production sectors, while stimulating conversions from the primary to secondary and tertiary sectors (cluster approach); (ii) player support strategies for private transactors, specifically involving the business climate; (iii) strategies to strengthen and liberalize the markets to facilitate domestic, regional, and international trade flows (strategies for business and regional integration and institutional and infrastructure support). These major types of strategies and key programs are described in the sections below.

664. Congo's geographic position and advantages in connection with its physical geography (soil types, hydrography, rainfall patterns, and vegetation), make farming, stock

⁹ Botswana, Brazil, China, Hong Kong, Indonesia, Japan, South Korea, Malaysia, Malta, Oman, Singapore, Taiwan, and Thailand

breeding, fishing, agro-industry, forestry, wood processing industries, and commercial services the potential engines for diversifying the sources of its economic growth. Comparative advantage analyses (domestic resource cost analyses) clearly confirm that Congo is relatively competitive in the sectors discussed above (agriculture, stock breeding, wood production, mining, construction, and tourism). The study also indicates that such competitiveness may be strengthened with integrated policies to strengthen human resources, economic and institutional support infrastructures, and regional integration, with an integrated support by "cluster" of activities.

8.1. CLUSTER-BASED DIVERSIFICATION STRATEGY

665. **Concept of "clusters."** A cluster is a group of enterprises and institutions in different areas of a sector, with lead subsectors, support activities, and basic economic infrastructures. The cluster is a part of a logical sequence of primary activities (agricultural production, petroleum production, etc.), secondary production activities (agrofood, wood industry, petroleum products, etc.), and tertiary production activities (transportation, marketing, regulation, etc.).

666. **Cluster approach and conventional sectoral strategies.** The "integrated" primary-secondary-tertiary approach, focusing on activity sequences as well as on public and private players, offers distinct advantages as a *multisector strategic planning tool* and *industrial policy tool*. As shown by experience in many emerging countries (see box on Kazakhstan), the cluster approach helps organize and facilitate choices of economic diversification and transformation strategies (which cluster should be developed in light of its comparative advantages and market opportunities). It also facilitates coordination of programs and activities between the public and private sectors and between ministries within the government.

667. The cluster approach strengthens *the conventional sectoral approach* used in poverty reduction strategy papers and first-generation sectoral strategies. Under the conventional sectoral approach, subsectors are considered on an isolated basis, which leads to compartmentalized strategies making consistent programming of cross-cutting activities upstream or downstream in the production chain a difficult matter. We observe, for example, essential "rural" or "agricultural" strategies.

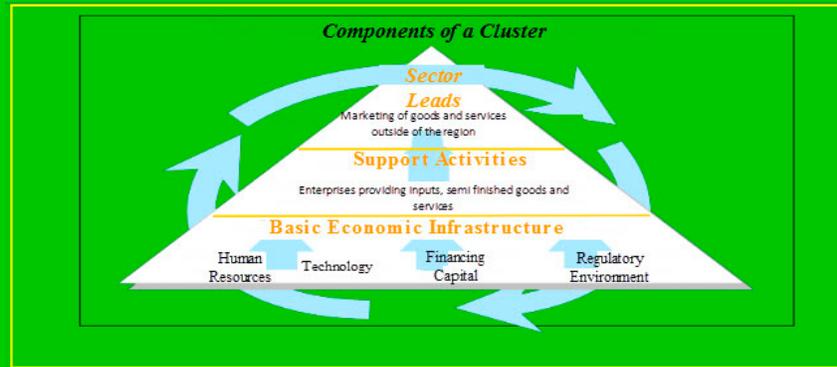
668. With such an approach, it is easy to overlook essential activities in the development of the subsector such as upstream activities (fertilizer, seed, etc.), downstream activities (agroindustrial products or wood products) that are in the "industrial sector," support services" (transportation, marketing, financing, etc.) that are in the "tertiary sector," and, to a lesser extent, key production factors such as such as labor, land, and infrastructures. In such cases, the "neglected" components will quickly become bottlenecks that will prevent growth in the sector.

669. Clusters envisaged by Congo. The government has opted to use the cluster approach to strengthen coherence in strategies between sectors and between strategies and action plans used by the players, in the implementation of its diversification and industrialization policy. In light of the regional and international market outlooks and the country's competitive advantages, Congo envisages basing its industrialization strategy on seven clusters, including: (i) agriculture and the agrofood chain; (ii) forestry and wood processing and marketing

industries; (iii) petroleum and hydrocarbons; (iv) mining; (v) construction and construction materials; (vi) tourism and hospitality; and (vii) financial services.

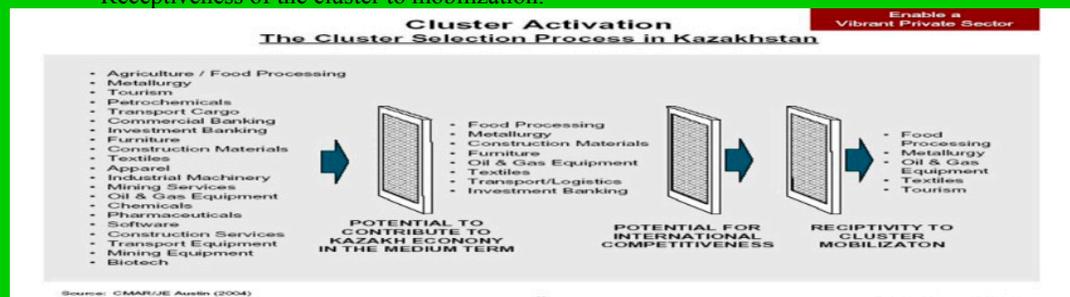
FIGURE 7. INDUSTRIAL POLICY USING THE CLUSTER APPROACH THE CASE OF KAZAKHSTAN

1. Definition of a cluster. A cluster is a group of enterprises and institutions in different areas of a sector, with sector leads, support activities, and basic economic infrastructures.



2. Process of selecting the clusters to be promoted. The driving forces are selected in a screening process from a comprehensive list of growth sectors where the country has certain competitive advantages and in which the players are receptive to mobilization to form partnerships. In summary, the clusters are selected according to the following criteria:

- Potential contribution to the national economy in the medium term;
- Potential international competitiveness;
- Receptiveness of the cluster to mobilization.



Using this approach, Kazakhstan decided to organize its economic conversion based on the following clusters: (i) agrofood; (ii) metallurgy; (iii) petroleum and gas; (iv) textiles; and (v) tourism.

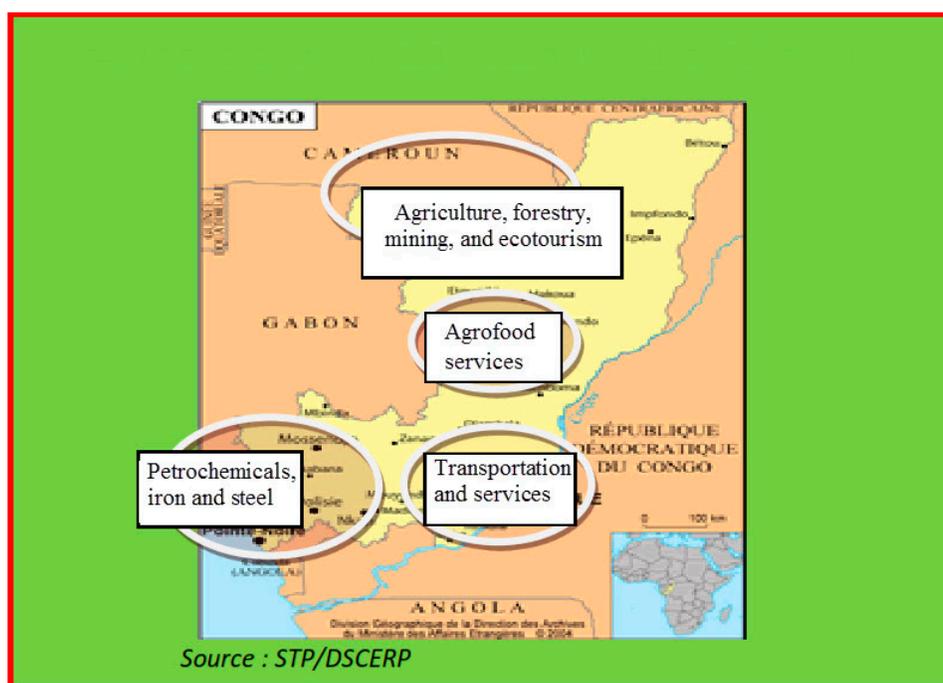
3. Lessons for Congo. In connection with the preparation of the national development plan, Congo launched the effort to strengthen the sectoral strategies and programs using the cluster approach. An analysis was conducted on the relative competitiveness of the sectors (domestic sector resource costs). This approach made it possible to assess the relative competitiveness of the sectors and to confirm the government's choices. Considering the results of this analysis, in light of the regional and international market outlook and the country's competitive advantages, Congo envisages basing its industrialization strategy on seven clusters: (i) agriculture and the agrofood chain; (ii) forestry and wood processing and marketing industries and services; (iii) petroleum and hydrocarbons; (iv) mining; (v) construction and construction materials; (vi) tourism and hospitality; and (vii) financial services.

Source: STP/DSCERP.

670. **Clusters and Special Economic Zones.** The economic diversification strategy is based on the development of clusters and the creation of Special Economic Zones (SEZ). In light of Congo's natural advantages and the geographic location of its natural resources, the government envisages development of the following four Special Economic Zones:

- The **Pointe-Noire Special Economic Zone** on the coast earmarked for **petrochemical, iron and steel, and mining activities**;
- The **Brazzaville Special Economic Zone** encompassing **transportation and services** (finance, trade, and hospitality);
- The two-center **Oyo-Ollombo Special Economic Zone** devoted to **agrofood, service, transportation and food agriculture activity**;
- The **Ouessou Special Economic Zone** devoted to **agriculture, forestry, mining, and ecotourism**.

FIGURE 8. CONGO. SPECIAL ECONOMIC AREAS AND DIVERSIFICATION CLUSTERS



671. The clusters are described in the sections below. For each cluster, an analysis of the situation is presented—market outlook, Congo’s advantages, mapping of the key players, and main products in the subsector. Next, the key strategic pillars, framework programs, and key projects are indicated to develop the cluster and enhance its contribution to growth, employment, state resources, and therefore its impact on poverty reduction.

8.1.1 PETROLEUM AND HYDROCARBONS CLUSTER

PLAYERS: NINE CONSORTIA EXPLORING 15 PERMITS AND 36 FIELDS

672. **The cluster lead includes nine consortia exploring 15 permits and 36 fields.** The basic structure includes the following: (i) *Upstream*: petroleum comprised of exploration, development, and production for crude oil and gas; (ii) *Intermediate or midstream phase* which includes transportation, storage, and trading; and (iii) *Downstream* which includes refining and distribution activities. The core businesses of these enterprises are closely or even exclusively related to hydrocarbons.

FIGURE 9. OVERVIEW OF CONGO'S HYDROCARBONS CLUSTER

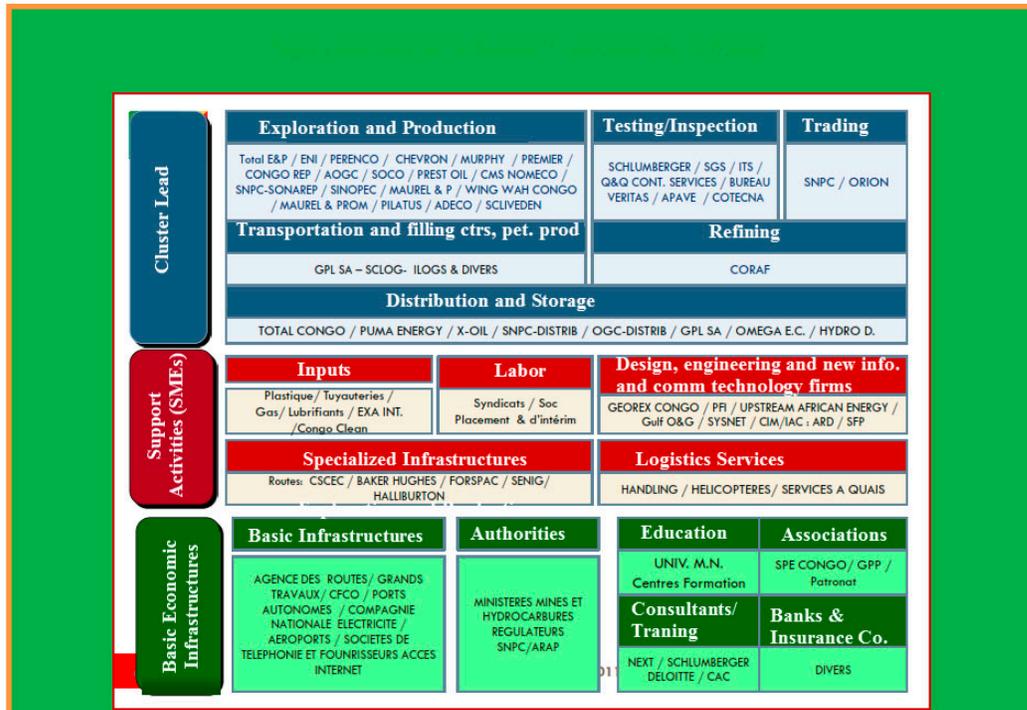


TABLE 18. LIST OF KEY PETROLEUM OPERATORS

No.	Operator	No. 2	Operators	No. 4	Operators
1	Total Exportation-Production	4	Congo Rep	7	AOGC
2	ENI Congo	5	CMS Nomeco	8	Prest-Oil
3	Murphy W.A. Ltd.	6	Perenco	9	SNPC

Source: ST/DSCERP and International Development Consulting.

673. While Congo's hydrocarbons cluster has no missing links, clear differences are evident between crude oil and gas. *Exploration* activities involve 16 companies (or consortia) operating with approximately 12 permits, including SNPC, exploration and production companies, including Total, ENI, Perenco, Murphy, Congo Rep, Prest Oil, CMS Nomeco, SNPC, Maurel Prom, Chevron, SOCO, Pilatus, ADECO, Premier, Wing Wah Congo, and Cliveden. *Exploitation* covers 36 fields, primarily operated by the exploration companies listed above.

674. The cluster lead includes seven petroleum testing and inspection companies also involved in downstream petroleum activities (Schlumberger, SGS, ITS, Q&Q Controle Services, Bureau Veritas, Cete Apave, and Cotecna). Downstream petroleum operations include refineries (CORAF), light petroleum gas (LPG) distribution (GPL SA), petroleum product transportation and storage companies (GPL SA, SCLOG, ILOGS, etc.), trading companies (SNPC, Orion), fuel distribution companies (Total Congo, Puma Energy, X-Oil, Afric (AOGC), Hydro-Distribution (SNPC, OMEGA EC), and storage companies (Puma Energy).

675. The composition of the cluster lead clearly illustrates how long exploration and production activities have been present in Congo. We note the presence of major international companies such as Total and ENI, smaller foreign oil companies such as Perenco, and many public or private Congolese companies such as SNPC and X-OIL Congo.

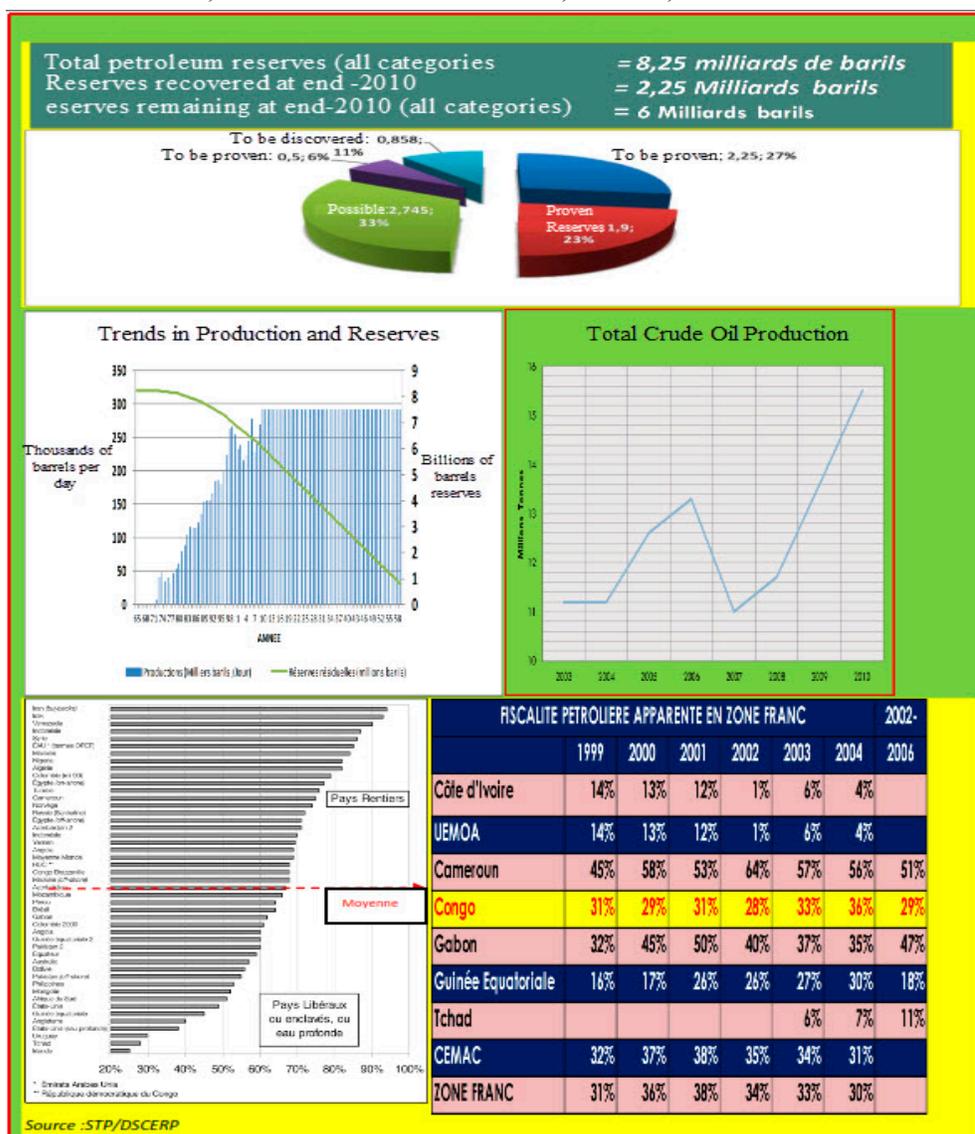
STRENGTHS: SUBSTANTIAL POTENTIAL TO CONTRIBUTE TO GROWTH

676. **Congo has substantial crude oil reserves**, although its gas reserves are more modest. Congo is also relatively competitive in terms of exploration and exploitation costs, which may improve further in connection with the reform efforts in the subsector and substantial investments in the rationalization of capacities and production methods. This combination of strong potential, in terms of capacities and competitiveness, promises to make the subsector a true driving force in the country's emergence. The subsector may make a substantially larger direct contribution to national wealth, job creation, and to public development financing.

Crude Oil: 40 more years of production at the current rate

677. **Congo has reserves that, according to recent estimates, are considered to be approximately equivalent to 40 years of production at the current rate.** Also, for a number of years, trends have seemed to disprove the assumptions of a permanent decline in petroleum production often indicated in the macroeconomic projections. We observe in fact that, after a sharp decline in 2007, there has been a steady increase in production as a result of a series of starts in several new fields, including Azurite and Moho-Bilondo, and the stimulation of mature and more marginal fields. At the current rate of production, such potential would permit at least 40 years of exploitation and related activities. In addition, the outlook for future discoveries is encouraging in light of the scale of investments in exploration and the favorable natural conditions in Congo. The country's outlook for growth in petroleum production activities is generally good, with substantial impacts on GDP and state revenue.

FIGURE 10. CONGO, CRUDE OIL POTENTIAL PRODUCTION, RESERVES, AND TAXATION



Apparent Petroleum Taxation in the Franc area

	1999	2000	2001	2002	2003	2004	2002-2006
Côte d'Ivoire	14%	13%	12%	1%	6%	4%	
West African Economic and Monetary Union	14%	13%	12%	1%	6%	4%	
Cameroon	31%	58%	53%	64%	57%	56%	51%
Congo	31%	29%	31%	28%	33%	36%	29%
Gabon	32%	45%	50%	40%	37%	35%	47%
Equatorial Guinea	16%	17%	26%	26%	27%	30%	18%
Chad					6%	7%	11%
CEMAC	32%	37%	38%	35%	34%	31%	
Franc Area	31%	36%	38%	34%	33%	31%	

Source: STP/DSCERP

GAS: substantial wealth, although still insufficiently exploited

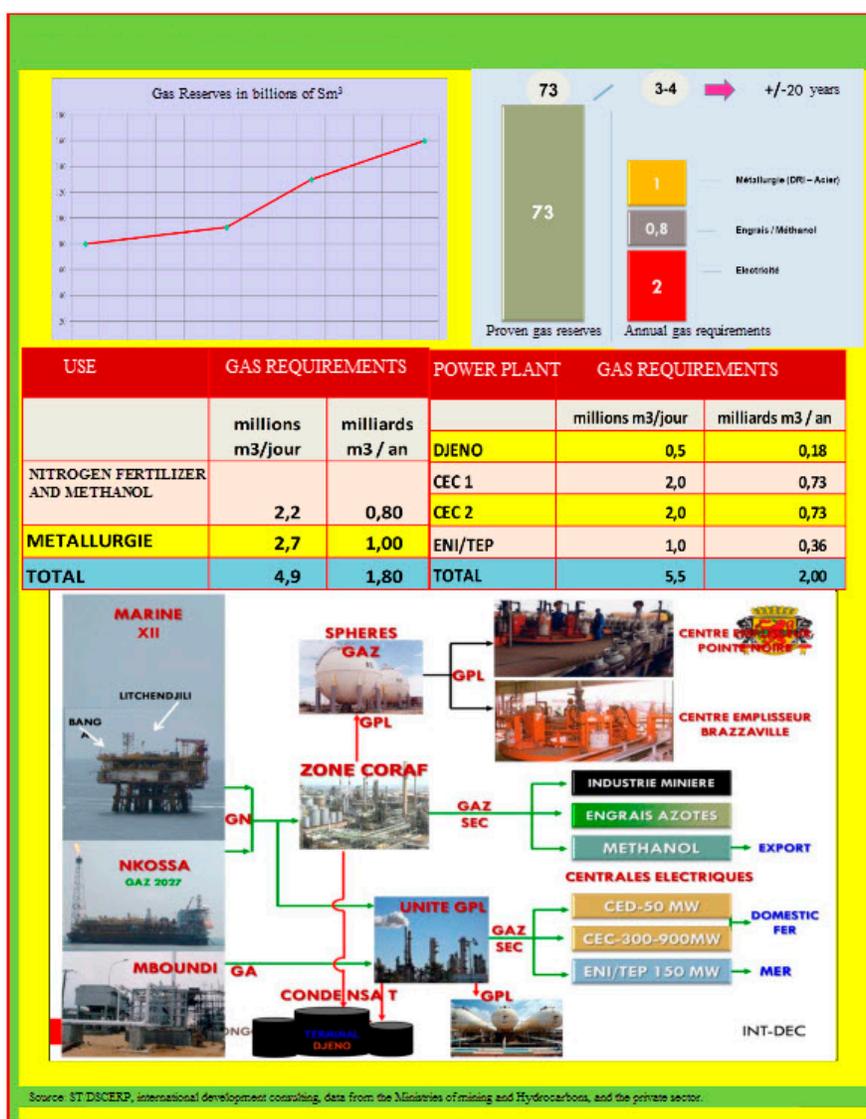
678. **Until recently, gas associated with crude oil was simply torched (burned)** or sold if not **reinjecte**d into certain oil wells. The Congolese authorities have recently adopted regulatory measures banning torching as of April 1, 2012 to stimulate prices for and optimize gas, *inter alia*. As a result, the value chain for gas might extend to transportation (gas pipeline) and sales (trading) for processing plants: electricity, fertilizer, metallurgy, etc. The "Gas" cluster will therefore develop rapidly, and as a result, entails substantial potential to contribute to Congo's industrialization and development.

679. At the same time, gas exploitation still suffers from the small scale and dispersion of the fields. However, Congo has sufficient gas reserves to cover its domestic requirements (approximately 73 billion cubic meters) for the next 20 years. At the current rate of exploitation, proven reserves should allow approximately 20 years of production. The gas now injected into the Nkossa deposits, expected to be exploitable beginning in 2027, of 60 billion cubic meters, could thenceforth play a key role in the supply. However, with a national development strategy, Congo could increase its reserves and exploit gas for different purposes, including as an input for electricity production, petrochemicals, and even light metallurgy.

Petroleum taxation

680. **In general, Congo's petroleum exploitation is quite profitable the result of an effective taxation system.** Specifically, taxes deriving from production sharing agreements guarantee Congo a share of national wealth exceeding 30 percent of total petroleum revenue, which has recently even exceeded 58 percent, placing the country at the world average and ranking Congo among the best remunerated countries in the region.

FIGURE 11. CONGO: GAS RESERVES AND PRODUCTION POTENTIAL



Refining and Trading: Storage capacities to be rationalized

681. At the national level, trading activity involves only the sale of the state's share in hydrocarbon production. This activity is incumbent on the national oil company, the SNPC, and to cover national requirements, some crude oil accruing to the state is earmarked for refining by the national oil refinery, CORAF. As a result of equipment problems, CORAF is operating at 70 percent of capacity and covers only 70 percent of the country's requirements for petroleum products (all products combined, with the exception of asphalt, which is still not produced locally). The other operating companies use the trading units in their groups for their share of production.

Support activities: *Promising, although local content is still insufficient.*

682. **Support activities for the Hydrocarbons Cluster involve a substantial number of operators—suppliers and subcontractors, although they are substantially expatriates.** These include:

- Suppliers of inputs (plastics, pipes, gas, and lubricants): EXA International, Congo CEAN, etc.;
- Labor suppliers including labor placement companies for drilling platforms and exploration sites (on-shore);
- Engineering companies (engineering and design firms) and service providers in new technologies (hardware and software): Georex Congo, PFI, Upstream, African Energy, Gulf Oil & Gas, Sys+Net, CIM, IAD, and ARD;
- Builders and suppliers of infrastructures or specialized services: CSCEC, Baker Hughes, FORSPAC, SENIG, and Halliburton;
- Logistics service providers (handling, helicopters, and platform services).

683. **Congolese players are insufficiently represented in the chain of support activities.** This is **attributable** in part to the specialized technological requirements of the subsector (highly specialized personnel and equipment requiring substantial management and financial resources). However, this chronic under-representation is also the result of an absence of a government strategy for the "domestic content" of the chain. A long-term strategy is essential to attract and sustain Congolese nationals in the subsector to **increase** its contribution to the creation of national wealth, employment, and poverty reduction.

684. **The potential for support activities in the hydrocarbons cluster to contribute to employment growth in Congo is therefore dependent on the government's willingness to implement a "domestic content strategy" and its effectiveness in doing so.** Such a strategy will have even more rapid, substantial impacts than exploration, exploitation, and refining operations, which require substantial capital and high levels of technology.

Basic economic services and infrastructures: *Well-known weakness in human resources*

685. This area involves the physical infrastructures required for the development of the hydrocarbons industry: means of transportation, roads, river and maritime ports, railroads, oil pipelines, gas pipelines, etc.; and electricity and water systems.

686. It is **important** to point out that the infrastructures required to carry out various research, exploration, and production activities were executed by the operators themselves rather than by the state. Construction of an oil pipeline and a gas pipeline between Pointe-Noire and Brazzaville would be economically advisable.

687. The **state** has already devoted substantial resources to infrastructure development in the petroleum area, and specifically the international airport and the deepwater port of Pointe-Noire, as well as the upgrading of the railroad, Chemin de Fer Congo Océan (CFCO). It intends to pursue its efforts to support development of the cluster.

688. **The qualitative weakness in Congolese human resources** and public and private support services, the retirement of many of the technicians, and lack of available technical resources are even greater concerns for the success of the cluster. This entails:

- Public agencies responsible for preparing sectoral policies (Ministry of Hydrocarbons), regulation (Downstream Petroleum Regulatory Agency), and management of state holdings (SNPC);
- Initial and continuing education institutions (Université Marien N'Gouabi and professional training centers) responsible for providing industry with technical experts, engineers, and specialized professionals (legal experts and economists specializing in petroleum, engineers, geological technicians, geophysicists, and petroleum technicians for drilling and deposit management), and computer and automation specialists;
- Audit, accounting, and management consulting firms (recruitment, training, etc.) such as Next / Schlumberger, Deloitte, and CAC.

689. Meeting this industry's requirements for high-quality human resources will involve efforts targeted primarily at the Congolese expatriate community. To that end, the state will implement a public-private partnership with transactors in the sector to facilitate the process.

Sector governance

690. The issue of strengthening capacities of human resources is a core concern in connection with sector governance. The agencies responsible for regulating the sector (upstream and downstream) and the Société Nationale de Pétroles must acquire competent, regularly **retrained** personnel in a sector undergoing profound, rapid change. Accordingly it would seem that the public agencies involved in the sector must be capable of anticipating and addressing problems through (ii) adaptation of the current legal framework that justifies the drafting of a new Hydrocarbons Code; (iii) transparency in petroleum resource management (information on reserves, crude oil production and marketing, etc.); monitoring and control of production, and marketing of crude oil by the state; (iv) the absence of a system to manage the adverse effects of petroleum activities on the natural environment and health conditions.

691. **Training centers** also register insufficient human and material resources and strategic management capacities, requiring sustained support. Strengthening the national expertise in these areas as well as the professional associations (consulting and advisory firms) is a prerequisite for Congo to address the technological and environmental stakes and challenges related to petroleum activity.

KEY STRATEGIES, PROGRAMS, AND PROJECTS

692. In connection with the sectoral strategy under the national development plan, the Government has devised an **ambitious** program to overcome the constraints listed above, which are preventing expansion of the hydrocarbons subsector. Implementation of this program will make it possible to develop the subsector into a true engine for **transformation** and growth in the subsector. In the medium term, these programs include structuring reforms and investments. They have been developed and will be deployed according to the following strategic pillars:

- **Cluster leads:** *resumption of petroleum, gas, and petroleum product production;*
- **Support sectors:** *accompaniment of support activities, improvement of their national content, and optimization of state revenue;*
- **Infrastructures and other production factors:** *development of infrastructures, human resources, and public services to support management of the subsector.*

Pillar 1. Direct activities of the subsector (cluster lead)

Resumption of crude oil and gas production

693. The private sector envisages substantial investments to resume petroleum and gas production. The key private projects include:

- *Development of crude oil production at Moho Bilondo (Total EP Congo).* In fact, Total EP plans to invest US\$10 billion to develop Moho Bilondo Nord, which in 4-7 years will enable a substantial increase to be achieved over the current level of production.
- *Oil sand production (ENI Congo):* This project has substantial technological content for an estimated output of 40,000 barrels per day, which would clearly impact activity within and outside of the sector;
- *Gas production and gas and electricity service for mining industries (ENI).*

Increased refining and storage capacities

694. CORAF is now operating at only 70 percent of capacity and covers approximately 70 percent of domestic **demand** for refined petroleum. As a result, Congo imports approximately one third of its petroleum product consumption, which can be expected to increase as a result of economic growth and greater demand for fuel.

695. The strategy consists in strengthening CORAF and modernizing its equipment to improve its rate of **capacity** use. In light of CORAF's limited size and competitiveness, the main goal of the redeployment strategy for the refinery should be to meet domestic market demand in order to reduce imports. At this point, exporting cannot be considered owing to problems of scale and competitiveness.

696. To rationalize **production** capacities and increase the rate of capacity use, CORAF should undertake or establish the following:

- *Any unblocking of the hydrocracking and main hydrotreating plants that might be required;*
- *A liquid petroleum gas (LPG) extraction unit for petrochemicals and mining;*
- *A 50,000 ton per year bitumen unit and visbreaker.*

During the period, the government will study the option of building a new refinery dedicated to export **production**.

Storage and distribution activities

697. **Storage.** The SCLOG's storage capacities (80,000 cubic meters) are clearly insufficient. This capacity **represents** only 22 days of consumption for Brazzaville and 25 days for Pointe Noire. When we project medium-term annual consumption trends, it is estimated that storage capacities will fall below one day of consumption for these areas by 2014. Accordingly, substantial investments must be made to develop storage and distribution capacities.

698. In this connection, the government will undertake a vast investment program to double storage capacities so that an initial stock of at least 30 days can be established for

Brazzaville and Pointe Noire, and **subsequently** to increase reserve stock to 30 days by 2014, with the ultimate aim of reaching the average international standard reserve stock of 90 days.

699. Petroleum product distribution has yet to achieve satisfactory territorial coverage. It lacks a sufficient basic **infrastructure**—specifically transportation (road, railroad, and navigable waterways) and storage facilities (warehouses and service stations).

700. The government's strategy should ensure creation of the following at the horizon 2016:

- Service stations along the roads and highways;
- Petroleum product storage warehouses at all airports and ports;
- New filling centers in the interior of the country to make butane accessible to households in the departments;
- Strategic warehouses (fuel depots and filling centers) to service neighboring countries, etc.

Pillar 2: Support activities

Service providers and subcontractors

701. Support **activities** for the hydrocarbons cluster immediately complement the cluster lead that supplies the local content. They entail:

- Suppliers of inputs (plastics, pipes, gas, and lubricants) such as EXA International and Congo CEAN;
- *Labor suppliers (temporary placement companies) that place workers for drilling platforms and exploration sites (on and off shore);*
- Engineering companies (engineering and design firms) and service providers in new technologies (hardware and software): Georex Congo, PFI, Upstream, African Energy, Gulf Oil & Gas Sys+Net, CIM, IAD, and ARD;
- Builders and suppliers of infrastructures or specialized services CSCEC, Baker Hughes, FORSPAC, SENIG, Halliburton, etc.;
- And last, suppliers of logistics services (handling, helicopters, and platform services).

702. In this sector, the government intends to involve Congolese nationals through the development of joint ventures, with the understanding that, through their representation structures, the national **players** still lack the capacities required to participate effectively in choosing technical and strategic options. Support activities are covered by suppliers and subcontractors, which are predominantly of foreign nationality. The business subsector, however, is predominantly covered by Congolese nationals. The strategy the government will phase in should clearly encourage Congolese nationals to join the subsector with a view to its development.

Pillar 3. Infrastructures and other production factors

Basic infrastructures

703. This pillar entails strengthening of means of transportation and the energy and water supply. This important dimension of indirect support for the subsector is subject to an integrated **national** strategy that is described in detail in Chapter 11 on infrastructures. In implementing this vast pillar of the national plan, the government will devote particular attention to infrastructures such as transportation and energy which will have the greatest impact on the competitiveness of growth sectors, specifically involving the petroleum and hydrocarbons cluster.

Reforms in institutional support to the sector

704. The state will endeavor to facilitate and accompany the process of recovery and expansion of **production** and support activities, and to stimulate development of basic services, specifically institution reforms, strengthening of human resources, and improvement of infrastructure services. In the process, it will take steps to facilitate investment and to encourage participation of Congolese nationals, primarily in support and subcontracting activities.

705. **Institutional reforms.** A new Petroleum Code will be adopted to reflect the change in the context of production sharing agreements introduced in 1995. This Code will overhaul petroleum taxation and optimize capitalization of petroleum revenue. Implementing texts will be **promulgated** to clarify and reinforce the conditions to control petroleum costs and to monitor and oversee operations that place the state administrations and other partners on par in terms of information.

706. **A Gas Code** should also be drafted to organize activities for gas development and strengthening of local content. These instruments, particularly the gas agreement, will specify, **supplement**, and expand the existing provisions on gas in the production sharing agreements. They will also specify the delivery points, availabilities, quantities to be delivered, as well as the prices, specifications for gas at the delivery point, ownership of means of transportation (gas pipelines and processing plants), etc. In fact, all forms of gas and its derivatives require special precautions, including those applicable to consumer safety.

707. **Strengthening of national content.** Local job content is insufficient and confirmed as such to be a true obstacle to the transfer of skills. It is therefore an essential matter to strengthen the **partnership** between the state and enterprises present in Congo. Regulations and agreements should be signed to enable these enterprises to be involved in construction of basic infrastructures (energy, hydraulics, transportation, etc.), to organize capacity building activities for human resources in order to facilitate technology transfer, to establish goods and services companies that meet the requirements and standards of the petroleum industry.

708. Through appropriate methods, the state will encourage, establish, and sustain the emergence of small and medium-scale enterprises and industries, finance microprojects, and encourage **cooperative** initiatives in several business sectors. While this process exceeds the petroleum framework, it will be supported and cultivated with resources from this sector.

709. **Strengthening subsector governance.** The government intends to rationalize its operations and support **in** the subsector, to obtain a maximum impact. These efforts will be

broken down into three different missions: (i) sector planning activities; (ii) sector regulation activities; and (iii) marketing activities for production accruing to the state.

710. **Strategic planning.** The sectoral ministry has prepared a priority action plan. A sectoral policy letter and a **strategic** plan for hydrocarbons development will be finalized to clarify the major programs, guidelines, objectives, and financing strategies for the sector.

711. **Sector regulation involves** establishment of clear rules for competition, as well as the operating mechanisms for the sector based on the hydrocarbons code and its implementing texts.

712. **Marketing** involves activities to place the state's shares of petroleum and petroleum derivatives, and national **stakes** in operating activities, on the market. To that end, the government's program will strengthen the SNPC—the marketing agency for the state's share. Clarification and formalization will also be required for the sale price to be applied by CORAF to enable it to balance its accounts while applying a price at the pump that is "accessible" to the public.

Capacity building and large-scale training leading to qualifications

713. **This is clearly the most critical mechanism through which the government must accompany the private sector in the recovery of the subsector, and ensure substantial participation in the medium term by Congolese nationals,** which will maximize its effects in terms of employment, income, and poverty reduction. For this reason, to fill the numerous qualified labor gaps identified in the sectoral surveys, the government undertakes to develop a wide-ranging training program for professionals and technical specialists in various national areas of activity, and specifically petroleum, gas and mining, and other sectors in which clusters conducive to growth are likely to develop.

714. Against this backdrop, the government will involve the key employment generating operators. It will adopt specific incentive measures for recruitment of interns, and will encourage on-the-job training leading to qualifications. This priority action will clearly help enrich the local content and accelerate Congo's modernization and industrialization process.

Protection of resources and the environment

715. While devoting efforts to a structured dialog effort with private operators in the subsector, the state also intends to exercise its sovereign power to rationalize choices, in order to reconcile the **interests** of operators and those of the country to increase wealth while ensuring that Congo's environment and natural resources are protected. Environmental impact studies will now be required before any project is carried out.

EXPECTED IMPACT ON GROWTH, EMPLOYMENT, AND STATE REVENUE

Reserves

Box 8. Moho Bilondo Nord Project

Total Assesses the Moho Bilondo Project at US\$10 billion

(Reuters - published on July 24, 2011 at 15:40)

- Total assesses the investment required to develop the Moho Bilondo Nord oil field off the coast of the Republic of Congo at US\$10 billion (€7 billion), declared Christophe de Margerie, its Chief Executive Officer.
- The Chief Executive Officer of Total, Christophe de Margerie, stated that the petroleum group estimated the investment required to develop the Moho Bilondo Nord oil field off the coast of the Republic of Congo at US\$10 billion (€7 billion). (Reuters/Richard Carson).
 - "The Moho Bilondo Nord project is the future of petroleum exploitation at the horizon 2015 in Congo," declared Christophe de Margerie after a meeting last week with President Denis Sassou Nguesso, as reported in the Congolese public press.

Investment

716. Key projects will be **the** ENI oil sand project planned for 2014 (if executed) and the Moho Bilondo oilfield operated by Total. Projected investment amounts to at least US\$18.026 billion, including US\$10 billion for the Moho Bilondo oilfield alone, and the balance for ENI projects to build thermal power plants and extract oil from oil sand.

Production and growth

717. Specifically, **Moho** Bilondo will start production and reach a fully operational level of at least 250,000 barrels per day following tremendous investments announced by management of TEP/Congo. Macroeconomic simulations (See Chapter 15) indicate that such growth in petroleum production can be expected to lead to a growth increase in the overall petroleum sector of approximately five points, and average annual GDP growth of 1.3 points.

TABLE 19. CONGO'S PETROLEUM RESERVES

Company	Mining product	Site	DEP	Gross reserves (millions of barrels)	Reserves (billions of cubic meters)	Gas reserves (billions of cubic feet)	Reserves (millions of tons of oil equivalent)
Subtotal, Petroleum	Subtotal, Petroleum			6,000	0.954		822
	Associated gas	Subtotal, Proven and developed			34	1,200	31
ENI	Associated gas	Mboudi	Djeno/CEC		6	212	5.40
ENI	Associated gas	Kitina			2	71	1.80
ENI	Associated gas	Loango			3	113	2.88
Perenco	Associated gas	Likouala			0.40	14	0.36
	Associated gas	Move Marin			0.30	11	0.27
Total	Associated gas	Andromède			3	88	2.25
ENI	Associated gas	Ikalou Marin			0.16	6	0.14
	Associated gas	Nkougui Marin			0.30	11	0.27
Maurel & Pro	Associated gas	Vandji Marin			2	53	1.35
Total	Associated gas	Manzi Marin			0.04	1	0.04
ENI	Associated gas	Banga Sud Marin			0.14	5	0.13
	Associated gas	Boundji			2	60	1.53
		Other			5	169	4.32
		Subtotal, Proven and undeveloped			23	813	21
ENI	Natural gas	Banga Marin			7	258	7
ENI	Natural gas	Louvesi Marin			2	74	2
ENI	Natural gas	Nkala			2	71	2
ENI	Natural gas	Libonolo			9	318	8
Total	Natural gas	Gounda			1	46	1
CNOC	Natural gas	Poalvou			8	286	7
Other	Natural Gas	Other			2	78	2
		Subtotal, Fields in production			32	1,130	29
ENI	Natural gas	Litchendjili			22	777	20
Other	Natural gas	Other under research and not developed			19	671	17
		Subtotal, Unexploited natural gas			41	1,447	37
		Total, Gas			130	4,590	117
Subtotal, Gas	Subtotal, Gas				130	4,590	117
Total, Hydro-carbons	Total, Hydrocarbons						939

Source: ST/DSCERP, international development consulting, data from the Ministries of Mining and Hydrocarbons, and the private sector.

Employment

718. Capacity building in the government and development of skills in the private sector will lead to a **new** and more positive employment outlook. It is estimated that direct development and development in the support sectors will contribute to the creation of more than 3,500 jobs, approximately two thirds of which will derive from direct activity in the sector.

State revenue

719. Annual average revenue deriving from the hydrocarbons sector reportedly amounts to **US\$12.936 billion**. **Approximately** 55 percent reportedly accrues to the Congolese government in various forms (production sharing and taxes), equivalent to CFAF 3,289 billion, corresponding to a price of US\$90/barrel based on an exchange rate of CFAF 500 = US\$1.00

TABLE 20. CONGO, ANNUAL CRUDE OIL PRODUCTION BY OPERATOR

Company	Mining product	Site	Investment (millions of US\$)	Direct jobs	Secondary jobs	2012 Output (barrels per day)	2012 Output (tons per year)
Total	Crude oil	Subtotal, Misc., Total	10,000	2,200	900	167,197	8,402,863
ENI	Crude oil	Subtotal, ENI	0	0	0	83,504	4,175,206
ENI (oil sand)	Oil sand	Tchikatanga-Makola	2,000			40,000	2,000,000
Murphy	Crude oil	Azurite				11,027	551,370
Congo Rep	Crude oil	Emeraude				9,863	493,151
CMS Nomeco	Crude oil	Yombo Messeko				9,041	452,055
Perenco	Crude oil	Likouala				7,123	356,164
AOGC						110	5,479
Prest Oil						33	1,644
SNPC	Crude Oil					493	24,658
Subtotal, Petroleum	Subtotal, Petroleum		12,000	2,200	900	328,392	16,462,590

Company	Mining product	Site	Investment (millions of US\$)	Direct jobs	Secondary jobs	Output, year, full production	Output, year, full production t/year
CORAF	Dry gas	Nitrogenated fertilizer	200	50	17		330,000
CORAF	Dry gas	Methanol	200	50	17		748,440
CEC/CED/TEP-E	Dry gas	Electricity	1,125	150	50		1,800,000
SCLOG	Storage	Countrywide	200	100	33		100,000
GPL.S.A.	Filling center	50 tons per day	4	40	13		15,000
SNPC	Filling center	100 tons per day	8	70	23		30,000
	Associated gas	Subtotal, Proven and developed	1,737	460	153	0	3,023,440
		TOTAL, GAS	1,737	460	153	0	3,023,440
Subtotal, Gas	Subtotal, Gas		1,737	460	153	0	3,023,440
Total, Hydrocarbons	Total, Hydrocarbons		13,737	2,660	1,053	328,392	19,486,030

Source: ST/DSCERP, data from the Ministries of Mining and Hydrocarbons, and the private sector.

TABLE 21. INVESTMENT, JOBS, AND REVENUE

Company	Mining product	Site	Investment (millions of US\$)	Direct jobs	Secondary jobs	2012 Out-put (barrels/day)	2012 Output (Tons/yr)	Price crude US\$/barrel	Price US\$/ton	Revenue millions of US\$/year	State share billions CFAF/year (55%)
Total	Crude oil	Subtotal, Misc., Total	10,000	2,200	900	167,197	8,402,863				
ENI	Crude oil	Subtotal, ENI	0	0	0	83,504	4,175,206				
ENI (oil sand)	Oil sand	Tchikatanga-Makola	2,000			40,000	2,000,000				
Murphy	Crude oil	Azurite				11,027	551,370				
Congo Rep	Crude oil	Emeraude				9,863	493,151				
CMS	Crude oil	Yombo				9,041	452,055				
Nomeco		Messeko									
Perenco	Crude oil	Likouala				7,123	356,164				
AOGC						110	5,479				
Prest Oil						33	1,644				
SNPC	Crude Oil					493	24,658				
Subtotal, Petroleum	Subtotal, Petroleum		12,000	2,200	900	328,392	16,462,590	90	657	10,816	2,974
Company	Mining product	Site	Investment (millions of US\$)	Direct jobs	Secondary jobs	Output, year, fully operational	Output, year, fully operational (tons/yr)	Price crude US\$/barrels	Price US\$/ton	Revenue millions of US\$/year	State share billions of CFAF/year
CORAF	Dry gas	Nitrogenated fertilizer	200	50	17		330,000		280	92	25
CORAF	Dry gas	Methanol	200	50	17		748,440		250	187	51
CEC/CED/T EP-E	Dry gas	Electricity	1,125	150	50		1,800,000		470	846	233
SCLOG	Storage	Countrywide	200	100	33		100,000		30	3	1
GPL.S.A.	Filling	50 tons per day	4	40	13		15,000		400	6	2

Company	Mining product	Site	Investment (millions of US\$)	Direct jobs	Secondary jobs	2012 Out-put (barrels/day)	2012 Output (Tons/yr)	Price crude US\$/barrel	Price US\$/ton	Revenue millions of US\$/year	State share billions CFAF/year (55%)
SNPC	center Filling center	100 tons per day	8	70	23		30,000		400	12	3
TOTAL GAS			1,737	460	153	0	3,023,440			1,147	315

Source: ST/DSCERP, international development consulting, and data from the Ministries of Mining and hydrocarbons and the private sector.

N.B.: The natural gas price of US\$272 per petroleum equivalent ton corresponds to US\$7/MMBTU (US\$7 per million BTU, NYMEX international price unit).

**Box 7. REGIONAL COOPERATION FOR THE REFINERY
- CEMAC REGIONAL ECONOMIC PROGRAM STRATEGY**

1. In the area of refining, rather than expanding national refineries that are too small, obsolete, and often costly in terms of state subsidies, the CEMAC member states will elect to pool their resources to establish a large, modern, and competitive regional refinery that has the required size (a production capacity of 8-10 tons per year) and that is equipped with a storage platform that can meet the requirements of all CEMAC countries. All CEMAC member countries will be invited to the round table discussion of this regional multinational, as well as the major oil companies, representatives from the regional private sector, and CEMAC citizens, through the regional stock exchange. This unit will be managed on strictly commercial rules with governance that meets international standards.

2. Establishment of this regional refinery will simultaneously make it possible to develop regional LPG production with approximately 12 new industrial units (assembly unit for household and industrial bottled LPG and LPG packaging units). A storage platform for refined oil products will also be provided for exports on the regional market.

3. In the area of gas, the current liquefaction plant in Equatorial Guinea has the resources to become a visible player on the world market if it expands substantially. This presumes that it is supported not only with Equatorial Guinean gas reserves, which are substantial but insufficient, as well as the regional reserves, particularly from Cameroon. In this framework, Equatorial Guinea, while retaining its majority, may open its shareholding to other countries in the subregion, and specifically those contributing to the gas supply. New regional LNG centers may next gradually be established to reflect targeted gas prospecting and discoveries in neighboring countries, ultimately making CEMAC a reference center in liquefied natural gas production.

4. In the short term, gas will make it possible to produce sufficient electricity while the hydroelectric dams are being built and become operational. This regional gas exploitation will also enable development with the construction of a regional petrochemical operation to produce NPK fertilizer with the launch of several units using synthetic urea (Gabon), in addition to potassium chloride and phosphate resources (Congo).

FIGURE 12. PETROLEUM CLUSTER, STRATEGY, PROGRAMS, AND PROJECTS

		Strategies	Key projects/programs	
Support Activities	A. Direct activities	1. Exploration	1. Promote free trade areas.	1. New Petroleum Code/road shows and tendering procedures
		2. Production	2. Maximize recovery rates. Develop and diversify uses of gas.	2. Gas-fired power plants (CEC/ENI and Gas Code and agreements.
		3. Trading	3. Regional distribution center	3. Create a trading center for products under customs control in connection with the new refinery.
		4. Transportation	4. Promote sharing of gas pipelines. Improve mass transportation for petroleum products.	4. Common gas pipelines (PPP/BOT). Build the Pointe-Noire Brazzaville petroleum product pipeline.
		5. Refining	5. Cover domestic requirements. Develop exports.	5. Removal of blockages + Bituminous unit, CORAF. Liquid petroleum gas unit, CORAF and ENI. Regional study under the aegis of CEMAC.
		6. Storage	6. Ensure supply security.	6. Doubling of storage capacities.
		7. Distribution	7. Promote establishment of a network of service stations. Develop butanization.	7. Pairing of new service stations. New filling centers.
	B. Support Activities	Upstream activities	National integration strategy to develop local content	• Application of laws and texts on local content.
		Downstream activities		
		Property resources	Policy for integration of communities into pipeline projects	RES: Opening of roads, schools, clinics, markets, and other community projects
		Infrastructures	Transportation, water and energy, and Telecommunications	Projects in progress
		Human capital and labor market	• Capacity building in general government • Development of skills for the private sector	• Capacity building program for ministries and state companies; • National MLT training program for hydrocarbons specializations; • Training center for technicians in the petroleum sector.
		C. Infrastructures and other production factors	Support for the private financial sector and financing	Streamlining of the system of support for the private sector Modernization of the legal framework Public-private dialog Competitiveness and development of opportunities for SMEs Popular shareholding

8.1.2 THE “MINES” CLUSTER

THE ACTORS: ABOUT FIFTY COMPANIES

720. The cluster head consists of 47 companies. The basic structure comprises: (i) *Upstream* mining consisting of prospecting and exploration activities, *Downstream* mining consisting of development, exploitation, transportation, conversion and export activities. As at 30 June 2011, mining statistics were as follows: 32 prospecting licenses granted to 28 companies, 42 exploration licenses granted to 26 companies; and 5 mining licenses granted to companies.

FIGURE 13. OUTLINE OF THE MINES CLUSTER IN THE CONGO

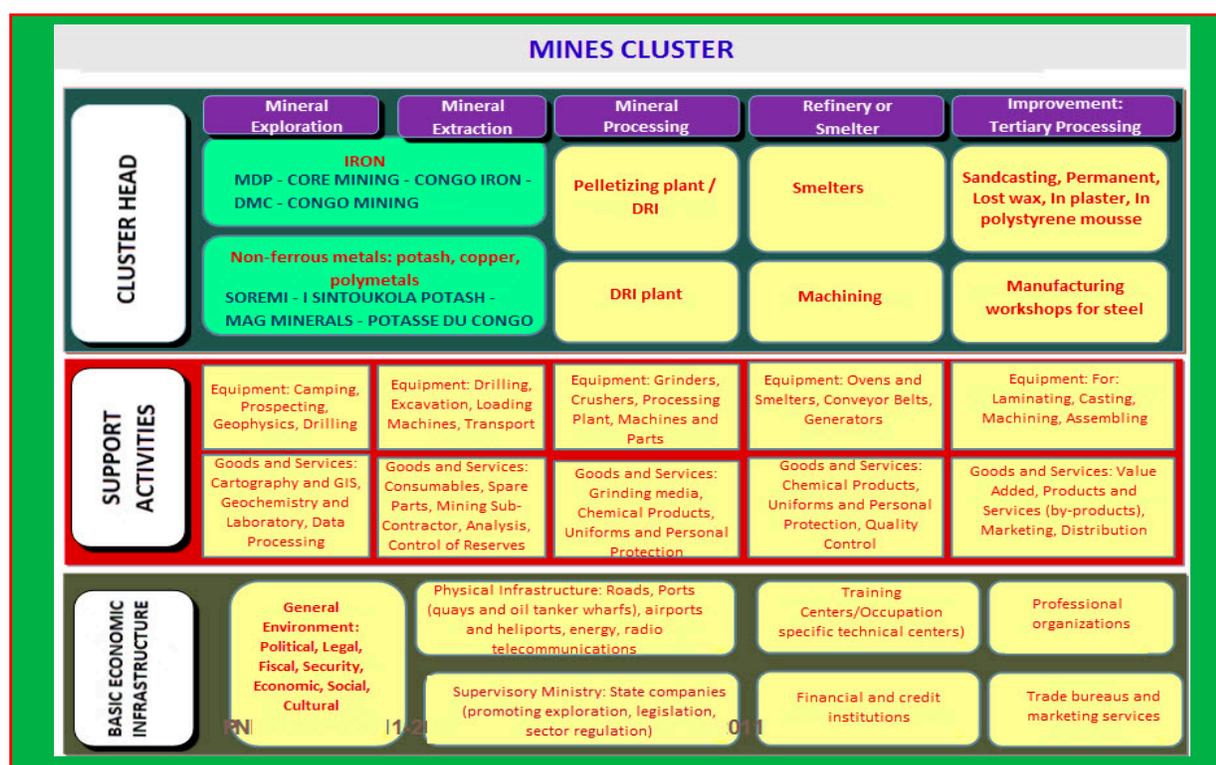


TABLE 22. LIST OF THE MAIN MINING OPERATORS

COMPANIES	MINERALS	SITE
MPD	IRON	Zanaga
CORE MINING	IRON	Avima
CONGO IRON	IRON	Nabeba/Shanga
DMC	IRON	Mayoko/Kekoumou
CONGO MINING	IRON	Mayoko
MPC	POTASH	Mengo (Kouilou)
SINTOUKOLA POTASH	POTASH	Sintoukola (Kouilou)
SOREMI	POLYMETALS	Yanga Koumbaza

721. The MINES cluster only exists upstream in the Congo. Today, mining production is only very marginal and for several decades, has been purely artisanal though the country experienced a period of mass production in the past. During the colonial period, we saw small-scale mechanized mining activities. From independence (1960) to 1989 (the collapse of the Soviet

bloc), the mining sector experienced industrial expansion that was limited to the potash company, Makolo (ex-Holle) and the polymetals of Mfouati, Boko-Songho and Mindouli. Artisanal mining was limited to the exploitation of precious stones, notably gold in Kelle, Kakamoeka, Mayoko and in Souanké. However, since the adoption of the Mining Code in 2005, mineral exploration in polymetals, potash and iron was given a boost.

722. Congolese mining potential remains under-explored and under-exploited.

Cartographic coverage, which is essential for defining the available potential in the country, is poor and obsolete. **Geological** studies carried out date back to the 1960's. They currently barely cover 20% of the country and are unable to provide detailed geological and mineral information, with the result that the resources of the subsoil remain unknown. Sociopolitical events destroyed part of the documentation which may have assisted in building a general policy for the development of the sector based on clear guidelines. Which means that almost everything still remains to be done as regards the basic data required for the knowledge and the planning in the development of the sector.

723. Current production is mainly artisanal and concerns diamonds and gold, above all else.

For several years, the **mineral** prospecting and exploration activities have been experiencing a new dynamism. The cluster head cluster consists of 28 companies which are holders of prospecting permits, and 26 companies which are holders of exploration permits. Among these companies, nine (9) already have significant projects that are likely to lead to industrial exploitation in the near future (cf. Table **). Exploration activities are concentrated in four departments but are distributed across the country and concern numerous substances:

- *Iron (SANGHA, LEKOUMOU, WEST CUVETTE, NIARI);*
- *Polymetals (POOL, NIARI, BOUENZA, WEST CUVETTE);*
- *Gold (NIARI, WEST CUVETTE, SANGHA, LIKOUALA, KOUILOU);*
- *Diamonds (SANGHA, NIARI, LIKOUALA);*
- *Phosphates, Potash, Potassium salt, Bituminous sandstone (KOUILOU);*
- *Chrome, Nickel (LEKOUMOU);*
- *Bauxite, Tin (NIARI);*
- *Lead, Zinc, Copper and "Terres noires" (POOL);*
- *Uranium, Colombo-Tantalite (KOUILOU, NIARI);*
- *Tin (NIARI);*
- *Cassiterite (KOUILOU, LEKOUMOU);*
- *Titanium (SANGHA).*

724. As at 30 June 2011, only 5 mining permits had been granted:

- *A potash permit to MAG MINERALS Potasse du Congo (MPC) in the Pointe Noire zone (Mengo);*
- *Two polymetal mining permits to the company SOREMI, in BokoSongho and Yanga-Koubenza in the Mfouati/BokoSongho zone;*
- *Two polymetal mining permits in Mindouli-Mpassa to the company LULU.*

725. Other relatively advanced projects (feasibility study phase complete) are:

Nabemba iron (Congo Iron)

- Zanaga iron (MPD)
- Mayoko iron (DMC)
- Avima iron (Core Mining)
- Mayoko iron (Congo Mining).

726. **Numerous** other projects are in the prefeasibility phase, including that of potash by the company *Sintoukola Potash*.

Strengths: Strong Potential For Growth And Government Revenue

727. **The Congo has considerable mineral reserves.** Several projects could be launched within the scope of this plan: the **deposits** are rich, the markets are buoyant and the political situation and macroeconomic framework are favorable. Mines have been prioritized in the policy of diversification.

728. The potash projects are the most advanced, even though the potash market is difficult to penetrate given their control by large international groups. For their part, iron deposits present comparative advantages: considerable reserves, high grades, low production costs, proximity to the port and the existence of railway lines to the Congo, Gabon and Cameroon. Lastly, electricity and natural gas required for processing are available.

TABLE 23. MAIN MINING PROJECTS

COMPANIES	MINERALS	SITE	RESERVES (MILLIONS T)	INVESTMENT (MILLIONS US\$)	DIRECT EMPLOYMENT	PRODUCTION IN MODEL YEAR (T/YEAR)	START OF PRODUCTION
MPD	IRON	Zanaga	4000	6000	4000	45 000 000	2016
CORE MINING	IRON	Avima	1000	4000	3000	35 000 000	2013
CONGO IRON	IRON	Nabeba/Shanga	319	2000	1518	20 000 000	2014
DMC	IRON	Mayoko/Kekoumou	2600		1000	5 000 000	2013
CONGO MINING	IRON	Mayoko	1000		2010	5 000 000	2013
TOTAL IRON			8919		11528	110 000 000	
MPC	Potash	Mengo (Kouilou)	33	1600	1000	600 000	2014
SINTOUKOLA POTASH	Potash	Sintoukola (Kouilou)	804	1200	500	600 000	2015
SOREMI	Polymetals	Boko Songho /Yanga Koumbaza		50	300	12 000	2012
LULU	Polymetals	Mindouli-Mpassa	60			20 000	
TOTAL			8977	2850	1800	1 232 000	

Source: ST/DSCERP and INT-DEC. Data from the Ministry of Mines and the private sector

The SUPPORT ACTIVITIES: promising, but still lacking in local content

729. **The support activities of the MINES cluster concerns a large number of operators – suppliers and subcontractors, but who are mainly expatriates.** With the cluster not yet being mature, the exploration phase concerns: (i) equipment suppliers: camping, prospecting,

geophysical and drilling equipment; (ii) mapping service providers, Geographic Information System, Geochemistry and Laboratory, Data processing, etc.

730. **The national actors are poorly represented in the chain of support activities.** This is due in part to the **particular** technical requirements of the sector (highly specialized staff and equipment requiring managerial and financial resources). However, this under-representation is also the result of a government strategy of “national integration” of the chain. Such a strategy is essential to attract and support nationals in the sector and to increase the latter’s contribution to the wealth, employment and poverty reduction in the country.

731. **The potential for the support activities of the MINES cluster to contribute to growth and employment in the Congo thus depends on the effectiveness of the Government’s efforts at implementing a strategy of national integration** in this domain. Such a strategy would have even more rapid and substantial effects than in the field of oil activities, where the “entry ticket” is much higher in terms of technology and capital.

BASIC ECONOMIC INFRASTRUCTURE AND SERVICES: A recognized shortage of human resources

732. Here, it concerns the physical infrastructure required for developing the MINES industry, in particular the **means** of transport – airports, roads, ports (maritime and river), railway lines, pipelines, etc.; and electricity and water supply networks. In that respect, the Congo has made considerable efforts, which have been more pronounced in recent years. However, considerable shortcomings persist, both in the means of transport and in the supply of energy. The outlook is encouraging since the Government has dedicated considerable resources during recent years. These efforts must continue within the scope of this plan.

733. The shortage of human resources – national, and of public and private support services, is all the more worrying for the **expansion** of the cluster. It concerns:

- government structures tasked with developing sectoral policies (Ministry of Mines);
- the regulatory **agencies** and management of State involvement (such as the *Société Nationale des Mines du Congo - SNMC*), non-existent;
- institutions for initial and continuous training (Marien N’Gouabi University and vocational training centers), tasked with providing the industry with technicians, engineers and specialized staff (oil lawyers and economists, engineers and geological technicians, geophysicists specializing in the oil industry (drilling and management of the deposits)), information technologists and automation specialists;
- Society of Mining Engineers, *Groupe des Professionnels des Mines (GPM)* which serve as groups for discussion, exchange and collaboration;
- audit and accounting firms, management consultancies (recruitment, training, etc....) such as: NEXT/SCHLUMBERGER, DELOITTE, CAC;
- Organizing availability of human resources often existing inside the Congo to service the direct needs of this benchmark industry would be salutary for the development of this cluster.

Governance: a chronic problem of transparency, abilities and effectiveness of government institutions

734. This fundamental issue for the expansion of the sector has already been touched on in the DSRP1. In it, the Government had already identified an imbroglio of governance problems – both for public authorities as well as for private organizations – which are hampering the economic development of the MINES chain.

735. **As regards public authority**, it concerns: (i) governing institutions – the Minister of Hydrocarbons, the absence of the *Société nationale des Mines* in the image of the SNPC and of a regulatory **agency** in the image of the ARAP (*Autorité de Régulation de l'AVAL Pétrolier*); (ii) poor coordination between ministerial departments; (iii) problems of transparency in the management of mineral resources (information on reserves, exploitation and marketing of minerals, even artisanal, etc.), and in the follow-up and control of production and marketing on the part of the State Mines; (iv) the absence of a mechanism for managing the adverse effects of mining activities on the natural environment and health conditions.

736. **The training centers have also** experienced problems of human, material and strategic management capacity, which require sustained strengthening. Strengthening national expertise in these areas as well as in the professional associations (consultancies) is a prerequisite for the Congo to be able to face the technological and environmental issues and challenges linked to mining activities.

THE STRATEGIES, PROGRAMS AND FLAGSHIP PROJECTS

737. As part of the sectoral strategy and the national development plan, the Government has developed an ambitious program to overcome the constraints previously listed that are curtailing the expansion of the Mines sector. The implementation of this program will make the development of the sector possible and will make it a real driving force for the transformation of the economy, both through its direct contribution to growth and employment and through its contribution to financing the country's other development programs.

738. The programs include both structuring reforms and investments. They will be developed and deployed according to several strategic axes, notably:

- ***As regards the cluster heads***: stimulating mineral exploration and boosting mineral production;
- ***As regards the “Supports”***: backing the support activities, improving their national content and optimizing State revenue;
- ***As regards the “infrastructure and other factors of production”***: developing the infrastructure, human resources and public support and management services of the sector.

Axis 1: Direct activities of the cluster (cluster head)

Boosting mineral exploration

739. The Government has, by decree, established two new institutions that will be key actors in the management of the sector and that will make it possible to develop the Congo's geological and mining potential. The first is the *Centre de Recherche Géologique et Minière (CRGM)* (Geological and Mining Research Centre). It is tasked with conducting research to collect more data to improve knowledge of the subsoil and to develop maps in accordance with international standards. The CRGM will put in place the geological and metallogenic cartography of the Congo by using airborne geophysical and satellite techniques and will contribute to the development of the exploration results in view of the promotion and development of the mining sector. The Government has also established a *Bureau d'Expertise, d'Evaluation et de Certification des Substances Minérales Précieuses* (Office for the Expertise, Assessment and Certification of Precious Minerals). Its mission is to catalogue the mineral wealth of the country and to organize the certification process to develop and market this wealth.

Boosting mining production

740. The private sector envisages significant investments to boost mining. The main projects include:

- *the development of iron production in Zanaga by MPD, in Avima by Coree Mining, in Nabemba by Congo iron and in Mayoko by DMC;*
- *the development of potash in Mengo by MPC, in Sintoukola by Sintoukola Potash;*
- *the development of polymetals in BokoSongho/Yangabanza by SOREMI and Mindouli-Mpassa by Lulu.*

The construction of local processing units

741. The Government will encourage and provide support to industrialists to ensure the local conversion of the minerals:

- *Primary processing plants: pelletization and production of DRI owing to the availability of natural gas and electricity;*
- *Secondary processing plants: smelters, refineries;*
- *Tertiary processing plants (improvement): machining, casting (sandcasting, permanent, lost wax, in plaster and in polystyrene mousse), manufacturing workshops for steel products;*

742. The Government is examining the option of constructing a new economic zone specially dedicated to steel and metallurgy ("*Cité du Métal*").

Axis 2: Support activities

743. The Government will launch a national integration plan in the mines sector to promote national content in this sector.

Axis 3: Infrastructure and other factors of production

Basic infrastructure

744. It concerns strengthening the means of transport and the supply of energy and water. This important transverse dimension in the development of the sector is part of a national integrated strategy which is described in detail in Chapter 11 of the document. In the implementation of this vast “pillar” of the national plan, the Government will pay particular attention to the transport and energy infrastructures that most affect the competitiveness of the growth sectors, such as that of the Mines.

The reform of institutional support to the sector

745. **The State will set about facilitating and supporting the process of revival and expansion of production and support activities and promoting the development of basic services, in particular institutional reforms, strengthening human resources and improving infrastructure services.** In the process, it will take measures to facilitate investment and also to encourage the involvement of nationals, in particular the support and subcontracting activities.

746. **Institutional reforms.** A *Mining Code* was already adopted in 2005 and aims to revise mining taxation and to optimize the capitalization of mining income for the country. Diligence must be exercised in its effective implementation. Certain implementing legislation required must be promulgated in order to **clarify** and strengthen the conditions of supervision and the practice of follow-up and monitoring of the operations, placing the State agencies and other partners at the same level of information.

747. **Strengthening the national content.** It is recognized that the local content is poor, a true bottleneck to the birth of the sector, to increasing its contribution to the national revenue and to the creation of **employment**. Awareness must be extended in the knowledge that the local content is the springboard in the transfer of technology.

748. It is therefore essential to strengthen the partnership with the State and foreign enterprises established in the Congo. Legislation and agreements must be signed in order to involve these enterprises in the construction of basic infrastructure to carry out the different projects (energy, hydraulics, transport, etc.), to organize actions to strengthen capacity enabling the transfer of knowledge and technology, and to enable the establishment of companies providing goods and services meeting the requirements and standards of the oil industry. The State is committed to working towards stimulating, setting up and supporting the emergence of SMEs/SMIs, financing micro-projects and promoting cooperatives in several sectors of activity.

749. **Strengthening governance of the sector.** The Government intends to rationalize its interventions and support to the sector in order to maximize the impact. These efforts are broken down according to three large distinct “missions”, notably the planning activities of the sector, the “regulation” of the **sector**; and the “marketing” of production on the part of the State.

750. **“Strategic planning”.** The sectoral ministries concerned have drafted strategic planning documents for the sector, some of which are still in progress. The Government intends to

consolidate its **work** in a “Sectoral Policy Letter (LPS)” and a “Strategic Plan for the development of the Mines”. This will enable it to clarify its orientations, objectives, major financing programs and strategies, including through the State’s budget.

751. **Regulation of the sector.** This consists of fixing clear rules of competition as well as the terms of **functioning** of the sector. The projects underway and the application of the texts of the Mining Code, and the strengthening of competition, constitute important elements of this mission.

752. **Marketing.** It concerns the State’s marketing activities of oil and the Mines and their derivatives and national participation in operational activities. To do so, the Government’s program aims to **create** the *Société Nationale des Mines du Congo (SNMC)*, which will serve as the national marketing structure.

Strengthening capacity, large-scale skills training

753. It is without doubt the most critical vehicle by means of which the Congolese Government can not only support the private sector in boosting the mines sector, but also ensure strong medium term participation of the Congolese, which will maximize the effects on jobs, income and the reduction of **poverty**. To do this, several shortcomings identified in qualified labor during sectoral surveys need to be overcome. To this end, the Congolese State is determined to develop an extensive national training program in reputable international schools, of managers and technicians specialized in the various fields of national activity, in particular the Mines, Oil and Gas sectors, as well as other sectors likely to develop clusters favorable to growth, such as the forestry and tourism trades.

754. Within the same perspectives, the Congolese State intends to include the operators in this effort, through incentives for the recruitment of apprentices, on the job training, or through granting merit scholarships for students in nominated establishments. This is a priority action which, without any doubt, will increase the local content and will accelerate the overall process of modernization and industrialization throughout the country.

Protection of heritage and the environment

755. Whilst making a structured effort in respect of dialogue with the private operators of the sector, the State also intends to exercise its royal authority of rationalization of choices in order to reconcile the interests of the operators and those of the country for the growth of resources on the one part, and on the other, those of protecting Congo’s environment and the heritage of its natural wealth. In particular, studies must be conducted to understand the environmental impact of the mining projects.

THE EXPECTED IMPACTS ON GROWTH, EMPLOYMENT AND STATE REVENUES

Investment

756. The flagship projects will be the Zanaga and Avima iron projects. The anticipated investments are at least US Dollars 9,756 billion of which US Dollar 4 billion alone will be for Zanaga.

Production and growth

757. Further to the significant investments already stated, mining production will extend across the full duration of the plan, increasing in output to reach its 'model production' in the order of 112 million tons in 2016 compared with 45 million tons in 2013. This represents an average annual growth of 38,4% over the period. The macroeconomic simulations (see Chapter 15) indicate that such growth in mining production and its upstream and downstream effects would increase GDP growth by around 5 points.

Employment

758. According to estimates, direct developments in the support sectors will contribute towards creating around **25 000 jobs**. Around two thirds will stem from the direct activities of the sector and the remainder from support activities. In other words, the mining sector has the potential to become a great **provider** of jobs in the modern sector after the State and the forestry sector.

State revenue

759. The average annual revenue derived from the Minerals sectors would increase to US\$ 6,25 billion. Around 55% would return to the Congolese State under various forms (production sharing and taxation), being FCFA 1 719 billion.

TABLE 24. CONGO, ANNUAL MINERAL PRODUCTION PER OPERATOR

SOCIETES	MINERAIS	SITE	Reserves millions T	Invest. millions \$	Emplois Directs	Prod Année Croisière (T/an)	Démarrage Production
MPD	FER	Zanaga	4 000	6 000	4 000	45 000 000	2016
CORE MINING	FER	Avima	1 000	4 000	3 000	35 000 000	2013
CONGO IRON	FER	Nabeba/ Shanga	319	2 000	1 518	20 000 000	2014
DMC	FER	Mayoko/ Lekoumou	2 600	500	1 000	5 000 000	2013
CONGO MINING	FER	Mayoko	1 000	500	2 010	5 000 000	2013
TOTAL FER			8 919	13 000	11 528	110 000 000	
MPC	Potasse	Mengo (Kouilou)	33	1 600	1 000	600 000	2014
SINTOUKOLA POTASH	Potasse	Sintoukola (Kouilou)	804	1 200	500	600 000	2015
SOREMI	Polymétaux	Boko Songho / Yanga Koumbaza		50	300	12 000	2012
LULU	Polymétaux	Mindouli-Mpassa	60			20 000	
TOTAL NON FERREUX			897	2 850	1 800	1 232 000	

Source: STP/DSCERP - Data from the Ministry of Mines and the private sector

TABLE 25. INVESTMENTS, EMPLOYMENT AND REVENUE

COMPANIES	MINERALS	SITE	Production in model year (t/yr)	Production start	Price in us \$/t	Annual revenue (\$ Millions/yr)	State share cfa Billions/yr
MPD	IRON	Zanaga	45 000 000	2016	50	2 250	619
CORE MINING	IRON	Avima	35 000 000	2013	50	1 750	481
CONGO IRON	IRON	Nabeba/ Shanga	20 000 000	2014	50	1 000	275
DMC	IRON	Mayoko/ Lekoumou	5 000 000	2013	50	250	69
CONGO MINING	IRON	Mayoko	5 000 000	2013	50	250	69
TOTAL IRON			110 000 000			5 500	1 513
MPC	Potash	Mengo (Kouilou)	600 000	2014	500	300.0	82.5
SINTOUKOLA POTASH	Potash	Sintoukola (Kouilou)	600 000	2015	500	300.0	82.5
SOREMI	Polimetals	Boko Songho / Yanga Koumbaza	12 000	2012	50	0.6	0.2
LULU	Polimetals	Mindouli-Mpassa	20 000		50	1.0	0.3
TOTAL			1 232 000			602	165
TOTAL GENERAL						6 102	1 678

FIGURE 14. MINING CLUSTER: STRATEGY, KEY PROGRAMS AND PROJECTS

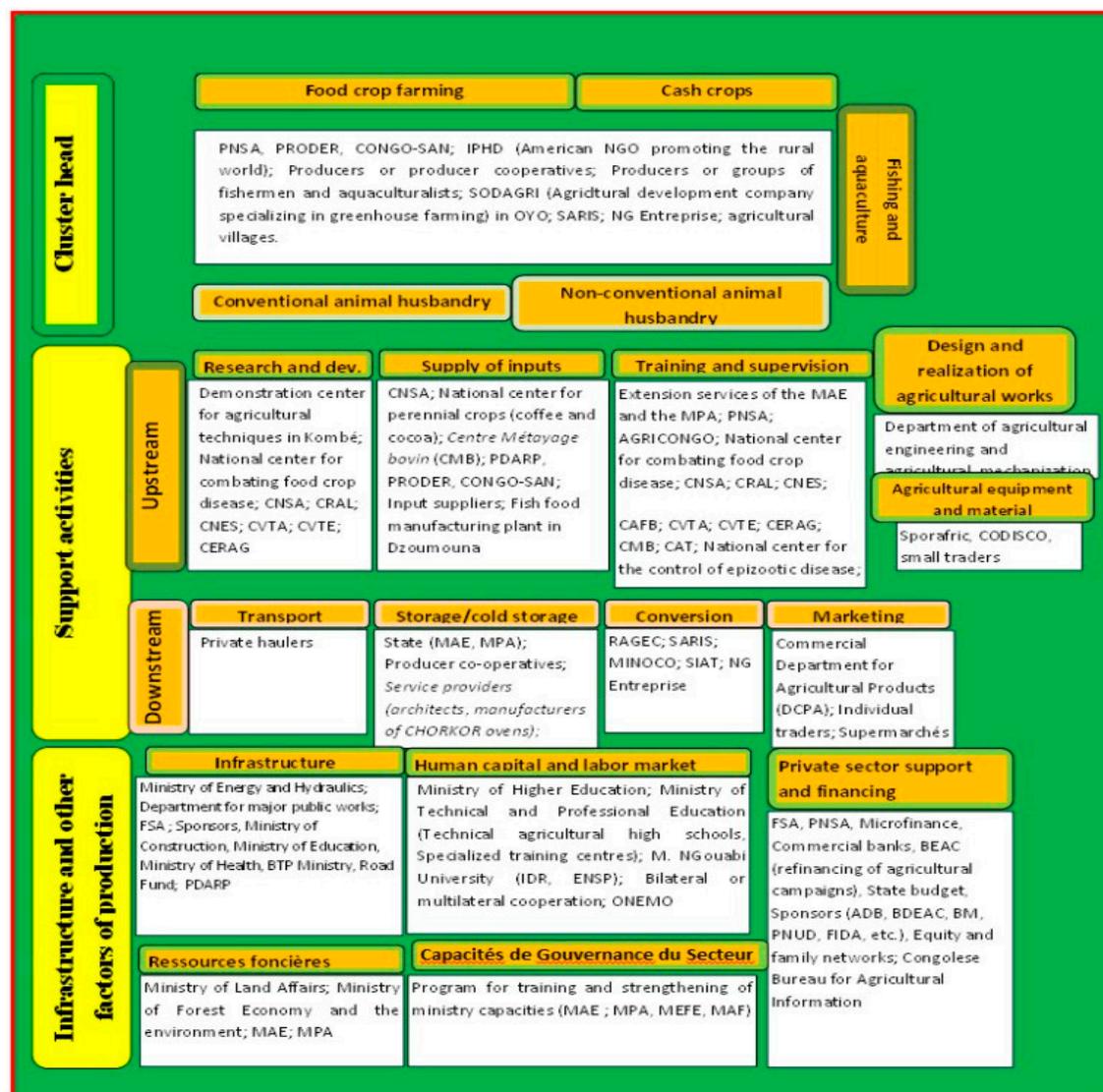
		Strategies	Programs/Key projects	
A.	Direct activities	1. Research	1. Geological and Mineral Research Center • Application of the decree of establishment	
		2. Exploration	2. Promotion	
		Mining	3. Facilitation & Acceleration	
		3. Processing	4. Local conversion • Thermal power plant and natural gas	
		4. Refinery / Smelter	5. Taxation • Special economic zone	
		5. Improvement	6. Regional market • CEMAC Regional market for steel products	
		6. Export	7. Logistics • Upgrading the railway links and ports	
Support activities	Upstream activities	National Integration Strategy in order to develop local content	• Application of the laws and texts on local content	
	Downstream activities			
C.	Infrastructure and other factors of production	Land resources	Integration policy of the communities in the mining projects RES: opening of tracks, schools, dispensaries, markets and other community projects	
		Infrastructure	Transport, Water & Energy, Telecommunications Projets underway	
		Human capital and the labor market	• Strengthening Public Administration capacity • Developing competence in the private sector	• Program for strengthening the capacity of the Ministries and State companies • Program for MLT training for specialized fields linked to the National Mines • Training centre for mining sector technicians
		Private sector support and financing	Rationalizing the support mechanism to the private sector	1. Organization and functioning of the Chamber of Commerce by the private sector 2. Establishment of a strong agency for promoting investment and exports 3. Fostering national entrepreneurship 4. Legal Reform Commission 5. Framework Act on Emergence
			Modernization of the legal framework	6. Promoting internal and international arbitration 7. Establishing commercial courts 8. Creation of the <i>Conseil Présidentiel de l'Investissement</i> (Presidential Council for Investment)
Public-private dialogue	9. Strengthening the visibility of professional			

8.1.2 THE “AGRICULTURE AND AGRO-INDUSTRY” CLUSTER

THE ACTORS AND THE MAIN ACTIVITIES

760. The cluster head consists of five fields of activity: (i) food crops, (ii) cash crops, (iii) conventional animal husbandry, (iv) non-conventional animal husbandry and (v) fishing and aquaculture. Figure 14 summarizes the main actors operating in each of the sub-sectors of activity.

FIGURE 15. OUTLINE OF THE “AGRICULTURE, ANIMAL HUSBANDRY, FISHING AND AQUACULTURE” CLUSTER



Source: STP/DSCERP – Data from the Ministry of Agriculture and Livestock, and from the Ministry of Fisheries and Aquaculture

Table 26. EVOLUTION OF AGRICULTURAL PRODUCTS FROM 2001 TO 2010 (THOUSANDS OF TONS)

PRODUCTS	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Cereals										
Maize	8,9	9,7	9,0	9,2	9,3	9,4	9,5	10,3	10,7	10,9
Rice (paddy)	1,1	1,1	1,2	1,2	1,1	1,1	1,1	1,3	1,5	1,8
Other food crops										
Plantain bananas	73,3	66,0	70,1	74,2	74,7	75,0	76,9	79,5	81,4	82,8
Yams, sweet potato	10,4	10,4	11,0	11,4	11,8	12,1	12,5	12,9	13,5	13,8
Potato	4,3	3,6	3,8	4,3	4,3	4,3	4,5	4,7	5,1	5,5
Beans	3,6	3,2	3,4	3,5	3,5	3,5	3,6	3,7	4,1	4,3
Groundnuts	20,5	21,1	22,0	22,3	22,9	23,4	23,9	24,6	24,9	30,1
Manioc tubers	739,2	786,5	878,0	932,2	1 007,4	1 071,7	1 140,1	1 196,3	1 231,0	1 243,3
Industrial crops										
Cocoa	1,0	1,2	0,8	0,8	0,8	0,8	0,7	0,8	0,8	0,7
Coffee	0,9	1,0	0,7	0,7	0,7	0,7	0,7	0,7	0,7	0,7
Fruit (modern production)										
Pineapple	2,3	2,2	2,5	3,0	3,3	3,5	3,8	4,0	4,1	4,3
Mangoes	24,0	26,4	30,0	30,0	32,4	34,4	36,3	37,4	37,9	38,3
Avocado	6,0	6,1	6,3	6,6	6,8	7,0	7,2	7,5	7,8	7,9

Source: STP/DSCERP - DGE Estimates

Table 27. EVOLUTION OF ANIMAL PRODUCTION FROM 2004 TO 2009 (HEAD)

Products	2004	2005	2006	2007	2008	2009
Cattle	10 172	10 477	10 791	11 115	11 448	11 791
Sheep	34 453	35 487	36 552	37 649	38 778	39 941
Goats	37 032	38 884	40 828	42 869	45 012	47 263
Pigs	65 541	69 015	72 673	76 525	80 581	84 852
Poultry	350 632	389 201	432 013	479 534	532 283	590 834
Other	6 637	6 770	6 905	7 043	7 184	7 328

Source: STP/DSCERP - National data, DGE estimates

Table 28. EVOLUTION OF FISHING PRODUCTION FROM 1996 TO 2007

YEAR	PRODUCTION (TONS)				Contribution%		
	Maritime fishing	Mainland fishing	Aquaculture	Total	Maritime fishing	Mainland fishing	Aquaculture
1996	19 600	25 873	106	45 579	43	56,76	0,23
1997	19 095	18 987	99	38 181	50,01	49,73	0,26
1998	23 968	25 455	140	49 563	48,36	51,36	0,28
1999	20 520	25 268	190	45 978	44,63	54,96	0,41
2000	23 520	25 438	66	49 024	47,98	51,89	0,13
2001	22 729	26 101	64	48 894	46,49	53,38	0,13
2002	22 433	29 494	68	51 995	43,14	56,72	0,13
2003	23 477	31 182	69	54 728	42,9	56,98	0,13
2004	23 896	30 338	72	54 306	44	55,86	0,13
2005	25 868	32 500	80	58 448	44,26	55,6	0,14
2006	28 485	31 000	21	59 506	47,87	52,09	0,03
2007	29 821	30 120	25	59 966	49,73	50,23	0,04
TOTAL	283 412	331 756	1000	616 168	-	-	-
Average	23 618	27 646	83	-	45,99	53,84	0,16

Source: STP/DSCERP - FAO data, Department of Information and Statistics on Fishing and Aquaculture. 2009.

STRENGTHS: LARGE ARABLE SURFACE AREAS, GOOD RAINFALL AND HYDROGRAPHY

761. The Congo has more than ten million hectares of arable land more than 90% of which is still available. This represents 2,45 ha of arable land per inhabitant. By comparison, and as indicated in Table 4, the “relative **availability**” of arable land is lower in Cameroon at 0,47 ha per inhabitant, in Rwanda at 0,20 ha per inhabitant and in Burundi at 0,2 ha per inhabitant. On the one hand, this indicates the considerable availability of arable land, but also the low population available to exploit it; which, at first glance, suggests strategies to encourage large industrial planting.

762. **Moreover, with its location straddling the equator, the Congo benefits from a geographic location that favors uninterrupted agricultural production throughout the year. Two main basins** (The Congo River basin and the Kouilou-Niari River basin) each with a large number of tributaries irrigating the land, thus offering strong potential for halieutic production.

763. **Despite these conditions, the Congolese agricultural sector is still underperforming and faces numerous constraints.** Indeed, the Congolese agricultural sector still faces a number of constraints which represent a handicap to its productivity, whereas both the national and international **markets** offer encouraging prospects. These negative results stem from the conjunction of several factors. It concerns in particular: (i) the strong dominance of small-scale traditional farming, (ii) the rural exodus and (iii) the ageing of those active in farming.

Cash and fruit crops

764. The ecology of the Congo is favorable to the production of a great diversity of cash crops. However, poor crop practices, poor mechanization and the lack of inputs contribute to maintaining very low productivity. This results from the country’s strong dependency on food imports.

Cash crops

765. Cocoa, coffee and palm oil crops, once prosperous, have practically been abandoned. This situation is a consequence of the lack of marketing and distribution structures, deficiencies in the transport conditions and the lack of a mechanism enabling producers to benefit more from international prices. Thus, since 2002, the production of cocoa and coffee has stayed below the thousand ton mark. The weakness of the size of the country and the strong concentration of more than two thirds of the population in urban areas, only adds to these difficulties.

766. For this reason, the revival of these sectors will require the promotion of large industrial scale farming that would offer an adequate volume of production and which is stable enough to supply the processing industry and the export of high value added products. It is from this perspective that the **Congolese** Government has fostered the entry of multinationals from emerging countries in the sector in order to inject the techniques of industrial agriculture in the Congo. To this end, the Government has contracted with the Malaysian company ATAMA Plantations, with a view to the large-scale production of palm oil. An area of 480 000 hectares has been granted to this company whose production will be used for manufacturing bio-fuels. Likewise, the Government

has granted, through concession agreements, land to Brazilians as well as to South Africans respectively for the production of manioc and maize, for processing and export.

Conventional animal husbandry

767. Conventional animal husbandry refers to cattle, sheep, goats, pigs and poultry. It is currently practiced in the rural areas. The national Congolese production is estimated at 12 000 head of cattle, 40 000 sheep, 47 000 goats, 85 000 pigs and 600 000 heads of poultry. This production is not sufficient to cover the national requirements. In order to overcome this shortfall, the Government has promoted the establishment of a South African company granting it permission to develop an area of 80 000 hectares. Besides cattle rearing, this company will develop cash and fruit crops.

Non-conventional animal husbandry

768. Guinea fowl, grass cutters and wild boar are increasingly becoming domesticated in the Congo and are in high demand. The modernization of production techniques could assist in meeting the growing demand for meat.

Fishing and aquaculture

769. The fishing and aquaculture sector is also showing poor production largely below demand; even though the Congo River and the Kouilou-Niari River basins offer good prospects for the development of fishing and aquaculture. A project to develop halieutic resources in the Basse Alima zone was put in place for the period,. The project plans to set up the following:

- upstream: an industrial hatchery, fishery and aquaculture stations, developing support activities to the fishery and aquaculture operations;
- in the middle: industrial processing and conversion activities of halieutic products within proximity of the airport area of Ollombo;
- downstream: extra logistics for fishing, aquaculture and piscicultural products.

Figure 16. SUMMARY OF THE STRENGTHS, POTENTIALITY AND COMPETITIVENESS OF THE AGRICULTURAL SECTOR

STRENGTHS	WEAKNESSES
<p>Common strengths</p> <ul style="list-style-type: none"> Annual rainfall of between 1 200 and 2 000 mm, associated with abundant hydrography <p>Strengths of the Agriculture-Livestock sub-sector</p> <ul style="list-style-type: none"> More than 10 million hectares of arable land, 90% of which is still available (2006 figures); A geographic location which straddles the equator, favorable to continuous production throughout the year; An asset in the field of arboriculture waiting to be exploited: 21 mango species, 6 mandarin species and 4 oranges species; Vast development potential of small livestock in the rural areas; Vast wildlife reserves that could form part of domestic rearing. <p><i>Conclusion: All these strengths constitute great opportunities for the development and diversification of agro-industrial products.</i></p> <p>Strengths of the Fishing-Aquaculture sub-sector</p> <ul style="list-style-type: none"> Two main basins each with a large number of tributaries: the Congo River basin, the Kouilou-Niari River basin, lakes and two lagoons; A 170 km coastline on the Atlantic Ocean; Potential maritime fishing catches of more than 80 000 tons per annum; Vast potential for aquaculture development in the Congo, Kouilou-Niari and the Alima basins; Rare and valued species that may be grown for the export market: Crustaceans like the Missalás, certain fish species like Malangwa, Djombo, Ngolo, etc. Existence of fishing and aquaculture cooperatives that are registered with the Ministry of the Interior; Regulation of maritime and inland fishing and aquaculture in the Congo (law organizing inland fishing and aquaculture, memorandum regulating the size of nets, memorandum instituting technical visits of the fishing vessels prior to becoming operational; decree on the location of fishing vessels; 	<p>Common weaknesses of the sub-sectors</p> <ul style="list-style-type: none"> Executing land allocation is still faced with many constraints; Weak production capacity and trade policies; Low yields; Weak infrastructure for storage, preservation and conversion; Low availability of and accessibility to quality inputs; Poor technical capacity of supervisory staff and inadequate staffing; Lack of support to producers; Isolated nature of production areas; Unwieldiness in the public procurement procedures; Poor budgeting of the sector; Notorious lack of information systems (statistics); Deterioration in the purchasing power of producers and low investment capacity; Absence of banking structures specialized in agricultural lending; The rural exodus and the ageing of the agricultural working population. <p><i>Consequences: limited development of the agro-industry; non-competitive sectors; strong dependency on imports of food products.</i></p> <p>Specific weaknesses of the agriculture and livestock sub-sector</p> <ul style="list-style-type: none"> only 2% of arable land of which 81% is under the traditional system (limited production) and 19% under the peri-urban and public crop systems; "small-scale" (0,5 to 1,5 ha) and rudimentary production technologies; land issues which make it difficult to access the land; abandoning cash crops following the disengagement of the State as regards production and marketing; the expansion of the "livestock" sector is highly dependent on the development of agriculture, which is expected to supply it with animal feed. <p>Specific weaknesses of the "fishing and aquaculture" sub-sector</p> <ul style="list-style-type: none"> Insufficient knowledge of available halieutic resources; Lack of control of their exploitation, especially in inland waters; Direct environment of non-protected production (water pollution, silting up of waters, traffic problems for craft due to logs littering the waters); Limited infrastructural development (wharfs, feeder roads, distance from the markets, difficulties associated with transport and preservation...).

THE STRATEGIES, PROGRAMS AND FLAGSHIP PROJECTS

770. As part of the sectoral strategy and the national growth strategy for employment and poverty reduction, the Government has developed an ambitious program to promote the expansion of the agricultural sector. The program aims to accelerate the deep transformation of the sector to make it one of the drivers of the diversification and industrialization of the country. In this way, the agricultural sector could strongly contribute to the growth and

development of employment, owing to the direct and secondary effects on the other sectors of activity, notably the upstream chemical industry (fertilizers and agricultural inputs) and the downstream food processing industry, as well as the distribution activities.

771. The programs include both structuring reforms and investments. They will be deployed according to several strategic axes, notably:

- *As regards the cluster heads: (i) modernizing small-scale agriculture; and (ii) developing industrial agriculture;*
- *As regards the “Supports”: backing the support activities, improving their national content and optimizing State revenue;*
- *As regards the “infrastructure and other factors of production”: developing infrastructure, strengthening the management of land resources, developing human capital, as well as strengthening governance in the sector and increasing the steering capacities of the public support services and the management of the sector.*

Axis 1: Direct activities of the cluster (cluster head)

Modernization of small-scale agriculture

772. The “**modernization of small-scale agriculture**” axis is organized into two major programs of activities: (i) direct support to production and (ii) the support activities that come into play either upstream or downstream of production, or then in a permanent manner.

773. ***Direct support to production*** refers in particular to the interventions having a direct and immediate impact on production. The measures chosen are: (i) ***the approach of revival by sector*** of which the starting point is the formulation of specific strategies, and (ii) ***the improvement in quality and quantity*** of the support provided in terms of the technical training of the producers, the supply of inputs, combating the major threats and improving production techniques. To achieve the latter, the Government intends to promote mechanization through targeted support, in order to improve yields, to reduce the laboriousness of work, in such a way that working the land becomes both attractive as well as lucrative for producers.

774. *The support activities* are the back-up activities enabling the optimization of operational results. The actions planned at this level, within the scope of the NDP, may be divided into two major groups, upstream and downstream. *Upstream*, the interventions target the strengthening of research and development, improvement in the supply of inputs, equipment and agricultural material, the development of rural engineering activities, as well as strengthening the training and supervisory structures of the producers. *Downstream*, the

BOX 8. PROGRAM TO STRENGTHEN THE POTATO SECTOR IN CAMEROON (PRFPT)

The objective of the Support Program to Boost the Potato Sector (PRFPT) owned by the Ministry of Agriculture and Rural Development is to contribute to the growth of the national agricultural and food production and the sustainable improvement in the incomes and living conditions of the rural populations. Its specific objective is to improve the yields that currently do not exceed 15 tons per hectare and in the long term, to support and professionalize 20 groups of seed growers and 2 500 groups of potato producers. The cost of the program is FCFA 6,2 billion and is financed by PTE funds.

The implementation strategy consists mainly of: (i) supporting the production of certified seed; (ii) supporting the production of potatoes; (iii) forming producer groups; (iv) promoting mechanization through providing soil preparation equipment; (v) promoting off-season cultivation through putting in place irrigation systems in the cultivated land ; and (vi) improving marketing through putting in place warehouse and an information system on the markets.

The principles of intervention chosen are: (i) the introduction of the program into each of its 12 “production zones” through a single channel consisting of an umbrella structure of potato producers. This structure which has, among others, the responsibility of the management and perpetuation of the experiences, must remain open to all groups of potato producers; (ii) the participation of the beneficiary groups; (iii) the conclusion of contracts for most of the activities of the program which are implemented with the participation/in association with the various partners, in particular the beneficiary groups, the service providers, the producers’ networks, the micro-financing establishments, etc. These partnerships are formalized through agreements or contracts; (iv) the support is provided exclusively in kind; (v) the value of this support is considered as a revolving fund to be capitalized by the group in order to finance the successive cycles of production.

The funds are paid by the Treasury Department directly into the umbrella Program/Structure joint management accounts held with the microfinance institutions established in the production areas. This enables the timely provision of inputs to the producers (according to the agricultural calendar). The interventions of this Program were effectively launched during the first agricultural season of 2011. In-kind support of a value of around FCFA 550 million were made available to 238 beneficiary groups for the development of 86 ha of seed fields and 102 ha of fields producing potatoes for consumption. The following inputs were acquired and distributed : (i) 172 tons of certified basic seed, 204 tons of certified seed for production ; (ii) around 440 tons of base fertilizer, 94 tons of dressing fertilizer, 3,5 tons of pesticides ; (iii) 376 sprayers, 25 motor pumps, 19 ploughs and 2 tractors.

The average yield obtained is 20 tons per hectare. At least 1 720 tons of certified potato seed and 2 040 tons of potatoes for consumption that were produced for an overall expected income of FCFA 1 268 million of which FCFA 860 million stems from seed sold at FCFA 500 000 per ton, and FCFA 408 million for potatoes for consumption sold at an average price of FCFA 200 000 per ton.

Source: STP/DSCERP

strategy aims to promote the development of transport and to strengthen the storage and preservation capacities. It also aims to facilitate the marketing channels in order to *help the producers benefit* from favorable developments in prices.

775. The key actors in this program to strengthen small-scale farming includes the public services (the administrations and their staff, the projects under supervision, the research structures), the partners within the scope of the *bilateral and multilateral technical cooperation*, the producers themselves, the civil society support organizations and the service providers, notably the suppliers of inputs.

Development of industrial agriculture

776. With the consolidation of peace, the agricultural and halieutic potential is attracting major private foreign investors. In addition, the Government intends to exploit this potential to promote the development of the agro-industrial complexes and to create the conditions for the rapid expansion of the agricultural sector.

777. To do this, partnerships have been established with multinationals. It concerns in particular (i) ***the South African company “Congo Agriculture”*** for the establishment of an agro-industrial complex of food and fruit crops as well as cattle rearing, (ii) ***the Brazilian company BR AFRICA for the production and processing of manioc in the Pool department,*** (iii) ***the Malaysian company ATAMA PLANTATIONS for the development of palm oil.*** *These activities will be supported through the accumulated experiences from the Demonstration Center for Agricultural Techniques created thanks to the Congo’s cooperation with China.* Moreover, internal efforts are being deployed to consolidate the attractiveness of the sector.

Support for the development of the agricultural sector

778. **Strengthening the management of land resources through adopting specific legislation.** One of the key factors in the development of the agricultural sector is that of land resources. For this reason, the Government intends to intensify its efforts to improve the management thereof. The actions that will be carried out aim in particular at: (i) the adoption of an agricultural land policy in order to ensure optimal management favorable to the significant investments in this sector whilst still preserving the well-being of the local population, and (ii) soils mapping for better orientation of the development of the sectors according to the natural regional allocation.

779. **Improvement in the accessibility to the zones of production and the living conditions in rural areas.** To slow down the rural exodus which is handicapping the development of the agricultural sector, the Congolese Government intends to improve living conditions in rural areas by undertaking major work aimed at equipping these areas with basic socio-economic infrastructure (construction of schools and health centers, supply of drinking water, electrification, and sanitation). Moreover, the Government intends to strengthen the activities linked to the accessibility of the areas of production through the construction/rehabilitation of roads and rural paths. In this respect, the Government plans to assess the experience of the “agricultural villages” in order to understand the benefits and to put in place a program to extend it to other regions of the country.

780. **Improving the labor supply and strengthening the agricultural labor market.** The development of the agricultural sector is accompanied by a positive demand for work and the appearance of specific trades, especially with agro-industry. To be able to meet this demand, the Government will carry out actions aimed at offering training to the following trades: agriculture, stock rearing, fishing and aquaculture. To this end, professional training centers

will be built, as well as the opening of sectors specialized in teaching. Moreover, as part of the development of the job market, a special emphasis will be placed on jobs in the agricultural sector.

781. **Strengthening governance of the sector and support to the private sector.** The Government intends to significantly strengthen governance of the sector in order to support the efforts of the private sector and to improve the profitability of investments. To do this, efforts will be divided into two principle axes, namely: (i) strengthening the capacity of governance of the sectoral administration (the ministries and other government agencies), and (ii) improvement in the general governance in the channels of the sector.

782. **“Strategic planning”.** The sectoral ministries concerned have prepared strategic planning documents for the sector. The Government intends to consolidate this work in a “Sectoral Policy Letter (LPS)” (*Lettre de Politique Sectorielle*) and a “Strategic Plan for the Development of the agricultural sector”. These enable the Government to accurately clarify its orientations, objectives, major programs and financing strategies, including through the State’s budget. What is more, the ministries are also part of the Priority Action Programs (PAP) and the program budgets within the scope of the implementation of the CDMT. These innovations will be strengthened with the refinement of the sectoral strategies, in order to improve the strategic planning of the sector.

783. **Setting quality and environmental standards.** Though the development of the agricultural sector is proving to be of utmost importance for achieving the objectives of growth, employment and poverty reduction, the same applies for the protection of the environment. In this regard, the Government will adopt a regulatory framework to establish the quality and environmental standards. In order to ensure observance of the measures adopted, the sector will acquire suitable human and material resources. The objective is to reconcile the interests of the operators and those of the country to promote the sustained development of the sector, whilst still preserving the environmental heritage. In particular, studies must be carried out in order to understand the environmental impacts of the projects.

THE EXPECTED IMPACTS ON GROWTH, EMPLOYMENT AND STATE REVENUES

Production and growth

784. With the reforms invested in and the implementation of the actions contained in the DSCERP, as well as the development of the activities carried out by the multinationals already present, the production of the agricultural sector should show a rapid expansion during the coming years. Economic projections indicate that, on the basis of the anticipated investments in the sector and the implementation of the programs, agricultural production will experience average growth of 11% over the 2012-2016 period. We note that performances of the sector are already well aligned with an average growth rate of 7,3% between 2008 and 2011.

Employment

785. Though the agricultural sector is characterized by low levels of revenue, it remains the largest provider of employment in the rural areas. Indeed, with its low level of mechanization, this makes it a labor-intensive sector. According to ECOM2, agricultural employment

represented 35,6% of employment in the Congo in 2011. In view of the anticipated developments, the sector will continue to contribute strongly to the curbing of unemployment in the coming years

BOX 1. Congo, government actions promoting agricultural development

For over a decade, the Government has demonstrated its commitment to developing agriculture. To do this, it has put in place several agricultural development projects and has signed agreements with foreign companies that are able to support it in this process.

1. Agricultural development programs and projects

Several programs and projects have been created and implemented, the most important of which are as follows: (i) *the Programme National pour la Sécurité Alimentaire (PNSA)* (National Food Security Program); (ii) *the Projet de Développement et de Réhabilitation des Pistes Rurales (PDARP)* (Rural Roads Development and Rehabilitation Program); (iii) *the Projet de Développement Rural (PRODER)* (Rural Development Program) and (iv) *the Projet Création des Nouveaux Villages Agricoles* (Project for the Creation of New Agricultural Villages).

The *Programme National pour la Sécurité Alimentaire (PNSA)*. The overall objective of the PNSA is to develop the natural potential of the country in order to alleviate the state of food insecurity and poverty. Its specific objective are : (i) increasing the national agro-pastoral and halieutic production through the use of innovative technology and quality inputs; (ii) strengthening the capacities of the actors; (iii) improving the marketing, conversion, storage and preservation of products; (iv) establishing and strengthening of a system for monitoring, early warning and rapid response; (v) improving the income and standard of living of rural producers, in particular that of women and young people; (vi) diversifying the sources of income of rural populations; (vii) guaranteeing the availability of foodstuffs; and (viii) protecting the environment and conserving natural resources.

The *Projet de Développement et de Réhabilitation des Pistes Rurales (PDARP)*. The main objective of this project is to improve agricultural production in the Congo. It is co-financed equally by the World Bank and the Government, for an overall amount of FCFA 20 billion. This project, which had targeted some 600 activities, is currently being adjusted. It concerns in particular reducing the number of activities, the number of agricultural roads to rehabilitate, the number of market infrastructures and the number of micro-projects to be financed.

The *Projet de Développement Rural (PRODER)*. The project is part of the Government's policy aimed at improving food supplies of the villages and increasing rural incomes. The project is focused on national biological control and research. To this end, several streams of activities are being developed, including: (i) a component for developing crops and farms based on manioc, groundnuts, maize and lowland rice, and (ii) a component for developing animal husbandry (cattle and small ruminants) with the establishment of a self-funding system of distribution of inputs and credit.

1. The “*Création des Nouveaux Villages Agricoles*” project. Funded by the Congolese State for an amount of FCFA 13 billion, this project concerns the development of special villages in order to increase production. By creating the agricultural villages, the Government envisages professionalizing agriculture. The agricultural villages of Knouo, Odziba and Imbouba in the Ignié agricultural area (in Pool) were carried out within the scope of this project. The activities to be developed here are linked to the production of manioc, pig rearing and broiler meat. The State has given each young person in these villages 792 laying hens and the equivalent of two hectares in manioc cuttings. The 40 families selected (among 358 applicants) are living in houses built by the State, with a minimum of town standing. These farmers are not agents of the State but work for themselves.

The *Fonds de Soutien à l'Agriculture (FSA)*. The aim of this fund is to finance farmers, stockbreeders and fishermen on the basis of viable projects. The FSA received an amount of FCFA 4 billion (approximately US\$ 8

million) to finance its activities during 2010. This funding has made it possible to support five priority sectors: poultry farming, pig rearing, fishing, fish-farming and the vegetable sector.

2. Cooperation agreements

In order to accelerate the development of agricultural production, the Government has strengthened its cooperation with other countries, notably China, and has concluded several partnership agreements with multinationals. Besides the financial lever, the objective is to benefit from the expertise and advanced technologies of these partners. Within this scope, partnerships have been established with South African, Brazilian and Malaysian companies.

The partnership with the South African company “Congo Agriculture”. The Congolese State has donated 80 000 ha of land to “Congo Agriculture”, a company established by South African farmers from Agri SA, following the agreement signed on 10 March 2011 in Pointe-Noire. This land situated in the Niari (63 000 ha) and Bouenza (17 000 ha) departments, has been set aside for the establishment of an agro-industrial complex for food crops and-fruit growing, as well as cattle rearing.

The partnership with the Brazilian company BR AFRICA. BR Africa signed a partnership agreement with the Government on 5 November 2010, authorizing its establishment in the Congo under the label **BR Africa Congo**. The agreement provided for capital distribution amongst the shareholders as follows: the Congolese State (49%) and the Brazilians (51%). This company will produce manioc and convert and market the products derived from the agro-industrial complex that will be built in the Pool department, between Imbouba and Mbé. The area set aside for manioc production is 19 500 ha.

The partnership with the Malaysian company ATAMA PLANTATIONS: In December 2010, the Congolese Government donated 470 000 ha of land located between Makoua and Mokeko to the Malaysian company ATAMA PLANTATIONS. This company intends to produce 9 000 tons of palm oil.

Agricultural cooperation between the Congo and China. Cooperation with the Chinese is manifested through the creation of the *Centre de Démonstration des Techniques Agricoles* (Demonstration Centre for Agricultural Techniques) located on the outskirts of Brazzaville. This center conducts experiments aimed at supplying the country with new high-yield varieties of fruit and vegetables adapted to the ecology of the country.

Source: STP/DSCERP

FIGURE 17. AGRICULTURAL CLUSTER: STRATEGY, PROGRAMS AND KEY PROJECTS

		Strategy	Programs and Key Products
INFRASTRUCTURE AND OTHER FACTORS OF PRODUCTION	1. Land resources	1.1 Regulating access and development of land	1. Development of the ground cartography 2. Adoption of the agricultural land policy 3. Strengthening the cadaster activities in rural areas
		1.2 Protection of the environment and natural resources	1. Putting in place a monitoring system for maritime and continental fishing 2. Adoption of environmental standards and their monitoring and observation
	2. Infrastructure	1. Improving accessibility to the areas of production	1. Construction and/or rehabilitation of rural roads and tracks, and art works
		2. Improvement of the living conditions in the areas	1. Equipping the areas of production with basic socio-economic infrastructure (schools, health centers, drinking water, electricity, sanitation)
	3. Human capital and labor market	1. Improvement in the supply of work	1. Construction of specialized training centers
			2. Development of specialized sectors in teaching (food technology, industrial maintenance, mechanics for shipping fish, cold storage, quality control of agricultural products, industrial fishing, aquaculture 3. Facilitation and supervision of immigration of agricultural workers 4. Policy of the promotion of the sector amongst the youth (agric. village pro)
	2. Development of the agricultural labor market	1. Collection and publication of information on the supply and demand of	
		4. Support to the private sector and financing	4.1 Strengthening the governance of the sector
	4.2 Structuring of the sectors		1. Support to the creation and management of cooperatives and prod groups 2. Adoption of regulations concerning the organization of the producers
	5. Governance capacities	5.1 Strengthening the administrative capacities of the management of the sector	1. Strengthening the technical and material capacities
			2. Diagnostic study and strengthening of human resource
			3. Development of the quality control activities
			4. Strengthening the financial capacity

TABLE 29. DEVELOPPEMENT OF THE MAIZE VALUE CHAIN

Ministries concerned	Actions or projects
Economy, Planning, Town Planning and Integration	Allocation and assessment of investments in the value chain
Industrial Development and Promotion of the Private Sector	Establishment of the corn mill industry
Agriculture and Livestock	Developing areas to be cultivated (mechanization) Simplifying the farming techniques adapted for maize Diffusion of the farming techniques adapted for maize
Land Affairs and Public Domain	Demarcation of the area for exploitation and expropriation
Environment	Development of a program for waste recycling
Trade and Supplies	Creation of maize storage centers (silos) for marketing
Higher Education and Professional Training, Skills training	Training in the trades of mechanization, simplification of agricultural work, the maize industry, storage, preservation and marketing of maize.

Source: STP/DSCERP - Data from the Ministry of Agriculture and Livestock

TABLE 30. DEVELOPMENT OF THE MANIOC INDUSTRY VALUE CHAIN

Ministries concerned	Actions or projects
Economy, Planning, Town Planning and Integration	Allocation and assessment of investments in the value chain
Industrial Development and Promotion of the Private Sector	Establishment of the manioc industry for manioc flour and starch production Establishment of the starch production industry Establishment of the cattle feed production industry National and international technical partnership agreements
Agriculture and Livestock	Establishment of the manioc industry for manioc flour and starch production Creation of healthy nurseries (plant material) Support for the mechanization of manioc farming Simplifying the farming techniques adapted for maize
Land Affairs and Public Domain	Demarcation of the area for exploitation and expropriation
Trade and Supplies	Supply of water and electricity to the site Establishment of a marketing network for products in the manioc value chain
Higher Education and Professional Training, Skills Training	Training in the trades of mechanization, simplification of agricultural work, the manioc industry, storage, preservation and marketing of maize

Source: STP/DSCERP - Data from the Ministry of Agriculture and Livestock

Table 31. DEVELOPMENT OF THE PALM OIL VALUE CHAIN

Ministries concerned	Actions or projects
Economy, Planning, Town Planning and Integration	Allocation and assessment of investments in the value chain
Industrial Development and Promotion of the Private Sector	Establishment of the palm oil and biofuel industry Establishment of the cabbage oil industry Establishment of the saponification industry
Agriculture	Creation of palm oil nurseries Developing areas to be cultivated Simplifying the palm oil farming techniques Creation of a papain production plant and a factory for the manufacture of biodegradable packaging Creation of a support unit for mechanization
Land Affairs and Public Domain	Demarcation of the area for exploitation and expropriation
Environment	Waste recycling to protect the site and its surrounding areas from pollution
Trade and Supplies	Product distribution on local and foreign markets (export) Establishing market regulatory mechanisms
Higher Education and Professional Training, Skills Training	Training in the trades of mechanization and simplifying agricultural work Development and implementation of palm oil training programs

Source: STP/DSCERP - Data from the Ministry of Agriculture and Livestock

Table 32. DEVELOPMENT OF THE FISHERIES VALUE CHAIN

Ministries concerned	Actions or projects
Economy, Planning, Town Planning and Integration	Allocation and assessment of investments in the value chain
Industrial Development and Promotion of the Private Sector	Creation of industrial fishing hatcheries for fish farming and aquaculture development
	Creation of industrial fishing hatcheries for restocking the country's rivers
	Creation of fish-farming fattening stations
	Creation of fish filleting plants
Fishing and Aquaculture	Creation of industrial fish processing and conversion plants
	Setting up laboratories for quality control of fish destined for export
	Creation of an industrial unit for the salt-curing and smoking of fish
Trade and Supplies	Creation of fish-farming fattening stations
	Human resource training
	Creation of industrial plants for the processing and conversion of fish
Transport	Setting up laboratories for quality control of fish destined for export
	Creation of refrigerated warehouses
	Setting up laboratories for quality control of fish destined for export
Higher Education and Professional Training, Skills Training	Support for laboratory research and experiments
	Conducting analyses in aquatic environments
	Providing the CFCO with refrigerated vans
	Training in fish farming and aquaculture, construction of ponds and zootechnique
Higher Education and Professional Training, Skills Training	Fish capturing techniques
	Training in the fish processing industry trades
	Training in the conservation and marketing of fish

Source: STP/DSCERP – Data from the Ministry of Fisheries and Aquaculture

THE “FORESTRY AND TIMBER INDUSTRY” CLUSTER

786. For a long time, the forestry sector was the driving force of the Congolese economy. The exploitation of forests constituted the main source of foreign currency up until 1974. Nowadays, it contributes close to 10% of the GDP¹⁰. Between 2005 and 2008, the sector represented 13% of exports on average, and more than 60% of the non-oil export earnings. In 2010, the forestry sector was still in second place in terms of contribution to the GDP (5,6%), to exports (10%) and to employment. In 2010, this sector employed around 16 000 people, of which 1 100 were directly employed and 5 000 of which were employed in related activities.

787. Nevertheless, the country is not generating sufficient income from its forests, on account of, until now, an insufficient conversion rate and poor control of the value chain. Until now, most of the timber has been exported in the form of logs. Exploitation concerns a very limited number of species, around ten or so are recognized for their market value, including OKOUME, SAPELLI, MOABI, PADOUK, SIPO, AKOUMINATA and WENGE. The first two are the most exploited.

788. After strong expansion between 2001 and 2003, forestry production has also experienced a noticeable turndown since 2004 (0,3%), particularly due to the drop in the production of logs (-2%). This was offset by the increase in the production of semi-finished wood (+10%). Several factors explain this performance below expectation, in particular the deterioration of the country’s transport infrastructure making the shipment of products to the Pointe Noire port difficult. For this reason, companies situated mainly in the northern part of the country, transport their production to the port of Doula via Cameroonian roads. This operation involves a transport surcharge, since the distance is greater and the fuel price in Cameroon is higher than in the Congo – where it is subsidized.

789. The consequences of the international economic and financial crisis that took place from the third quarter of 2007, were as follows: (i) a cut in the orders from the main clients, (ii) the consequent drop in production, (iii) a decline in activities in the forestry sector, (iv) a reduction in forestry revenues, (v) the impossibility of respecting the contractual agreements with the State and, (vi) the reduction or complete standstill of investments, and (vii) resorting to staff cutbacks and technical leave.

790. In 2000, the Congolese government promulgated a new Forestry Code requiring foresters to process at least 85% of production, without going as far as a measure involving the total prohibition of the export of logs, as is the case of neighboring Gabon. This could lead to a justified need to redefine the strategy for the sector.

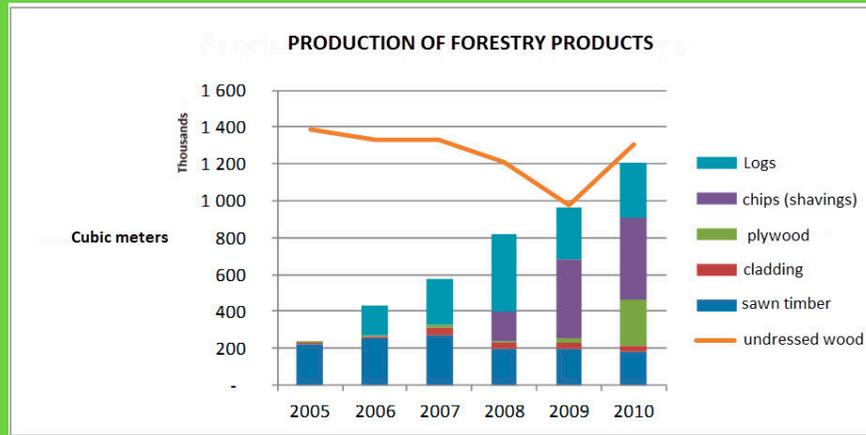
791. Generally speaking, this redirecting is necessary for all the tropical forest timber sectors, from the point of view of climate change and the need to protect them. It concerns reconciling two different sets of problems but henceforth linked: (i) the protection of the major activity of “carbon sinks” of the tropical forests, (ii) the rights of the country and its people to exploit the resources of the forest and more specifically, subtropical exploitation and exportation activities in the global timber and construction materials markets. Such reconciliation is only possible with the optimal organization of the exploitation of tropical forests, respectful of the principles of sustainable and efficient development against the

¹⁰Feasibility study of the Support to the sustainable management of the forests of the Congo project, September 2007.

practices of massive deforestation, degradation and the illegal trade in timber, in fauna and in other non-ligneous forest products.

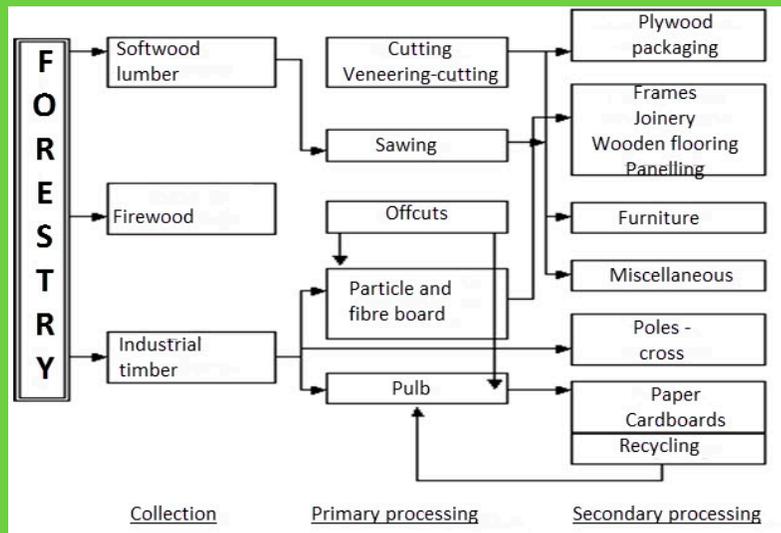
THE ACTORS AND THE KEY PRODUCTS

FIGURE 17. PRODUCTION OF FORESTRY PRODUCTS



Source: ST/DSCERP – Data from the Ministry of Forest Economy and Environment

FIGURE 18. OVERALL VIEW OF THE TIMBER INDUSTRY



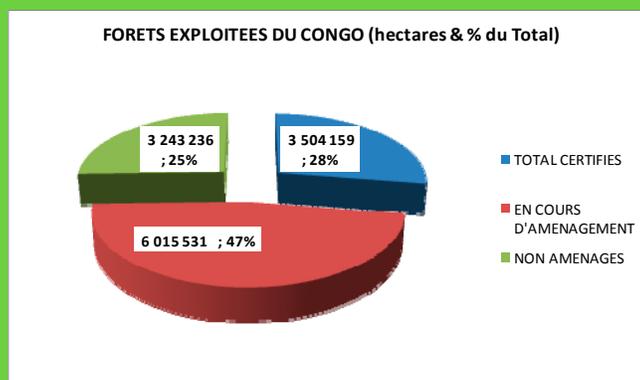
Source : ST/DSCERP-Données du Ministère de l'Economie Forestière et de l'Environnement

Tableau 3. DISTRIBUTION OF SURFACE AREAS ACCORDING TO THE DEGREE OF DEVELOPMENT

No.	FOREST	Surface Area (ha)	% of the total
1	LOPOLA	195 510	2%
2	LOUNDOUGOU TOUKOULAKA	571 100	4%
3	MOKABI	586 330	5%
4	MISSA	243 376	2%
5	KABO	296 000	2%
6	NGOMBE	1 159 643	9%
7	POKOLA	452 200	4%
TOTAL CERTIFIED		3 504 159	27%
UNDER DEVELOPMENT		6 015 531	47%
NON-DEVELOPED		3 243 236	25%
TOTAL EXPLOITED		12 762 926	100%

Source: STP/DSCERP- Data from the Ministry of Forest Economy and Environment

FIGURE 19. DISTRIBUTION OF SURFACE AREAS ACCORDING TO THE DEGREE OF DEVELOPMENT



Source : STP/DSCERP

STRENGTHS: CONSIDERABLE WEALTH, BUT UNDER-DEVELOPED

792. The Congo has abundant fauna and flora consisting of, besides its 6 500 plant species, 200 mammal species, more than 700 bird species, 45 reptile species and more than 632 insect species. The exploitation of non-ligneous products (Gnetum, marantaceae, liana, rattan, cortex, honey, etc.) still falls under the informal domain. The exploitation of this forest, and generally of tropical forests, only targets a limited number of widely recognized forest species on the foreign market. Conversely, the temperate forests are managed on the basis of the knowledge of the resource, the fruits of the exhaustive inventory making it possible to determine the wealth and value of the forest and as a result, that of the exploitation permits.

793. In so doing, the exploitation of forests in the Congo, like in other countries in Central Africa, practices a type of skimming of the forest, leaving most of its ligneous wealth unexploited (between 200 and 300 species), whose value for that matter, remains largely unknown. The timber industry, in addition to its limited size, is focused on the first-stage processing (sawing, cutting, veneer-making, plywood, etc.) exported on the international market. It implies large groups with permits covering vast forestry areas, committed to a process of sustainable development.

794. Taking into account the seriousness of this crisis on the Congolese forest economy, a consultation meeting grouping together the direct or indirect actors implicated in the development of the forestry/timber sector, as well as the employers' unions (Uni-Congo, Uni-Bois) was held, to discuss the measures to be taken in order to mitigate the effects of the crisis. Congo's forestry code that was promulgated in 2000 has put sustainable management of the forest-timber sector on the right track, with a clear orientation towards the sustainable development of logging operations, the industrialization of the timber sector and the conservation and protection of the biodiversity of the ecosystems. Yet, despite the results achieved in the sustainable development of logging operations and the creation of protected areas (15 national parks), growth in industrial timber processing is still well below the objective fixed by the Forestry Code (85% local processing).

795. Forestry development constitutes one of the priority axes and is progressing in most of the forestry concessions on the basis of multi-resource inventories and ecological and socio-economic studies within the scope of a partnership between the administration in charge of forestry, the forestry companies and the development partners (donors, civil society organizations).

The situation of forestry development

796. Congolese forestry development, which concerns a total of 12,8 million hectares, demonstrates a variety of situations as indicated in Figure 17.

797. Sustainable **development with full approval. We note that 3 504 159 million ha (being 27% of the total)** surface area of the forestry concessions, are currently managed by several major groups including CIB, IFO and MOKABI, and represent sustainable development with full approval. This development has successfully embarked on the process of international recognition and certification. The development plans of the MOKABI, LOUNDOUGOU and TOUKOULAKA *Unités Forestières d'Aménagement* were adopted in 2010, as were the basic planning documents of the UFA MISSA during the first quarter of 2011.

798. **Sustainable development with provisional approval. There are 6 015 531 million ha (being 47% of the total)**, involved in sustainable development process with provisional approval. There are still around **3 243 246 million ha (being 25% of the total)** linked to permits that have not initiated the slightest process for the management of their forestry development. These are generally small national permit holders but who do not have the financial standing to subscribe to a management process. In this batch, we find all forms of permit grants that until now, have not been controlled, have been executed without clear rules governing their allocation and without any guarantee or transparency. This type of development has progressively become an obstacle to the process of sustainable management and that of the local processing of timber.

Strengths, Weaknesses, Opportunities and Threats

799. The *Figure* below provides a summary of the Strengths, Weaknesses, Opportunities and Threats associated with the forest-timber sector. This summary analysis makes it possible to strategically place the timber and forestry products sector of the Congo on the national, regional and international markets.

FIGURE 20. MAIN STRENGTHS AND WEAKNESSES OF WOOD AND FOREST ECONOMY SECTOR

Strengths	Weaknesses
Tropical forest rich in biodiversity and high level of preservation of the phenomenon of deforestation and degradation, which makes it one of the best preserved tropical forests in the world!	Ignorance for the most part, of the forest resources (ligneous species, PFNL ...) and of their value
Decision by the new authorities to make the forest a lever of growth and sustainable development and the major base of the <i>Green Congo</i> policy.	Low proportion of forest resources exploited. High wastage rate in the exploitation of wood (only 20% to 30% of the tree is developed)
Political will to play a prominent role in the global fight against climate change (commissioning of 13% of forest areas, obligation for sustainable forestry development, <u>protection</u> of the forest biodiversity (fauna and flora).	Industrial infrastructure still poor and mainly focused on primary processing;
Strategic decision to develop local processing of timber, with strong measures: prohibition on the export of logs, strong promotion to attract investment in the processing of timber through the establishment of Special Economic Zones and the implementation of a support fund for timber processing projects.	The timber processing industry is handicapped by the non-availability of energy and competitive transport infrastructure. High costs of transport, production, energy and heat (in particular, to dry the timber) to accelerate the processing of the timber.
	Weak mechanism for the prevention of and the combating attacks by armed gangs using weaponry against the fauna (killing of elephants for smuggling ivory; abusive removal of animals to supply a "bush meat" market that has become regional.

Source : ST/DSCERP et INT-DEC, Données du Ministère de l'Economie Forestière et de l'Environnement

THE STRATEGIES, PROGRAMS AND FLAGSHIP PROJECTS

800. “To make the Congo one of the global leaders in certified tropical wood, carried by an industry that fully enhances the resource and which is exploited from a forest under sustainable management, playing its role in full of Carbon Sinks and a biodiversity sanctuary, at the service of humanity”. Such is the vision that underpins the development of the “timber sector” in the Congo.

801. The implementation of this vision will be through improved governance of the forest, the reorganization of forestry development, as well as the complete review of the organization of the timber processing sectors through industrial poles, making it possible to provide the actors with shared infrastructure and services. There is, in short, the need for improved management of the costs of logistics services (in particular the cost of transport and port freight).

802. From the point of view of the analysis of the environmental trends of tropical forests and the evolution of timber markets, the government has retained major strategic guidelines in line with the “*Chemin d’Avenir*” (“Future Path”) vision. These will enable the alignment of the operational plan for their implementation. These strategic guidelines may be broken down according to the several major programs, including (i) *knowledge on the wealth of the Congolese forestry domain*; (ii) *generalization of the sustainable management of the forest to all development sites*; (iii) *the development and the implementation of an industrial strategy organized around the “timber and forestry industry cluster”*.

Developing knowledge on the forest and its wealth

803. It concerns a better understanding of the forest and its diversity of wealth, in particular that which is exploitable with, on the one hand: (i) the wealth of species, their industrial value and the interest in their development; and (ii) the wealth in non-wood forest products with their properties, active principles and their significance.

804. Improved knowledge of the animal and plant biodiversity is also necessary. To do this, it will be necessary to conduct an exhaustive inventory of the forest’s resources, by using modern geomatic methods and satellite observations making it possible to follow the evolution of the forest and to conduct a soil inventory using tracking tools (GPS). In this regard, the PAGEF project will make it possible to conduct an exhaustive soil inventory, as well as to take stock of the reality of the different forms of exploitation of the forest, the forest populations, the forest enterprises and the activities that have been carried out there. The objective is to determine the economic value of the forest (in other words the number and the value of ligneous species, of the Non-Wood Forest Products (NWFP) and of the fauna and flora. The economic value of the resources is added to their value as carbon sinks ensured through sustainable management.

Generalizing sustainable development of the forest to all forest development

805. In this regard, the *Programme de Mise à Niveau* (PMN) with a fund of US\$ 15 billion, the program dedicated to small forest permits (PAPPF 2), as well as various other sources of future aid, will make it possible to support the effort to generalize the sustainable management of small forest permits held, for the most part, by Congolese nationals. This component of the

program deserves special attention as it enables the integration of the Congolese people living off small forest exploitation, into the development of the sector.

Implementing a true industrial strategy to manage the sector

806. This industrial strategy is aimed at extending timber processing projects to all forest exploitation. The success of the implementation of this industrial strategy will be through a voluntary strategy for the development of a national and regional market, based on the strong demand for accommodation in Africa (growing urbanization, development of the middle class, development of social housing), and thus an increasing demand for timber products.

807. The industrial strategy of the timber sector aims at:

-increasing the recovery rate of 20% to 30% (material output) of felled timber today, to a minimum recovery rate of 85%. This will mean enhancing the full value of waste from forest development (forest residue, waste from wood chips);

-creating a cluster of small, medium and micro enterprises, self-employment and revenue in the collection and development of waste from forest exploitation (pruning, hauling, fagots and grinding of forest waste, collecting and press molding of wood chips). The wood shavings will be used in particular for the production of electricity and heat through cogeneration, for the production of a wide variety of new construction materials, combining the wood shavings with clay to produce geo-concrete resistant bricks, as well as the production of more sophisticated materials;

-owing to the availability of a variety of construction materials, developing wooden assembly kits incorporating different materials enabling the mass-production of houses. In this way, a cluster is developing running from the large export companies and small to medium enterprises on the international market and operating in the first, second and third processing phases;

-Developing a similar offer through a partnership with manufacturers and countries with an excellent timber culture and a mastery of the technologies and engineering of the materials, developing “everything” from timber, notably the waste in the production of the different materials. This generation of construction materials, ensures all the advantages of wood (thermal comfort, resorption of humidity, durability) and makes it possible to avoid its disadvantages (termites, humidity and warping of non-dried wood used in general). The contribution of polymers from petro chemistry, will be deciding in the design of these new materials.

808. Such an offer will bring sustainable solutions to the structural problem of housing, characterized by a chronic shortage in supply. The offer to develop under a Congolese label will be the fruit of a powerful partnership with forest nations mastering the latest technologies in construction materials and who have a long culture in forest development and in “timber materials”. Its aim to extend across the Congolese national market and the

regional market, which is experiencing a rising demand for housing, construction materials and furniture.

809. The Government plans to better organize this sizeable potential demand to facilitate access to housing. In this regard, it must strengthen the following policies: urban development, cadastral policy, making land available to developers and housing cooperatives, the development of land (VRD, installation of drinking water supply networks, sanitation).

Flagship actions for the development of the forest economy

810. To drive and acetate the transformation of the forest economy, the Government plans to implement an extensive priority program for the period 2012-2016. The program is still being prepared with the participation of the World Bank. The main actions envisaged are listed in the table below.

Table 34. MAIN DEVELOPMENT PROGRAMS AND PROJECTS OF THE FOREST ECONOMY

Axis	Programs	Projects
Improve the institutional and regulatory framework	1. Strengthen the institutional and regulatory framework	1. Creation of the National Resources Agency of the CONGO (agency for the coordination of timber processing activities) 2. Development and adoption of a guiding outline for the industrialization of the timber sector 3. Putting in place a co-management policy with people living along the rivers and the private partners
	1. Development of the institutional mechanisms for access to the timber markets	4. Support of the FLEGT initiative 5. Access to the major markets
Create the industrial and logistics infrastructure of the timber sector	2. Develop industrial infrastructure for timber	6. Creation of industrial timber domains 7. Creation of new specialized ZES for timber
	3. Establishment of adapted port infrastructure	8. Development of areas and facilities to export processed timber products within the scope of the Brazzaville and Pointe-Noir port extension project 9. Setting up export platforms for processed timber products, within the scope of the development of the Pointe-Noire deep-water port, the Brazzaville river ports and others
Reinforce support of the private sector	4. Accelerate timber processing through strengthening enterprises, their organization and their visibility	10. Updating the timber processing sector (pilot project for an overall update of the sectors of economic diversification). Development aid to the SME/SMLs in the commercial sector of artisanal timber 11. Strengthening the professional timber organizations and public-private dialogue
	5. Updating the economic sectors of forestry development	12. Improvement of the PFNL and the by-products of forestry development
	6. Promotion of timber from the CONGO	13. Promoting a national and regional market for timber from the Congo 14. Development aid to the construction of wooden homes Industrial carbonization 15. International promotion
Developing professional training	7. Training and insertion of the "timber" sector in the income-generating activities	16. Creation of the <i>Centre Supérieur des métiers de la forêt et du bois</i> 17. Establishing secondary training centers for trades in forestry and timber 18. Creation of the "Service Platforms" (PFS) for insertion in the employment and income-generating activities in the "timber" sector
Strengthening support for sustainable development and national reforestation, strengthening the development of production forests	8. Inventories of forestry resources	19. Evaluation of the tree and forest resources
	9. Development of production forests	20. Digital, multispectral and three-dimensional aerial imagery for monitoring the management and conservation of the forests 21. Support for sustainable management of Congolese forests
		22. Development of the national criteria and indicators for the sustainable development of Congolese forests 23. Development of the Brazzaville Patte d'Oie forestry reserve
	10. Support to organizations under supervision	24. National reforestation department 25. National center for inventories and the development of resources 26. Congolese agency for fauna and protected areas 27. Department responsible for the control of forest products destined for export
11. National Reforestation Program (PNAR)	28. National Reforestation Program (PNAR)	
6 Conservation of biodiversity and the fauna sector	12. Conservation of biodiversity	29. Strengthening the operational capacity of the units for monitoring and the anti-poaching fight
	13. Development of parks and protected areas	30. Sustainable management of protected areas and fauna reserves
	14. Opening of zoos	31. Opening of a park on the outskirts of Brazzaville 32. Development of the Brazzaville botanical garden and zoo

Source: STP/DSCERP in the PAP of the Ministry of Forest Economy and Environment

THE EXPECTED IMPACTS ON GROWTH, EMPLOYMENT AND STATE REVENUES

Contribution to growth

811. The implementation of programs for the diversification of the forest economy cluster will contribute to increasing its contribution to the growth of national revenue and increasing employment. According to macro-economic projections, with the expected volume of investment and the outlook for sustained progress of international timber prices, the growth of the sector would increase from -7,8% as an annual average from 2008-2011, to 10,5% over the 2012-2016 period, with knock-on effects in the other sectors.

Contribution to the creation of employment

812. The macroeconomic projections indicate that, with the conservative assumption of a constant productivity of work, employment in the forestry sector should increase significantly. Over and above this direct effect, we also anticipate strong improvement in the quality of jobs created and their remuneration, in particular in the downstream industrial sectors.

Contribution to State revenue

813. On the assumption of increased tax revenue and sustained growth of the sector, an increase in the share of revenue from this sector as part of the total State revenue, is anticipated. Simulations indicate that the forestry sector and the overall GDP would increase at the same rate overall. Likewise, the efforts aimed at collecting the resources generated by this branch of activities, would enable an increase in the contribution of the sector to the State revenue.

Table 35. DEVELOPMENT OF THE VALUE CHAIN FOR TIMBER PROCESSING

Ministries concerned	Actions or projects
Economy, Planning, Town Planning and Integration	Allocation and assessment of investments in the value chain
Industrial Development and Promotion of the Private Sector	Creation of the timber seasoning industry to improve the quality of the country's timber products
Forest Economy and Sustainable Development	Monitoring the UFAs for perennial development of forestry resources; Establishment of village nurseries Development of the national afforestation program
Land Affairs and Public Domain	Demarcation of the area for exploitation and expropriation
Higher Education and Professional Training, Skills Training	Professional training in the timber and timber industry trades <i>Centre d'Entraînement de Formation et d'Apprentissage (CEFA)</i> for the timber trades, according to the formula – in-service training in the work environment Training program for technicians and engineers in further processing of tropical timber

Source: STP/DSCERP – Data from the Ministry of Forestry and Environment

8.2 THE “BUILDINGS AND CONSTRUCTION MATERIALS” CLUSTER

ACTORS AND KEY PRODUCTS

814. The construction industry regroups all the activities linked to construction and to the management of civil engineering works. The heart of the activity runs from the construction of housing and projects in the property trade professions, including the production and distribution of construction equipment and materials. This nucleus is supported by various activities and basic economic infrastructure completing the overall thread of the cluster.

815. As indicated in the figure below, the construction cluster includes: (i) the main construction, rehabilitation, maintenance and demolition activities upstream of the production and distribution of construction materials, and downstream – the property development promotion (cluster head), (ii) the support activities, and (iii) infrastructure and other factors of production.

FIGURE 21. OVERVIEW OF THE CONSTRUCTION CLUSTER

	Construction/Rehabilitation/Maintenance/Demolition	Production and distribution of equipment and construction materials		Property Development Promotion
SUPPORT ACTIVITIES	Construction of Housing	<i>Development of local materials</i>	<i>Industry</i>	
	Construction of service buildings: offices, airport buildings, railway stations, bus stations, hotel establishments, financial establishments, hospital buildings, school buildings, etc.	Quarries, crushing plants: sand, gravel, laterite, clay	Cement works/brick works/tile/ceramics (tiles)	Sale/lease of equipment
	Construction of transport infrastructure: roads and tracks, bridges, port and airport installations and hangars, etc.	Timber: planks, rafters, laths (roof battens), plywood	Piping/sanitary ware Asphalt plant/coating plant: manufacturer of asphalt and asphalt concrete	Interior design
	Construction of industrial structures: hangars, factories, hydroelectric dams, electric pylons, etc.	Hardware/Distribution of equipment and construction materials	Sheet metal manufacture/Glazery	Interior joinery (manufacture of interior furniture)
	Rehabilitation/Maintenance/Demolition of structures	Leasing of civil engineering equipment and materials (cranes, cement mixers, etc.)	Joinery (manufacture of paneling, laminated wood)	Gardening
SUPPORT ACTIVITIES	Project management (Administration and individuals) Project ownership, Control/Execution	Transport of material Transport of material		Interior architecture Management of the real estate companies and the built and movable heritage of the State
INFRASTRUCTURE AND OTHER FACTORS OF PRODUCTION	Finance/Insurance			
	Regulation: Permission to construct, to demolish	Land reform: Facilitation of access to land		
	Regulation: Technical standards for the construction of structures or elements thereof	Improvement of land (VRD: roads, water-sanitation, electricity, tel.)		Training and Research: building, carpentry, topography, civil engineering, urban engineering, architecture
	Regulation: Approval of the <i>Bureau d'études techniques et des entreprises</i> , approval of equipment and construction materials	Development of subdivisions (registration of land for construction)		Specification of the quarry production zones
Regulation: Professional rules and management of the labor force (collective agreements, wage levels, working conditions, etc.); Competition, taxation, R & D, etc.	Protection of the environment: respect for environmental standards			Solar energy production and/or installation

816. **The cluster head** of the construction industry comprises the following activities: (i) construction, rehabilitation, maintenance or demolition of various structures: housing, service buildings, transport infrastructure, industrial structures, agricultural structures; (ii) production and distribution of equipment and construction materials: enhancing the value of the materials, the materials industry, distribution of construction products; (iii) property development promotion: sale/lease of property, interior design, carpentry, gardening.

817. **The support activities** are mainly linked to the following operations: (i) project ownership by the administrations (Ministries and other public institutions) and individuals; (ii) project ownership by the *Bureau d'études techniques* (BET); (iii) transport of construction material and equipment; (iv) architecture design; (v) management of real estate agencies and companies and (vi) management of property heritage and State property.

818. **The transverse factors of competitiveness** upon which the activities of the construction industry cluster head rest, may be divided into four groups: (i) basic infrastructure: site development (roads, water-sanitation, electricity, telephone), development of subdivision projects, land reform to facilitate access to land, protection of the environment, specification of the quarry production areas and the installation of factories; (ii) human resources: training and research in the fields of building, carpentry, topography, civil engineering, urban engineering, architecture, rural engineering; (iii) the private sector: organization of enterprises and the BET, funding the enterprises and the BET, regulations concerning competition and taxation; (iv) governance of the sector: administration, regulation, legislation, standardization.

819. The main actors involved in the construction industry activities may also be divided according to three branches of activities.

820. The main participants in the *activities of the cluster head* are:

- the administration: Ministries in charge of the following sectors: Public Works, Construction, Transport, Energy, Hydraulics, Mines, Industry, Trade, Agriculture, Environment;
- companies and individuals: construction and project management companies (CFCO, PAPN, PABPS, SNE, etc.), hoteliers, manufacturers, farmers, individuals;
- the companies that will carry out the BTP projects;
- the consulting and auditing firms in respect of the BTP projects;
- quarry developers;
- equipment and material haulers;
- hardware dealers;
- civil engineering machinery and equipment rental companies;
- material manufacturers (cement, bricks, tiles, roof tiles, floor tiles, steel reinforcement, sheet metal, window panes, pipes, sanitary ware, planks, laths, rafters, plywood, paneling, laminated wood, lathes, wheelbarrows, etc.);
- real estate agencies;
- furniture manufacturers;
- Interior designers and gardeners.

821. *As regards the support activities*, the main participants are:
- the administration: all the Ministries and institutions (for the project ownership); Ministries of Technical Education and Higher Education, Ministries of Public Works, Construction and Town Planning; Ministry of Environment, Ministry of Finance;
 - companies and individuals: construction and project management companies (CFCO, PAPN, PABPS, SNE, etc.), hoteliers, manufacturers, farmers, individuals;
 - the companies that will carry out the BTP projects;
 - the consulting and auditing firms in respect of the BTP projects;
822. *As regards the basic economic infrastructure*, the main participants are:
- the administration: all the Ministries and institutions (for the project ownership), Ministries of the following sectors: Public Works, Construction, Town Planning, Transport, Energy, Hydraulics, Land Affairs, Urban Planning, Mines, Industry, Environment, Technical Education, Higher Education, Environment, Finance, Councils and City Councils;
 - the companies that will carry out the VRD projects;
 - the consulting and auditing firms in respect of the VRD projects;
 - the solar energy manufacturing and installation companies.

STRENGTHS: A MARKET BOOSTED BY MAJOR INFRASTRUCTURAL PROGRAMS

823. The Congo has several assets for developing the branches of this sector of activities in accordance with an integrated approach. Indeed, the construction industry currently benefits from a climate that is favorable to its development, notably due to:

- the policy of modernization of social housing in the country;
- the policies concerning major transport infrastructure projects (roads, bridges, railway lines, ports, airports) in the Congo, in the DRC and throughout the entire Central African sub-region (Cameroon, CAR, Gabon, Equatorial Guinea, Chad);
- the major construction programs for the production and transport of energy, water and sanitation (hydroelectric dams, thermal power plants, electrical power lines, agricultural irrigation pipes) to the Congo and to the entire sub-region.

824. These particularly enticing prospects in terms of demand are nonetheless marred by the persistence of considerable constraints affecting all components of the sector. Overall, the construction industry is still plagued by: (i) an insufficiency in the supply of construction projects; (ii) uncertainty with respect to the quality of construction; and (iii) deficient organization of the sector.

825. The analyses make it possible to group the constraints into two categories, as indicated in the table below. Overcoming this vicious circle of problems, one as crucial as the other, represents one of the major challenges that the Congolese government plans to meet within the framework of the PND.

FIGURE 21. Causes of the major problems in the construction industry

Main problems	Causes	
	Grade 1	Grade 2
Shortage of construction projects	High cost of construction materials	<ul style="list-style-type: none"> - Local production of materials is limited and not competitive : Pronounced use of imported materials - Supply of equipment and materials is costly and insufficient
	High cost of land for construction	<ul style="list-style-type: none"> - Lack of serviced land for construction
Uncertain quality of construction	Products do not meet the local technical specifications or have specifications that are not known	<ul style="list-style-type: none"> - Absence of a quality control system - Weaknesses in the national standards on materials
	Non-respect of the rules in use	<ul style="list-style-type: none"> - Poor project ownership and project management capacity - Bad governance in the monitoring of construction work
Weak organization of the sector	Regulatory system/ineffective control	<ul style="list-style-type: none"> - Accountability/defining the unclear roles of the actors - Ineffective town planning regulations
	Limited number of structured and efficient enterprises	<ul style="list-style-type: none"> - Poorly developed property intermediation activities - Lack of civil engineering equipment - Poor network of local construction SMEs

Source: STP/DSCERP – Data from the BTP Ministry and the Ministry of Construction and Housing

THE STRATEGIES, PROGRAMS AND FLAGSHIP PROJECTS

826. The Congo's strategy to meet the challenges of the development of the construction industry consists of two major axes: (i) strengthening the performance of the construction industry; (ii) developing human resources in the BTP sector; and (iii) developing the capacity and competitiveness of the BTP private sector.

Strengthening the performance of the construction industry

827. Achieving this objective will be carried out through the implementation of three programs: (i) growth, diversification and reduction in the prices of construction materials; (ii) improvement in the building stock; and (iii) improvement in the development of land available for construction.

828. *Growth, diversification and reduction in the price of construction materials:* the program for the growth, diversification and reduction in the price of construction materials is based on promoting the local production of construction materials and facilitating the supply of material and equipment. It is a question of lowering prices through increasing the offer of construction equipment and materials across the country.

829. *Improving the building stock:* improvement in the building stock is an extensive program of construction, rehabilitation and maintenance of various structures that can raise the production of construction materials and improve the living conditions of the people. The

structures concerned extend from social housing to agricultural structures through to service structures (offices, hotels, hospitals, school and university establishments), transport infrastructure (roads, bridges, railway lines, ports, airports) and industrial equipment (dams, thermal power plants, electrical power lines, processing plants for metal, wood and agricultural products, etc.).

830. *Improvement and development of land for construction:* Here it concerns acquiring and preparing the area for construction. As such, the creation of subdivisions in Brazzaville, Pointe-Noire and in the secondary towns will constitute the keystone for the success of this program. The development of the sites divided by roads and various networks (VRD) will also form a key aspect of the program.

Developing human resources in the BTP sector

831. Developing human resources in the BTP sector is a priority for supporting the programs for the promotion of the construction industry. This will be conducted through two major programs: (i) strengthening training in the BTP professions, and (ii) fostering respect for the rules in use.

832. *Strengthening training in the BTP professions:* Here it concerns improving the training system, in particular through the creation of technical schools specialized in construction and through the creation of an *Institut Supérieur de Travaux Publics* (ISTP). It will also concern optimizing the use of human resources through improving the conditions governing the civil engineering profession and raising salary levels in the BTP sector.

833. *Promoting respect for the rules in use:* This fostering of the respect for the rules in use will be through strengthening project ownership, project management and the rules of construction and town planning. It will be a question of revising all the legislation on the subject in order to tailor it towards more strict control of construction in the Republic of the Congo.

Developing capacity and competitiveness with the BTP private sector

834. To complete this arsenal of measures to promote the construction industry, it will be necessary to make the BTP private sector in the Congo competitive. To this end, two programs are envisaged, namely: (i) strengthening the organization and regulation of the construction sector, and (ii) promoting the BTP private sector.

835. *Strengthening the organization and regulation of the construction sector:* This will be based on the socioprofessional organization of the actors and improving governance of the construction sector. In particular, it will concern the adoption of a framework law on the construction profession (engineer, architect, technician, project owner, companies responsible for executing the work), to create a platform for professional dialogue between public and private, and the reorganization within the administration of the technical execution, control and monitoring units.

836. *Promoting the BTP private sector:* The authorities intend to promote the BTP companies and *Bureaux d'Etudes Techniques* (BET) through:

- promoting the activities of real estate brokerage (strengthening the legal framework governing the real estate agent profession; revision/adoption of the regulations governing joint-ownership of property);
- making available civil engineering equipment through the creation of the *Agence Congolaise de Location de Matériels de Construction* (ACLOMAC) and the creation of a *Fonds d'Équipement de Génie Civil* (FEGC);
- and the development of the infrastructure of local SMEs (redrafting the provisions for the award of public procurement contracts in favor of local SMEs; facilitation of the payment of advances to facilitate the start-up of SMEs in the BTP sector; facilitation of bank guarantees and securities to SMEs in the BTP sector.

Flagship actions for the development of the construction industry

837. To conduct the programs retained in favor of the development of the construction industry in the Congo, the Government intends to implement several specific actions, of which the key ones include:

- *promoting the local production of construction materials;*
- *the construction and rehabilitation of social housing;*
- *the construction and rehabilitation of industrial structures;*
- *the creation of urban developments;*
- *the development of allotted land;*
- *improvement in the system of training and qualification of human resources;*
- *strengthening project ownership and project management;*
- *strengthening the construction and town planning laws;*
- *improving the socioprofessional organization of the actors;*
- *promoting the activities of property brokerage;*
- *making available civil engineering equipment;*
- *Developing the infrastructure of local SMEs.*

838. These actions will be carried out by public and/or private actors through concrete projects of which the key ones are mentioned in the table below.

EXPECTED IMPACTS ON GROWTH, EMPLOYMENT AND STATE REVENUES

839. It is the growing demand for infrastructure facilities that is creating employment in the construction industry. The variety and the dispersal of this demand (household, organizations, public or private companies, public administrations), makes any exhaustive quantitative or qualitative assessment difficult. Nonetheless, the estimate of the largest jobs in construction (housing, service buildings, transport facilities) forecasts a minimum of 77 600 direct jobs that could be created annually in these branches all over the 2012-2016 period. Added to this, of course, are the jobs created through the activities of production and distribution of construction equipment and materials, as well as those of property development promotion, but which are posted in the trade, industry and transport services.

TABLE 36. MAIN PROJECTS FOR THE DEVELOPMENT OF THE CONSTRUCTION INDUSTRY

SUB-PROGRAMS	PROJECTS	IN CHARGE/HEAD OF SECTOR
1. Promoting the local production of construction materials	1. Construction of cement works, brick works and tileries	Min. of Ind. Dev.; Min. of Mines; Min. of Trade; Individuals (manufacturers)
	2. Construction of a clinker factory	Min. of Ind. Dev.; Min. of Mines; Min. of Trade; Individuals (manufacturers)
	3. Construction of a ceramic factory (floor and sanitary tiles)	Min. of Ind. Dev.; Min. of Mines; Min. of Trade; Individuals (manufacturers)
	4. Construction of a production unit for laminated steel (steel reinforcement, IPE, IPN)	Min. of Ind. Dev.; Min. of Mines; Min. of Trade; Individuals (manufacturers)
	5. Construction of a manufacturing unit for framework and plastering items (laminated wood, paneling)	Min. of Ind. Dev.; Min. Forests; Min. Trade; Individuals (manufacturers)
	6. Geological studies and mapping in order to determine the location of quarries	Min. of Mines; Min. of Construction; Min. of TP
2. Construction/ Rehabilitation/Housing maintenance	7. Construction of social housing	Min. of Construction; DGGT; Individuals (Property Developers)
3. Construction/ Rehabilitation/ Maintenance of industrial structures	8. Construction of other industrial units (metallurgy, sawmills, etc.)	Min. of Ind. Dev.; Min. of Mines; Min. of Trade; Individuals (manufacturers)
4. Creation of urban developments	9. Creation of a land development agency	Min. of Construction; Min. of Land Affairs
	10. Creation of developments within the framework of accelerated municipalization	Min. of Urban planning; Min. of the Interior; Min. of Construction; Min. of Land Affairs
5. Servicing of developed land	11. Construction of the VRDs in the developments in Brazzaville, Pointe-Noire and Dolisie	Min. TP; Min. of Construction; Min. of Land Affairs ; DGGT
	12. Construction of the VRDs as part of accelerated municipalization	Min. of Urban Planning; Min. Interior; Min. TP; Min. Const.; Min. Land Affairs; DGGT
6. Improving the training system	13. Creation of technical high schools/technical institutes specialized in the field of construction	Min. of Technical Educ.; Min. of Higher Educ.; Min. Construction; Min. of TP
	14. Creation of an <i>Institut Supérieur de Travaux Publics</i>	Min. TP; Min. Const.; Min. of Higher Educ.
7. Strengthening project ownership and project management	15. Setting a BET threshold requirement for controlling construction sites	ARMP; Min. TP; Min. Construction
	16. Modernization of the Civil Engineering Laboratory	Min. TP; Min. Construction
8. Strengthening the rules on construction and town planning	17. Revision of the Urban Code	Min. Construction; Min. Land Affairs; Min. TP
	18. Revision of the regulations on domestic and industrial waste	Min. Environment; Min. Construction; Min. TP
9. Strengthening the socioprofessional organization of actors	19. Adoption of a framework law on construction occupations (engineer, architect, technician, project owner)	Min. TP; Min. Construction
10. Promoting property brokerage activities	20. Strengthening the legal framework for estate agents	Min. Construction; Min. Land Affairs; Min. TP
	21. Revision/adoption of the legislation on joint ownership of property	Min. Construction; Min. Land Affairs; Min. TP
11. Making available civil engineering equipment	22. Creation of an <i>Agence Congolaise de Location de Matériels de Construction (ACLOMAC)</i>	Min. TP; Min. Construction
	23. Creation of a <i>Fonds d'Equipement de Génie Civil (FEGC)</i>	Min. Finances; Min. TP; Min. Construction
12. Developing the local SME network	24. Improving the provisions for the award of public procurement contracts in favor of local SMEs	ARMP; Min. Finances; Min. TP; Min. Construction
	25. Facilitating bank guarantees to SMEs in the BTP sector	ARMP; Min. Finances; Min. TP; Min. Const.; Individuals (Financial Institutions)

Source : STP/DSCERP fds

TABLE 37. expected employment in the construction sector

<i>Number of jobs</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>Average 2012-2016</i>	<i>Observations</i>
Housing	13 200	13 924	14 687	15 492	16 341	17 236	15 536	
<i>Construction</i>	11 171	11 783	12 429	13 110	13 828	14 586	13 147	
<i>Rehabilitation</i>	2 030	2 141	2 258	2 382	2 513	2 650	2 389	
<i>Maintenance</i>								Negligeable
Service buildings	3 300	3 481	3 672	3 873	4 085	4 309	3 884	
<i>Construction</i>	2 793	2 946	3 107	3 277	3 457	3 646	3 287	
<i>Rehabilitation</i>	507	535	565	596	628	663	597	
<i>Maintenance</i>								Negligeable
Transport infrastructure	40 244	44 016	48 808	56 440	65 587	76 097	58 189	
<i>Construction/ Rehabilitation</i>	33 767	36 891	40 614	47 017	54 751	63 093	48 473	
<i>Mechanized maintenance</i>	3 048	3 353	3 856	4 434	5 099	6 119	4 572	
<i>Entretien HIMO</i>	3 429	3 772	4 338	4 989	5 737	6 884	5 144	

Table 38. DEVELOPMENT OF THE LIMESTONE INDUSTRY VALUE CHAIN

Ministries concerned	Actions or projects
Economy, Planning, Town Planning and Integration	Allocation and assessment of investments in the value chain
Industrial Development and Promotion of the Private Sector	Creation of a clinker factory to promote the cement and construction materials industry Setting up laboratories for quality control of construction materials
Mines and Geology	Geological studies to determine the grade and potential of deposits
Agriculture	Improving soils for purposes of agricultural yields
Aquaculture	Correction of pH rates of water intended for fish farming and aquaculture
Land Affairs	Demarcation of the area for exploitation and expropriation
Higher Education and Professional Training, Skills Training	Training in the fields of construction materials and ceramics

Source: STP/DSCERP

Table 39. DEVELOPMENT OF THE CLAY INDUSTRY VALUE CHAIN

Ministries concerned	Actions or projects
Economy, Planning, Town Planning and Integration	Allocation and assessment of investments in the value chain
Industrial Development and Promotion of the Private Sector	Makoua Complex Creation of a factory manufacturing bricks, roof tiles, floor tiles and other construction materials Makoua Complex Brazzaville/Pointe-Noire Creation of a factory manufacturing bricks, roof tiles, floor tiles and other construction materials
Mines and Geology	Conducting geological studies on clay potential
Land Affairs	Demarcation of the area for exploitation and expropriation
Trade and Supplies	Establishing a distribution network for clay-based products Putting in place mechanisms for quality and price control of clay-based material.
Higher Education and Professional Training, Skills Training	Professional training the clay-based trades
Tourisms and Hotel Trade	Creation of a supply of tourist hotels along the Congolese coastline

Source: STP/DSCERP

THE “TOURISM AND HOTEL TRADE” CLUSTER

THE ACTORS AND THE MAIN PRODUCTS

840. The tourism industry concerns all the activities associated with sightseeing tours and recreation activities, catering and accommodation services, supported by the transport services and the trade in cultural and artistic goods. It may be schematized as follows in the figure below:

FIGURE 22. OVERVIEW OF THE TOURISM CLUSTER

	TOURISM AND RECREATIONAL FACILITIES	OPERATORS/ACTORS
CLUSTER HEAD	Sightseeing tours	Hoteliers, restaurant owners
	Frequentering recreational areas	Tour guides
	Hotel and restaurant facilities	Recreational leaders
SUPPORT ACTIVITIES	Transport services: Tour operators and travel agencies, car rental companies, Transit services: to the DRC, the CAR and Chad	Tour operators and travel agencies; Car hire companies, taxis Forwarding agents: SDV; SAGA
	Telecommunications services: telephone and Internet	Telephone operators (CONGO TELECOM, MTN, AIRTEL, WARID, AZUR; DRTV); and Internet service providers (MTN, AIRTEL, WARID, DRTV, AMC)
	Immigration policy: procedure for obtaining visas	Ministry of Interior (Police); Ministry of Foreign Affairs
	Promoting the Congo as a destination	Ministry of Tourism (National Tourism Office (ONT)); National Tourism Promotion Agency, Tourist Information Bureaus); Tour Operators; Travel Agencies
	Trade in artistic and cultural items	Ministry of Arts and Culture; Galleries for artisanal products; PMEAs; Artisanal villages; Discotheques
	Securing the movement of goods and people	Ministry of Interior (Police); Ministry of Defense
INFRASTRUCTURE AND OTHER FACTORS OF PRODUCTION	Tourism infrastructure: hotels, restaurants, tourist sites (national parks, forest reserves, historical monuments, etc.)	Ministry of Tourism, Ministry of Forests, Ministry of Arts and Culture; Decentralized territorial authorities; Hoteliers, Restaurant owners
	Transport infrastructure: Airports, Ports, Roads	Ministry of Transport, Ministry of Public Works, Market Research companies, companies responsible for the control and execution of the work of the BTP; Ministry of Construction; DGGT; CFCO; PAPP; PABPS; Congo Airports (AERCO)
	Specification of tourism zones (ecotourism, seaside tourism, remembrance tourism)	Ministry of Tourism; Ministry of Forestry; Ministry of Regional Development; Land Affairs
	Training in the various tourism and recreation trades: restaurant owners, tour guides	Institute of Tourism Training (IFT); Hoteliers; Restaurant owners; Tour guides; Recreation leaders
	Financing/insurance of tourist activities	Financial institutions: Tourist Development Fund
	Administration/Regulation/Legislation	Ministry of Tourism; <i>Conseil Supérieur du Tourisme (CST)</i> ; Ministry of Commerce; Ministry of Foreign Affairs; Ministry of the Interior; PMEAs; Ministry of SMEs and Crafts; Ministry of Arts and Culture; Ministry of Finance; Ministry of Forestry; Ministry of Transport; Ministry of Telecommunications

Source: STP/DSCERP

841. **The cluster head** of the tourism industry consists of three types of activities: (i) sightseeing tours; (ii) frequenting recreational areas; (iii) the hotel and catering facilities. The operators of this branch of activities are mainly tour guides, hoteliers and restaurant owners.

842. **The support activities** are linked mainly to (i) transport services involving tour operators and travel agencies, car rental companies, transit services; (ii) telecommunications services (telephone and Internet); (iii) the management of immigration policies (procedure for obtaining visas); (iv) marketing activities concerning Congo as a destination; (v) the trade in artistic and cultural goods; and (vi) ensuring the safety of people and goods.

843. **The factors of competitiveness** consist of: (i) tourist facilities; (ii) transport facilities; (iii) training activities in the tourism and recreation trades; (iv) financing services in the field of tourism activities; and (v) the governance of the sector (administration, legislation, regulation).

THE STRENGTHS, CONSTRAINTS AND CHALLENGES

The strengths of Congolese tourism: natural sites favoring ecotourism

844. On account of its distinctive nature, the Congo may divide its tourism activities into three themes, namely: (i) ecotourism around the national parks and reserves; (ii) seaside tourism around the town of Pointe-Noire owing to its 170 km long coastline (ocean front); and (iii) Remembrance tourism through sightseeing tours of historical monuments. *The reserves and natural parks, however, indisputably constitute the most attractive product of Congolese tourism.*

845. **In fact, the Republic of the Congo has national parks (ODZALA, NOUABALE NDOKI, CONKOUATI) and forest reserves where an internationally recognized floral and faunal diversity** cohabit that are likely to attract amateur researchers and tourists for viewing and observation tourism. Owing to the national parks and reserves, the Congo is able to give itself the **“ECOTOURISM”** tourist label. For the time being, the reception facilities are still lacking at these sites and the inadequacy of management and catering facilities represent a major obstacle to the development of the sector.

846. Moreover, the Congo is composed of a plurality of ethnic groups that is distinguished from one another by their habits and customs, their traditional rites and in the way in which they make artisanal items. This represents another draw point for tourists from other places.

847. **By virtue of its natural role of a transit country, the Congo** receives many foreigners. Passengers coming from or bound for neighboring countries, notably the DRC, the CAR, Cameroon, Angola and Chad, are bound to use the hotel and catering facilities in the Congo.

848. **Besides these natural assets,** the Congo has given itself the reputation of a welcoming country where people and goods move around freely both during day and at night, especially in Brazzaville and Pointe-Noire, where the taxi service is among the best – in terms of comfort, safety and availability – in sub-Saharan African cities. This contributes toward the creation of a

favorable climate enabling all travelers to visit the numerous natural sites endowed with exceptional wealth with full peace of mind at all times.

849. **Communication is also one of the Congo's strengths, both in capacity as well as in particularly competitive costs.** There are currently several mobile telephone operators who virtually serve the entire country, and the Government, owing to the *Autorité de Régulation* (Regulatory Authority), was able to negotiate some of the lowest communication costs across Africa. In addition, the Internet is gaining considerable ground and to this end, it must be emphasized that significant investments have been carried out under the optic fiber project.

850. **The transport network is dense and multimodal** (roads, railway lines, airports, sea ports, inland waterways and ports). Considerable investments are underway to modernize this network and to make it more competitive. This is the case for: (i) *the Port of Pointe-Noire which, at present, is the only deep-water port in Central Africa;* (ii) *the Brazzaville-Pointe Noire road is currently being tarred;* (iii) *the Brazzaville airport is under extension;* (iv) *the facilitation measures of the Congo river crossing between Kinshasa and Brazzaville by the Beach of Brazzaville are underway;* (v) *the study of the construction of a road-rail bridge between Brazzaville and Kinshasa is also underway.*

851. Also, owing to accelerated municipalization, the departments will have investments and equipment that will contribute to the development of tourism activities.

The main constraints and challenges

852. The demand for accommodation and catering facilities in the main cities (Brazzaville and Pointe-Noire) is thus very high. However, the supply does not always meet the desired quality criteria. In addition, the labor used is poorly skilled. Though the staff are trained, as in the case of youth leaders for recreational activities, they are not utilized for lack of such facilities. In this respect, the Government intends to overcome these shortcomings through a bold investment program targeted around the development of sites, hotel structures, as well as the training of staff in this sector. That is the price the Government will pay to turn this sector into the third pillar of diversification of the economy.

853. **With this objective in mind**, tour operators from abroad will be approached for promoting and marketing Congolese tourist products. The Government has also started to take up this challenge with the creation of the *Agence de Promotion du Tourisme* (Tourism Promotion Agency), the opening of the *Bureaux d'Informations Touristiques* (Tourist Information Bureaus) abroad and the *Office National du Tourisme* (National Tourism Office), as well as its departmental agencies.

854. **The *Fonds de Développement Touristique* (Tourist Development Fund) will be restructured** to enable operators in this sector to obtain financial support for their activities. Already, a growing number of airlines are serving the Congo and travel agencies continue to flourish. Moreover, the development of infrastructure, in particular that of airports, should contribute to making the two airport platforms of Brazzaville and Pointe-Noire, true hubs in Central Africa.

THE STRATEGIES, PROGRAMS AND FLAGSHIP PROJECTS

855. To meet the challenges of development of the tourism industry in the Congo, the authorities are planning two strategic axes: (i) strengthening tourist and recreational facilities; and (ii) promoting tourism and recreational activities.

Strengthening tourism and recreational facilities

856. To contribute to economic growth and combating poverty, the government has undertaken to equip the sector with appropriate regulations and to engage in a program of capacity development of the sector. The program includes: (i) the development of tourist sites; (ii) strengthening hotel and leisure facilities; (iii) strengthening human resources; and (iv) improving the environment of the tourist and recreational sector.

Developing tourist sites

857. As part of these projects, the inventory of sites with tourist potential will be completed and valuation and development studies will be carried out. Tourism development of Congo's exceptional ecological heritage will be envisaged through large development projects of the *National Parks (Odzala, Conkouati, Nouabale Ndoki)*.

858. The development of several tourist sites selected from the inventory carried out, in particular: *the Loufoulakari Falls; the Mah village; Lake Nanga; the Djoué waterfalls; the Loango slave route; the Main Sacrée de Sembé caves, including the Châtelet bleu site in Brazzaville, etc.* The creation of recreational parks in Brazzaville and Pointe-Noire will complete the actions listed above in order to make the Congo a quality tourist destination

Strengthening hotel and recreational facilities

859. The creation of accommodation facilities that comply with international tourism standards constitutes one of the points of development of the tourism sector. To this end, planning of the accommodation sector will be carried out:

860. "5 Star" hotels. The pool of hotels in the 5 star category is in fact at the heart of the development of quality tourism. Whilst working towards the country's development through organizing exhibitions or conferences, these hotels are also devoted to ensuring quality, thereby raising the entire sector. The clientele of these hotels consists mainly of businessmen, speakers or official delegations. Taking into account the specific characteristics of the clientele, "5 star" hotels must preferably be installed in the heart of the cities.

861. "4 star" hotels. Strictly speaking, the 4 star category hotels are generally more suited to the tourist clientele. This is why a special effort will be made in the creation of a pool at this level. It must be specified that, to date, most of the high-end hotels in the Congo offer a level of comfort of 3 to 4 stars. The creation of stock of 4 star hotels will answer to the demand for leisure or viewing tourism. Special attention will be given to the seaside areas. These hotels

could be established on the outskirts of the cities, within proximity of the main tourist attractions, such as the ocean or the ecological reserves.

862. **Resorts.** Resorts are generally the type of parks within which community facilities like swimming pools, amenity beaches or sports fields and playgrounds are laid out. Accommodation facilities can take the form of hotels, villas or bungalows offered for rent or even for sale to local individuals or to travel agencies. It concerns facilities that are directed more towards tourist visits. They are generally located some distance from the cities, in sites selected on the basis of their quality.

863. **Holiday villages and camping grounds.** The holiday villages have similar features to those of resorts, but are however of a more simplified level of comfort to meet a greater tourism demand. Camping grounds are established in the ecological reserves but may also be considered as stopovers on hiking routes. Their level of comfort must be high, but their basic nature consists of perfect integration in the environment. They are designed to receive limited groups of tourists for short periods, from 1 to 4 nights.

864. **Holiday camps.** Holiday camps are facilities that are aimed at receiving groups of children during the holidays. Their level of comfort is basic. These facilities may also welcome themed classes during school time or even sports teams during their preparation stage.

865. **The managerial capabilities of the Ministry will be strengthened to enable the implementation of this program.** Moreover, the different structures promoting the sector, both in the Congo and abroad, will be set up and provided with staff and support likely to convince tourism professionals to offer this destination to their clientele, or even to directly persuade this clientele to choose the Congo as a tourist destination.

866. To this end, the Government envisages a set of actions to place the Congo on the global map of tourist destinations. It concerns: (i) the creation of a National Tourism Office, with its departmental agencies; (ii) launching an Internet site and Tourist Information Bureaus (BIT) at the Brazzaville and Pointe-Noire airports, as well as agencies in Europe, North and South America, in Africa and in Asia; (iii) the creation of various promotional material, as well as participation in fairs and other major international events within the tourism sector.

867. Strengthening human resources capacity is also and especially aimed at the operators of the sector to ensure the professional training of their staff. In this context, the Government envisages the creation of the *Institut de Formation Touristique* (IFT) (Tourist Training Institute).

Improving the environment of the tourism and recreational sector

868. In this programmer, the Government intends to adopt a legal and regulatory framework that will govern the tourism sector in the years to come and that will guarantee the tourist a quality of services that meets expectations. This program will also see to the strengthening of the direct and daily management resources of the sites that fall under the responsibility of the administration. Programs for accessing these sites will be developed, calling on the various modes of communication, air, maritime, river, road, rail and pedestrian.

869. In a transverse manner, the tourism strategy will be accompanied by an integrated program for the facilitation of transport in order to make the Congo more accessible. It will concern in particular:

- *conducting actions aimed at reducing the cost of international air transport;*
- *scheduling the development of roads providing access to the tourist sites throughout the year;*
- *equipping secondary airports making it possible to access the large ecological reserves, in order to guarantee the safety of tourists;*
- *promoting the putting into operation of boats offering the levels of comfort and security that meet the standards in this industry;*
- *bringing about the commissioning of specialized coaches for tourists on the CFCO lines.*

Promoting tourism and recreation

870. It concerns making the Congo as a destination available to the public through exploring national tourist potential and the production and publishing of marketing material on tourism and recreation in the Congo. The promotion will also take place through improvement in the organization of tourism; and (ii) strengthening the tourism financing system. In short, strengthening tourism and recreational facilities, as well as promoting Congolese tourism, will be carried out through several actions, the most salient being those noted in the table below:

Flagship actions for the development of tourism in the Congo

Table 40. MAIN PROJECTS FOR THE DEVELOPMENT OF THE TOURISM INDUSTRY

PROGRAMS	SUB-PROGRAMS	PROJECTS
Development of tourist infrastructure and equipment	Development and rehabilitation of tourist and recreational sites	<ul style="list-style-type: none"> - Development of the ODZALA National Park - Development of the NOUABALE NDOKI National Park - Development of the CONKOUATI National Park - Development of the Lac bleu in MÂH village (Pool) - Development of the slave route - Development of Lake NANGA - Development of the DJOUE waterfalls - Development of the LOUFOULAKARI Falls - Development of the MINGUELE Falls - Development of the MOUKOUKOULOU Falls - Development of the DIOSSO gorges - Development of the NKILA –NTARI caves - Development of the INONI cliffs - Development of the main Sacrée de SEMBE caves - Development of LOUVAKOU lake (NIARI) - Development of the LEFINI reserve - Development of the MALALA caves
	Construction of tourist and recreational infrastructure	<ul style="list-style-type: none"> - Construction of a theme park in BRAZZAVILLE - Construction of a theme park in POINTE-NOIRE - Construction of a world class hotel in BRAZZAVILLE - Construction of a world class hotel in POINTE-NOIRE - Rehabilitation of the MBAMOU Palace Hotel in BRAZZAVILLE - Rehabilitation of the COSMOS Hotel - Extension of the KOUYOU Hotel in OWANDO - Construction of a tourist complex on MBAMOU island - Development of a hotel development plan in BRAZZAVILLE and in POINTE-NOIRE
Human resources development	Developing a training policy for tourism trades	<ul style="list-style-type: none"> - Creation of the <i>Institut de Formation Touristique (I.F.T)</i> (Tourist Training Institute) in BRAZZAVILLE
Improving the environment of the tourist and recreational sector	Strengthening the legal and regulatory framework	<ul style="list-style-type: none"> - Adopting new legislative and regulatory texts to make the tourism sector more attractive
	Improving the management of tourist and recreational sites	<ul style="list-style-type: none"> - Improving the management of the different sites - Improving the management of the different State hotels
Popularizing Congo as a destination	Exploring national tourism potential	<ul style="list-style-type: none"> - Inventory and execution of the monographs of the tourist sites - Creation of a Congolese tourist label product: ecotourism - Creation of Tourist Information Bureaus (BIT) - Facilitating the procedures for issuing entry visas - Negotiating charter tickets

<i>PROGRAMS</i>	<i>SUB-PROGRAMS</i>	<i>PROJECTS</i>
	Production and publishing of tourism and recreational marketing material	- Production and publication of tourism marketing material - Developing a tourist map of the Congo - Developing long-distance trips in the Congo
Improving the organization of tourist and recreational activities	Creation and management of bodies promoting tourism and recreation	- Creation of a National Tourism Office - Creation of the <i>Agence Nationale de promotion du Tourisme et des Loisirs</i>
	Strengthening the tourism and recreation financing system	- Reform of the Tourism Development Fund (F.D.T) in order to fund tourist and recreational activities

Source: STP/DSCERP

THE IMPLICATIONS FOR GROWTH, EMPLOYMENT AND STATE REVENUE

871. The combination of favorable prospects in the global market and the implementation of the Government's program, will enable increased public and private investment in the sector. Consequently, the tourist industry could experience accelerated growth and could create thousands of jobs in the coming years. According to projections, with the implementation of the development strategy of the cluster, the hotel branch alone could generate around 15 000 direct jobs, distributed across the different classes of hotels.

TABLE 41. anticipated employment in the tourism industry

<i>Hotel Class</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
5* HOTELS		425	851	1 490	2 129
4*HOTELS		912	1 825	3 650	5 475
RESORTS		148	296	593	1 037
HOLIDAY VILLAGES		292	584	1 022	1 606
CAMPING GROUNDS		97	146	194	292
HOLIDAY CAMPS		91	146	219	292
Total		1 965	3 848	7 168	10 831

Source: ST/DSCERP and INT-DEC, data from the Ministry of Tourism

THE “FINANCIAL SERVICES” SECTOR

THE ACTORS AND PRINCIPAL PRODUCTS

872. On account of its membership of a monetary union, a number of activities linked to the financial services have been assigned to the sub-regional community organization, though still, in some cases, involving the Ministry of Finance. It concerns in particular the definition of the monetary policy, bank control and monitoring activities, as well as bank currency issue (notes and coins). As such, the main financial institutions in the Congo include: (i) the sub-regional institutions (BEAC, COBAC, BVMAC, BDEAC, CIMA); (ii) nine (09) commercial banks, two (02) of which are currently being opened; (iii) sixty-two (62) micro-finance institutions; (iv) four (04) establishments for the transfer of funds; (v) one (01) *Fonds de Soutien Agricole* (Agricultural Support Fund); (vi) six (06) insurance companies, one (01) of which is currently being opened; and (vii) two (02) pension and social security funds.

873. **The Congo’s financial sector cluster clearly reveals the absence of merchant or investment banks, development banks, specialized banks and financial establishments.** SOCOFIN, presently the only financial establishment for leasing in the Congo, was taken over by BGFIBANK CONGO in 2010.

874. Beyond its apparent diversity, the Congolese financial system *is still under-developed, poorly diversified and largely dominated by commercial banks, reflecting the situation presented by the entire CEMAC sub-region*¹¹. Though the under-development of the financial system (as regards its structure) enabled the country to be spared from the global financial torment, it should be noted that it represents a handicap to the emergence of the private sector. Indeed, though the domestic market has substantial liquid assets, credit to the economy remains low, in the region of 4% of the GDP¹². At the end of 2010, bank deposits represented 46% of the GDP. Funds remained low and represented only 15% of the GDP, being 32% of deposits. Trade volumes on the money market remained marginal. Moreover, the CEMAC zone is characterized low numbers of bank account holders (around 3%)¹³.

875. **The Congolese financial services cluster is equally characterized by a low level of development of support activities.** It concerns, in particular, logistics services such as armored vehicles, safes/strongboxes and electronic banking as regards the supply and installation of electronic cash points (ATM). Dominated by sub-regional organizations and foreign suppliers, we note the absence of nationals in this segment of activities.

¹¹ African Development Bank, Integration of the Financial Sector in three regions of Africa, 2010

¹² IMF, March 2011, Discussions under Article IV

¹³ COBAC, Study on the institution of the single agreement in the CEMAC zone

FIGURE 23. SYNOPSIS OF THE FINANCIAL SERVICES CLUSTER IN THE CONGO

CLUSTER HEAD	Commercial Banks (7 banks and 46 counters)	Issuing institution	Financial Institutions	Microfinance Institutions		
	BCI ; BGFIBANK ; CLCO ; LCB ; ECOBANK ; UBA CONGO ; BCH ; BESCO ; CCP/ B. POSTALE ; CAISSE DEP & CONS	BEAC		MUDOCEC, CAPPED, Charden Farell, Maouené		
		Commercial Banks	Specialized Structures	Establishments for fund transfers		
			Agricultural Support Fund	MoneyGram; Western Union; SOPECO		
	Investment banks	SGI	Insurance	Stock Exchange	Pension Funds	
	BDEAC		ARC; NSIA; AGC	BVMAC	1. CNSS 2. CRF	
SUPPORT ACTIVITIES	Upstream	Regulators	Non-financial SVC	Training and supervision	Notes and coins	Equipment and supplies
		BEAC ; COBAC ; CIMA	FIGA; RISK BUREAU	COBAC ; COSUMAF ; BEAC		CFAO; Small distributors
		MFBPP ; CNC		Univ. NGOUABI ; MFBPP		
	Downstream	Cash Transports	Supply and installation of cash dispensers	Sponsors		Professional Associations
		BCEA and private transporters		BEAC/BDEAC ; FMI ; BM/SFI ; BAD ; AFD ; OTHER		1. APEC 2. APEMF
INFRASTRUCTURE AND OTHER PRODUCTION FACTORS	Infrastructure	Human capital and labor market		Private sector supporté		
	Ministry of Public Works; DGGT; Road Fund; Sponsors; Higher Education	COBAC ; COSUMAF ; BEAC Higher Education and Professional Training; International Cooperation; ONEMO		APEC; APEMF; MFBPP ; BM/SFI		
	Land resources	Governance of the Sector				
	Ministry of Land Affairs	COBAC ; COSUMAF ; BEAC SIMA; APEC; APEMF; MFBPP				

Source: ST/DSCERP - COBAC reports

STRENGTHS, CONSTRAINTS AND CHALLENGES

The banking system: still undeveloped potential

876. **The Congolese banking network is relatively dense**, despite being concentrated in the urban areas. This sector is becoming increasingly competitive, with the recent arrival of several Pan-African banks (ECOBANK, UBA, AttijariWafa). Thus, the banks that were reorganized during the 2000's, with the assistance of COBAC, are genuinely becoming more professional; imparting a real dynamism to the sector. Consequently, credit interest rates have decreased significantly, thereby improving financing prospects. However, **the Congolese economy is still marked by under-use of banking facilities** (around 4%), as regards both savings and corporate financing.

TABLE 42. Banking system in the Congo in 2010, Main banks and their branches

BGFI BANK CONGO	2
BCI	17
LCB	5
ECOBANK	5
UBA CONGO	3
Crédit du Congo	8

Source: ST/DSCERP – COBAC reports

877. Compared to the situation presented in 2010 (cf. *Table 43*), the Congolese banking system is undergoing transformation and modernization following the reforms carried out by the authorities (electronic cash, payment systems).

The microfinance institution sector: strong potential to be developed

878. The microfinance institutions are facing a number of challenges including the absence of intermediary financing, the lack of capital and long term funds, obstacles to the granting of medium and long term credit and the lack of professionalism of the staff recruited. Despite these difficulties, the microfinance institutions nevertheless have definite growth potential.

The insurance sector: an emerging market

879. The insurance market is dominated by six companies (ARC, AGC-Congo, AGC-Vie Congo, NSIA-Congo, NSIA-Vie Congo, Allianz-Congo) including several brokers (GRASAVOYE, INTERNATIONAL INSURANCE, H de B Assurances, ...). In this steadily growing market, less than 5% of Congolese have taken out an insurance policy. In reality, only vehicle insurance, made compulsory, is of interest to individuals, with the life insurance products

being relatively ignored. The scope for progress is thus considerable for insurance groups, on condition that the culture of insurance is introduced and developed.

Pension funds: activities that need to be further developed

880. Pension funds and social security funds still need to be further developed. They are characterized by performance below expectation due in particular to a precarious financial situation, the absence of exhaustive accounting and the absence of a control and auditing mechanism.

TABLE 43. Strengths and weaknesses of the congolese financial sector	
Abundant liquidity and banking resources	Almost non-existent financial market (share market not very viable and bond market non-existent) At sight deposits represent more than 50% of the resources of the banking system. There is thus the problem of transformation of the DAVs and loans to MLT Bank credit granted mainly to CT
Positive results are in progress Existence of a modern system of payment (SYGMA & SYSTAC), the foundation of trust in the banks	A business environment that is not conducive to taking risks (lack of guarantees, poorly respected property laws, corruption, ...)
A prudential regulatory framework	Poor capacity for the mobilization of deposits and the granting of credit Excess liquidity but a lack of long term resources (<i>Note to client: source text problem</i>).... At the source of a risk of conversion in the case of financing to MLT Absence of suitable financial institutions for financing to LT
Excess liquidity Although limited, banking operations in the Congo are profitable	Weakness in credits granted to the private sector Very limited access by the broad public to financing
	Under-use of banking facilities Absence of a body centralizing the record of credit to businesses Absence of an efficient tool enabling risk assessment Poor demand (informal sector is dominant) High exit rates
MICROFINANCE INSTITUTIONS	
Favorable economic conditions (steady growth, controlled inflation, ...) A specific legal and regulatory framework Clearly defined responsibilities between the Ministry of Finance, COBAC and the APEMF Enormous growth potential (strong demand in the rural and peri-urban areas) Its adaption to the socio-economic needs of the poor economic agents Strong innovation capacity	Informal finance only funds the acquisition of investment assets to a small extent (short term loans) Absence of real intermediary financing Lack of equity in the major part of the EMFs, hence the limited financial viability which hampers loans to the LMT The usurious nature of the interest rates practiced, owing to the risk taken and the real time availability of funds Low penetration rate (concentration of EMFs in the two main cities of Brazzaville and Pointe-Noire) Poor allocation of funds to the productive sector compared to the savings mobilized Lack of professionalism Absence of a national microfinance policy
INSURANCE	
Untapped market	Shortcomings in the national control institution (<i>Direction Nationale des Assurances</i>) Fragility of the financial situation of insurance companies Non-respect of prudential ratios prescribed by CIMA
PENSION FUNDS	
	Precarious financial situation Failure to keep comprehensive accounting records Lack of a control and auditing mechanism

THE STRATEGIES, PROGRAMS AND FLAGSHIP PROJECTS

881. Since 2009, the Government, with the support of the international financial community, notably the International Monetary Fund (IMF), defined a strategy for the development of the financial sector, as part of the Poverty Reduction and Growth Facility (PRGF) program. During the period 2012-2016, it will tackle the implementation of this strategy and will adopt other actions to complement those provided for in this strategy. These additional actions will focus in particular on the development of non-financial services to businesses, the setting up of credit incubators and the creation of specialized institutions.

Modernizing the infrastructure and environment of the banking and financial system

882. **The financial system, or more specifically the banks, are only able to play their role in full if considerable structural transformation takes place in the Congolese economy and society.** To do this, actions are envisaged in order to better adapt the environment. It concerns defining common rules that are applicable to all public and private actors, strengthening the monitoring system for respecting these rules, as well as providing an operational sanctions system for offenders.

883. From this perspective, the following specific actions will be carried out: (i) strengthening the legal framework for ownership rights, in particular as concerns land, to facilitate the establishment of businesses and to rigorously establish bank guarantees; (ii) strengthen bankruptcy laws and put in place independent commercial courts capable of ensuring that business law is upheld; (iii) improving the rules and procedures for guarantees in order to encourage the banks to engage more actively in the long term financing of businesses and large investment projects.

Developing the supply of banking services

884. **The reorganization process of banking activities, which the Government and the community institutions participated in (COBAC and BEAC), led to the restructuring and privatization of most of the commercial banks.** This fostered the restoration of the public's confidence in the banking system and the opening of Congolese banks abroad, through leaning on first-rate foreign banking partners.

885. **The current attractiveness of the Congolese banking system has led to the establishment of new banks, constituting a factor of development of competition in the sector.** The vigor of this competition calls for banks to adapt their strategic orientation in order to avoid the scenario of any of them facing eviction. To grow institutional efficiency, the banks will have to improve internal control in order to simplify their internal procedures. To do this, they will have to carry out cost accounting to assess the performance of their different departments. With the development of competition through price (drop in the cost of banking services, especially the cost of credit), survival lies in setting up a management system by process or by activities, allowing cost competitiveness.

886. **The banks must also invest in the production and analysis of credit information, to grow their share of the market.** They will thus have to explore, using new techniques, segments of the market currently perceived as high-risk segments. As part of the regular consultation with professional banking, the Government will encourage banks to develop cost competition and to explore new client niches, such as the SME segment.

887. Besides, the necessity of achieving true financial inclusion commands the presence of credit and microfinance institutions with an option marked for the deployment of local agencies. Thus, within this perspective, the creation of a postal bank that would benefit from the insolvent postal network. The advantage of this approach lies in the existence of a dense network of postal agencies across the country. The postal savings network will make it possible to bring together the banking services, especially the savings collection services, to the people marginalized from the classic banking system. The Government intends to transform the *Centre des Chèques Postaux* (CCP) (Postal Check Center) into a postal bank.

888. **Moreover, the Government has undertaken the creation of a *Caisse de Dépôts et Consignations*.** In fact, as the manager of funds protected by the law, the *Caisse de Dépôts et Consignations* is the reference banker of the legal professions (lawyers, administrators and legal representatives, Commercial Court clerks, bailiffs, etc.), but also of social security and general interest organizations. Thus, lawyers are responsible for depositing the funds received from their clients from property transactions, inheritance, etc. The same applies for the administrators and legal representatives in the procedures of receivership and liquidation of businesses in difficulty. This reform will make it possible to overcome the absence of an institution specialized in the management of funds protected by the law.

889. The *Caisse de Dépôts et Consignations* will also enable the long term recycling of savings collected by the social security fund, through the financing of general interest projects such as social housing, urban renewal, transport infrastructure, hospitals property, etc. It is also a tool to support the territorial authorities.

Promoting long term financing

890. The development of long term financing could be facilitated through the following actions: (i) the mobilization of medium term internal resources, through putting in place attractive savings products and through the expansion of the sub-regional financial market, and (ii) the implementation of a targeted reform of certain prudential standards considered to be restrictive by the banks (processing coefficient, division of risks).

Developing non-financial services to businesses

Supporting promoters in the establishment of businesses

891. In order to support the SMEs and the TPEs, the need to create new sources of capital and alternatives to the classic commercial banks, is commonly recognized, offering loans and non-financial support at the same time. Supporting the promoters' projects is thus essential to make their activities attractive to financial organizations.

892. **As part of this strategy, support to the SMEs will be provided through the *Fonds d'Impulsion, de Garantie et d'Accompagnement (FIGA)*.** Indeed, it is difficult for the Small and Medium Enterprises and Crafts to qualify for bank financing owing in particular to poor staff inputs, the lack of serious guarantees and organizational and managerial shortcomings. The necessity of a financing organization that would support the creation and development of SMEs and crafters, is taking shape with the project for the creation of a “*Fonds d'impulsion, de garantie et d'accompagnement des petites et moyennes entreprises et de l'artisanat, FIGA-PME/A*”. The basic activity will concern three distinct but complimentary threads:

- *impetus*: co-financing projects for the creation and development of SMEs and artisans through granting additional loans to those already granted by the financial and banking partners; The granting of loans subordinated by the FIGA-PME/A which reduces the risk for the financial partner or banker, thereby facilitating access by the economic operator to bank credit;
- *guarantee*: the partial contribution of the guarantee required by the financial partner or banker; the fund enables the financial or banking organization to partially cover his/its own risk;
- *support*: the provision of financial techniques required to draft the business and financial plans to make the projects for the creation and development of the PME and artisans eligible for bank loans.

In this way, the promoters will be assisted in the “pre-creation support” phase of the creation of the business and in the “post-creation support” phase of the creation of the business.

893. The pre-creation support will assist in guiding the promoters in the design of their project, by focusing the analysis on basic parameters like: the target market and product, competition, motivation, and training and experience of the applicant with, if need be, advice on strengthening capacities. The support will further assist in creating awareness of the promoter to the full set of legal, regulatory and administrative obligations to which he will be subject within the scope of his activity.

894. During the post-creation support phase, the promoter will continue to benefit from FIGA support when making his first managerial decisions. It concerns avoiding leaving the entrepreneur to face his questions alone and will make up for his lack of experience. This support will greatly influence the success of the project. Indeed, regular reporting on the activities of the company will help detect the financial, administrative and commercial problems that may arise in time.

895. Another FIGA mission will be the training of promoters or business leaders in the preparation of accounting records and the certification of the propriety of the accounting practices of SMEs. This will solve the problem of the lack of reliable bookkeeping by many SMEs; a shortcoming that represents an obstacle to obtaining bank financing.

896. FIGA will also play the role of SME observatory through centralizing the documentation relating to the SME sector and the accounting information on SMEs. The observatory's database will be fed by certified financial statements on SMEs and will help provide information to users

(banks, tax authorities, ...). The observatory will also act as an investment promotion tool to help potential investors identify and use investment opportunities and share or assist in the expansion of successful experiences.

897. FIGA will also strengthen the equity of SMEs through grants, whose funding agreement by the banker would be conditioned by an increase in equity and subordinated loans. Such financing will thus be subordinated to bank loans.

Creating credit support tools

898. **Security rights (mortgages, pledges, etc.) the credit bureau and the central balance sheet data are all support tools to banking credit. In the Congo, the constitution of mortgages comes up against its prohibitive cost and the unwieldiness of the process pertaining thereto.** Moreover, taking into account the malfunctioning of the judicial system, the banks face the problem of authenticity of mortgages. To overcome this problem, they preferably require surety that the managers of the SMEs have difficulty in obtaining. To correct this shortcoming, the Government has also entrusted FIGA with the task of guaranteeing the credits that the financial institutions grant to companies, in particular to the SMEs. This is so as to reduce the aversion of the microfinance institutions to SMEs.

899. Moreover, the Government will pursue land reform that is already underway, in order to facilitate the constitution of mortgages, to ensure their authenticity and to enable their realization by financial institutions in the event of default by the debtor. The reforms envisaged within the scope of the improvement of the business framework, will also relieve the liquidation procedure of insolvent companies.

900. **To ease the credit decision by the financing institutions, the Central Bank has put in place a bank risk bureau.** This is an instrument for centralizing all bank undertakings. It provides banks with the level of commitment of their clients towards the entire banking system and enables them to detect bad debtors.

901. **However, this risk bureau does not cover all financing institutions, in particular the microfinance institutions.** The Government will assist the microfinance establishment in developing a centralization tool for their outstanding credits. Furthermore, the quality of information produced by the current bank risk bureau must be improved and its scope must be broadened (to include the postal bank, the *Caisse de Dépôts et Consignations*, etc.).

902. **The Congo does not have a tool for centralizing the balance sheet of companies, to ensure the availability of accounting information on companies and to guarantee quality.** A balance sheet bureau project was initiated by the Central Bank for all CEMAC countries. This project experienced considerable delays in its implementation. To overcome this shortcoming, the Congo will put in place a *centrale de bilans des entreprises congolaises* (Central Balance Sheet Office) as part of the reforms aimed at facilitating credit to companies.

Modernizing the microfinance sector

Strengthening the monitoring of microfinance institutions

903. **Launched in the 1980's with the appearance of the first cooperatives and credit unions, microcredit operations developed in three (3) phases in the Congo.** The first phase was characterized by the absence of regulations. The second was marked by a halt in the proliferation of establishments and the harmonization of regulations in the CEMAC zone in 2002. The third phase, which started in 2005, is indicated by the application of the regulatory framework.

904. However, by not taking effective responsibility of this sector by the Monetary Authority, and the poor management of certain promoters of microcredit institutions, the development of the sector was not furthered. In fact, the volumes of deposits and credits of the sector only represented 14,4% and 9,1% respectively of the entire financial system in 2009. In addition, the number of microfinance institutions has continued to drop and the financial situation of some of these institutions has remained fragile.

905. **The reorganization of the microfinance sector in the Congo must begin with the establishment of an efficient system of supervision.** Taking into account the partial cover of this sector by the Banking Commission (infrequent on-site control visits, ...) on account of a shortage of staff, the supervision of this sector must be provided by the Monetary Authority. To do this, the Government will strengthen the organizational, material, human and technical capacity of the microfinance department within the **General Directorate for National Financial Institutions**, to enable it to manage this sector.

906. **Another urgent action is the continuation of the reorganization of the sector through organizing a census of all the institutions across the country** and the closure of all those that are carrying out their activities in contravention of the regulatory framework (lack of Monetary Authority approval, prohibited activities, etc.). The Government will also have to assist in the reorganization of the profession through the revitalization of the *Association Professionnelle des Etablissements de Micro finance* (APEMF) (Professional Association of Microfinance Institutions).

907. **In order to facilitate the control of the sector, the Secretariat of the Banking Commission initiated a draft accounting plan for microfinance institutions, accompanied by software.** This accounting plan and the associated software is currently being implemented. When this accounting plan and its software are rolled out, the Government will facilitate the adoption thereof by the actors of the sector (supervisory agents and operators in the sector). To this end, training sessions will be organized for all participants in the sector.

908. Another shortcoming of the sector is the lack of training and the inexperience of certain promoters. To remedy this shortcoming, the Government will facilitate partnerships between the APEMF and the specialized institutions for strengthening the capacity of the micro-finance sector.

909. Lastly, the Government will encourage the independent microfinance institutions to form networks in order to consolidate their share of the market and in so doing, their financial standing. It will also promote microcredit underwritten by mutual guarantee, notably in the rural areas.

Promoting an APEC-APEMF partnership

910. **The banks refinance themselves with the Central Bank, but the microfinance institutions suffer from the absence of refinancing mechanisms for credit granted to their clients.** Their relations with the banks are not dynamic. Thus, the Government will promote greater collaboration between APEC and the APEMF in order to facilitate the procedures for opening bank accounts with the microfinance institutions and to relax the conditions for granting bank credit to the last-mentioned. One of the conditions for the success of this collaboration is the improvement in the accounting practices of the microfinance institutions, to enable the banks to better understand the risks associated with credit granted to these institutions.

911. Indeed, we note that the microfinance establishments are facing difficulties in producing statistical and accounting documents due to the poor level of knowledge of the human resources and the absence of recourse to accounting professionals considering the high cost of their services. Nonetheless, recourse to the approved management centers is an envisageable solution since this mechanism enables better presentation of the documents, financial transparency, “reporting” to the supervisory authorities with a sharing of the costs, leading to certain reduction in the cost of producing accounting documents.

Finalizing the reorganization of the insurance sector and the social security and pension fund

912. The insurance sector suffers from several shortcomings, mainly the weakness of the national control institution (*la Direction des Assurances*), the non-observance of regulations, the financial fragility of existing companies and the non-respect of the prudential ratios prescribed by the *Conférence Interafricaine des Marchés d’Assurances (CIMA)* (Interafrican Conference of Insurance Markets). Furthermore, the insurance companies make poor use of the insurance premiums, making them incapable of indemnifying all the claims of the insured within the required time limit; explaining among others, the wariness of economic agents to honor the obligations of insurance policy subscriptions.

913. To remedy these facts, the Government will consolidate the activities of control of the sector to ensure respect of the regulatory mechanism and the prudential standards by insurance companies. To do this, and in order to enable it to properly fulfill its mandate, the *Direction des Assurances* has been reorganized and will be equipped with the consequent material, financial and human resources. As a result, it has just integrated the *Direction générale des institutions financières nationales*.

914. The Government will also pursue the reorganization of the financial sector through finalizing the reform of the ARC (*Assurances et Réassurances du Congo*), increasing the capital

of other insurance companies and simplifying the conditions for approval of the insurance intermediaries (general agents and brokers).

915. **Like the insurance companies, the two pension funds, the *Caisse Nationale de Sécurité Sociale (CNSS)* and the *Caisse de Retraite des Fonctionnaires (CRF)*, are also in a fragile financial situation.** The weaknesses and malfunctioning of these funds have been highlighted through recent audits funded by the Government. They do not keep exhaustive accounting records and are not subject to regular controls and audits. In addition, their documents have become ineffective.

916. **To improve coverage of the social security services, the Government has undertaken a vast number of reforms of the two pension funds.** This reform focuses in particular on the adaptation of the regulatory framework to the new economic environment (the pension system through an allocation requiring regular adaptation of the regulatory framework), the execution of an auditing plan of State arrears the vis-à-vis these two funds and strengthening the control mechanism. The Government intends to finalize this reform over the next five years.

Promoting the expansion of the specialized financing institutions

917. **The Congolese financial system is characterized by a shortage of institutions specialized in leasing, real estate, etc.** The only specialized financing structure is the Fonds de Soutien à l'Agriculture (FSA) (Agricultural Support Fund), which is specialized in financing agricultural activities.

918. As regards leasing, the survey carried out in 2009 by the *Conseil National du Crédit* on the financing of SMEs in the Congo, highlighted the ignorance of this type of financing by almost all SME managers. What's more, with the disappearance of SOCOFIN, the only leasing company established in the Congo, leasing is virtually no longer practiced here. In fact, after the takeover of SOCOFIN by the BGFIBANK group in 2010, its activities were merged with those of BGFIBANK-CONGO. Leasing is now offered by BGFIBANK-CONGO as another financial product.

919. On the other hand, no fiscal measure has been planned to encourage the development of financing through leasing. In fact, the current fiscal framework does not sanction the principle of the staggering of VAT over the rental period of the equipment, and does not allow the transposition of the tax advantages that certain companies on leasing contracts benefit from.

920. Consequently, there is no mechanism for the tax exemption of assets leased to companies benefiting from tax exemptions. This is especially the case with oil and gas companies who have dispensatory tax regimes, especially as regards VAT. On account of the non-transposition of dispensatory measures to assets acquired by the leasing company, these enterprises are not inclined to resort to this type of financing, even though they represent vast potential for the growth of leasing as an activity. To promote the development of financing through leasing, the Government will put in place regulations that will organize this activity, as was done in the Maghreb countries, Tunisia in particular.

921. *As regards property financing*, the success of land reform underway is perceived as being a necessary condition for the development of this branch of banking activities, through securing the procedure for the constitution and realization of mortgages.

922. *Making payment methods available is a bank operation* that is today experiencing real development beyond the classic banking channel. This is taking place through the activity of the transfer of domestic funds carried out by economic operators that are not approved by the Monetary Authority, notwithstanding the monopoly reserved for credit and microfinance institutions as a secondary activity, through community legislation on the subject. The development of this activity of the transfer of domestic funds is based on an established and growing demand from the population owing to the simplicity of the mechanism that does not require the principal to be the holder of a bank account, and the speed of the transaction made possible by the new information and communication technologies.

923. However, faced with the risk of failure, in view of the requirements concerning combating laundering and for improved control of the sector by the Monetary Authority, it is necessary to conduct an inventory of the economic agents other than the credit or microfinance institutions practicing the transfer of funds and reaching a true supervision of this activity through the promulgation of specific legislation.

924. The Government will also proceed with the *reorganization of the activity of the transfer of funds*, through the promulgation of laws pertaining thereto, an inventory of the operators and through strengthening control of the sector. The Government will furthermore oversee observance of the laws governing the activities of exchange dealers.

Strengthening the operation of the National Credit Council (CNC)

925. The National Credit Council (CNC) is a consultative organ for financial services development policy, especially credit policy. It is governed by law no. 24/63 of 15 June 1963, on “Regulation of the banking profession and creating organizations for the purpose of conducting the study and implementation of the credit policy, together with control of the banking sector in Congo”. With the institutional changes that occurred in Congo and in the CEMAC zone at the beginning of the 1990s, in particular the creation of the Central African Banking Commission (COBAC), responsible for the supervision of the CEMAC banking systems and the harmonization of banking regulation in the CEMAC zone which resulted from it, the organic texts of the National Credit Council, especially the law of 15 June 1963, have become obsolete. Consequently, it is necessary to adapt them to the new context.

926. The process of updating the organic texts of the CNC is currently being undertaken. This will allow its statutes to be revised in order to broaden its brief. In fact, the Government intends to make the CNC play its part fully in the implementation of the measures provided for in the context of this strategy to develop the financial sector.

Encouraging public-private partnerships in the financing of projects

927. The proposed improvement of the investment framework should provide incentives for many foreign investors to develop businesses in Congo. To encourage their investments and to facilitate financing of big projects, the State will establish a framework for the development of public-private partnerships in the form of service contracts, management contracts, leases or concession contracts. These partnerships will relate to the supply of public services such as electricity, water and transport.

928. In view of the high level of idle budget savings, earning low interest at the Central Bank, the Government will establish a mechanism which will allow these savings to be directed towards private investments. In fact, in order to promote the development of public-private partnerships, the Government will sign a management agreement for part of the budget savings with an investment fund of international standing. In this way, the State will indirectly participate in the financing of major projects through the agency of this fund which will place its capacity to provide a financing package at the service of the Congolese economy.

929. The investment fund selected will have to open a branch in Congo and its capital will be open to local private investors and the international financial development institutions (World Bank, African Development Bank, French Development Agency, Exim-Bank, ACDI, etc.). To comply with the convention governing the Central African Monetary Union (UMAC), particularly with regard to the repatriation of foreign reserves, the capital collected by this fund must be used solely to finance projects to be carried out in the BEAC issuing area.

THE EXPECTED IMPACTS ON GROWTH, EMPLOYMENT AND STATE REVENUES

930. With the goal of revitalizing and developing financial services, this sector will have to contribute to increasing the supply of jobs on the national market. This contribution will be marked by the entry of new banks into the market and the opening of new agencies.

931. In addition, the development of the banking network will be accompanied by the development of a number of support activities, in particular the transport of funds, the sale of specialized equipment and supplies for the operation of services, as well as security services for the surveillance of branches and teller counters. In addition, the development of the insurance and brokerage sector will also help to increase the supply of jobs.

932. The banking and insurance sector, through its development, will facilitate the financing of economic activities and consequently will make a strong contribution to economic growth in terms of GDP.

FIGURE 24. KEY PROGRAMS AND PROJECTS FOR THE DEVELOPMENT OF FINANCIAL SERVICES

		Strategy	Key programs and projects
Cluster head	1. Development of the banks	1. Develop the supply of financial services 2. Develop the supply of non-financial services to enterprises	<ul style="list-style-type: none"> - Strengthening the supervision of the EMFs - Strengthening the capacities of the EMFs - Promoting an APEC-APEMF partnership - Creating and strengthening the credit structures (Central Balance Sheet Office, Central office for risks, payment matters ...)
	2. Development of the EMFs and ETFs	3. Modernization of the EMFs	<ul style="list-style-type: none"> - Reducing the lack of symmetry in the information between the lenders and the borrowers; - Creating the <i>Caisse de depots et consignations</i>
	3. Developing Insurance and Micro-insurance	4. Finalizing the reorganization of the insurance sector and improving insurance services	<ul style="list-style-type: none"> - Creation of the automobile guarantee fund - CDC creation, leasing - Strengthening the CNC
	4. Expansion of the financial market	5. Facilitating the development of financing to the LTs 6. Promoting the expansion of the specialized financing institutions	<ul style="list-style-type: none"> - Encouraging public-private partnership
	5. Development of Pension Funds	7. Improving the coverage of social services	<ul style="list-style-type: none"> - Making the BBMAC operational and generalizing the Stock Market culture - Strengthening certain prudential norms that are too restricting - Strengthening the activities of control of the insurance sector - Finalizing the restructuring of ARC - Reform of the two pension funds
Support activities	1.Upstream	1.1 Research and development 1.2 Supply of inputs 1.3 Sale of specialized equipment and materials 1.4 Training and supervisory structures	<ul style="list-style-type: none"> - Creation of attractive financial products - Creation of agencies - Strengthening mechanization - Support for the design and realization of equipment used in the sector - Training and supervision of staff
	2.Downstream	2.1 Transport 2.2 Storage 2.3 Distribution	<ul style="list-style-type: none"> - Support to local transport companies - Establishment of agencies - Improvement in the information system on the availability of financial products
Infrastructure and other factors of production	1. Infrastructure	1. Improving accessibility to isolated areas 2. Improving basic infrastructure	<ul style="list-style-type: none"> - Construction of roads and tracks - Providing isolated areas with socio-economic infrastructure
	2. Human capital and job market	1. Improving the supply of work 2. Developing the banking job market	<ul style="list-style-type: none"> - Creation of specialized training centers - Strengthening the capacities of the University of M. NGOUABI - Development of specialized sectors - Collection and publication of information on the demand and supply of work in the sector
	3. Support to the private sector and financing	1. Strengthening governance of the sector	<ul style="list-style-type: none"> - Setting up dialogue between the State, COBAC, the BVMAC and the operators - Support for the creation and management of enterprises - Strengthening financial capacity
	4. Governance capacities	Strengthening the administrative and management capacities of the sector	<ul style="list-style-type: none"> - Creation of a Program for Strengthening National Capacity in the management of the financial sector - Strengthening human resources

Source : STP/DSCFRP

CHAPTER 09: STRENGTHENING THE PRIVATE SECTOR AND COMPETITIVENESS

STRENGTHENING THE PRIVATE OPERATORS

THE CHARACTERISTICS, CONSTRAINTS AND CHALLENGES

933. **A sector still in its infancy and dominated by informal activities.** The Congolese private sector remains largely underdeveloped and many Congolese are still private operators in the informal sector. A few large companies, for the most part foreign, basically make up the formal private sector and coexist with a myriad of national companies primarily engaged in the informal sector. Indeed, out of the roughly 22 477 companies identified from 1996 to 2006, almost all (97.5%) are Very Small Enterprises (VSE), with only a tiny share (2.4 %) of Small and Medium Enterprises (SMEs) and large firms (0.1 %).

934. **A sector characterized by a lack of players in the industrial sector.** With characteristics similar to those above, activities in the private sector are dominated by "small" services, particularly trade, which accounts for more than 80 % of registered businesses. This shows the still embryonic nature of the production sub-sectors, especially the industrial sub-sectors, and thus the poor (primary-secondary-tertiary) integration of the country's economic fabric, as well as low productivity and income factors.

935. **A private sector stifled by the narrowness of the market.** For the private sector, with the exclusion of the extractive industries, the market is limited to the national space. Regional prospects exist but are still under-utilized both because of inadequate capacity (infrastructure, production, etc.) and competitiveness (problem of scale and thus of cost) and lack of vision (weak trade policy and regional integration). As a result, the development of the Congolese private sector, excluding mining and oil, is considerably stifled by the narrowness of the market. **The private sector also operates within a framework that is not conducive to investment for both locals and foreigners.** In particular, there is the high tax burden. Even though the country already has substantial oil resources, the persistence of red tape and other transaction costs are hindering the entrepreneurial venture. Added to this is the difficulty of access to key production factors such as water and energy, as well as inadequate human resources both in volume (low population) and in quality (educational training) and unit costs (labor costs relating to productivity). Furthermore, companies experience difficulty in accessing credit due to the absence of an operational security and risk management system.

936. The list of constraints identified as obstacles to private enterprise in the Congo is rather long. The constraints are at the same time institutional, administrative and regulatory, as well as economic and financial. At the institutional and administrative level, there is a lack of adequate market and technological information, low computerization of ministerial structures, weak support structures for SMEs and a multitude of red tape. At the regulatory level, there is a poor adjustment of legislation and taxation and an excessive tax burden, especially for a country which already has abundant oil resources to finance the budget. At the economic and financial level, narrowness of the market, high productions costs, the lack of specialized banks and

difficulties in accessing credit, are all factors that limit the development of the private sector. Furthermore, weak infrastructure for the promotion and development of SMEs and Crafts, coupled with the lack of managerial skills, hamper private initiative. These shortcomings are evident through the various ranks occupied by the Congo in the "Doing Business" reports. According to these rankings, the Congo's performance is well below what is required for the emergence and development of the private sector. Recent developments in terms of rankings seem rather **unfavorable** as the country has dropped in the rankings during the past few years (2010 and 2011). However, the construction sector shows more encouraging prospects as reflected by the country's high ranking (above the median of the sample countries) in the granting of building permits.

937. In all, it is clear from the foregoing that the business environment in the Congo is relatively unattractive and unfavorable to operators and investors. An indication of this is the low amount of direct foreign investments or their exclusive concentration in the extractive industries (oil and mining). **These** obstacles to the business environment force the majority of local enterprises to engage in the informal and farming sectors, with low capacity and no scale effects. The resulting low competitiveness is a major obstacle to the success of the strategy for the accelerated diversification, modernization and industrialization of the Congolese economy, as envisaged in the "Road to the Future."

STRENGTHENING THE PRIVATE OPERATORS AND THE BUSINESS CLIMATE

938. Aware that it is through the development of the private sector that the Congolese economy can move **towards** emergence, the Congolese authorities have focused on promoting the private sector as a key pillar of the medium-term development strategy. The overall objective is to develop the private sector and improve its contribution to investment and growth. It is, in particular, a question of instilling in the Congolese economy, a strong entrepreneurial culture reflected by the presence of a dynamic private sector, with an extensive infrastructure of SME/SMI entrepreneurs, in like manner to what occurred in the emerging Asian economies. To achieve this general objective, the Congo must be firmly placed in a broader context of regional integration, where the size of the country is no longer a constraint: at the CEMAC level, local production would face a market of 30 million consumers; by expanding to the east bank of the Congo (DRC, SADC and ECCAS), the market would expand to well beyond 200 million potential consumers.

939. The actions of the Congolese Government to promote the private sector will focus on five points. First, the Government will strengthen dialogue with the private sector to reduce red tape that economic operators have been complaining about. This red tape is caused by the multiple administrative controls and by those in charge of these controls. This dialogue will also help in easing the burden of incidental taxes, often at the root of corruption. To do this, the Government will render operational the structures of the High Council of Public-Private Dialogue (HCPP).

940. Secondly, to facilitate the settlement of commercial disputes, the functioning of commercial courts will be improved and the Government will create arbitration courts. Indeed, encouraged by the OHADA Uniform Act, commercial arbitration helps speed up the judicial

process and enhances the confidentiality of information, as well as the knowledge in advance by the parties as to the cost of the procedure.

941. Thirdly, the Government will participate in consolidating the autonomy of the private sector vis-à-vis the public sphere through the promotion of independent employers' bodies, ensuring representation and the regulation of various sectors. This will help fight against corruption, encroachment and predation of the private sector by the public sphere, which in fact encourages entrepreneurs, as highlighted in the report of the High Council for International Cooperation¹⁴, to either approach the public sphere to protect their business activities, or to maintain their businesses in the informal sector to avoid the phenomenon of pressure or uptake by Government.

942. Fourth, the Government will improve the functioning of the Centre for Business Formalities (CFE) to ease the business creation procedure and to contribute to strengthening the provision of public services. This will be effected by improving the productivity of the public administration and continuing the building of infrastructure such as electricity, transport and communication, in order to facilitate business.

943. Fifth, in order to alleviate the scarcity of skilled labor, the education system will be strengthened by adapting programs and courses to the needs of the labor market.

STRENGTHENING PRIVATE SECTOR FINANCING INSTITUTIONS

944. It is widely recognized that, in order to support SMEs and very small businesses, it is necessary to create new funding sources and alternatives to traditional commercial banks, which offer both loans and managerial support. Supporting project developers is thus of primary importance to make their businesses attractive to financial institutions. As part of this strategy, support for SMEs will be provided by the Impetus Guarantee and Support Fund, (FIGA) being created. Thus, SMEs will receive "ante-creation" support during the development period of the company and "post-creation" support after the creation of the company. The ante-creation support will help guide developers in designing their projects, focusing on the analysis of basic parameters such as: market and product target, competition, motivation, training and experience of the applicant and, where appropriate, a referral to capacity building. The support will also assist in the education of the developer on all the legal obligations, regulations and administrative provisions applicable to him within the framework of his business.

945. In that respect, FIGA will be strengthened to fully accomplish its mission. In the post-creation support phase, the project developer will continue to receive support from FIGA in his first managerial choices. This will avoid leaving the contractor to face his questions alone and will make up for his lack of experience. This support will greatly influence the success of the project. Indeed, regular reporting on the activities of the company will help detect the financial, administrative and commercial problems in time that may arise. Another FIGA mission will be

¹⁴ High Council for International Cooperation (2008), Proposals to promote the development of African SMEs.

the training of developers or business leaders in the preparation of accounting records and the certification of the propriety of the accounting practices of SMEs. This will solve the problem of the lack of reliable bookkeeping by many SMEs; a shortcoming that is an obstacle to obtaining bank financing. FIGA will also play the role of SME observatory through centralizing the documentation relating to the SME sector and the accounting information on SMEs. The observatory's database will be fed by certified financial statements on SMEs and will help provide information to users (banks, tax authorities, ...). The observatory will also act as an investment promotion tool to help potential investors identify and use investment opportunities and share or assist in the expansion of successful experiences. FIGA will also strengthen the equity of SMEs through grants, whose funding agreement by the banker would be conditioned by an increase in equity and subordinated loans. Such financing will thus be subordinated to bank loans.

946. Finally, in order to reduce banks and microfinance institutions' aversion to SMEs, FIGA will guarantee the loans that financial institutions grant to companies, especially to SMEs. Indeed, Congolese SMEs have little collateral to offer financial institutions, which, for their part, have no incentive to participate in financing projects if they cannot reasonably cover the risk of non-repayment of the amounts lent.

ENCOURAGING FOREIGN INVESTORS

947. The proposed improvement of the investment climate should encourage many foreign investors to do business in the Congo. To encourage them and facilitate the financing of major projects, the State will establish a framework for developing public-private partnerships in the form of service contracts, management contracts, leasing or concessions. These partnerships will focus on providing public services like electricity, water and transport.

948. Given the high level of idle budget savings and its poor remuneration at the Central Bank, Government will establish a mechanism to channel these savings into private investment. Indeed, in order to encourage the development of public-private partnerships, Government will sign a management agreement with an internationally renowned investment fund for a portion of budget savings.

949. Thanks to this, the State will contribute indirectly to the financing of large projects through this fund that will use its knowhow to raise funds for projects at the service of the Congolese economy. The investment fund that will be chosen will also have to open a branch in the Congo, with its capital base open to local private investors and international development institutions (World Bank, African Development Bank, French Development Agency, ...). To comply with the agreement governing the Monetary Union of Central Africa (UMAC), particularly as regards the repatriation of foreign exchange reserves, capital raised by this fund will be used exclusively for financing projects located in the BEAC's zone of issue.

REDUCING FACTOR AND TRANSACTION COSTS

950. The Congolese economy is not very competitive despite the country's immense potential and despite the efforts made by Government to create a business friendly environment. Even

though efforts are being made in the areas of public finance governance, in transparency in the oil sector and in the fight against corruption, there are still many weaknesses with regard to accountability and a judicial system that ensures business law. In terms of competitiveness, the national economy does not offer sufficient opportunities for job creation to fight effectively against poverty. Inputs, quantitatively and qualitatively weak physical and human capital and an excessive nationalization policy of the past, represent a significant cost for the private sector to assume and play the expected role of development engine. To render the economy competitive, the Congo must strive to: (i) improve the business climate in order to fight against unemployment and strengthen non-oil revenues through the creation of production units in various sectors, (ii) address the challenges in the areas of health, education, water and electricity to strengthen human resources and basic productive services, (iii) increase physical capital through a rational infrastructure development policy, (iv) develop the financial sector since the development of financial circuits and the improvement of intermediation are necessary to foster the development of the private sector, and (v) increase the institutional capacity of private sector organizations to set things in motion and to support the development of business.

951. The axes adopted for implementing this strategy objective will focus on six points. These are: intensifying the internal adjustment of businesses in order to align the skills and behaviors of business leaders with the universal rules of modern management; capacity building of the most representative employers' and professional organizations (through the improvement of services to member companies, capacity building of proposals and analysis); the rationalization and strengthening of support mechanisms for the private sector so as to: (i) ensure the promotion of investment and exports, (ii) ensure rational support and technical and technological assistance for companies, (iii) promote quality and standardization, (iv) improve companies' access to finance ; revitalize the consular chambers by strengthening their role as an interface between the public and private sector; establishing control systems for the energy, water and telecommunications sectors.

FIGURE 25. THE CONGO IN INTERNATIONAL COMPETITION – COMPETITIVENESS

Ease of doing business

	Republic of Congo			Gabon			RDC			Rwanda			Vietnam		
	2011	2010	Variation rang	2011	2010	Variation rang	2011	2010	Variation rang	2011	2010	Variation rang	2011	2010	Variation rang
Overall Ranking	177	177		156	158	↑ 2	175	179	↑ 4	58	70	↑ 12	78	88	↑ 10
Setting up business	176	176		153	150	-3	146	155	9	9	12	3	100	114	14
Granting of building permits	83	77	-6	67	64	-3	81	139	58	82	88	6	62	70	8
Property transfer	133	126	-7	132	134	2	118	125	7	41	37	-4	43	39	-4
Obtaining loans	138	135	-3	138	135	-3	168	167	-1	32	61	29	15	30	15
Investor protection	154	153	-1	154	153	-1	154	153	-1	28	27	-1	173	172	-1
Tax payment	180	180		140	139	-1	163	158	-5	43	46	3	124	146	22

Comparative port costs

	Banana	Dar Es Salaam	Douala	Durban	Lobito	Matadi	Mombasa	Pointe Noire
Transport								
Distance (km) **	547	1 921	1 943	2 885	1 250	317	1 558	445
Transportation cost USD/ton	0,18	0,05	0,13	0,04	0,13	0,18	0,07	0,18
Administration USD/ton								
Customs clearance charges	35	28	92	9	94	35	18	47
Port handling charges	14	32	26	11	38	14	11	16
Carrying costs/day	0,4	0,6	0,2	0,7	0,1	0,4	0,1	0,1
Delays (in days)								
Number of borders **	1	2	1	3	1	0	2	1

Energy and Infrastructure

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2010
Electricity consumption(KW per capita)										
Congo, Dem. Rep.	91,7	90,7	85,3	85,8	83,9	85,4	97,4	101,2	97,9	
Congo, Rep.	95,4	104,9	116,1	116,2	107,4	120,3	129,8	128,1	141,5	
Gabon	875,1	899,3	928,3	938,9	938,9	965,2	1019,2	1064,9	1156,3	
Vietnam	295,0	335,3	387,0	443,1	505,9	577,6	655,3	735,8	809,5	
Fuel consumption by road transport sector (KW per capita)										
Congo, Dem. Rep.	0,8%	0,6%	0,6%	0,7%	0,8%	0,9%	0,9%	1,0%	1,0%	
Congo, Rep.	14,6%	16,8%	13,4%	17,0%	19,9%	17,7%	22,5%	22,9%	25,9%	
Gabon	6,6%	8,0%	7,5%	7,1%	7,1%	7,5%	8,0%	8,9%	10,0%	
Vietnam	9,0%	9,2%	10,5%	11,4%	12,4%	12,3%	12,7%	12,9%	13,1%	
Diesel oil price at the pump (\$US per liter)										

STRENGTHENING TRADE POLICIES

The structural transformation of the Congolese economy to reduce its dependency on oil revenue and the volatility of the country's economic performance, is a priority objective of the Congolese authorities. Like other emerging countries, the goal is to achieve higher growth which is sustained and driven by the private sector. **The Government will thus implement trade policy incentives, in addition to the strategies of direct support to productive sectors and private operators described above.** These policies will aim at improving the upstream competitiveness of Congolese products by reducing production costs (imports costs and internal transaction costs), and its downstream competitiveness through trade facilitation and export promotion, including locating outlets for Congolese products, and consumer protection.

These are essentially reform measures that can correct the many institutional, legislative and regulatory distortions that impede the flow and development of national and international trade in the Congo. In addition, targeted measures also have to be taken to help Congolese industrial products conquer the international market. Trade policy is thus a vital complement to the cluster of industrialization strategies previously developed.

The Government's trade strategies have been divided into three main axes of intervention, namely: (i) *stabilizing the national business environment*, (ii) *strengthening trade policy instruments and promoting Congolese exports*, and (iii) *maximizing the benefits of regional integration and international trade cooperation*.

STABILIZING THE DOMESTIC TRADE ENVIRONMENT

Stabilizing the business environment is one of the aspects of the national strategy for improving the business environment the main aim of which is to create institutional, legislative and regulatory conditions for supporting and protecting activities related to the production, distribution and consumption of market goods. The actions envisaged below are closely related to these concerns and should foster the promotion of investment, improvement in the competitiveness of the domestic industry and the development of trade.

Improving conditions of access to the trade professions

952. The Government is committed to facilitating the process of business creation in order to reduce costs and time and to encourage entrepreneurs. It concerns the formalities within the public services for the creation of businesses (large enterprises, SMEs and VSEs). This action is aimed at simplifying the registration procedures and reducing the costs of the formalities to be carried out.

To this end:

- *the tasks of one-stop windows (CFE) will be redefined;*
- *the regulatory deadline for issuing the trader's card will be respected;*
- *the registration of businesses in the Trade and Personal Property Credit Register will be reviewed, taking into account the recommendations of the OHADA convention held in Brazzaville and Pointe-Noire in November and December 2010;*

– the payment of a fee of 1 % of the capital, as a guarantee fund, at the creation of an establishment (as concerns foreign economic operators) should be reconsidered with regard to the provisions of Law No. 019-2005 of 24 November 2005 regulating the exercise of the trade professions in the Republic of Congo.

Introducing legislation to promote competition and protect consumers.

953. The Congo does not yet have a comprehensive competition law and the protection of consumer rights. The current regulatory framework includes some provisions of Law No. 06-94 of 1 June 1994 regulating prices, trade norms, recognition and prevention of fraud, but is mainly focused on pricing schemes and sanctions. Other sectoral laws and regulations affecting competition and consumer protection are also part of the legal regulations in force. These are provisions which concern the following sectors: postal, telecommunications and new communication technologies, energy, water, transport and the banking and financial system. However, these provisions are not sufficient to fully guarantee free competition and market transparency. Thus, in light of the prospect of a greater opening up of the Congolese market to foreign investment and the pursuit of the policy of privatizing public enterprises, existing legislation should be strengthened for greater efficiency and certainty in the fight against the high cost of living, the protection of local industry, the development of SMEs and VSEs, the protection of consumer rights, etc. ...

The competition law and that of consumer rights protection will also have the effect of promoting the culture of excellence, particularly in the areas of the quality of goods and services destined for the market. As regards the prices and quality of goods, future laws will include provisions that will help in the fight against cartels, mergers and the abuse of dominance, often practised by companies that are monopolies or oligopolies. As part of the development of these new laws, a regulatory authority (National Competition and Consumer Council), an autonomous body responsible for overseeing the implementation of laws, will be set up. These laws and subsequent regulations will be developed on the basis of the guidelines on this matter contained in CEMAC's regulations.

Establishing an institution for mediation and arbitration

954. Private sector development requires an institution for the mediation and arbitration of disputes. In this regard, one of the main conclusions of the OHADA convention held in November and December 2010 in Brazzaville and Pointe-Noire, was the need to provide the Congo with an alternative institution for the settlement of commercial disputes. This recommendation resulted from the shared observation of the need for Congolese companies to have a wider range of instruments to resolve commercial disputes quickly and confidentially. This would help improve the legal and judicial environment in which businesses operate. The creation of an institution for resolving commercial disputes in the Congo is therefore in line with the desire for a justice which, thanks to its own strengths, best meets the needs of enterprises. The OHADA law provides the legal arguments in favor of establishing an institution for commercial dispute resolution in the Congo. Indeed, the OHADA law recognizes the possibility of creating alternative dispute resolution institutions, besides the Community's institution. This is the OHADA Court of Arbitration, housed within the OHADA Common Court of Justice and

Arbitration, and headquartered in Abidjan. Thus, OHADA Member States have adopted a Uniform Act on arbitration law by giving to each State, the freedom to adopt internal texts on the judge that has power to grant the enforcement of arbitration awards, or find the action for annulment against sentences.

The creation of an institution for settling commercial disputes and the practice of these terms of settlement are thus quite legitimate. It is therefore neither a marginal informal institution, nor an activity of mistrust of the country's judicial system.

Liberalizing prices and lifting import restrictions

955. The price freeze on locally produced products and the import restriction on general consumer goods often give rise to repeated misunderstandings between the administration, local producers and importers and to explicit or implicit costs for operators without substantial gains for economic agents (consumers and the State). The Government is committed to liberalizing prices and lifting these restrictions in order to promote competition, reduce the cost of imports and thus consumer prices.

Reducing the special levies burden

956. The Government is committed to reviewing a large number of tax and special levies imposed by various jurisdictions on various commercial transactions. The aim is to assess the cost implications for operators, as well as the gains for the State. A recent survey made it possible to detect a large number of these levies of which the legality is not always proven, since some of them are not supported by legal regulations. They are often the work of government services (sundry ministries) and decentralized public authorities (Divisions, City Councils and Districts). They affect both large companies and SMEs and VSEs, as well as small establishments in the informal sector. The Government will develop a work program and an action plan to:

- *assess their impact on commercial transactions in order to remove those that are of no use;*
- *reduce their burden on the cost price of economic activities and contribute to improving business competitiveness;*
- *fight against red tape and corruption resulting from these bad practices.*

Finally, payment of illegal levies never gives rise to billing and thereby becomes a source of price speculation. Traders robbed in this way then seek to make up for the loss of profit incurred.

Facilitating trade

957. The facilitation of trade is aimed at streamlining and simplifying procedures for the flow of goods across borders. In the Congo, this action is necessary to eliminate the many unnecessary hardships that economic operators, especially importers and exporters of goods, are subjected to.

The Government plans to implement a program of actions aimed at:

- *simplifying customs procedures (customs declaration, clearance of goods, inspection, etc.);*
- *reducing the cost of port charges (port tax, transportation costs, handling, stevedoring, storage, transit, etc.). –*

Concerning this last point, it has been discovered that Congo's stevedoring costs are the highest in Africa, a situation that is in contrast with the Government's ambition to make Congo a "corridor", and thus a transit country. Also, the comparative study of port transit and transit corridors costs conducted by the consultancy firm, INCOTRANS, at the request of the Congolese Shippers' Council, concluded that the port of Pointe-Noire is indisputably one of the most expensive in Africa.

The main cause, as it turns out, is the multiplicity of administrative controls. In this regard, there are within the Port of Pointe-Noire, several services in charge of controlling port operations, all of which belong to the State. These are: Customs, the Port Authority services, the gendarmerie, the police, the territorial surveillance brigade, the Ministry of Commerce, the Taxation department, the Ministry of Livestock and Agriculture, the Ministry of Health, etc. All of these services carry out inspections and tax the operators for their "services" in violation of existing laws.

In that respect, trade facilitation will, finally, contribute to saving time and reducing import and export costs, and consequently to improving the competitiveness of the national economy. The Government's willingness in this respect is in perfect harmony with the ongoing negotiations at the WTO.

STRENGTHENING NATIONAL TRADE POLICY INSTRUMENTS

Implementing the export development strategy and providing better support to companies in conquering foreign markets

958. Exports represent a powerful lever for economic development. In the future strategy for export development, there are plans to establish the instruments needed for promoting Congolese exports. The export development strategy aims at developing the full export potential of Congolese companies, by focusing their activities on foreign markets. To achieve this, the strategy proposes major changes to the business support mechanisms and the technical and financial assistance granted by the Government.

959. The strategy calls for a more targeted approach aimed at the companies to be prioritized. It also strengthens the indispensable partnership with stakeholders working in the field of export promotion in the Congo. The export development strategy will enable Government to intervene in the changing business needs in a more sustainable and better adapted manner. It is also part of a strategy to improve the competitiveness of Congolese enterprises and is aimed at increasing productivity, supporting the development and marketing of their products, expanding their entrepreneurial base and promoting the development of the agricultural and industrial sectors.

The export development strategy revolves around four areas of action:

- *Adoption of a continuous and modulated support approach.*
- *Strengthening of exporter services. These are essentially: (i) the development of export knowledge (information dissemination, training and consulting), (ii) carrying out group missions and participating in fairs (trade missions and participation in fairs abroad), (iii) the support provided by the economic services of the network of Congolese representation abroad (business intelligence, contacts search, acquisition of market*

- information and assistance in business meetings etc.), and (iv) support for the company's export strategy.*
- *Establishing export partnership networks to facilitate the creation of clusters in order to increase exports.*
 - *Enhancing public/private sector collaboration for the development of exports.*

Establishment of trade defense instruments (anti-dumping, anti-subsidy, quotas, trade barriers)

960. To ensure fair and transparent trade with the outside world, the Congo may have to take extraordinary measures to protect itself against the effects of foreign trade practices. Indeed, the WTO agreement allows governments to act against dumping where there is genuine ("material") injury to the competing domestic industry. To do this, the Government concerned has to be able to prove that dumping is taking place, calculate the extent of the dumping (i.e. determine how low the export price is in comparison to the price being obtained on the exporter's domestic market), and demonstrate that the dumping is causing or threatening to cause harm.

961. Furthermore, a WTO member may temporarily restrict the importation of a product (as a "safeguard" measure) if a surge in imports of this product causes or threatens to cause injury to the domestic industry. In addition, any WTO member may appeal to the WTO dispute settlement procedure to obtain the withdrawal of a subsidy or the removal of its adverse effects. A member may also conduct an investigation independently and ultimately charge extra duty (known as "countervailing duty") on subsidized imports that are found to be detrimental to domestic producers. Thus, the necessary measures being contemplated to fight against dumping and subsidies may be special "countervailing" duties to offset subsidies and emergency measures temporarily limiting imports, to "safeguard" domestic industries. For this purpose, the following actions must be undertaken:

- *development of regulations and institutions to provide trade defense;*
- *capacity building, particularly of the competent administrations for better control and use of trade defense instruments provided for in (bilateral and multilateral) agreements.*

Creation of a quality control laboratory

962. In the area of metrology, this will involve:

- *helping implement an internationally recognized metrology;*
- *developing closer collaboration between stakeholders working in the area of standards;*
- *improving the quality of metrological services and making them accessible to users;*
- *managing a national directory of manufacturers, authorized repairers and importers of measuring instruments;*
- *encouraging companies to develop instruments tailored to their needs.*

963. This will require:

- *the establishment of laboratories equipped with different secondary standards of reference, necessary for a compliance monitoring system;*
- *the effective participation of Congolese experts in the work of international standardization and metrological organizations: Codex Alimentarius, International Bureau of Weights and Measures (BIPM), International Organization of Metrology (IOM) etc.*

Establishment of structures for the certification of standards and metrology

964. One of the major challenges that the Congo is facing is that of developing and raising its technical, sanitary and phytosanitary standards to at least internationally recognized levels that will allow it to market food products that can be safely consumed. The Congo also faces other difficulties, when developed countries, to avoid risk, adopt more stringent standards than those currently recognized by the bodies responsible for setting international standards. In addition, the growing fear felt by consumers in developed countries about food safety and food quality, makes it even harder for the Congo to meet increasingly stringent standards. It is therefore essential to adopt a pragmatic approach to the establishment of a "Congo Quality" system backed by accreditation, certification, standardization, quality promotion facilities and SPS, to facilitate progressive compliance and conformity with international standards in general, and with those in particular of the European Union, Congo's leading trading partner.

Construction of product storage and preservation facilities

965. The Congo is currently facing a severe shortage of food storage and preservation facilities, which, as we know, are necessary for proper market regulation. It is therefore imperative to proceed, without delay, with increasing public supply in this area through the implementation of a program of construction of storage and preservation facilities in its major cities. The economic and social relevance of this project stems from the national strategy for combating the high cost of living which is at the center of current Government policy. To achieve this ambition, it is essential to build storage warehouses in all divisions of the country over time, with Brazzaville and Pointe-Noire being fitted with these facilities immediately. The warehouses will be built with public funds and will be managed according to mechanisms to be determined.

Revitalization of Chambers of Commerce

966. Chambers of Commerce are called upon to play an important role in the **implementation of the PND-DSCERP, in light of the tasks they have been assigned, mainly:**

- *defending the interests of economic operators;*
- *supervision and training of operators;*
- *promotion and management of economic activities;*
- *contributing to the development of national economic policies.*

Unfortunately, due to various weaknesses in the organization and animation of existing structures, their tasks are not carried out effectively at present. It is also worth pointing out the

non-completion of the national restructuring process of the Chambers of Commerce, launched in 1995. This provided coverage of the entire country by consular structures, including Chambers of Commerce for divisions with high economic potential and consular delegations for the others.

So far, only the Brazzaville, Pointe-Noire, Niari and Sangha divisions each have a Chamber of Commerce, and Likouala Division, a consular delegation. As part of the revitalization plan, the installation of consular delegations will not only have to be completed, but new management will also have to be introduced after the elections to be held at all levels.

Construction of exhibition centers

967. The Congo is desperately in need of facilities to house trade promotion events such as fairs and showrooms for products. The annual fair at Pointe-Noire is held in premises so precarious that it is difficult to attract to the Congo, serious (industrial) exhibitors in search of markets. Congolese producers, already few in number, are almost never interested in the Pointe-Noire fair to advertise their products, as it is mainly reserved for or occupied by small restaurants and other drinking establishments.

968. To accompany Congo's industrialization and to provide domestic enterprises with the opportunity to promote their products, the entire fair organization policy must be reviewed. Firstly, by investing heavily in the construction of large exhibition centers in major cities (Brazzaville and Pointe-Noire), and then, by building moderately **large showrooms** in the other divisions of the country.

In the process, it would be necessary to consider the establishment of specialized exhibition halls to promote the development of certain business sectors already sufficiently mastered by the people, but whose product quality is still not very satisfactory. This would involve, for example, the following sectors:

- *sewing (clothing exhibition);*
- *carpentry (furniture fair);*
- *agriculture (agricultural show).*

Creation of a World Trade Organization Reference Center

The creation of WTO reference centers as public structures specializing in the technical processing and dissemination of economic and commercial information at the multilateral level, is an initiative of the World Trade Organization (WTO). The Congo should therefore support this initiative. The fundamental objective of the WTO reference center is to allow government officials, business communities, university lecturers and students to have access to sources of trade information, available on the WTO website.

Revitalizing trade in services

The services sector, which accounted for around 50 % of the national GDP in the 60s and 70s, now represents only around 30 % of the GDP over the 2008-2011 period. However, recent

experience has shown that countries that have regulated and liberalized trade in services, recorded a higher average growth than other countries.

Furthermore, several studies show that the potential gains from the regulation and liberalization of trade in services, are around four times those that could be achieved from the liberalization of trade in goods. This illustrates how the prospects in this area are promising. This is mainly due to efficiency gains in the areas of finance, insurance, ICT, transport, professional services firms etc. It is necessary for the Congo, which has undertaken various types of reforms to liberalize service sectors, to consolidate gains and improve the overall efficiency of the sectors and subsectors that are regarded as priority services. This calls on the Ministry of Trade and Supplies to supervise the progressive liberalization of trade in services through successive rounds of negotiations, as well as supporting the implementation of the sector programs adopted.

Various important benefits can be derived from the reforms needed in the field of trade in services:

- *increased economic performance, stimulated by competition;*
- *development of the service sector through global market access;*
- *lower consumer prices through free competition (particularly in telecommunications);*
- *acceleration of innovation, mainly in the telecommunications, financial and information technology services;*
- *technology transfer, facilitated by foreign direct investment.*

The development of the activities presented above cannot be achieved without the protection of national production. Without resorting to protectionism, the new trade policy should aim, in accordance with the regulations enacted by the CEMAC Commission in respect of customs and rules issued by the World Trade Organization (WTO) in international trade, at mechanisms for protecting domestic economic activities by changing the system of economic incentives. This policy will also incorporate the effects of the Economic Partnership Agreements (EPAs) between the EU and CEMAC that are about to be signed.

The Congo should work alongside the other CEMAC States to define a different pricing structure for the effective protection of local production. Indeed, contrary to a nominal protection that CEMAC States use in defining a Common External Tariff (CET), effective protection is obtained by applying differential rates on imports of inputs and on imports of finished products for which there are competing products or substitutes. Protection is effective when the rate applied to inputs is lower than those applied to products. These policies are re-examined in the section on Regional Integration.

With the EPAs, the mutual abolition of customs tariffs should enable Congolese products to enter the European market. But, given the existence of non-tariff barriers (technical standards, health standards, ...) often applied by the European Union, the Congo will, in order to enjoy the positive effects of the signing of these EPAs, implement an incentive policy for the differentiation of production. As in the case of the Maghreb countries, especially Tunisia, the Congo will use funding from the European Union to organize "*clusters*", that is to say, business groups, and to develop the geographical indications system.

In this context, certain sectors (fisheries products, agriculture, forestry, ...) will be organized into clusters in order to take advantage of the synergy of the group to implement the necessary technical assistance for upgrading companies and coordinating the network. Furthermore, the cluster facilitates the co-financing of the group's activities by development partners, with the business network providing some of the necessary funding. The development of geographical indications will also provide protection on the international market for the product concerned, especially in Europe. In addition to the overall trade policies, Government would have to take steps to facilitate the access of products to the global market. To achieve this, the following actions would have to be undertaken:

- *strengthening the capacities of trade promotion structures to support efforts to diversify the national economy by placing special emphasis on production standards and product quality, to ensure their competitiveness;*
- *facilitating access to public contracts by the national private sector, particularly SMEs/SMIs;*
- *facilitating access by Congolese products (Made in Congo) to the various markets (both domestic and foreign).*

PROMOTING REGIONAL INTEGRATION AND INTERNATIONAL COOPERATION

STRENGTHS, CONSTRAINTS AND CHALLENGES

969. The Congo is considered as a "Corridor" in the heart of Central Africa. It serves as a means of opening up Central African countries such as the Central African Republic and Chad. It serves as a bridge between the Central African region (CEMAC zone) of around 30 million people, and that of Southern Africa, particularly the Democratic Republic of Congo (DRC), which alone accounts for more than 60 million inhabitants, and the SADC region (with over 340 million inhabitants, including South Africa), as well as the countries of the East African Community (EAC, Uganda, Kenya, Tanzania, etc.).

970. In these formal trade arrangements, the Republic of Congo is a member of two regional integration organizations in Central Africa. It is a member of CEMAC, created in 1994 from the ashes of the Customs and Economic Union of Central Africa (UDEAC). CEMAC includes Cameroon, the Central African Republic, Gabon, Equatorial Guinea and Chad. The Congo is also a member of the Economic Community of Central African States (ECCAS), an older organization which includes, in addition to the six CEMAC countries, Angola, Burundi, Democratic Republic of Congo and São Tomé and Príncipe.

971. Compared to this position, the Congolese domestic market remains very narrow (about three million consumers), and this makes it impossible to strengthen competitiveness through economies of scale. This finding is a challenge to the Government and encourages it to deepen its policy of economic openness so as to conquer foreign markets, starting with the CEMAC and ECCAS sub-region. Moreover, it is through this that the highly desired industrialization and agricultural development will find the necessary support for the sustainability of activities in the field. The main objective is that of winning a market share that will allow Congolese companies to increase production scales necessary for the profitability of their activities. The Congo is only able to increase the markets for these products and benefit from its position as a corridor by

developing creative and aggressive strategies of cooperation and regional integration. The sections that follow are a review of the regional strengths and opportunities and an outline of the Congo's competitive strategies. **Apart from the opportunities offered by sub-regional integration, the Congolese Government is aware that there is certainly no bigger and more lucrative market than the global market, particularly that of rapidly growing emerging countries. It is therefore imperative for it to develop a competitive business strategy for the entire international market.** To do this, the Government intends to promote multilateral agreements, especially with emerging countries, while also seeking to take advantage of existing agreements, such as the AGOA and the EPA currently being negotiated.

STRENGTHENING INTERNATIONAL TRADE COOPERATION

972. **Bilateral cooperation (between States).** The Government is seeking to diversify trade agreements with different partners, taking into account the opportunities offered by each country or region. The selection criteria will focus on the receptiveness of the partner to work in a spirit of solidarity and mutual respect.

973. It is within this context that everything must be implemented to benefit greatly from the U.S. Growth and Opportunity Act (AGOA), which gives African countries south of the Sahara an opportunity to promote investment and increase trade. A national forum on AGOA is scheduled to be held in Brazzaville in 2012 to identify the Congo's needs and to adopt a consensual roadmap for implementing cooperation programs. The Economic Partnership Agreement (EPA) under negotiation between Central Africa and the European Union, will also be an opportunity to seize, if, of course, the content of the Agreement to be signed by both parties is balanced and takes into account the needs of trade-off for loss of customs revenue and strengthens the supply capacities of the States of the sub-region.

974. **Multilateral cooperation.** The Congolese Government is preparing to develop its national Aid Strategy for Trade, to generate the support needed from the donors involved in this initiative (World Bank, IMF, ADB, EU and other developed countries) to develop economic and commercial activities.

975. It should be recalled that Aid for Trade is an initiative of the WTO adopted at the 6th Ministerial Conference in Hong Kong from 13 to 18 December 2005, with support from the World Bank, UNCTAD, the International Trade Centre and various donors. Its main objective is to provide support to developing countries, especially to LDCs in capacity building related to trade, so as to take advantage of the opening up of markets.

STRENGTHENING INTEGRATION WITHIN THE CEMAC ZONE

976. From a strictly commercial view point, even though the CEMAC zone is a customs union (internal circulation of goods free of customs duty), it does not yet offer to each Member State guarantees of the free movement of goods provided therein. There are many distortions in trade between members, mainly due to non-tariff barriers, often in the form of unwritten rules. This is aggravated by the spirit of protectionism that characterizes the respective economic policies of individual Member States, despite the guidelines adopted together at community meetings. It

should be highlighted, in this regard, that the implementation of community acts suffers from a "lack of political will" which is very evident in the management of records relating to the free movement of goods and people. Consequently, despite the many declarations and protocols, little progress has been made and results have been far below expectations. Indeed, the share of intra-regional trade within CEMAC does not exceed 5% of foreign trade of member countries¹⁵ Exports from the Congo to CEMAC only represent 3% of intra-regional trade, destined mainly for Gabon and its imports, 43.6 %, made up mainly of food products from Cameroon. More generally speaking, in the case of ECCAS, intra-Community trade is insignificant and shows a downward trend.

977. Six factors account for the weakness of intra-community trade, be it within CEMAC or ECCAS: (i) insufficient efforts by member countries to remove barriers to intra-Community trade, particularly in the area of communications infrastructure, (ii) a trade policy that suffers from a weak industrial fabric, inadequate diversification and the dominant role of single production, (iii) insufficient financial resources, (iv) a lack of respect for treaty obligations, (v) the inability to prevent and resolve conflicts decisively, and (vi) the persistence of national self-interest with the corollary of numerous administrative controls that cause obstacles linked to the movement of people, goods and services, thereby furthering difficulties of access to markets by Member States.

978. In order to intensify integration and benefit from it, the Congo must work with its partners to strengthen the integration mechanisms already in place, by carrying out necessary adjustments, in particular:

- *harmonizing the rates of customs duties actually applied by each Member State, and also taking into account exemptions. Failure to apply the same rates would distort competition within the community, insofar as it impacts on business competitiveness;*
- *combating double taxation: it is not uncommon to see goods imported from third countries and that have to go through the territory of a Member State to a final destination in another State, pay customs duties at each border, spurning the rules adopted by the community. This practice creates excess import costs for consumers in the country of final destination, with a direct effect on the purchasing power of household and business competitiveness;*
- *removing tariff and non-tariff barriers. – Protectionist measures taken by each Member State, in violation of community regulations, should be identified, evaluated and reviewed;*
- *harmonizing trade norms in the CEMAC zone;*
- *the free flow of market goods cannot be effective without the harmonization of trade norms for products on the market;*
- *creating common markets by product (case of the OCM - CEMAC SUGAR) to promote cooperation between the industries of the sub-region. The example of sugar (the CEMAC common sugar market organization) created at the initiative of the group of sugar producers in the CEMAC region (GPS) enabled the Congo to overcome the obstacles created by CAMEROON in 2006 to block the export of Congolese sugar to*

¹⁵ ECA (2004), African economies, Maisonneuve and Larousse, Paris.

that country. Currently, over 50% of sugar produced by SARIS CONGO is sold in the sub-region (in CHAD and CAMEROON) through the facility put in place under the CMO -CEMAC SUGAR).

STRENGTHENING INTEGRATION IN THE CEEAC ZONE AND IN SOUTHERN AFRICA

979. At the level of ECCAS, the trade cooperation instruments established in 2004 as part of the creation of a free trade zone, are not working. Once again, there is a problem at this level due to of lack of political will by States, even though there is often an absence of a reliable trade-off mechanism for losses in customs revenue. It should be recalled here that there were plans to create a customs union within the ECCAS zone in 2008.

980. The way forward, in to take advantage of nearly a hundred million consumers that make up the ECCAS market, is to revive and enforce the Free Trade Agreement of 2004, applying the same measures selected for CEMAC for the harmonization of tariffs, elimination of tariff and nontariff barriers, the fight against double taxation and the issue of commercial standards. Taking advantage of sub-regional integration also implies a redefinition of clear rules of origin necessary for the application of preferential rates. The intensification of trade relations with the DRC and its membership of the SADC region, in particular, offer the Congo access to the booming market of Southern Africa. Indeed, Central African countries have political and economic relations with other regional economic communities and African regional organizations. Angola is a member of the SADC; Burundi of COMESA and EAC; the DRC of SADC and COMESA; Burundi and the DRC of CEGPL; the CAR and Chad of the CEN-SAD; Cameroon, Congo, Gabon, and EGR and Chad of CEMAC. These different affiliations should not undermine the willingness of these countries to participate in the integration process in Central Africa. For now, the affiliation of countries to several RECs remains a source of stress for the countries concerned because of the difficulties in honoring financial contributions to several RECs and ultimately belonging to more than one Customs Union (UD) at a time. Central Africa has great potential for economic development, with, in particular, oil from the Gulf of Guinea, large deposits of metals and minerals, the huge water resources from the Congo-Ubangi-Sangha basin and the large lakes, as well as the second largest forest massif, considered as the second lung of the planet. As such, the financial valuation of the absorption of 500 million tons of carbon monoxide for the benefit of all mankind, and offsetting emissions of this gas from other parts of the world, would be quite legitimate. Therefore any investment, especially in infrastructure, should take into account the preservation of the ecosystem and biodiversity of the region.

981. In addition, the dense inland waterways, with a very high potential, are underutilized and should be developed. They could be a complement, if not a substitute, for roads in some areas with multimodal alternatives, like in similar regions of Asia (Mekong Basin) and Latin America (Amazon Basin).

IMPLICATIONS FOR “CORRIDOR” POLICIES: BORDER MARKETS

982. The aim of cross-border markets is to open foreign markets to Congolese products and improve supply to remote rural areas. This network will thus have the obvious role of sub-regional integration. The development of trade resulting from the creation of this network of markets will have a positive impact on the income of rural producers. Cross-border markets will be organized at two levels and linked by a regular periodic transport system: (i) in cities near the borders, and (ii) in other “strategic” sites.

983. **In the border areas.** Border markets will be located in areas near the border, easily accessible by road or river, both from the Congo and from neighboring countries. Infrastructure of an appropriate size for the area’s own products will be created and made available to producers and traders. Products from remote areas of the Congo could be routed directly or through regional group markets, for display and export.

984. **In other core locations.** Regional group markets will be set up in a few strategic locations. They will have larger infrastructure, with their characteristics and size depending on product characteristics and quantities. They will cater to border markets. They will also receive products collected in these markets for channeling to areas of consumption or to other borders. They will also strive to accommodate products from non-border areas to make them available to buyers from neighboring countries.

985. These two “poles” will be connected by transport systems on a regular basis to ensure proper disposal of products. This organization will, where possible, involve the private sector. It is nevertheless likely that governments will be involved, particularly as regards river transport, in order to create the correct conditions for the movement of goods.

986. In this context, the Government will implement an investment program for the creation and functioning of markets in Ouessou, Impfondo, Oyo and Dolisie.

987. **Regional group market of Ouessou.** The regional group market of Ouessou will be interconnected to the Souanké, Ngbala and Kabo border markets. Its role will be to display products for export to Cameroon and the CAR.

988. **Regional group market of Impfondo.** The regional group market of Impfondo will be interconnected to the border markets of Betou and Dongou. Its role will be to display products for export to the CAR and the DRC.

989. **Regional group market of Oyo.** The Oyo regional group market will be connected to the border markets of the Congo River located at Liranga, Loukolela, Mossaka, Bouemba Mpouya and Ngabe, on the border with the DRC. It will also be connected to the border market of Lékéty, towards the border with Gabon. In this way, the Oyo regional group market would be seen not only as a transit point for Congolese products going to these two countries, but also as an integration infrastructure for facilitating trade between Gabon and the DRC.

990. Its dual mission will be to channel the considerable food production from Gamboma in the south and Owando/Makoua in the north, on the one hand, and fishery products from the river and from Alima, on the other. Since fish is an important product in the area, this infrastructure, and its border annexes, will of course be equipped with cold storage facilities, but also with fishponds to accommodate species that can withstand prolonged captivity.

991. Cargo vessels will also be designed to receive frozen and live products and forward them within the time and conditions conforming to the required standards. In the event that the road connecting Liranga Impfondo is indeed built, the Liranga border market could develop into the status of a regional group market with privileged links on the one hand with Impfondo and Bangui by road or river, and on the other, with Oyo by river.

992. **Regional group market of Dolisie.** The Dolisie regional group market will be connected to the border markets of Mindouli, on the border with the DRC, Bambama, Mbinda and Nyanga on the border with Gabon, as well as to Tchamba-Nzassi Kimongo at the border with the Angolan province of Cabinda and will communicate with Bas Congo in the DRC. Its primary objective will be to channel the huge production in the Niari valley and Bouenza and make it available for export to the DRC, Gabon and Angola. Depending on the likely development of livestock in this area, it would be appropriate to provide this regional group market with a slaughterhouse and adequate cold storage facilities to make it a national meat center.

993. Based on a study of potential demand in neighboring countries, these regional markets should be interconnected to ensure adequate response to demand.

994. **Complementarity with domestic markets.** The organization of cross-border markets will be closely linked to the organization of product collection throughout the country, as this will be one of its components. It will be necessary to structure the collection of products for transfer to regional group markets or even for direct delivery to border markets. Similarly, this network of cross-border markets will, of course, be closely connected to the storage and major export facilities located in Brazzaville and Pointe-Noire.

IMPLICATIONS FOR “CORRIDOR” POLICIES: INFRASTRUCTURE

995. To benefit from integration, the Congo must: (i) improve the energy sector as part of the drive towards the regional integration of energy markets, (ii) improve navigability on the Congo River, especially along its tributaries, the Alima, the Ubangi and Sangha, as part of the corridors policy, (iii) fully rehabilitate the rail company, CFCO, to determine its traffic potential with the DRC and CEMAC countries and fully enjoy the opportunities offered by the modernization and extension of the Pointe-Noire Port Authority.

996. The Congo should place a particular emphasis on the key areas of intervention below in order to play its role fully as a transit country and draw the competitive benefits resulting from its comparative advantage in the field of transportation. To do this, the Congo must reduce the barriers linked to the low level of development of physical infrastructures by building corridors:

- the most interesting corridor in terms of investment is the one that starts from Pointe-Noire and connects timber concessions in northern Congo, owing to the improvement of inland waterways and railways;
- the road corridor from Brazzaville to Ouesso is also a highly attractive investment if it is associated with the development of rural roads;
- investment along the Pointe-Noire-Brazzaville corridor will be developed significantly if it is extended to the DRC (including the bridge) and/or to the CAR (including the river);
- restructuring of public utilities (water, electricity, telecommunications, etc.) should reduce costs and attract IDEs. Making investments in the energy sector will be more profitable, if done in coordination with Cameroon at a regional level;
- the Congo must make every effort to improve its management capacity and exploit all the opportunities offered by the public-private partnership in infrastructure management;
- the simultaneous implementation of all these interventions in the transport and electricity sectors should significantly improve Congo's ranking in terms of regional integration.

997. Today, emphasis is being placed more on improving regulations for the recruitment of migrants in developing countries, on the creation of incentives to promote the return of migrants and on maximizing the contribution to development made by migrant communities, including the management of remittances. A comprehensive approach must necessarily include the following elements:

- ensuring the integration of migration in development frameworks and strategies against poverty;
- the effective management of remittances;
- the mobilization and involvement of the diaspora and transnational networks in development strategies;
- facilitating the return and reintegration of migrants;
- comprehensive and targeted assistance programs for labor-focused migration.

Table 44. Strategic position of the Republic of Congo and the potential to increase revenues.

	Total trade		Tax revenues			
	Volume (million tonnes per year)	Value (US\$ m. per year)	Transport revenue (US\$ m. per year)	Customs revenue (US\$ m. per year)	VAT revenue (US\$ m. per year)	Total (US\$ m. per year)
Imports						
Actuals	0.90	2,329	64	512	12	524
Additional potential total	1.05	2,718	71	142	13	155
Potential Republic of Congo	0.25	647	14	0	3	3
Potential DRC	0.80	2,071	57	142	10	152
Overall total	1.95	5,047	135	655	24	679
Exports of wood						
Actuals	1.00	1,000	71	0	13	13
Addition	0.90	550	72	0	13	13
Potential Republic of Congo	0.20	200	22	0	4	4
Potential DRC	0.70	350	50	0	9	9
Overall total	1.90	1,550	144	0	26	26

CHAPTER 10: BUILDING INFRASTRUCTURE

998. As explained above, building of infrastructure is one of the links in the chain of "virtuous circles" for the transformation and emergence of the Congo. However, these strategies, just as human resources, are costly, especially in terms of investment and maintenance costs. That is why, in the strategies proposed in the following sections of the DSCERP, special attention has been paid to innovations in financing these investments, particularly the various arrangements of the "public/private" type. Issues relating to the synchronization of investment programs (such as between railways, roads and river/sea) have also been examined with great attention. This is also the case with the significant regional opportunities in this area, by virtue of Congo's position as "corridor" and frontier between Africa and West/Central, and East Africa.

999. As part of the implementation of the PRSP-1, as recalled above, the Government has made significant investment efforts for the development of basic infrastructure. However, because the Congo began very late after the crisis years of 1992 to 1997, it still has many challenges to face to achieve a minimum level of modernization of infrastructure, capable of pushing the Congolese economy to an emergence rate.

DEVELOPMENT OF TRANSPORT AND PUBLIC WORKS INFRASTRUCTURE

1000. With the accelerated growth of municipalities and the implementation of the National Transport Plan (NTP), the state of Congolese transport networks, all modes included, has improved considerably. However, because of large damages already identified during the development of the NTP, the level of service on most networks is still a concern.

ROADS AND ROAD TRANSPORT

Road infrastructure

1001. The Congo has a road network of 20 925 km divided into 5 569 km of national roads, 4 401 km of divisional roads, 7 380 km of rural roads and 3 575 km of urban roads. 9.4% of the network is tarred, with 2.8 % made up of urban roads, and 6.6 % of intercity roads. At 90,6%, the Congolese road network is thus still essentially made up of dirt roads. Added to this is a fleet of 7 158 crossings made up of bridges, viaducts, culverts and tanks.

TABLE 46. CONGOLESE ROAD NETWORK

N°	Types of road	Tarred			Of earth			Total		
		Length in km.	Network share	Proportion in good condition	Length in km.	Network share	Proportion in good condition	Length in km.	Network share	Proportion in good condition
1	National highways	930	4,4%		4 639	22,2%		5 569	26,6%	
2	Divisional roads	308	1,5%		4 093	19,6%		4 401	21,0%	
3	Rural roads	150	0,7%		7 230	34,6%		7 380	35,3%	
4	Urban roads	588	2,8%		2 987	14,3%		3 575	17,1%	
	Total	1 976	9,4%	58,0%	18 949	90,6%	30,0%	20 925	100,0%	32%

Source: ST/DSCERP and INT-DEC, CEMAC Data

1002. This situation poses the serious problem of sustainability of the network, especially for a country with high rainfall such as the Congo. Consequently, the continuity of the network is not always assured, particularly during the rainy season, because of the poor condition of several sections of dirt roads. To address this problem, the Government has set two major core objectives.

1003. **Improving and developing the urban road network** through programs to (i) tar and develop the road network, (ii) construct crossings on the road network, (iii) rehabilitate severely degraded road networks, (iv) maintain the road network, and (v) protect existing roads.

1004. Improve and expand urban infrastructure through programs to (i) construct urban roads, (ii) rehabilitate urban roads, (iii) maintain urban roads, and (iv) develop pipelines for evacuating water from structures. In the implementation of these programs, particular attention will be paid to CEMAC and ECCAS' integrating network projects (continuation of work on the Obouya-Boundji-Okoyo-Gabon border axes; Owando-Makoua-Ouessou-Cameroon border Pointe-Noire-Brazzaville; studies and the construction of road-rail bridge on the Congo river between Brazzaville and Kinshasa, etc.) in order to give meaning to the Congo's vocation as a transit country.

1005. National integration roads will not be left out, as well as local roads (feeder roads). In order to limit the impact of road works, emphasis will also be placed on environmental studies and the monitoring of environmental standards during the execution of the work. Finally, to increase the capacity of the country to absorb all the funding that will be required for the implementation of the full spectrum of this work, the Government will: (i) strengthen the capacity of private operators in the construction sector, as they are the real performers in the field for all road projects, (ii) strengthen the human resources capacity of the construction sector, for both private and public sectors, (iii) promote job creation on a large scale, especially through labor intensive techniques (HIMO), and (iv) promote the use of local building materials to encourage the takeoff of the domestic construction sector as a whole.

Road transport

1006. As noted earlier, the national road network, which is the national road transport network, is predominantly made up of dirt roads (90 %) and which are in a poor condition (68 %). This constitutes a major problem for network sustainability throughout the year. As a result, many roads are impassable during the rainy season, thereby greatly impeding the movement of goods and people and contributing heavily to a drop in agricultural production and an increase in the cost of goods, as well as in the number of road accidents.

TABLE 47. ROAD TRANSPORT PERFORMANCE INDICATORS

Indicators	Unit	Values		Variation
		2009	2010	%
Number of accidents on roads	U	2 772	2 800	1,01
Ratio of new registrations to vehicle fleet	%	ND	ND	-
Number of technical control certificates issued	U	6 500	6 500	0,00
Number of operational modern bus stations	U	2	2	0,00

1007. From a regulatory perspective, there is neither a computerized database for vehicle ownership certificates and driver's licenses, nor regulations on automobile pollution. Therefore, the authorities intend to ***develop road transport*** by (i) strengthening traffic regulations, and (ii) promoting road transport services. Within this framework, projects to secure vehicle owner certificates, training of drivers, implementing and controlling road statistics and carrying out the technical inspection of vehicles, particularly those aspects relating to the respect of environmental standards on pollution, will form the backbone of the program to develop road transport in the Congo.

OTHER TRANSPORT INFRASTRUCTURE

1008. To ensure the inter modality of transport networks promoted by Government long before independence, the Congolese State is committed to developing, in addition to the road network, railway, airport and port facilities.

Rail transport

1009. The rail network which consists of 795 km of railways, already in a poor condition prior to 1997, currently offers poor services, despite ongoing efforts to rehabilitate it. Thus, in many sections, significant portions of the network are in a state of advanced deterioration: platforms, ballast, structures. Under these conditions, passenger transport is neglected in favor of freight transport, not only because it is more profitable, but mainly because passenger transport requires safety and comfort constraints that the network cannot properly provide at the moment.

1010. For this reason, the State is committed to ***securing the Congolese rail network*** as part of the ongoing CFCO development program, by (i) rehabilitating and strengthening the rail

network, and (ii) repairing network materials and equipment (rehabilitation, acquisition, maintenance). Special emphasis will be placed on tracks and passenger coaches in order to considerably improve the speed of passenger trains whilst ensuring passenger safety and comfort.

Table 48. PERFORMANCE INDICATORS OF THE CONGOLESE RAILWAY NETWORK

Indicators	Unit	Values		Variation
		2009	2010	%
Passengers				
Number of passengers transported	Thousand people	592	576,02	-2,70
Turnover of passenger trains	Millions of FCFA	3476,0	3069,4	-11,70
Average speed of passenger trains	Km/h	29	34	17,24
Availability rate of passenger trains	%	38	38	0,00
Goods				
Volume of goods transported	Thousand tones	593	770,7	29,97
Goods transportation turnover	Millions of FCFA	15616	23629,7	51,32
Average speed of goods trains	Km/h	38	38	0,00

Table 49. STATUS OF CONGOLESE AIRPORTS

Indicators	Unit	Values		Variation
		2009	2010	%
Number of operational international terminals	U	3	3	0,0
Number of operational secondary terminals	U	2	3	50,0
Number of operational	U	12	12	0,0
Number of control towers in Congolese airports	U	5	6	20,0
Number of equipped weather stations	U	17	17	0,0
Rate of weather reports	Reports/day	1	1	0,0

Table 9. MAIN PERFORMANCE INDICATORS OF RIVER TRANSPORT

Indicators	Unit	Values		Variation
		2009	2010	%
Length of inland waterways	km	1 050	1 200	14,3
Volume of sand removed (dredged)	m ³	210 000	233000	11,0
Quay length rehabilitated or built	km	0	0	-
Number of operational warehouses	U	7	9	28,6
Duration of formalities by passengers on arrival	mn	45	45	0,0
Number of passengers transported	Thousand people	159,7	150,6	-5,6
Volume of goods transported	Thousand tones	348,8	317,1	-9,1

Sources: STP/DSCERP

Air transport

1011. The Congo has three international airports: Brazzaville (Maya Maya), Pointe-Noire (Agostino Neto) and Ollombo, which are currently among the most modern in the sub-region, notably in Brazzaville and Pointe-Noire, with international safety and security standards. On the

other hand, five secondary airfields (Nkayi Sibiti Mossendjo, and Makoua Ouessou) are largely in poor condition.

1012. In these secondary airports, runways and control towers need rehabilitation and equipment to reduce the risks associated with using these facilities. Besides these problems that are specific to secondary airfields, there is also the general problem associated with the low density of meteorological stations, estimated at 0.05 %.

1013. Accordingly, the Government wishes to continue the modernization of air transport through the implementation of programs on: (i) the development of airport facilities (continuation of programs to construct infrastructure and acquire equipment and materials, maintenance of facilities and modernization of airport management), (ii) strengthening security equipment and navigational aids, (iii) the densification of the mesh of meteorological stations, and (iv) monitoring the activities of operators in the sector (travel agencies, tour operators, airlines, public or para-public sector dealers).

1014. The implementation of these programs must contribute to the ultimate goal of involving air transport in the expansion of the tourism industry in the Congo thereby enabling the country to play its natural role as a transit country in the sub-region.

River transport

1015. The Congolese navigable waterway network is made up of 7 276 km split between 5 200 km for the international network, and 2 076 km for the domestic network. In recent years, several government actions have improved the performance of river transport.

MAIN PERFORMANCE INDICATORS OF RIVER TRANSPORT (TABLE 50)

1016. Despite these efforts, passenger and freight traffic continued to decline between 2009 and 2010 (-5.6 % and -9.1% respectively). This is partially justified by the low investment in the development of quays and warehouses, but also by the lack of organization of traffic at the port of Brazzaville, where the time taken for processing formalities on the arrival of passengers continues to be very long.

1017. The Government intends to develop river transport by: (i) developing the river ports facilities (construction and rehabilitation of infrastructure and equipment, maintenance facilities and roads, modernization of port management, particularly that of Brazzaville where the issue of fluidity of passenger traffic in Brazzaville Beach will be studied and monitored), (ii) enhancing equipment and materials for inland navigation, (iii) strengthening the regulation of river transport, and (iv) monitoring the activities of operators in the sector.

Shipping

1018. The Congo has a large seaport, the Pointe-Noire Port Authority (GCIP). To date, it is the only deep-water port on the coast of the Central African sub-region. Over the past few years, there have been significant investments that have enabled the port to remain efficient and

competitive along the entire Atlantic coastline of Africa. These investments include the reconstruction and extension of dock G over 800 linear meters of the coast, the extension of the outer embankment and the construction of a rock fill protection jumper, as well as the rehabilitation of the embankment alongside quay D. Patrol boats and beaconing equipment have also been acquired through investments.

FIGURE 26. CONGO IN INTERNATIONAL COMPETITION: INTERNATIONAL TRADE

Elements compared in ports' competitiveness

	Absolute value			Relative value (Congo compared to others)		
	2009	2008	2010	2009	2008	2010
Export cost (USD per container)						
Gabon	1 510	1 945	1 945	1,5	1,3	2,0
Rwanda	3 840	3 275	3 275	0,6	0,8	1,2
Vietnam	468	533	555	4,7	4,7	6,9
Thailand	848	625	625	2,6	4,0	6,1
Congo, Dem. Rep.	3 410	2 897	3 505	0,6	0,9	1,1
Congo, Rep.	2 201	2 490	3 818	1,0	1,0	1,0
Angola	1 450	1 850	1 850	1,5	1,3	2,1
Afrique Sub-Saharienne	1 664	1 863	1 962	1,3	1,3	1,9
Import cost (USD per container)						
Gabon	1 600	1 955	1 955	1,4	1,5	3,9
Rwanda	4 000	4 990	4 990	0,6	0,6	1,5
Vietnam	586	606	645	3,8	4,9	12,0
Thailand	1 042	795	795	2,1	3,7	9,7
Congo, Dem. Rep.	3 758	2 933	3 735	0,6	1,0	2,1
Congo, Rep.	2 201	2 959	7 709	1,0	1,0	1,0
Angola	1 925	2 925	2 840	1,1	1,0	2,7
Afrique Sub-Saharienne	2 041	2 275	2 492	1,1	1,3	3,1
Time export has (days)						
Gabon	19	20	20	2,6	2,5	2,5
Rwanda	63	42	35	0,8	1,2	1,4
Vietnam	24	24	22	2,1	2,1	2,3
Thailand	24	14	14	2,1	3,6	3,6
Congo, Dem. Rep.	50	46	44	1,0	1,1	1,1
Congo, Rep.	50	50	50	1,0	1,0	1,0
Angola	64	68	52	0,8	0,7	1,0
Afrique Sub-Saharienne	40	35	32	1,3	1,4	1,5
Time Import has (days)						
Gabon	22	22	22	2,8	2,8	2,8
Rwanda	92	42	34	0,7	1,5	1,8
Vietnam	23	23	21	2,7	2,7	3,0
Thailand	22	13	13	2,8	4,8	4,8
Congo, Dem. Rep.	62	66	63	1,0	0,9	1,0
Congo, Rep.	62	62	62	1,0	1,0	1,0
Angola	58	62	49	1,1	1,0	1,3
Sub Sahara Africa	48	41	38	1,3	1,5	1,6

A few performance indicators on the Pointe-Noire Port Authority (PAPN)

Indicators	Unit	Values		
		2 009	2 010	Variation
Volume of goods transported	Thousand tones	ND	ND	ND
Number of goods storage warehouses	U	3	5	66,7%
Frequency of ships at PAPN	%	30	35	5%
Rate of goods loaded and unloaded	%	35	40	5%

1019. The Government intends to **further develop shipping** through: (i) supporting the PAPN in the development of infrastructure and port facilities, and (ii) supporting the development of security, safety and shipping infrastructure and facilities.

DEVELOPMENT OF ENERGY, WATER AND SANITATION

ENERGY

1020. The liberalization of the Congolese economy through State withdrawal from the productive sector in the early 2000s concerned the water and electricity sectors in particular,

more precisely via Law No. 13-2003 of 10 April 2003 on the Water Code, Law No. 14-2003 of 10 April 2003 concerning the electricity code, and other subsequent legislation thereon. In doing so, the State disengaged itself from operational tasks to concentrate on the development of infrastructure, on legislation and on the regulation of these sectors.

1021. Although solar energy and biomass are also used, sources of electric power in the Congo are still mainly hydroelectricity (52 %), thermal diesel (29 %) and thermal gas (19 %).

TABLE 52 MAIN PERFORMANCE INDICATORS OF THE ELECTRIC POWER SECTOR

<i>Indicators</i>	<i>Unit</i>	<i>Values</i>
- Access rate to electricity:		
- <i>In urban areas</i>	%	45
- <i>In rural areas</i>	%	5,6
- Number of low and medium voltage SNE subscribers	in thousands of inhabitants	152,047
- Total installed power	MW	171
- Transmission lines	km	479
- Transformer posts	U	12
- Supply lines	km	770
- Number of MV/LT posts	U	548

Source: ST/DSCERP and INT-DEC

TABLE 53. ELECTRIC POWER PRODUCTION IN THE CEMAC ZONE

<i>Country</i>	<i>Installed electric power (in MW)</i>	<i>Electric power per capita(in KW/1000inhb)</i>
Cameroon	902	45
Congo	171	49
Gabon	414	276
Equatorial Guinea	13	26
Central African Republic	40	9
Chad	29	4
Across CEMAC	1 569	41

Source: STP/DSCERP – CEMAC data

1022. The proportion of hydroelectric power has thus been enhanced by the commissioning in 2010 of the Imboulou dam. Although still relatively small, domestic production in comparison to the population is significantly high compared to that of other countries of the CEMAC zone and slightly above the average in the sub-region.

1023. It is thus clear that the biggest problem now is not that of production, but rather that of supply and consumption. *The major challenge therefore is the reliability and extension of the supply network and the optimization of the management of services rendered to consumers.*

WATER

1024. The Congo has abundant water resources made up of surface water and groundwater. The potential of available freshwater is estimated at 1.588 billion m³/year. Current deductions only concern a fraction of these resources and are intended to meet domestic needs (69 %), industrial needs (22%) and agricultural needs (9%). In urban areas, the coverage rate of drinking water supply is 40%. In rural areas, some places are supplied by very sparsely developed individual water points. But the trend is being reversed in both urban and rural areas on account of the multiple drinking water supply projects carried out over the past few years. However, a significant deficit persists in the organizational, technical and infrastructural means for monitoring the quality of water supplied to the people. To overcome these difficulties, the Government intends to: (i) strengthen the capacity of the quantitative and qualitative control of water, and (ii) improve access to safe water in the urban and rural areas. It also intends to improve governance in the water sector.

SANITATION

1025. Access to sanitation is still very limited in the Congo, whether in the urban or rural areas. In most urban areas, wastewater from industrial units, hotels and hospitals are discharged untreated into the natural environment. This can be attributed to the fact that sewage treatment plants, where they exist, are completely dilapidated or have been out of use for many years.

1026. Similarly, domestic sewage is generally discharged into the yard and onto public roads. Only 14 % of households discharge their domestic sewage into a modern device. As regards rain

water, this usually runs off onto the roads in all major urban centers due to the absence or inadequateness of the drainage system. This causes significant erosion, destroying homes and drinking water supplies, as well as transportation and telecommunications networks, as it progresses. As shown in the table below, the solid waste collection and treatment system in the cities of Brazzaville and Pointe-Noire is severely malfunctioning.

1027. In both cities, barely 5 % of household waste is collected and the only way of treating the waste collected is to dump it into open sites. Suffice it to say that there is no treatment of solid waste, even when collected. Therefore, *the establishment of facilities for collecting and improving the treatment of liquid, solid or gaseous waste remains a major challenge for the improvement of the living conditions of the people.*

TABLE 54. PRODUCTION AND COLLECTION OF SOLID WASTE IN BRAZZAVILLE AND POINTE-NOIRE

<i>City</i>	<i>Average daily volume of waste produced (in m³/d)</i>	<i>Average daily volume of waste removed (in m³/d)</i>	<i>Average daily volume of waste collected (in %)</i>
Brazzaville	450	20	4.4%
Pointe-Noire	300	20	6.7%
Total	750	40	5.3%

Source: ST/DSCERP and INT-DEC

TABLE 55. Statistics on housing production

Period	Production	Accumulated Stock	Growth rate
1969-1974	196	196	-
1975-1980	356	552	181.6%
1981-1990	1107	1659	200.5%
1991-2000	135	1794	8.1%
2001-2010	313	2107	17.4%

Source: ST/DSCERP and INT-DEC

PROMOTION OF HOUSING AND URBAN DEVELOPMENT

HOUSING

1028. Just after independence, the State undertook the construction of housing through real estate ventures. The successive crises experienced by the country forced the State to abandon this self-construction policy and turn to individuals and private companies. But thanks to the

return of peace, the Government has reactivated this policy of social housing, with support from core partners.

1029. Thus, through combined efforts by Government and several individuals who continued their efforts to invest in "stone and brick", the housing pool has increased by over 17 % compared to the pool at the beginning of the 2000s. But this pool still falls far short of demand, boosted in particular by the growth in the country's population and the gradual emergence of many from poverty. *The State thus has to accelerate the implementation rate of its ongoing program for the construction of social housing.*

URBAN DEVELOPMENT

1030. Besides the simple question of housing, rapid urbanization of cities poses another type of an even less comprehensible problem; this being the servicing of the urban environment. Indeed, the rapid growth of slum neighborhoods, aggravated by the rural exodus phenomenon and the persistence of widespread poverty, makes this issue even more urgent and worrying. Owing to the results of programs for the accelerated development of municipalities, the site development of urban areas and the restructuring of unregulated housing in some neighborhoods, the situation is gradually improving. But major obstacles continue to exist on account of land issues and weak institutional and technical tools for urban management.

DEVELOPMENT OF TELECOMMUNICATIONS

POST

1031. During the 2012-2016 period, the Government will strengthen its efforts to revitalize postal services. Thus, the rehabilitation of post offices and studies leading to the extension of the CCP (postal drawing accounts) network to local post offices, should be continued. In addition, the project to transform the CCP into a postal bank would be accelerated in order to popularize postal savings among the population.

TELECOMMUNICATION AND ICTS

1032. The flagship project in this area concerns the country's connection to the optical fiber WACS expected to replace the Wireless Local Loop (WLL). The completion of this project would contribute to lowering the costs of Internet access and will allow the development of the broadband Internet market. The successful implementation of the project will determine whether or not to undertake other projects such as the building of pilot media libraries and Internet classes, the digitization of Government archives and the creation of high tech centers. Regarding the audiovisual sector, the Government will strive to expand the coverage of the entire national territory and popularize texts on freedom of information and communication within the public and private media.

TABLE 565. PERFORMANCE INDICATORS OF THE TELECOMMUNICATIONS SECTOR

<i>Indicators</i>	<i>Unit</i>	<i>Values</i>		
		<i>2009</i>	<i>2010</i>	<i>Variation</i>
- Proportion of households with a fixed telephone line	%	0.1	0.125	0.025
- Proportion households with a mobile phone	%	58	60	2
- Average communication cost per minute	FCFA	ND	ND	
- National network coverage	%	ND	ND	
- Tele-density of the mobile phone per 1000 inhabitants	%	60	65	5

Source: ST/DSCERP and INT-DEC

<i>Indicators</i>	<i>Unit</i>	<i>Values</i>		
		<i>2009</i>	<i>2010</i>	<i>Variation</i>
- Proportion of households with fixed Internet access	%	0.06	0,07	0.01
- Proportion of households with mobile Internet access	%	1.89	2	0.11
- Number of households with a computer	U	3500	5 000	42.9%
- Number of Internet users per 100 inhabitants	U	5	7	40.0%
- Number of public information portals	U	10	12	20.0%
- Number of jobs in the ICT sector	U	350	500	42.9%
- ICT sector turnover in relation to GDP	%	1.6	1.3	-0.3

Source : STP/DSCER

CHAPTER 11: STRENGTHENING HUMAN RESOURCES

1033. An educated population is better placed to take ownership of new technologies, increase productivity and contribute better to the modernization of the economy. People are also more aware of their rights and responsibilities, more attentive to the management of public affairs and therefore more demanding with respect to the quality and impact of public policies. For these many reasons, capacity building of human resources is a major challenge for a successful DSCERP.

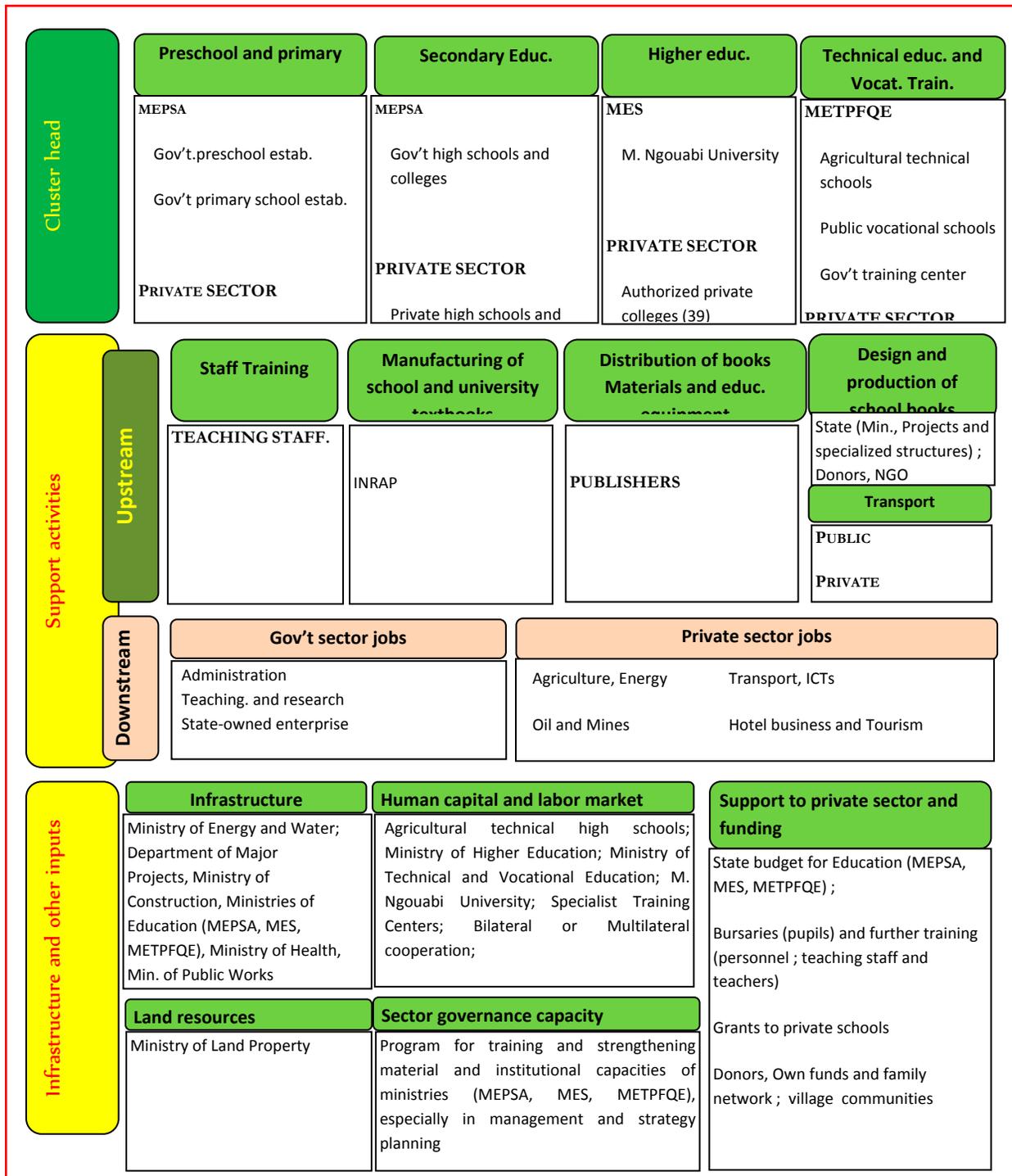
1034. Much more than just an indicator of well-being, the strengthening of human resources through education and training is also a key factor for the enhancement of other dimensions of development. For the economy in particular, it provides an educated workforce, capable of absorbing new technologies and increasing productivity, thereby encouraging diversification and growth. Enhanced productivity also means quality jobs and improved incomes, which means a better distribution of the fruits of growth and therefore a greater impact on poverty reduction.

1035. Strengthening of human resources is particularly costly, both in terms of investments (building schools, training centers, etc.) and operation (salaries of teachers and teaching staff, etc.). Therefore, to achieve the strategy objectives of strengthening human resources in a financially sustainable way, more attention has to be paid to the quality of policies and effectiveness of actions. These policies and their budgetary implications are discussed in the sections below:

PRESENTATION OF THE EDUCATION AND VOCATIONAL TRAINING CLUSTER

1036. Without being a cluster in the sense of “clusters for economic diversification”, the education system is similar to a cluster, with **4 (four) areas of action**. The basic structure consists of: (i) preschool and primary school education; (ii) secondary education; (iii) higher education; and (iv) vocational training.

FIGURE 27. AN OVERVIEW OF THE EDUCATION SYSTEM



1037. Education is a prerequisite for economic take-off and this requirement therefore calls for ambitious education policies. Despite its important role in accelerating economic growth and poverty reduction, the education sector in Congo suffers from many problems including, in

particular: (i) a very low number of nursery schools, (ii) a primary education characterized by a number of weaknesses, especially pupils' retention and achievement rates, especially in relation to girls, (iii) an inadequately supported higher education and (iv) the threat of the spread of the HIV / AIDS pandemic.

PRESCHOOL, PRIMARY AND SECONDARY EDUCATION

1038. Since the early 2000s, the Government has taken action to revitalize the Congolese education system and thus provide primary education for all children. For this purpose, the government has undertaken several actions aimed at (i) improving access (to education) by abolishing school fees and strengthening the educational infrastructure, and (ii) improving the quality of teaching and Congolese school performance. Thus, the following main actions were undertaken: (i) effective free access to primary education; (ii) free textbooks; (iii) recruitment of over 6,000 primary school teachers between 2002 and 2008, peaking at 1,800 recruitments in 2008 alone; (iv) implementation of the program to build more than 581 new classrooms and provision of more than 11,000 desks since 2005; (v) boosting adult literacy and non-formal basic education activities at national level, and the census of teachers paid from MEPSA budget but working in other ministries.

1039. **Preschool education.** Although the extent of its coverage is still low, it increased slightly between 2009 and 2010 (from 12.3 percent to 13.5 percent). The low rate of enrollment in this sub-sector of education may affect the level of preparation of children admitted into primary schools.

1040. **Primary education.** Developments in primary education have been marked by the policy of free education initiated by the Government since 2007. This policy, which resulted in the elimination of school fees and the provision of textbooks to state schools, has helped give basic education a new impetus. Student enrollment in primary schools increased from about 600,000 in 2005 to 705,000 in 2010, corresponding to a gross enrollment rate (GER) of 122 percent. It should be noted, however, that with a retention rate of 69 percent, the system's performance is still low. In addition, the schooling of children is having little impact on the indigenous peoples. The parity index shows that slightly more boys than girls continue to enroll in primary school.

1041. **Secondary education.** The total number of students enrolled in the first cycle of secondary school increased very significantly during the 2005-2010 period. Enrollment jumped from about 191,000 to 206,000 students, representing an annual increase of around 8 percent. Despite this increase, enrollment in 2010 in junior secondary schools (GER: 65percent), was still at a level that raises the major problem of insufficient enrollment in secondary schools. In high schools, enrollment also increased significantly between 2005 and 2010. However, the coverage rate is still low (GER: 29 percent in 2010). In terms of gender, there is an under-representation of girls.

HIGHER EDUCATION

1042. As in the case of primary and secondary education, the Government has taken action to increase its capacity to provide higher education and improve its quality and performance. Within this framework and to overcome the limited capacity of the Marien Ngouabi University, the higher education sector was opened up to the private sector and this led to the opening of many institutions, some of which have been given official approval. In addition, the State undertook to rehabilitate / equip schools and university canteens; recruit 61 lecturers and 13 non-teaching staff in 2008 and introduce the LMD (Bachelor's, Master's and Doctorate degree) system, as from the 2007 – 2008 academic year into the Marien Ngouabi University and increase the amount of allowances paid to students (student scholarships) by 50 percent

TECHNICAL AND VOCATIONAL EDUCATION AND SKILLS TRAINING

1043. The Congolese education system is characterized by the clear dominance of general education, with about 87 percent of students, compared with only 13 percent for technical education. The scope of the latter has been expanded and it now provides young people with technical and professional skills to improve their employability and social and occupational integration ability

1044. **Technical education.** Technical education is offered at two levels (1st and 2nd cycle). *The first level* provides education in the primary, secondary and tertiary sectors. For example, in 2010, it had a combination of forty (40) commercial and industrial colleges. *The second level* provides education in the commercial and industrial fields. It has 15 high schools. These two levels together in 2010 accounted for 2222 teachers, 34,350 students, 494 classrooms, 794 teaching classes and 9,371 desks, or the following ratios: one (1) teacher for 18 students, one (1) classroom for 68 students and one (1) desk for three (3) students. In 2010, the success rates in the various Government examinations was 29 percent for the *Brevet d'Étude Technique* (BET), 19 percent for the *Brevet d'Étude Professionnel* (BEP) and 19 percent for the Baccalauréat.

1045. Technical education faces the following problems: (i) curriculums that are not adapted to socio-economic needs and often not respected; (ii) lack of a training policy for trainers; (iii) training provided is not very diversified; (iv) inadequate intake facilities; (v) obsolete workshop equipment; (vi) insufficient teaching materials; (vii) weak partnership with the productive sector; (viii) low educational level of students; and (ix) lack of a reliable mechanism for the production and publication of statistics.

1046. Besides these problems, cross-cutting issues like HIV / AIDS, gender and the public transportation of students are still a concern. Preventive measures against the HIV / AIDS scourge and voluntary testing are still poorly internalized by teachers and students. Boys still outnumber girls in most training combinations and courses. The lack of public transportation causes absenteeism, poor attendance, failure to complete the curriculum and abandonment of school by students from low-income families.

1047. **Vocational education and skills training.** Vocational education prepares learners to acquire a profession, a qualification or vocational training in order to practice in the areas of health, education, general administration, cultural arts, and forestry sectors and in many other sectors. It includes 27 trade centers and 11 vocational schools. For example, in 2010 there were 571 teachers (mostly part-time) for a total of 3805 students, a ratio of one (1) teacher for 7 students. The area of skills training is still in an embryonic stage with the recent establishment of two Education, Training and Learning Centers (CEFA) in Brazzaville and Pointe-Noire, specializing in general mechanics and construction. The aim of CEFAs is to train students to acquire a formal qualification and they are part of the drive to promote continuing training providing skills in the fields of agriculture, mechanics, construction, hotel business and fine crafts.

1048. The problems encountered in the field of vocational education are the same as those listed above. However, here the lack of specialist teachers, the almost non-existent relations with the productive sector, the lack of retraining of personnel and the inadequateness of training in relation to job profiles and outdated equipment are of greatest concern in this subsector.

TABLE 58. PRIMARY EDUCATION, A FEW INDICATORS

Indicators	Values		
	2009	2010	Variation
Degree of coverage	119%	119.50%	0.5
Gross Intake Rate	113%	113%	0
Completion Rate	73%	86%	13%
Number of establishments	3224		
Number of teachers recruited	1,200	1,200	
	2004	2009	Variation
Number of pupils	584,370	671,683	14.9%

Source : ST/DSCERP and INT-DEC, s MEPSA DATA

TABLE 59. SECONDARY EDUCATION, A FEW INDICATORS

Indicators	Values		
	2009	2010	Variation
JUNIOR SECONDARY (COLLEGE)			
Degree of coverage	65.50%		
Gross Intake Rate	48%		
Transition rate from junior secondary to senior secondary	70.4	69.4	-1
	2005	2009	Variation
Number of students	191,857	206,237	14,380
Number of establishments	705	960	155
SENIOR SECONDARY (LYCEE)			
	2005	2009	Variation
Degree of coverage			
Gross Intake Rate	23%	24.75%	1.75%
Number of students	57,708	60,615	2,907
Number of establishments	84	89	5
Number of teachers recruited	2,196	3 456	1,260

Source : ST/DSCERP and INT-DEC, MEPSA DATA

TABLE 60. TECHNICAL AND VOCATIONAL EDUCATION, A FEW INDICATORS

Number of teachers	2,222		
Student/teacher ratio	18		
Number of establishments	55		
Vocational Education			
Access rate	31%	36%	5%
Completion rate	26%	64%	38%
Success rate in state examinations	74%	79%	5%
Number of students	3,805		
Number of teachers	571		
Student/teacher ratio	15		
Number of establishments	38		
Certificated education			
Number of applicants	0	3000	3000
Number obtaining qualifications	0	1582	1582
Number of CEFA	0	2	2

CONSTRAINTS TO THE DEVELOPMENT OF THE EDUCATION SYSTEM

1049. The Congolese education system is facing many factors that hinder its development. These include the weakness of the population combined with its high concentration in large cities, the strong dependence of the educational system on public expenditure, the rate of income poverty, and low level of development support activities, especially the shortage of public transport.

THE POPULATION AND ITS SPATIAL BREAKDOWN

1050. The Congolese population is characterized by low density and high concentration in large cities. According to the General Population and Housing Census (RGPH) conducted in 2007, over 56 percent of the Congolese population¹⁶ live in the jurisdiction of only two municipal areas, of Brazzaville (37 percent) and Pointe Noire (19 percent). This situation puts pressure on the supply of educational services in these two cities, thus causing a concentration of educational infrastructure, particularly in Brazzaville. At the same time, while other areas of the country have a very low student population, the number of pupils and students in these large cities is high, resulting in lower quality education.

STRONG DEPENDENCE OF EDUCATION SYSTEM ON BUDGETARY RESOURCES

1051. Over the past five years (2007-2011), the education sector as a whole received over 12 percent of budget expenditures, representing 3 percent of GDP. This state contribution to the financing of the education system is in response to the desire of the State to make this sector one of the pillars of development and to satisfy the pressure of demand where necessary. The low private sector involvement in this sector to support government efforts greatly reduces the level of funding and the service provided is affected.

INCOME POVERTY RATE

1052. The poverty rate is still high, and affects over a third of the population. The low funding capacity of households that results from this situation limits access by some children to the school system, despite the free primary school policy adopted by the Government. Indeed, poor families face enormous difficulties in assuming the burdens related to the education of children, such as transportation, clothing or even safe food during the day. This destroys Government efforts and results in a low retention rate of the education system, particularly at primary level.

LOW LEVEL OF PUBLIC TRANSPORT DEVELOPMENT

¹⁶ Source : Analysis results by RGPH 2007, published on CNSEE website (<http://www.cnsee.org/>)

TABLE 61. BREAKDOWN OF POPULATION BY DEPARTMENT

	Total	Men	Women
BRAZZAVILLE (COUNCIL)	37.1%	37.2%	37.1%
POINTE-NOIRE (COUNCIL)	19.3%	19.7%	19.0%
BOUENZA	8.4%	8.2%	8.6%
POOL	6.4%	6.3%	6.5%
NIARI	6.3%	6.2%	6.3%
PLATEAUX	4.7%	4.6%	4.8%
CUVETTE	4.2%	4.2%	4.2%
LIKOUALA	4.2%	4.2%	4.1%
LEKOUMOU	2.6%	2.5%	2.7%
KOUILOU	2.5%	2.6%	2.4%
SANGHA	2.3%	2.4%	2.3%
CUVETTE-OUEST	2.0%	2.0%	2.0%

For CONGO's population (in thousands)	3 697 490	1 821 357	1 876 133
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Source: STP/DSCERP- CNSEE Data, RGP 2007, (<http://www.cnsee.org/>)

TABLE 62. TREND OF BUDGET EXPENDITURES ALLOCATED TO EDUCATION

	2007	2008	2009	2010	2011	Moyenne 2007-2011
Primary,secondary education, responsible for literacy	8.1%	7.7%	7.8%	7.5%	6.9%	7.6%
Technical and vocational Ed. Certificated training and Employment	1.6%	1.6%	1.9%	2.1%	2.2%	1.9%
Higerh Education	2.6%	2.5%	2.7%	2.3%	2.1%	2.4%
Total share of education in the State budget	12.4%	11.8%	12.4%	11.8%	11.2%	11.9%
Ratio to GDP of public spending devoted to Education	3.1%	2.7%	3.5%	2.7%	2.9%	3.0%
<i>For the record, nominal GDP (in billions of FCFA)</i>	3563.6	4556.9	3869.8	5336.5	6130.5	4691.5

Source: STP/DSCERP

1053. The low level of development of public transport is an obstacle to the performance of the education system. Indeed, at all levels of the system, learners experience difficulties getting to school and this leads to absenteeism and high dropout rates, especially for children from poor families.

STRATEGIC AXES, PROGRAMS, AND KEY PROJECTS

PRESCHOOL, PRIMARY AND SECONDARY EDUCATION

1054. Access to quality basic education is an important factor in poverty reduction. That is why the Government has made primary education a priority. The main objective is to ensure universal primary education for all by 2015 in accordance with the MDGs. The importance of basic education development should be expressed not only in the organization of actions, but also in budget allocations. To achieve this, the Government is considering updating the Education Sector Strategy paper to take advantage of the “Fast Track” Initiative in favor of Education. In this regard, the following strategy actions by level of education are envisaged:

1055. **At the level of Preschool Education.** The work here will include (i) improving access to preschool, through the promotion of the community model by sensitizing communities and local elected officials to early childhood care to elicit their support for the establishment of nursery schools by communities. In this context, the Government will ensure equitable coverage of rural and urban areas through a communication plan, encouragement of relevant educational initiatives by civil society organizations, of the private sector and communities in favor of early childhood, and by raising awareness among the population on the importance of schooling for girls. It will also ensure that quality care is provided from early childhood through the strengthening of mentoring programs provided by the host facilities.

1056. **At the level of primary and secondary education.** The Government has decided to: (i) improve primary school completion rate to achieve a universal completion rate by 2015; (ii) very significantly improve retention of students during the cycle, the essential condition for universal completion, especially by ensuring educational continuity during the six years of education; (iii) reduce grade repetition; (v) improve the quality of education; (vi) improve the retention rate of girls in the school system; (ix) substantially improve the conditions for teachers; (x) adapt the school map to regional needs; (xi) provide incentives to promote the training of young girls in courses where they are poorly represented and (xii) improve the system for the collection and processing of school statistics. To do this, it intends to rehabilitate and / or build classrooms, libraries, laboratories, and boarding hostels. In addition, the Government intends to strengthen governance in the sector through the revision of the sector strategy for education and by building technical and administrative capacities. The Government will also intensify the campaign against HIV / AIDS in schools.

1057. **Literacy programs.** The Government will focus on: (i) equitable access to literacy programs, (ii) the promotion of literacy for women, and (iii) improving the quality of human resources, programs and curricula, the monitoring and evaluation system, piloting and management of the sub-sector to make the literacy program a tool for social change. In this context, there are plans to construct and equip literacy and “re-education” centers.

HIGHER EDUCATION

1058. In its desire to provide the country with quality human resources, the Government intends to continue its support to the higher education sub-sector to train senior executives capable of fostering the country's development. As such, it will continue to support this level of education with a view to improving the quality of education and to better tailor training packages to market trends and to sector development demands expected to sustain economic growth and the emergence of the country.

1059. Government support will result in: (i) improved management and steering of higher education; (ii) improved quality and gender equality; (iii) the promotion of scientific and technological research geared towards sustainable development; (iv) the reorientation of higher education towards the development needs of the country in light of the requirements of regional integration and globalization, in a University-Labor World relation approach, (v) strengthening the infrastructure to accompany the LMD (Bachelor, Master, Doctorate) reform, and (vi) the granting of scholarships, especially to girls, and facilitating girls' access to university residences. In this regard, the Government intends to decentralize the University through the creation of Departmental University Centers (PUD) which would be as follows: PUD-Brazzaville Pool; PUD Pointe-Noire Kouilou; PUD Niari--Bouenza Lékoumou; PUD Plateaux-Cuvettes; PUD Sangha-Likouala. This decentralization policy will also be accompanied by the gradual establishment all over the territory of institutes and schools, especially for courses concerning the primary, secondary and tertiary sectors. In addition, the Government will commit resources to improve the intake capacity of the Marien Ngouabi University through the rehabilitation of the existing 11 schools.

TECHNICAL AND VOCATIONAL EDUCATION AND SKILLS TRAINING

1060. As part of the sectoral strategy and the National Development Plan, the Government has developed a program to better respond to the changing job market trends that will be generated by sector developments.

1061. To this end, special efforts will be made in technical and vocational education and skills training. The efforts will focus on (i) improving access and retention rate through the rehabilitation and construction of additional infrastructure in a bid to obtain better spatial coverage and a diversification of training; (ii) the improvement of the technical facilities of technical and vocational schools through the rehabilitation and construction of laboratories; (iii) the renovation of teaching materials for developing technical and vocational skills by revising curricula and training content, defining new professional certification and strengthening trainers' skills; (iv) mobilizing more human and financial resources for Technical and Vocational Education through the recruitment of qualified teachers and diversifying funding sources; (v) the development of a modern and dynamic partnership with the productive sector by signing partnership agreements for the management of Technical and Vocational Education; improving the educational guidance system through the rehabilitation of the corps of guidance counselors, and (vi) the stimulation of school attendance by girls students especially in the agricultural and industrial sectors by setting quotas.

ACTIVITIES TO SUPPORT THE DEVELOPMENT OF EDUCATION

1062. **Improvement of transportation in the large cities and accessibility to schools in the rural areas.** In order to support and ensure the success of direct actions to be undertaken in the education sector, the Government will deploy resources to improve the conditions of movement by the population in large urban areas and the conditions of access to schools in rural areas. These actions will include improving public transport and targeted subsidies to the disadvantaged sectors. To more efficiently control the targeting of these subsidies and avoid overspending harmful to public expenditure, a rigorous method of selectivity will be deployed. In rural areas, the Government will, through the strengthening of programs to build and / or rehabilitate rural schools, ensure equitable access to schools by the population.

1063. **Strengthening of socio-educational facilities.** As part of the implementation of the NDP, the Government will strengthen the means for developing socio-economic structures (spaces for sports, games, etc.). Efforts will also be made to facilitate research in schools, through the construction and equipping of libraries and computer rooms and the strengthening of school connectivity to the Internet.

INFRASTRUCTURE AND OTHER DEVELOPMENT FACTORS

1064. Improvement of living conditions of teachers in rural areas. In order to improve the quality of education in rural areas and make teaching attractive, the Government will deploy resources to strengthen programs to build and / or rehabilitate rural roads. Thus, despite the high demand in major urban areas, a strategy will be deployed to improve the living conditions of teachers in rural areas (housing, sanitation, water, electricity).

1065. Strengthening the management of land resources through the adoption of specific regulations. To encourage greater involvement of the private sector in financing the education system, the Government intends to create incentives and encourage dialogue with the private partners in the system. One of the key factors in obtaining this involvement is access to land. That is why the Government intends to intensify its efforts to improve land management. The activities to be undertaken will focus on: (i) developing a plan for setting up schools in accordance with the school map, and (ii) the adoption of measures conducive to major investments in this sector, to be adjusted according to State priorities by level of education and training sector.

1066. Improvement of labor supply and strengthening of the labor market in education. The strong private sector involvement in education will also lead to a demand for labor in a context of profit maximization. In light of this, the Government will initiate actions aimed at (i) increasing supply and quality training of trainers, and (ii) regulating the labor market for education by setting benchmarks and minimum wage levels.

1067. Strengthening sector governance and support to the private sector. The Government will significantly increase the governance of the education sector to improve the efficiency of public spending to be allocated to it and also to attract private investment. To do this, efforts will be

geared in two directions, namely: (i) strengthening school administration governance capacity and (ii) improving overall governance in the sector.

1068. “Strategy planning ». The sectoral ministries concerned have drafted strategy planning papers for their sub-sectors. The Government intends to consolidate this work by a “Sector Policy Letter (LPS)” and a “Strategy Plan for the development of the education sector”. This will enable the Government to better clarify its goals, objectives, major programs and funding strategies, including through the state budget, and foster discussions with development partners in a bid to mobilize their support.

1069. Setting quality norms and environmental standards. Although the development of the education sector is of paramount importance for achieving the objectives of growth, employment and poverty reduction, this is also true for environmental protection. Consequently, Government will adopt a regulatory framework to set quality norms and environmental standards to be observed by schools, universities and training centers. To ensure compliance with the provisions adopted, the sector will take steps to obtain the necessary human and material resources. The goal pursued is to foster intellectual stimulation in a healthy environment.

EDUCATION SECTOR DEVELOPMENT AND JOB IMPLICATIONS

1070. During the period of implementation of SCERP, the Government intends to continue to devote a significant portion of budgetary resources to financing the measures described above. Thus, the continuation of Government's efforts in basic education, the strengthening and diversification of technical, vocational and university education, and the prospect of greater private sector involvement should increase job opportunities in the education sector. On the assumption that the current rate continues, there should be a minimum of about 3,000 direct jobs available per year, in addition to ancillary jobs (teaching staff, technicians and others), as well as jobs that will be generated by the development of some support activities (librarians, archivists, booksellers, etc.).

FIGURE 28. KEY STRATEGY AND PROGRAMS/PROJECTS FOR THE DEVELOPMENT OF EDUCATION

Cluster Head	1. Preschool, primary and secondary education and literacy	1.1. Building capacity in educational supply in the preschool, primary and secondary education sectors and in literacy	1. Improvement in management of human resources and educational establishments	
			2. Construction and rehabilitation of infrastructures and equipment in the preschool education sector	
			3. Construction and rehabilitation of infrastructures and equipments in the primary education sector	
			4. Construction and rehabilitation of infrastructures and equipment in the secondary education sector	
	1.2. Reinforcing accessibility and quality of education		5. Construction and rehabilitation of literacy centers	
			1. Improvement of accessibility to preschool, primary and secondary education: EFA (Incentivization of teachers in rural areas; creation of school canteens)	
	2. Higher Education	2. Building capacity of supply services		2. Implementation of cross-cutting policies to improve accessibility and quality of primary and secondary education (Awareness campaigns on STIs and HIV/AIDS; Organiz of competitions in sport, in cultural activities and in production)
				1. Development of infrastructures and equipments for universities (Construction, rehabilitation and equipment of university infrastructures)
		3. Promoting accessibility and quality of education in the higher education sector		2. Capacity building of financing through pursuing a partnership development policy with the private sector and other universities
				1. Improvement of accessibility to higher education (Improvement in the management of bursaries, improvement in access to university residences)
3. Technical and vocational education and certificated training	3.1. Building capacity to supply technical and vocational education		2. Implementation of cross-cutting policies in higher education (Awareness campaign on STIs and HIV/AIDS; Organization of competitions in sport, reinforcement of monitoring of students)	
			1. Development of infrastructures and equipments in technical education (Construction of technical high schools and technical training colleges; Rehabilitation and equipment of technical education establishments)	
			2. Development of infrastructures and equipment in vocational and teacher training (Construction of vocational high schools, vocational schools and trade training centers; Rehabilitation and equipment of establishments for vocational training and teacher training)	
	3.2. Improving accessibility and quality of technical education, certificated training and employment			3. Development of infrastructures and equipment for certificated training and employment (Construction and rehabilitation of learning centers for and of certification, vocational high schools, vocational colleges and trade training centers; Rehabilitation and equipment of establishments for vocational training and teacher training 'enseignement professionnel et normal)
				1. Improving accessibility and access to technical and vocational training (Reinforcement of training programmes; reinforcement of training of trainers ; improvement of the management of educational establishments; creation of boarding hostels, libraries and school canteens)

		Strategy	Programmes and Key Projects
Activités de soutien	1. Upstream	1.1. Reinforcing the training of teachers and pedagogical professionals	1. Construction and rehabilitation of schools and training centers for teachers 2. Awarding post-university and research bursaries to build the capacities of those teaching in higher education 3. Reinforcement of financing for training and courses capacity building for teachers
		1.2. Promoting sales and distribution activities of school, university and technical books and materials	1. Adoption of incentives for the establishment of businesses selling and distributing school, university and technical textbooks
		1.3. Facilitating the transport of schoolchildren and students	1. Development of public transport activities 2. Award/reinforcement of subsidy for the transport passes for schoolchildren and students
	2. Downstream	1. Promoting the insertion of qualified individuals into jobs	1. Reinforcement of the monitoring system of qualified individuals by the creation of an employment office, especially to assist those with diplomas from schools and vocational training centers 2. Establishment of units to guide qualified individuals in their search for their first job
		2. Promoting the spirit of entrepreneurship among young qualified	1. Establishment of specialised lines of credit to help finance young entrepreneurs 2. Creation of units to advise, support and monitor young entrepreneurs
		3. Reinforcing mechanisms to manage the job market	1. Reinforcement of the Labour Office for the collection and regular publication (through wide circulation mediums) of job offers in the different sectors of activity 2. Development of the establishment of on-the-job training contracts between specialist training sectors and the key businesses in the sector of activity concerned
Infrastructures et autres facteurs de production	1. Land resources	1.1. Facilitating access to land resources for education projects	1. Drafting of a plan to establish schools, universities and technical institutions in accordance with the school map and the country's development policy 2. Adoption of incentives for the construction of educational infrastructures in relation to space priorities and the subjects to be taught
	2. Infrastructures	2.1. Improving living conditions for teachers in rural areas	1. Construction and rehabilitation of housing for teachers and socio-economic equipment and infrastructures (water, electricity and sanitation)
		2.2. Facilitating access to schools	2. Construction and rehabilitation of means of access to schools, especially in rural areas
		2.3. Improving the environment of schools, universities and technical education establishments	3. Provision of the schools, universities and technical institutions with socio-economic infrastructures (water, electricity, sanitation)
	3. Human capital and the labour market	3.1. Developing policies to create a balance between the needs of the market and the educational programmes	1. Collection and publication of information on the supply and demand for work in the various sectors of the economy 2. Reinforcement of the monitoring policy of young graduates, especially the average time taken to get the first job depending on the sectors of activity
	4. Support for the private sector and financing	4.1. Reinforcement of the Governance of the sector	1. Reinforcement of the framework for exchange and consultation between the Government and the operators of the Education Cluster
	5. Capacities of Governance	5.1. Administrative capacity building for management of the sector	1. Technical and material capacity building
			2. Diagnostic study and reinforcement of human resources
			3. Development of quality control activities
			4. Financial capacity building

SCIENTIFIC RESEARCH AND INNOVATION

1071. Scientific research is being conducted at both the Marien Ngouabi University and in research and development structures. A number of studies within this framework have recorded satisfactory results in the following areas:

- Forestry: development of cuttings of eucalyptus and limba; creation of a highly productive industrial variety of eucalyptus; creation of clonal plantations, etc;
- Agriculture: layering and grafting of fruit trees, micro-propagation of food crops and fruits; vitro conservation of germplasm of food crops; creation of cassava varieties resistant to vascular bacteriosis, etc;
- Intellectual property: over the period 2003 to 2007, 111 applications for protection were addressed to the African Intellectual Property Organization (OAPI).

Furthermore, studies on flora and fauna made it possible to: (i) draw up a catalog of vascular plants which put Congolese flora at 4397 species, broken down into 198 families made up of 1338 genera and (ii) create a national herbarium in Brazzaville. Nevertheless, some research on fish in Congolese inland waters, snakes, amphibians and mammalian fauna are still fragmentary.

1072. Congo currently has a national plan for scientific and technological development, (PNDST) 2009-2013, which is being implemented by two coordination and consultation bodies: a higher council for science and technology and an inter-ministerial council of science and technology. However, development of scientific research in Congo is regularly hampered by constraints that are both internal (resources, management, efficiency, etc.), external (socio-political inertia, support by development partners, who do not regard the sector as a priority) as well as cross-cutting issues (population explosion, increase in HIV / AIDS, gender disparities, cultural and socio-economic constraints, etc.)

1073. As regards scientific cooperation, the Congo has also benefited from a number of agreements and conventions relating to the revitalization of research activities in certain areas and on certain scientific topics.

1074. Strategies, programs and key actions. With a view to giving material form to the “Road to the Future” and revitalizing scientific research, the Government is committed to: (i) generating knowledge for transmission-dissemination through education; (ii) generating knowledge for the information of development actors; (iii) producing, disseminating and utilizing knowledge; (iv) participating in the production of global knowledge; (v) making the knowledge available to development actors.

1075. The major programs and key actions are: (i) strengthening supply capacity (management of researchers, construction and rehabilitation of infrastructure, etc.); (ii) strengthening the supply of high level scientific and technical knowledge through programs on human and animal health, food security, the environment and biodiversity, engineering, mineralogy and materials, the man and his environment. The main actions related to these programs are as follows:

- Increasing the productivity of production systems based on roots and tubers;
- Improving the quality of post-harvest conservation and diversifying products that can be processed;
- Ensuring the regular supply of accessible products to urban centers;
- Developing a wide range of varieties of cereals, vegetable crops and farm to market products adapted to the diversity of agro-ecological conditions ;

- Contributing to improving the sustainable management of natural ecosystems and genetic resources (plant, animal and fish);
- Improving the knowledge of PFNLs (Non-Timber Forest Products) for their sustainable management;
- Disseminating information on climate change and contributing to the restoration and sustainable conservation of land;;
- Tapping mineral resources;
- Studying the representations and practices of social actors around issues that affect humans and their environment.

CHAPTER 12: PROMOTING JOB CREATION

1076. The Congolese experience has shown that growth, even if it is present, may not result in the creation of jobs, the reduction of poverty or social progress. Growth might also lead to only one segment of the population enjoying the windfalls of growth, without any significant impact on the majority of the population and therefore not inclusive. Thus, besides public interventions for growth, Government will deploy more targeted efforts to ensure that this growth is translated into job creation, especially in the formal sector, and that it becomes inclusive.

1077. The “cross-cutting” policies needed to achieve this goal may be “housed” in the production sectors, to boost employment opportunities. Accompanying policies should also target the demand for jobs, by ensuring that the population is better qualified, better skilled and productive through sound basic education and relevant skills training. These policies are aimed at enhancing the functioning of the labor market, so that it can effectively play its guidance role in the areas of training and the organization of supply as well as demand. The State must ensure that the market is effectively regulated and should support the contracting process that ensure that wages and other income factors are correctly aligned with productivity, while ensuring that work in all its forms is adequately valued both economically and socially.

1078. The current political and economic context seems quite favorable to job growth. The start of construction of major infrastructure, particularly as part of the “accelerated development of municipalities”, has opened up real job opportunities through High Labor Intensive (HIMO) projects. The political will to remove barriers to job creation, to match the supply and demand of employment, and the effective regulation of this market has been clearly expressed in the “ROAD TO THE FUTURE”.

1079. The Government will finalize its national employment policy and ensure that it is implemented. It will adopt the employment axis of this paper to create the necessary conditions for balanced social growth and economic development that would ensure a triple balance: “population growth, economic growth, welfare of the population.” This would entail the development of tools that incorporate: (i) the cross-cutting nature of concerns about employment; (ii) the diversification of the economy, to provide decent and sustainable jobs; (iii) the expansion of employment frontiers (the extension of activities, the transfer of skills, etc.).

PROMOTING JOB CREATION IN SECTORAL PROGRAMS

1080. Despite the constraints noted above, *the Government's strategy will be to combat mass unemployment through the development of decent jobs*. The ECOM2 has shown that, following sustained economic growth over the period of 2005-2011, the unemployment rate decreased significantly, dropping from 19.4 percent to 7 percent. This decrease was more noticeable in urban areas (30.2 percent to 10.0 percent between 2005 and 2011) than in the rural areas (6.3 percent to 1.7 percent between 2005 and 2011). However, despite this marked improvement over 2005 (36.6 percent), the unemployment situation continues to affect particularly those aged 15 to

29 years at a rate of about 12.0 percent. Moreover, the rate of underemployment of young people is estimated at 27.8 percent.

1081. The survey also reveals that a lot of jobs are precarious or are in low productive and low income sectors and occupations. Indeed, as in 2005, two thirds of those "employed" are self-employed workers, who often live by means of informal activities, with low productivity and thus with low incomes. Conversely, there are fewer employed in more stable and relatively more profitable sectors as the public service (11.4 percent), SMEs (7.7 percent), and large private companies (4.8 percent). These trends can also be seen in occupations categorized by type of business. Agriculture and forestry accounts for a large share of the working population (37.8 percent), followed by trading (23.1 percent) and services (10.9 percent). Conversely, mines and quarries that provide the best private paying jobs are the sectors in which at present Congolese workers are least employed (0.9 percent).

1082. Employment by sectors of activity: employment in the modern sector is still dominated by the public service that provides more than six out of ten jobs. However, the recent performance of the private sector (8.0 percent annual growth in employment between 2008 and 2010) suggests good medium-term prospects for the creation of quality jobs. This acceleration of private employment is necessary for the Congolese economy to continue to absorb job-seekers and reduce under-employment which, as noted above, remains high, particularly among the young.

1083. The formal labor market in the Congo is regulated and facilitated by the Directorate General of Public Service (DGVT) and the National Employment and Manpower Bureau (ONEMO). However, according to the last survey on urban employment, only 3.2 percent of the unemployed use ONEMO services. The low demand for assistance from this office and the low level of satisfaction obtained reveal shortcomings in the administrative capacities of these structures. In addition to this, there are, in light of employers' requirements, the issues of qualification and retraining of job seekers.

1084. An educated population is in a better position to acquire new technologies, increase productivity and make a better contribution to the modernization of the economy. It is also more aware of its rights and responsibilities, more concerned with the management of public affairs and therefore more demanding with regard to the quality and impact of public policies. For these many reasons, human resource capacity building is a major challenge to the success of the DSCERP.

1085. Indeed, the recommended industrialization strategy by cluster requires a qualified or retrained personnel, capable of contributing to production and thus to the economic buoyancy that will in turn ensure the full use of available human resources.

1086. The Government is determined to solve the problem of employment and strengthen employment quality, especially for the youngest members of the population. The strategy will focus on three main areas, namely: (i) the increased supply of sustainable employment in priority sectors of the diversification strategy, especially in clusters and in infrastructure projects; (ii) increased efforts to "render capable" job-seekers through sound basic training completed by an

operational skills training; (iii) strengthening the functioning of the labor market and regulatory structures, especially ONEMO; and (iv) expanding employment frontiers.

➤ **As regards supply**, focus will be on the promotion of employment in all the economic diversification sector programs, especially through “Agriculture”, “Forestry and Timber”, “Mines” “Buildings and Building Materials” and “Tourism and Hotel Business” clusters. Thus, schools and specialized institutes will be set up in the sectors of timber, mining, fisheries resources, construction, tourism and hotel business, ICT, financial services, etc. Employment will also be promoted as part of the drive to pursue the building of major infrastructure, with priority being given to high labor intensity projects (HIMO);

➤ **With respect to demand**, the strategy will be geared towards a better equipping of young people with a sound and universal basic education, up to secondary level, and skills training oriented towards the needs of promising growth sectors. To this end, the Government intends to: (i) adapt courses and training programs to the needs of the labor market; (ii) improve the skills of the national workforce, especially in trades that have a structural manpower deficit for the future; and (iii) capacity building for the empowerment of disadvantaged groups.

1087. The overall objective is to ensure the full employment of the labor force through decent and sustainable jobs. To achieve this, the Government intends to develop programs for the qualification and retraining of human resources with bilateral and multilateral partners. Thus, new missions have to be assigned to the Ministries with responsibility for education to meet the specific human resources needs arising from the cluster development strategy. This strategy actually seeks to strengthen the functioning of the labor market and intermediation structures.

1088. In this regard, the Government intends to implement a program of actions to: (i) reform the labor legislative and regulatory framework to make it more attractive for job creation, and act as the protector of workers' rights, (ii) strengthen the capacity of ONEMO and the Directorate General of Public Service, including human resources, information bases and intermediation methods, (iii) better organize the process of participation of the Congolese diaspora in the effective coverage of market needs for skilled workers, (iv) develop institutional mechanisms to ensure qualification, retraining and continuing training and sandwich courses (v) assist graduates of technical training institutes in both the creation and development of new businesses and their recruitment by companies

1089. To this end, the Government plans, through its programs, to reduce the unemployment situation in 15 to 29 years from 12.0 to 5.0 percent and the underemployment rate of the young from 27.8 to 9 percent by 2016.

1090. The actions envisaged will focus on a range of coordinated and multi-sectoral interventions:

- ***The redevelopment of agriculture to play its pro-active role as creator of wealth and jobs*** by: (i) supporting private investments in agriculture; (ii) supporting agriculture in terms of infrastructure policies (as in the example of the new farming villages built at

Nkouo and Imvouba), investment in inputs (the revival of food crops through the production and acquisition of improved seeds); (iii) the intensification of upstream and downstream links between agriculture, industry and services; and (iv) improved focusing of the Support Fund for Agriculture;

- ***The industrial processing of Congolese timber.*** The goal here will be to promote and revitalize the forestry sector in job creation through (i) the effective implementation of the provisions for the implementation of Decree 437/2002 which states that 85 percent of Congolese timber must be industrially processed within the national territory, (ii) the creation of the timber industry by increasing the potential that the processing industries will create through their structuring effects;
- ***The continued provision of the country with the basic infrastructures for the development of ways and means of multimodal communication*** (land, river, rail and air) in the context of carrying out major infrastructure projects and through the accelerated development of municipalities;
- ***Development of infrastructures of community interest*** in order to expand the potentialities and opportunities of the domestic labor market to local resources. The law on decentralization, local development funds and local development plans is an indisputable asset. The Government will effectively implement the laws on decentralization, enacted in nine (09) Acts, including Law No. 10/2003 of 6 February 2003 on the transfer of powers to Local Authorities;
- ***The promotion of high labor intensive approaches (HIMO)*** by: (i) sustaining the Support Program for the Socio-Economic Rehabilitation of Disadvantaged Groups (PARSEGD) through the implementation of the Community Development Support Program (PADEC); (ii) training young people for employment in road paving, road maintenance and the pre-collection, collection and recovery of household waste; and (iii) the upgrading of local human resources within the major infrastructure for their ownership and tracking of maintenance work;
- ***The development of entrepreneurship.*** This involves highlighting the promotion of an entrepreneurial and managerial culture to help local small economic initiatives of freelance workers to achieve their full potential, both SMEs / SMIs as well as non-governmental organizations or community interest groups. In addition, support for the development of SMEs / SMIs will be further strengthened by the institutional reform in preparation for SMEs, in particular the revision of law 019/86 of 31/07/86 establishing

measures to promote SMEs for substantial support to private initiatives and management spirit;

- ***The constitution by micro-finance companies of guarantees for enterprises and NGOs and economic interest groups (GIE).*** The Government must develop legislation on mechanisms for their capacity building in both management and the running of community organizations;

- ***Support for job-generating investments.*** Support to investments in job-creating economic sectors will be through:
 - ✓ *Public-Private Dialogue as a permanent platform for consultation in the implementation of joint development initiatives*
 - ✓ *Implementation of the industrialization policy letter (see National Industrial Redeployment Program - PNRI);*
 - ✓ *Agricultural development strategy (See AAPG- Congo component);*
 - ✓ *All the master development plans for the sectors;*
 - ✓ *Special Economic Zones (SEZs).*

ENSURING BETTER EDUCATED JOB SEEKERS

1091. Adaptation of courses and training programs to labor market needs. Government has opted for two areas of action: (i) the planning of training on the basis of information on the labor market and (ii) promoting vocational training and learning, including the block-release training component, to adapt vocational training and trade apprenticeship to the needs of the labor market.

1092. Improving national workforce skills, especially in shortage areas. The skilled jobs identified within businesses will be filled through tailor-made training: (i) the promotion and adaptation of training programs to new technologies; (ii) the implementation of the training programs for trades contained in the “clusters”; (iii) the training of young Congolese in marine trades (welding, painting, diving, instrumentation, etc.); and (iv) training of youth in new environmental trades, related to the protection of ecosystems and to the development of oil subcontracting and the establishment of an incentive scheme for the local content. Public-Private Dialogue will help resolve bottlenecks that will arise in the implementation of this co-operation mechanism.

1093. Capacity building to empower disadvantaged groups. The task here is for Government to carry out the identification, mentoring and support of the target populations identified. The establishment of the Social and Economic Rehabilitation Fund for Disadvantaged Groups (FORSEGD) as part of the support provided by PARSEGD, is in line with the endeavor to empower disadvantaged groups, by promoting self-employment and creation of income-generating activities.

STRENGTHENING OF THE FUNCTIONING OF THE LABOR MARKET

1094. The improvement of the legislative and regulatory framework is more in line with the modernization of the institutional and regulatory work. The work here will focus on: (i) the adaptation of labor regulations and laws to international conventions ratified by the Congo (ii) updating the labor code, to integrate the new market requirements, including integration of new branches of economic activity (ICT and internet services, for example).

1095. Redefining incentives for businesses to create jobs by: (i) improving the current levels of incentive in the fiscal and parafiscal sectors and incentives to the development of investment, (ii) improvement of regulatory inputs and financial assistance which may induce firms to hire.

1096. Consolidation of intermediation on the labor market. Modernization and institutional strengthening of administrative structures to support job creation (ONEMO, DGVT, DGFQE;) creating of effective synergies to facilitate the search for jobs, facilitating access to information about national and international jobs and creation of economic directories of suppliers and job-seekers as tools.

1097. The creation of a central structure (High Commission or General Delegation) in charge of employment and skills training, in close collaboration with local chambers and businesses, government ministries in charge of technical and higher education. This structure will be responsible for the design and implementation of policies to promote employment, on the basis of justified resolutions of the High Council of Public-Private Dialogue on these issues. These policies will be overseen by an Inter-Centers Committee (economic and socio-cultural coordination centers) responsible for monitoring and evaluating policies on employment, vocational and skills training. This committee, assisted by PTFs, will consist of sector ministries involved in training, qualification and retraining.

1098. Furthermore, to establish this policy of promoting employment, a National Employment Observatory will be created. It will describe, at predetermined deadlines (biannual / annual), the main trends and changes in the labor market, to guide policy on training, qualification and requalification. A National Fund for Support to Vocational Integration and Self-Employment will be created to finance training, qualification and retraining to help young people in their socio-professional integration.

EXPANSION OF EMPLOYMENT FRONTIERS

1099. *The pro-active search for job opportunities and resources in the sub-region and internationally.* The Government will promote the development of ICT to facilitate the sharing of experiences, providing expertise and transfer of skills and specialties in the framework of values conducive to development.

BOX N : PROMISING GROWTH AND EMPLOYMENT SECTORS

In *the Growth, Employment and Poverty Reduction Strategy Paper (DSCERP 2012-2016)*, the Government has made the issue of capacity building of human resources, skills and qualification, the main medium and long term lever that will enable the Congo to ultimately achieve its economic emergence goal. Indeed, the strategy of economic diversification by “*clusters*” of activities requires an availability of skilled and qualified manpower capable of meeting the development requirements of the clusters selected. These are clusters for which current and future labor needs are considerable. They have been studied in detail by cluster of activities. Thus, the mapping of families of trades and specialties is based primarily on “*promising occupations*”, which are defined as the core of the business that offers:

- To an entrepreneur, business opportunities;
- To a government, the possibility to develop a sector with high added value;
- To a young person, the means for socio-economic integration;
- To a training mechanism, a module very popular with learners and highly sought-after by business.

The expression “*promising occupations*” has various meanings: jobs that promise socio-economic integration, economic growth, innovation and sustainable development.

The notion “*promising occupations*” does not necessarily refer to that of “*new occupations*”.

The structuring of the labor and employment market according to socio-professional categories produces the following hierarchical typology, proposed by the International Labor Office (ILO), for paid employment:

- executive, engineer and persons ranking as such (Diploma in Engineering, Master, Doctorate);
- middle management, supervisor (BTS, Degree);
- worker, highly skilled worker (Baccalauréat, BT) ;
- worker, skilled worker (CAP, BET, BEP) ;
- worker, semiskilled worker (CQP)¹⁷
- unskilled labor (without qualification).

The following table lists the “**main occupations and specialties**” identified by clusters of activities, in accordance with socio-professional categories that can:

- promote economic growth,
- strengthen human resources,
- develop jobs in the Congo.

Source : STP/DSCERP

¹⁷ Basic qualification

“Oil and Hydrocarbons” Cluster	
Trades/Specialties	Socio-professional Category
Maintenance technician	Skilled worker
	Highly skilled worker
	Supervisor
Planner	Supervisor
	Engineer and persons of similar status
Project designer	Supervisor
Geologist	Engineer and persons of similar status
Geophysicist	Engineer and persons of similar status
Service station manager	Skilled worker
Master borer	Engineer and persons of similar status
Oil installations engineer	Engineer and persons of similar status
Maintenance engineer	Engineer and persons of similar status
Oil field engineer	Engineer and persons of similar status
Process engineer	Engineer and persons of similar status
Tank engineer	Engineer and persons of similar status
Outside operator	Supervisor
Trading operator	Supervisor
Oil refinery operator	Supervisor
Mineral drilling installations operator	Supervisor
Head of oil wells test team	Supervisor
Pipeline technician	Highly skilled worker
Pipefitter	Semiskilled worker
	Skilled worker
Welder	Semiskilled worker
	Skilled worker
Specialist in building connections, “gasfitter”	Highly skilled worker
Driller	Highly skilled worker
Framework setter	Skilled worker
Diver	Skilled worker
Plumber	Skilled worker
Lifter	Semiskilled worker
Crane man	Semiskilled worker
Boilermaker	Skilled worker
Metal works carpenter	Skilled worker
Steel fabricator	Skilled worker
Electrician	Skilled worker
Mechanic	Skilled worker
Electrical engineer	Highly skilled worker
	Supervisor
	Engineer and persons of similar status
Electromechanic	Highly skilled worker
	Supervisor
	Engineer and persons of similar status
“Mines” Cluster	
Trades/Specialties	Socio-professional category
Stones and gravel crusher operator	Skilled worker
Driller	Highly skilled worker

Framework setter	Skilled worker
Plumber	Skilled worker
Pipeline technician on commercial, industrial or government construction sites	Highly skilled worker
Pipeline technician on civil engineering construction sites	Highly skilled worker
Operator of drilling installations	Supervisor
Quality controler	Supervisor
Car and heavy plant driver	Semiskilled worker
Driver of harbor gantry cranes	Semiskilled worker
Car and heavy plant mechanic	Skilled worker
Bodywork repairer	Skilled worker
Builder installer of freight elevator	Skilled worker
Installer repairer of tires– Vulcanizer	Semiskilled worker
Engine rectifier	Highly skilled worker
Electromechanic	Highly skilled worker
	Supervisor
	Engineer and persons of similar status
Electrical engineer	Highly skilled worker
	Supervisor
	Engineer and persons of similar status
Electrician	Skilled worker
Maintenance technician	Skilled worker
	Highly skilled worker
	Supervisor
Maintenance engineer	Engineer and persons of similar status
Geologist	Engineer and persons of similar status
Geophysicist	Engineer and persons of similar status

“Agriculture and Agro-business” Cluster

Trades/Specialties	Catégorie socio-professionnelle
Cattle breeder	Semiskilled worker
	Skilled worker
	Highly skilled worker
Goats/sheep breeder	Semiskilled worker
	Skilled worker
	Highly skilled worker
Pig farmer	Semiskilled worker
	Skilled worker
	Highly skilled worker
Agouti breeder	Semiskilled worker
	Skilled worker
	Highly skilled worker
Rabbit breeder	Semiskilled worker
	Skilled worker
	Highly skilled worker
Poultry farmer	Semiskilled worker

	Skilled worker
	Highly skilled worker
Bee keeper	Semiskilled worker
	Skilled worker
	Highly skilled worker
Cattle dealer	Skilled worker
Slaughterer	Semiskilled worker
Butchery blockman	Semiskilled worker
Butcher's shop salesman	Semiskilled worker
Fisherman	Supervisor
Fishfarmer/fishbreeder	Semiskilled worker
	Skilled worker
	Highly skilled worker
Gardener	Semiskilled worker
	Skilled worker
	Highly skilled worker
Tree grower	Semiskilled worker
	Skilled worker
	Highly skilled worker
Maintenance mechanic	Skilled worker
Motor mechanic	Skilled worker
Tractors, farm machinery and horticultural mechanic	Skilled worker
Versatile food manufacturing operator	Highly skilled worker
Operator of automated packaging machines in the bio-processing industries	Highly skilled worker
Food production technician	Supervisor
Food Laboratory Technician	Supervisor
Refrigeration and air conditioning technician	Skilled worker
Butcher, Pork butcher, Delicatessen dealer	Skilled worker
Baker / pastrychef	Skilled worker
Ice cream maker / Chocolate maker / Confectioner	Skilled worker
Salted meat preserver	Semiskilled worker
Salted fish preserver	Semiskilled worker
Smoked fish preserver	Semiskilled worker
Fish merchant oyster seller caterer	Semiskilled worker
Sales and advisory technician on food quality	Supervisor
Agricultural and food industries engineer	Engineer and persons of similar status
Food science and techniques engineer	Engineer and persons of similar status
Animal production quality manager	Supervisor
Agricultural engineer	Engineer and persons of similar status
Animal production engineer	Engineer and persons of similar status
Zootechnician Engineer	Engineer and persons of similar status
Veterinary surgeon	Doctor, Engineer. and persons of similar status
Agricultural machinery operator	Semiskilled worker
Agricultural machinery mechanic	Skilled worker
Maintainer of farm materials	Skilled worker

Refrigeration engineer	Skilled worker
“Forest and Wood industry” Cluster	
Trades/Specialties	Socio-professional category
Carpenter- furniture and fittings maker	Skilled worker
Inlayer	Skilled worker
Forest manager	Supervisor
Horticulturist	Skilled worker
	Highly skilled worker
Forest Engineer	Engineer and persons of similar status
Forest machines driver	Semiskilled worker
Forest machines mechanic	Skilled worker
Forest machines maintainer	Skilled worker
Engine rectifier	Highly skilled worker
Tire installer repairer – Vulcanizer	Semiskilled worker
Electrician	Skilled worker
Electrical engineer	Highly skilled worker
	Supervisor
	Engineer and persons of similar status
Electromechanic	Highly skilled worker
	Supervisor
	Engineer and persons of similar status
Sawmill operator driver	Semiskilled worker
Sharpener Mechanic	Skilled worker
Forest engineer	Engineer and persons of similar status
Production engineer	Engineer and persons of similar status
Drier operator	Semiskilled worker
Wood grader	Semiskilled worker
Sawmill sharpener	Skilled worker
Woodworking tools sharpener	Skilled worker
Engineering industry tools sharpener	Skilled worker
Cutting tools maintenance	Skilled worker
Wood carpenter	Skilled worker
Sculptor	Skilled worker
Wood pattern maker	Skilled worker
Wooden floor layer	Skilled worker
Cabinetmaker	Skilled worker
Roofing carpenter	Skilled worker

“Buildings and Building Materials” Cluster

Trades/Specialties	Socio-professional category
Quantity Surveyor	Supervisor
Concrete bricklayer	Skilled worker
Roofing carpenter	Skilled worker
Cabinetmaking carpenter	Skilled worker
Wood builder	Skilled worker
Painter	Semiskilled worker
Tiler	Semiskilled worker
Stone cutter	Semiskilled worker
Topographer	Supervisor
Geotechnician	Supervisor
Plasterer	Semiskilled worker
Staff plasterer	Semiskilled worker
Asphalt worker Waterproofing worker	Semiskilled worker
Metal roofing	Semiskilled worker
Non metal roofing	Semiskilled worker
Manufacturer and installer of PVC and aluminium frames and	Skilled worker
Installer of window shutters and sunscreen	Skilled worker
Marble layer	Semiskilled worker
Painter Decorator	Semiskilled worker
House painter	Semiskilled worker
Ceiling plasterer /concrete worker	Semiskilled worker
Layer of hanging ceilings, removable separating walls and cladding panels	Semiskilled worker
Upholsterer wall and floor coverings	Skilled worker
Building glazier	Semiskilled worker
Builder repairer of roads	Skilled worker
Metallic welder	Semiskilled worker
Ceramic locksmith	Semiskilled worker
Plumber	Skilled worker
Electrician	Skilled worker
Interior decorator	Skilled worker
Manufacturer of concrete building structures	Highly skilled worker
	Supervisor
	Engineer and persons of similar status
Framework setter	Skilled worker
Manufacturer of aluminum and glass building structures	Skilled worker
	Highly skilled worker
Manufacturer of reinforced concrete for buildings	Skilled worker
	Highly skilled worker
Buildings maintenance operative	Skilled worker
	Highly skilled worker

	Supervisor
Building draftsman	Supervisor
Architect	Engineer and persons of similar status
Air conditioning fitter and repairer	Skilled worker
Anti-theft systems fitter and repairer	Skilled worker
Household electric appliances maintenance technician	Skilled worker
Construction and road companies' materials technician	Skilled worker
Air conditioning fitter and repairer	Skilled worker
Refrigeration and air conditioning technician	Skilled worker
	Highly skilled worker
	Supervisor

“Tourism and Hotel Business” Cluster

Trades/Specialties	Socio-professional category
Miller	Skilled worker
Takeout chef	Semiskilled worker
Restaurateur/ caterer/ banquet organizer	Semiskilled worker
Coffee and chicory roaster	Semiskilled worker
Cook	Skilled worker
Caterer	Skilled worker
Restaurant server	Semiskilled worker
Barman or Barmaid	Semiskilled worker
Valet or maid	Semiskilled worker
Receptionist	Highly skilled worker
Hotel supervisor	Highly skilled worker
Surface technician	Semiskilled worker
Tourist guide	Semiskilled worker
Taxi driver	Semiskilled worker
Graphic artist in advertising	Semiskilled worker
Jeweler	Skilled worker
Leather craftsman	Skilled worker
Basket maker	Skilled worker
Potter	Skilled worker
Glass painter	Skilled worker
Wrought iron craftsman	Skilled worker
Park equipment, gardens and green space mechanic	Skilled worker
Managers of tourist and cultural sites	Supervisor
Designer of heritage tourism products	Semiskilled worker
Manager of natural recreational areas	Supervisor
Landscape architect	Semiskilled worker
	Skilled worker

CHAPTER 13: ENSURING SOCIAL DEVELOPMENT AND INCLUSION

HEALTH AND NUTRITION

PRESENTATION OF THE CONGOLESE HEALTH SECTOR

1100. The Congo is divided into health districts or socio-sanitary districts (CSS) of 50,000 to 100,000 inhabitants in rural areas, and 100,000 to 300,000 in urban areas. However, for reasons of geographical accessibility, a few CSS in rural areas may have fewer than 50,000 inhabitants. Each CSS is divided into health areas, in which is located a primary care health service (SSPE) or Integrated Health Centre (ISC), covering a population ranging from 2,500 to 10,000 inhabitants in rural areas and from 10,000 to 15,000 inhabitants in urban areas. A set of CSI revolves around a District Hospital or Referral Hospital or Base Hospital, which in turn revolves around Referral Hospitals. The financing method chosen is the cost recovery system.

1101. At the administrative level, the Congolese health system is organized around three hierarchical levels: the central, intermediate, and peripheral level.

- (i). *The central level*: This is the strategic and normative level in the planning, monitoring, evaluation, coordination, mobilization and allocation of resources.
- (ii). *The intermediate level*: This level plays a technical support role for Socio-Sanitary Districts (CSS) in the transmission of information, the specific adaptation of national standards to local conditions, their implementation and the supervision of teams of CSS executives.
- (iii). *The peripheral and operational level*: This is the operational unit for the planning and implementation of the plan. It is represented by the Socio-Sanitary Districts (CSS) each subdivided into health zones. The CSS is composed of a network of outpatient health facilities, both public and private (health center, CSI, consulting rooms, socio-medical centers) supported by a referral hospital. The CSS is administered by an Executive Team responsible for planning, performing activities and managing CSS resources.

1102. At the operational level, health care is provided at three levels by: the CSIs, hospitalization health centers (basic hospitals) and specialized health centers (referral hospitals). This network of health facilities consists of (i) 199 Integrated Health Centers, (ii) 24 functional Basic Hospitals with an overall intake capacity of approximately 1945 beds, and (iii) 6 General Hospitals, including the University Teaching Hospital, CHU in Brazzaville. Health care is provided by both the public and the private sector, including traditional medicine structures.

STRENGTHS: A STRONG DIASPORA WELL TRAINED IN THE HEALTH PROFESSIONS

1103. Five years ago, in 2006, health personnel of all categories numbered 10,314 workers, with a predominance of female staff and patchy distribution between the urban and rural areas. This number has continued to grow significantly over the past fifteen years. Yet the Congo has a huge asset in terms of health personnel which is to be found within its diaspora, full of countless practitioners working in the West (France, Belgium, Germany, USA, etc.) and in other African countries. They are even more numerous than those actually working inside the country. Thus, a significant improvement in the terms and conditions of exercising their profession on national territory would give them the desire and the possibility of returning to exercise, and this would solve both the problem of scarcity and inadequacy of human resources.

1104. Because of the human resource problem and many others, the health status of the Congolese population in general remains a concern. The high levels of mortality

TABLE 63. MAIN PROBLEMS PLAGUING THE CONGOLESE HEALTH SECTOR

<i>Area</i>	<i>Problems noted</i>
<i>Institutional and legal framework</i>	<ol style="list-style-type: none"> 1. Weak enforcement of the integrated district health system, due to inadequate leadership and lack of control of the system by central level decision makers 2. Poor governance of the health sector due to an inadequate organizational chart of the Ministry and insufficient decision-making bodies in health facilities
<i>Health coverage</i>	<ol style="list-style-type: none"> 3. Existence of several CSS without referral hospitals 4. Poor coverage in CSI, HR and HG 5. Obsolescence of most health center buildings and biomedical health equipment 6. Poor geographical access to health facilities because of insufficient roads and poor quality of the road network
<i>Human resources for health</i>	<ol style="list-style-type: none"> 7. Absence of a consistent human resources development policy 8. Uneven distribution of staff between the rural and urban areas 9. Low quantity and quality of staff 10. Low pay of health care workers
<i>Monitoring and evaluation of activities of health facilities</i>	<ol style="list-style-type: none"> 11. Absence of an effective national health information system 12. Absence of plans for monitoring and evaluation of service activities
<i>Decentralization</i>	<ol style="list-style-type: none"> 13. Poor community adherence to health policy 14. Non-compliance with coverage plans in Departments because of the patronage of local politicians
<i>Hygiene and health promotion</i>	<ol style="list-style-type: none"> 15. Poor environmental hygiene 16. Insufficient information on how to promote health
<i>Financing</i>	<ol style="list-style-type: none"> 17. Low budget allocations for health, less than 8 percent (against 15 percent expected) 18. Low rate of disbursement of state budgets

Source : ST/DSCERP and INT-DEC, data from the Ministry of Health and Population

observed are attributed to the high level of morbidity mainly caused by infectious and parasitic diseases. In addition, there is the recent resurgence of epidemics that were thought to have disappeared, and the meteoric rise of certain illnesses such as stroke, diabetes, sickle cell disease, and sundry trauma. The main problems that continue to plague the health sector in the Congo can be summarized as follows:

MAIN STRATEGY AXES, PROGRAMS AND KEY PROJECTS

1105. Improving the health of the Congolese population will be achieved through the implementation of three strategy axes: (i) strengthening of health provision, (ii) improving access to services and health care, and (iii) improving the governance of the health sector.

Strengthening health provision

1106. In order to achieve this goal, the State will embark on: (i) strengthening national health coverage, and (ii) developing human resources.

1107. The targeted goal of enhancing national health coverage by 2016 will take the form of achieving coverage of at least 90 percent for national health facilities through health centers: Integrated Health Centers, Basic Hospitals and General Hospitals and support structures: the National Public Health Laboratory (LNSP) and the National Blood Transfusion Center (CNTS). More specifically, the work in this context will be the building and equipment of eight General Hospitals, 15 Basic Hospitals, and 100 Integrated Health Centers. Medical imaging (Scan, MRI) will be taken into account in the equipment of hospitals (general and basic).

1108. With respect to resource development, the government plans to strengthen the management planning of human resources in the health sector and improve the social and working conditions of health personnel. Staff recruitment and training programs will be strengthened to reduce the quantitative and qualitative shortages observed. Consequently, actions will also be taken to encourage the return of skilled personnel practicing outside the country.

Improving access to services and health care

1109. Several programs are in the pipeline to improve access by the Congolese people to quality services and health care. These will involve specifically: (i) strengthening of the quality of health care and services; (ii) improving access by vulnerable populations to quality care and services; (iii) improving medication management; (iv) combating transmissible and non-transmissible diseases; and (v) strengthening the management of emergencies, disasters and responses to epidemics.

Strengthening of quality of care and services

1110. The goal here is to ensure the continuing training of health personnel, including those of the Congolese Armed Forces (FAC) and private structures, and establish the tools and procedures for certifying the quality of care. The major projects under this program will cover: the setting up of hemodialysis units at the Brazzaville University Teaching Hospital (CHU) and in three general hospitals at Loandjili, Dolisie and Oyo; the establishment of quality insurance companies

Improving access for vulnerable populations to health care and quality services

1111. This program will focus on access by vulnerable populations, including indigenous peoples, to quality health care and services. The key actions will include: the establishment of compulsory health insurance policies for all Congolese; bringing the system of referral and non-referral into operation; setting up mobile clinics for indigenous peoples.

Improving medication management

1112. Sound management of drugs requires a continuous and secure supply of drugs at low cost. Consequently, the coordination of supplies, the strengthening of COMEG, rationalizing the prescription of generic drugs (MEG), the use of appropriate guides in FOSAs, and the development of a quality insurance system, will be enhanced. As for the distribution of health care structures, the State will ensure full coverage of the territory in terms of points of sale and drug distribution. Special emphasis will also be laid on the availability of generic drugs to reduce treatment costs.

Strengthening the fight against communicable and non-communicable diseases

1113. The program concerns the prevention and treatment of all communicable and non-communicable diseases. In this context, the focus will be on reducing infant and child mortality rates, strengthening the prevention and treatment of non-communicable diseases, nutrition and food safety, hygiene promotion and basic sanitation.

1114. ***The reduction of infant and child mortality rates*** will be a specific objective. Specific targets have been set: to reduce maternal mortality to under 100 deaths per 100,000 live births; to reduce infant and child mortality to under 10 deaths per 1,000 live births.

1115. As regards the ***strengthening of the prevention and treatment of non-communicable diseases***, the government intends to introduce plans for the prevention and treatment of diabetes mellitus, hypertension, stroke, and sickle cell disease, etc., particularly through the opening of an Inter-state Center for the prevention of and the fight against Sickle Cell Disease.

1116. Malnutrition and food insecurity are manifested among others things by low birth weight and delayed growth (EDS, 2005). Similarly, goiter cases have erupted among the population. The Government will fight these ills by continuing the free distribution of vitamin A, mineral salts to young children and micronutrients in the community. Mass awareness and prevention campaigns will be conducted in this wise.

1117. Given the rapid urbanization of the country, promoting hygiene and basic sanitation will be strengthened as part of ongoing efforts to urbanize divisional headquarters and accelerate the development of municipalities. The Government will continue to build sanitation facilities for the collection and processing of waste, the disposal of waste water and supply of drinking water, in order to create healthy living conditions for the people. Councils will be equipped and supported in the collection and disposal of garbage.

Strengthening the management of emergencies, disasters and responses to epidemics

1118. This is to strengthen the health monitoring and health emergency management system. In this wise, all divisions will be provided with emergency kits to be ready to deal with unpredictable situations. Mobile structures will also be strengthened to provide the necessary support to local teams when needed.

Improve governance in the health sector

1119. Governance of the health sector is based on building the leadership, management and operating capacity of all organs of the health system. Thus, two specific programs have been envisaged: improving the running of the sector, and strengthening the management of health facilities.

1120. Efficiency in ***steering the project*** will be sought through the following actions: (i) capacity building of leadership, management and functioning; (ii) strengthening the institutional and legal framework for health development; (iii) development of the national health information system; (iv) improving the planning and programming of health sector activities; (v) strengthening partnership and cooperation to promote health, particularly bilateral and multilateral cooperation and intersectoral collaboration, including civil society and professional associations; (vi) strengthening the decentralization of the health sector by the effective participation of people in the management and operation of the health system.

1121. ***To strengthen the management of health facilities***, the government will undertake several actions, in particular: (i) establish functional COSA and COGES in at least 90 percent of socio-sanitary districts in 2016, (ii) establish the master plan for the organization of health services at the central, divisional and peripheral levels, (iii) proceed with the integration of operational components of specific health programs, HIV-AIDS, tuberculosis, malaria, vaccine preventable diseases in the Minimum Package of

Activities and Package of Essential CSI Services and the Complementary Package of Activities of Basic and General Hospitals.

1122. In short, the government is creating benchmarks for measuring its progress towards its vision for the emergence of Congo in 2025 in health. The table below is a summary of the objectives targeted by the program.

TABLE 646. MAIN TARGETED OBJECTIVES PER PROGRAM to be achieved by 2016

Programs	Targeted objectives to be achieved by 2016
<i>Strengthening of national health coverage</i>	- Increase national health coverage by 90% in health facilities, Integrated Health Centers, Basic Hospitals and General Hospitals and support structures, National Public Health Laboratory, blood transfusion units; Reduce by 50%, the burden of morbidity and mortality of the population, especially women and children under 5 years.
<i>Enhancing quality of care and services</i>	- Reduce by 50 percent the prevalence of neglected tropical diseases ; - Reduce the prevalence of HIV / AIDS to less than 2.1 per 100, new cases of malaria to less than 50 per 1,000 and cases of TB to less than 130 per 100,000;
<i>Improved accessibility of vulnerable populations to health care and quality services</i>	- Make available essential and generic drugs, reagents and medical devices of quality to 100 percent of health centers; - Increase the capacity of the EPI and immunization services, to achieve the 90% target set in the PPAC.
<i>Reduction of infant and child mortality rates</i>	- Reduce maternal mortality ratio to below 390 deaths per 100,000 of live births (LB); Reduce the neonatal mortality rate to below 17 deaths per 1,000 of live births, the infant mortality rate to less than 38 deaths per 1000 of live births, and the mortality of children under 5 years to less than 59 deaths per 1000 live births.
<i>Strengthening prevention and treatment of non-communicable diseases</i>	- Reduce by $\frac{3}{4}$ the respective prevalence of diabetes mellitus, hypertension, strokes.

Source : STP/DSCERP and INT-DEC

EXPECTED IMPACTS OF POVERTY REDUCTION

1123. The combined implementation of all the selected programs will significantly improve key health indicators in Congo, thereby greatly contributing to the reduction of poverty, precariousness and vulnerability. The table below is a summary of the trend of these indicators until 2016.

TABLE 65. TREND OF TARGETED HEALTH INDICATORS FOR 2016

	<i>Indicators</i>	<i>Baseline data</i>	<i>Current situation</i>	<i>Targets for 2016</i>
IMPACTS	Maternal death ratio	781 deaths per 100,000 LB		390 per 100,000 LB
	Percentage of births attended by skilled health personnel	86 %		95%
	Contraceptive prevalence rate	13 %		50%
	Birth rate among teenagers	23 %		11%
	Antenatal coverage	82%		95%
RESULTS	CPN coverage rate, per CSS	88%		95%
	Percentage of births attended by skilled health personnel	86 %		95 %
	Percentage of integrated health centers (CSI) that provide quality comprehensive packages of services in reproductive health (RH)	NA		95 %
	Percentage of HRs providing quality comprehensive SONUs	60%		100 %
	Percentage of HRs with the required equipment	80%		100 %
	Percentage CSIs with the required equipment	NA		100 %
	Percentage of health workers trained / retrained by type of care and occupation	NA		100 %
	Percentage of health workers applying technical instructions and guidelines	NA		100 %
	Proportion of CSS applying the quality care assurance program	00		100 %
	Proportion of referral hospitals ensuring the availability of EmOC 24h/24	NA		100 %
	Proportion of CSS with a referral system	0%		80%
	CPN coverage rate	86 %		95 %
	CPON coverage rate	20 %		95 %
PTME coverage rate	NA		75 %	

THE FIGHT AGAINST HIV/AIDS

PRESENTATION OF THE NATIONAL RESPONSE TO HIV/AIDS

1124. **The Congo has a national strategy framework and a national council to combat HIV/AIDS.** The national strategy framework focuses on five (5) areas: (i) strengthening services responsible for preventing HIV infection and STIs (ii) strengthening services providing medical care and psychosocial counseling to people living with HIV, (iii) reducing the impact of AIDS and promoting human rights, (iv) improving the system for monitoring and evaluation, research, epidemiological surveillance and core information management, and (v) strengthening coordination, partnerships and governance.

1125. The National Council to Combat HIV and AIDS is the highest authority for the coordination of the fight against the pandemic. It is chaired by the Head of State. The organizational and institutional framework for implementing the national strategy framework comprises both the central structures of the national council for the fight against AIDS and other decentralized coordination structures made up of divisional units in the fight against AIDS. In addition to these bodies, there are other structures responsible for implementation in each sector.

STRATEGIC AXES

1126. The improvement of the epidemiological situation of HIV will be achieved through the implementation of 5 (five) axes.

AXIS I: strengthening of HIV and STI prevention services

It comprises the following strategic objectives and areas of services:

- Reduce by 50 percent by the end of 2013 the proportion of adults aged 15-49 who indulge in high-risk sexual practices (baseline: DCAT-I: 38.4 percent for females and 59.8 percent for men) by strengthening prevention in schools and universities, promoting sexual behaviors and practice with lesser HIV risk among the most vulnerable groups, organizing multimedia communication campaigns on HIV / AIDS, intensification of actions to prevent HIV / AIDS in areas and points with high HIV risk, AIDS prevention in health care areas, mobilizing leaders and communities against HIV / AIDS, social marketing of condoms;
- Reduce by the end of 2013 to less than 15 percent the proportion of adolescents aged 10-17 who engage in high-risk sex through the development of programs on day-to-day life skills among adolescents aged 10-17 in primary schools and extra-curricular environments;
- Increase from 55 percent to at least 80 percent by the end of 2013 the proportion of people suffering from STIs, who are receiving a syndromic treatment in a health facility, by strengthening and expanding the integration of the syndromic treatment of STIs into the activities of integrated health centers and the establishment of a treatment program for resistant STIs using the etiological approach;
- Increase from 10 to 50 percent by the end of 2013 the proportion of adults aged 15-49 who know their HIV status by strengthening counseling and voluntary testing services;
- Ensure safe blood transfusion protected against HIV and other transmissible disease markers (HBV, HCV, syphilis) in 100 percent of people receiving transfusions and other blood products by improving the availability of safe blood products, promotion of voluntary blood donation and education of voluntary blood donors;
- Reduce to less than 10 percent by the end of 2013 the proportion of newborns infected with HIV by HIV –positive mothers, by strengthening and enlarging the

integration of voluntary HIV testing of pregnant women during antenatal consultations, the strengthening and extension of treatment for HIV positive pregnant women within the framework of the drive to eliminate the transmission of HIV from mother to child (ETME);

- Ensure bio-clinical safety and prevention of accidental exposure to HIV in 100 percent of health care facilities across the country, by the end of 2013, by improving the management of biomedical waste in health facilities, the establishment of a program for the prevention and treatment of accidental exposure to HIV in health care centers, the establishment of an education program for traditional healers and workers in hairdressing salons;

AXIS II: Strengthening the psychosocial and medical treatment of people living with HIV

It consists of the following strategic objectives and areas of services:

- Increase from 6.7 percent to at least 15 percent by the end of 2013 the proportion of people infected with HIV (estimated at 110,000) who have access to medical and psychosocial treatment, by strengthening and expanding the medical treatment of adults living with HIV within the context of universal access, strengthening the pediatric treatment of the infection, strengthening the psychosocial care of people living with HIV in hospitals and communities, strengthening the treatment of HIV / TB co-infections;
- Increase from less than 25 percent to over 50 percent by the end of 2013 the proportion of adults aged 15-49 with tolerant attitudes towards people living with HIV, by stepping up the fight against stigma and discrimination against people living with HIV

AXIS III: Reduction of the impact of AIDS and promotion of human rights

This involves the following strategic objectives and areas of services:

- Ensure 100 percent access to basic social services by the poorest households affected by HIV, by strengthening treatment programs for orphans and other vulnerable children; the economic empowerment of people living with HIV and persons belonging to vulnerable groups; setting up educational and nutritional assistance programs for households affected by HIV; and strengthening the fight against HIV / AIDS in the workplace;
- Ensure the promotion of the rights of people living with HIV by promoting a favorable legal environment to protect the rights of PLWHA.

AXIS IV: Improvement of the monitoring and evaluation, research, epidemiological surveillance and information management system

This consists of the following strategic objectives and areas of services:

Improve the epidemiological surveillance of HIV among pregnant women and specific groups (sex workers, blood donors, persons infected with tuberculosis) through the epidemiological monitoring of pregnant women, behavioral monitoring and / or combined with the biology, of certain highly vulnerable groups, and the monitoring of drug resistance; promote operational research on HIV / AIDS by promoting research on HIV / AIDS;

- Strengthen the national system for the monitoring and evaluation of HIV / AIDS by strengthening the national monitoring and evaluation system.

AXIS V: Strengthening coordination, partnerships and governance

This consists of the following strategic objectives and areas of services:

- Promote an environment conducive to the multi-sectoring and decentralization of the national response to HIV / AIDS, by strengthening coordination;
- Strengthen advocacy and partnerships at national and international levels for the national response to HIV / AIDS through increased advocacy and partnership for the national response to HIV AIDS;
- Ensure the mobilization and rational management of resources for the fight against HIV / AIDS through the mobilization and the rational and transparent management of resources allocated to the fight against HIV / AIDS.

1127. Food security and nutrition

There are four aspects to food security; it refers to food availability in sufficient quantity and quality.

- availability (within country production, import capacity and storage as well as food assistance);
- access (depends on the buying power and infrastructure availability)
- stability (of the infrastructure but also of that of the weather and of the political environment)
- salubrity/quality (hygiene)

To achieve this, a cross-cut program that, in terms of quantity and quality, targets:

- the strengthening of foodstock and fishing products;
- The improvement of households' buying power;

- logistics development (storage infrastructure, preservation infrastructure, distribution chain, transportation, etc.);
- availability of quality food;
- the development of law related to standards of food production corresponding to criteria on good and balanced nutrition.

Indeed, with the view of improving the nutrition condition of the population, the Government intends, at the same time, to increase education on nutrition matters at all levels; it will do so through the following programs:

- - social communication;
- - communication through school programs;
- - institutional communication.

SOCIAL WELFARE AND INCLUSION OF VULNERABLE GROUPS

STIMULATION OF SOCIAL WELFARE

1128. Social welfare (SW) is based on risk management. It places labor policies, social insurance and social safety nets within an institutional framework that involves strategies for prevention, mitigation and response against social risks and their effects, thanks to many actors (individuals, households, local authorities, NGOs, various levels of government and international organizations). So this is "to ensure the care and socio-professional integration of vulnerable people and social groups" through (i) the socio-professional integration of disabled persons; (ii) support to senior citizens for active aging; (iii) the psychosocial care of the needy and victims of HIV / AIDS and other debilitating diseases; (iv) supporting the establishment of protection and social security mechanisms for workers in the informal sector; (v) better management of vulnerability to shocks; (vi) capacity building of structures working for development of solidarity; (vii) capacity building of human resources for social action by creating a higher institute of social work.

1129. **Promotion of mutual health insurance companies.** Health is a determining factor in the improvement of human capital, but it is not accessible to a large group of the population, especially in the rural areas, because of its cost. The lack of access to health services increases the risk for vulnerable groups to become poorer. To enable people to get medical treatment and strengthen their productive capacity, the Government has undertaken to: (i) promote micro-insurance; (ii) take measures to encourage the setting up of health care mutual societies; (iii) encourage community mutual health insurance companies; (iv) raise awareness among the population of the benefits of belonging to a health care mutual society; and (v) promote community entrepreneurship.

Vulnerable groups

1130. The weakness of social welfare in the Congo is illustrated by the existing mechanisms that do not cover all risks of vulnerability and fragility and only cover a fraction of the population, namely, formal sector workers. However, the Government intends to continue its efforts for the empowerment of women and other vulnerable groups in line with its vision of inclusive development.

1131. These efforts will be deployed in three areas: (i) strengthening programs to empower women and their participation in the political, economic and social life, in equality with men; (ii) strengthening programs to protect vulnerable groups (children, women, the elderly and the indigenous peoples) etc.).

The family and childhood

1132. Because of the absence of a national family policy, families continue to face many problems in the areas of housing, feeding, health and transportation, among others.

However, there have been some achievements, some of which are:

- Provision of some free services (tuition fees, malaria treatment for children from 0 to 15 years, identifying women suspected of suffering from obstetric fistula, and the socio-economic reintegration of women cured of this disease, caesarean operations, etc.);
- Transport allowance of CFA F 10,000 for civil servants and 10 percent increase in the minimum wage paid to state employees, from 64,000 to 70,000 CFA francs;
- The increase by more than 100 percent of monthly family allowances paid by the State to the dependent children of civil servants. These allowances that had already been increased in 2011 from 1,200 to 2,000 CFA francs have now increased to 5,000 (five thousand) CFA francs per child per month;
- 50 percent increase in student scholarships.

1133. In addition, the Government has taken financial responsibility for approximately **22,106** orphans and other vulnerable children, rehabilitated 300 street children between 2009 and 2010 and sent 411 children to school during the same period.

Disabled people

1134. Following the development of the National Action Plan for the Decade of Disabled Persons, the Government took charge of 1,600 persons with disabilities between 2009 and 2010. It intends to carry out (i) the production of media for sign languages and the Braille; (ii) literacy programs for adolescents and adults with disabilities; and (iii) the provision of support for the early detection and treatment of disabilities.

Indigenous peoples and other minorities

1135. The Government was able to enroll in school more than 4,011 indigenous children between 2009 and 2010, and 4,864 benefited from other programs during the same period. In addition, Law No. 5/2011 on the protection and promotion of indigenous rights (civil, political, social, cultural and the right to property) was promulgated. With respect to albinos, support will consist of providing certain specific medical treatments.

Female empowerment

1136. The woman occupies a central position in society and plays a vital role in striking a balance between family and society. She is the "glue" for family unity. In Congo, women represent more than half of the population (51.4 percent, according to the ECOM2 survey). In rural areas, they are actively involved in production (58.3 percent). Their activities in the rural and urban areas contribute directly to food security. They are involved particularly in the social life of the family (basic education, health, childcare, etc.).

1137. However, this position is reflected neither in the economic status, nor in the political status of women in the Congolese society. There is no denying that great efforts have been made in the area of basic education where Congo has almost achieved an equal representation of both genders. But differences still exist: (i) in the economic sphere: access to land and financial capital; (ii) in the political sphere: poor representation in Government in the constitutional institutions, among elected officials and in policy-making arenas, both public and private, etc.

1138. Society and the Congolese government are increasingly aware of these differences, which if they persist, would limit the ability of Congo to promote inclusive development commensurate with its full human potential and a truly shared prosperity. That is why the Government has decided to pay greater attention to women, children and the family in its development.

1139. Female empowerment must be achieved through: (i) the improvement of the political, economic, social and cultural status of women; (ii) the protection and preservation of the family; and (iii) capacity building of institutions that promote the family and households with orphans and vulnerable children.

The main programs include:

(i) **At the economic level** : the improvement of the land code to facilitate women's access to land, the facilitation of women's access to finance, including microfinance, accelerated literacy programs, targeting women in particular, and strengthening of managerial capacities of women through targeted training programs;

(ii) **At the legal level:** the revision of the legal framework to ensure gender equality (laws on inheritance, matrimonial laws, political parties, etc.);

(iii) **At the political and administrative level:** the appointment of women into government, into public and private organizations, as well as direct support to women's associations.

SPORTS, CULTURE AND ARTS, CIVIC EDUCATION AND YOUTH

Sports and Physical Education

1140. Efforts have been made in terms of infrastructure, especially the rehabilitation of the MASSAMBA-DEBAT stadium and the Pointe-Noire municipal stadium and the construction of the Denis SASSOU NGUESSOU Stadium at Dolisie, that of the Marien NGOUABI Stadium at Owando and the multi-sports gymnasium at Oyo. Efforts in recent years have made it possible for the country to gain some visibility at the international level, especially in the area of certain sports:

- ***In Football***, African champion in the African Juniors' Cup in 2007; winner of the CEMAC Cup in 2007 and 2010; bronze medalist at the CAF African U-17 Championship and a quarter-finalist at the World Cup for the same category in 2011 and gold medalist at the Francophonie Games in 2009;
- ***In handball***, Congolese teams twice reached the finals of the African competition (at national and club levels); Congo was a silver medalist at the African Games in Maputo in 2011;
- ***In table tennis***, Congo was a gold medalist at the African championship in 2007; gold medalist for ladies and bronze medalist for men at the 2009 world championships, etc..

1141. **The programs and key actions are:** (i) the finalization of the national sports development plan as part of a public-private partnership, aimed at equipping every division with sustainable infrastructure; (ii) capacity building of sporting activities (with the continued construction and rehabilitation of various infrastructure) (iii) the promotion of physical education through the development of sports platforms in schools and universities of the country, and (iv) promotion of sports by:

- The development of cooperation and partnerships with sports associations and international organizations;
- The organization of school and university games as well as local and divisional competitions to spot talents.

Culture and Arts

1142. Culture and the Arts have recently marked the national and international image of Congo, as shown by the award of prestigious literary prizes, including the Prix Goncourt in 2004, to certain Congolese writers; the participation of Congolese artists at the World Festival of Black Arts and Cultures (FESMAN) in Dakar in December 2010; the erection of several "witness monuments", especially that testifying to the political history of the republic, which constitute a breakthrough in the assertion of a cultural identity by the sector.

1143. **The programs and key actions** are: (i) the protection of national heritage (natural, cultural and artistic); (ii) the promotion of arts and cultural industries (support to endogenous cultural industries, the National Ballet and the National Theatre, etc.); (iii) the construction of the City of Culture (to house FESPAM), the National Museum, and the department of the national archives and documentation; (iv) construction of cultural and artistic premises (cultural center incorporating library, theater and exhibition halls, museum) in each division; and (v) development of partnerships at national and international levels.

Civic education and the youth

1144. After the long period of political instability and disintegration of public administration, it is clear that Congolese society needs a form of ethical rehabilitation. In this regard, civic education is an essential ingredient that will pave the way to achieving Congo's modernization and industrialization goals as advocated in "the Road to the Future."

1145. **The main programs and key actions** : (i) the development of the National Youth and Civic Education Policy; (ii) the fight against anti-values; (iii) promoting a culture of peace and citizenship education, (iv) improving the management of young people's associations; (v) the creation of a venture capital fund for youth; (vi) the development and teaching of civic education programs at the preschool, elementary and secondary levels, and in the workplace; and (vii) the rehabilitation of youth camps (Djoué Kindamba Aubeville, Odziba).

CHAPTER 14: ENSURING BALANCED AND SUSTAINABLE DEVELOPMENT

1146. The distribution of the population and activities over the national territory is particularly unbalanced. Congolese urban and rural areas are characterized by considerable differences in living standards. A spatial analysis of the territory shows to what extent the balanced development of cities and villages requires long-term vigorous actions, including opening up production areas, ensuring environmental sanitation and strengthening the quality of public services.

1147. All these actions must be conducted in an environmentally-friendly framework, to limit the depletion of natural resources and the effects of climate change. This approach, with respect to economic activities such as agriculture, forestry, mining, energy and transport infrastructure that can destroy the environment, will mitigate the impact of these activities on the environment and climate change. But beyond this, the issue at stake here is that of developing mechanisms for adapting to climate change that would inevitably be caused, despite everything.

BALANCED TERRITORIAL DEVELOPMENT

1148. The goal here is to make each portion of the territory a decisive link in the creation of wealth, training, development of economic centers and multiform exchanges. The State will instill new dynamics through decentralization mechanisms by defining relevant areas, a policy-making framework and the limits of its scope of action, and the forms of support for the process. Through this, decentralized communities will be endowed with a legal personality and financial autonomy to enable them to formulate, through a participatory approach, their own development policies and equip themselves with the means to implement these policies, in accordance with the laws and regulations in force.

1149. Recent developments in the Congo show that if all the material conditions were created, a significant portion of the urban population living in divisional and district headquarters would be willing to return to the production areas. A typical example of this, to prove the validity of this assertion, is the accelerated growth in the area located 100 km north of Brazzaville, as well as the creation of major population centers around logging areas. Therefore, the strategy for balanced regional development is based on more complete and consistent penetration programs drawn up by priority public services, particularly the accelerated development of municipalities, the programs to revitalize the fabric of village life and the development of cross-border development basins.

PROGRAM FOR THE ACCELERATED DEVELOPMENT OF INFRASTRUCTURE IN MUNICIPALITIES

1150. This is a proactive urban program to set up basic infrastructure and equipment in proximity to gradually eliminate the deficit in core public services. It is made up of two major components: (i) *major works projects* and (ii) *projects described as prefectural*.

1151. **Major works projects** are aimed at modernizing the urban structure composed of two benchmark cities (Brazzaville and Pointe Noire), seven smaller cities creating a balance (Dolisie Mossendjo, Nkayi, Owando, Ouesso, Oyo Impfondo and the Oyo/Ollombo double center), five Departmental centers (Sibiti Madingou, Kinkala, and Djambala Ewo) and the remaining districts which make up the secondary urban structure. Projects to be implemented include the construction of urban road networks, sanitation facilities, local government offices, official residences, bus stations, heliports, airports, electricity and water supply networks, high courts, modern markets, sports platforms. In addition to these structural projects funded with public funds, the urban structure will also benefit from multilateral co-operation programs such as the Water, Electricity and Urban Development Program (PEEDU) and the Transparency and Governance Capacity Building Program (PRCTG).

1152. **Projects described as prefectural and not major works** are medium-size projects on which the daily lives of the people depend. They concern the construction and equipping of integrated health centers, nursery, primary and secondary schools, public security stations, gendarmerie brigades and official housing.

1153. By improving every year, the accelerated development of municipalities is becoming a challenge to short-sighted behavior. Its generalization all over the country is a move that is in line with the balanced development of urban areas. In so doing, this accelerated development of municipalities has become a support tool and a means for implementing Government's economic and social policy, and a program for strengthening the attractiveness of cities that have begun to leave behind the colonial legacy.

REVITALIZATION OF THE VILLAGE FABRIC

1154. Except for the "new agricultural villages" in the pipeline, all villages in Congo are the legacy of a former organization in which the population density was greater than at present. As a result of depopulation, these villages are threatened with extinction and the maintenance of agricultural production strongholds is likely to be compromised. The deterioration of their living conditions has restricted the ambitions of rural people as they can no longer supply the urban markets. The isolation of the villages and the low level of equipment - lack of storage and warehousing facilities - have resulted in villagers consuming their own products, thereby reducing their earnings.

1155. Given this deplorable situation, a system of redeployment of activities throughout the entire rural area should be envisaged. This requires targeted interventions geared towards building a collective destiny that will usher in prosperity. Thanks to all the contributions coming from the private sector, local communities or associations, Congo will achieve another milestone in the distribution of priority public services and sanitation in rural areas. The equipped and rehabilitated villages will then become attractive development centers.

1156. While Congolese cities are now dependent on the accelerated development of municipalities program to develop, the villages in turn are also beneficiaries of a vast revitalization program that includes two major components: (i) *contracts between State and Department*, and (ii) *Millennium Villages*.

1157. *Contracts between State and Department*, one of the tools for financing the regional planning policy, are the concrete form of the organic, functional and financial relations that exist between the State and divisional councils. They provide an annual enumeration of the priorities, supported by figures, expressed by local authorities. Through this special funding mechanism, the two parties demonstrate their commitment and faith in the future of our village and urban structures.

1158. Because of the restricted budgets of Departmental councils, the resources of the contracts are limited to State contributions. Thus, the contract-based approach tried out in 2006, scheduled to hit cruising speed in 2012-2016, is estimated currently at 1.5 billion CFA francs per year, per Department council. In short, this type of special financial partnership is intended to serve as a response to the needs of a people anxious to see the expansion of a network of local projects. For the State it represents a new form of action that is consistent with other ways of intervening in the territory. In this process, the State occupies a central position and clarifies objectives. The contract-based approach as formulated will be able to:

- stimulate production methods adapted to demand so as to prepare the rural population to become producers of wealth in a now-reclaimed environment that has the potential to achieve a high level of competitiveness;
- intensify trade networks within a rural area and between Congolese villages and neighboring countries;
- strengthen rural areas by creating perfectly structured, integrated and attractive village centers where economic, social and cultural initiatives abound.

1159. *The Millennium Villages* being tested at Etoro Obaba are in line with the drive to improve the hinterland characterized by a lack of infrastructure and local facilities. The financing of such a mechanism by the State, local governments, NGOs and development partners, especially UNDP, is undoubtedly a trigger for local economic initiatives. This is a network aimed at achieving the Millennium Development Goals (MDG) at a time when women and men living in rural areas are increasingly calling for the modernization of their lifestyle. Thanks to the flow of investments from various sources, the repopulation

of villages will become a reality. They will help to develop all the functions that a village can encompass. The village will cease to be isolated and will now work in a network with other localities. The investments required for the village to become a place where life can be agreeable, with inevitable repercussions on the rest of the country, concern the following 8 (eight) spheres of activity:

- (i) Supply of electricity by generator or solar panels to provide the energy needs for refrigeration, telecommunications and water pumping;
- (ii) Construction or rehabilitation and equipping of full cycle primary and secondary schools with latrines and housing for the teaching and administrative staff;
- (iii) Construction of markets with conservation structures for fresh food (fish, meat, fruits and vegetables) and warehouses for various products for urban markets;
- (iv) Construction or rehabilitation and equipping of integrated health centers with housing for nursing and administrative staff;
- (v) Development of areas for practicing sports leading to inter-village competitions;
- (vi) Construction of multipurpose halls in major villages for community meetings. They will also be used for the celebration of marriages, the organization of small local civil status events, projection of films, theater;
- (vii) Construction of equipped lodging houses located close to the multi-purpose hall with an accommodation capacity of 3 to 4 bedrooms;
- (viii) Construction of a small commercial area in large villages including a shop and service station to be negotiated with the private individuals, and surrounded by small shops for carrying out repairs, maintenance, vehicle troubleshooting, mopeds, nautical facilities and generators. It will have a spare parts store, and a system for recharging cellphone batteries.

1160. There are three categories of basic communities involved in this program:

- (i) ***the village centers as the main hubs of concentration of equipment to stop rural collapse.*** The equipment architecture and services will compensate for the shortage in operational structures so as to restore the rural sector to a more significant system of production and exchange.
- (ii) ***regrouped villages as localities to promote in terms of incentives.*** This choice allows a return on investment and increased production capacity. Given the myriad of hamlets, deciding to equip them would be a great challenge. The regrouping of villages would require patient negotiations.
- (iii) ***large border villages as showcases for Congo.*** They are expecting the nation's support in the implementation of efficient public services. The ambition is to transform them into true "bridgeheads" of Congo. They will help strengthen Congo's role as a "transit country" in the sub-region. The

development of border areas must take into account the evolution of infrastructure projects in neighboring countries, while ensuring effective links with the other rural areas of the Congo.

DEVELOPMENT OF CROSS-BORDER DEVELOPMENT AREAS

1161. The program to equip these three categories of villages will contribute irreversibly to the emancipation of men and women, thanks to the strengthening of the rural areas development dimension. This will lead to the development of **cross-border development** areas. This is one of the strategic responses to the revitalization of trade between the Congolese people and those of neighboring countries. These cross-border areas are located close, first, to the priority development corridors identified by NEPAD and, second, to the heavy transport roads adopted in the Consensual Master Plan for Transport in Central Africa (PDCT-AC). These are common geographic areas that contribute to the recovery of national territories. In light of their spirit of solidarity built on a common history and ecosystems, these territories have a high potential for regional integration, which remains untapped, for lack of investment.

1162. Although integration for the purposes of coordination of macroeconomic policies (common currency, harmonized exchange regulations, framework of multilateral convergence) is advancing in the Economic and Monetary Community of Central Africa), this is not the case for cross-border cooperation. The situation is no better at the level of the Economic Community of Central African States (ECCAS), especially between DRC and RC which share a long border. Weak communication infrastructures, the difficulties of implementation of trade agreements and regional business climate largely account for the low level of integration within ECCAS.

TABLE 66. MAIN CROSS-BORDER AREAS

Name of area	Divisions concerned	Main centers in the Congo	Neighboring country concerned	Main external centers
Littoral	Kouilou	Pointe-Noire, Tchiamba - Nzassi	Angola /DRC	Cabinda Matadi
Bas-Congo	Niari, Bouenza, Pool	Madingou, Mindouli, Kinkala	DRC	Bandza-Ngungu, Luozi
Stanley-Pool	Brazzaville, Pool	Brazzaville	DRC	Kinshasa
Moyen-Congo	Cuvette	Mossaka	DRC	Mbandaka
Haut Oubangui	Likouala	Enyelle, Betou	DRC/CAR	Bangui
Haute Sangha	Sangha	Ouessou	Cameroon/ CAR/ Gabon	Mouloundou, Nola, Mékambo
Haut Ogooué	Niari, Lékoumou, Plateaux, Cuvette-Ouest	Mossendjo, Sibiti, Zanaga, Okoyo	Gabon	Franceville, Mouanda, Léconi

Source : STP/DSCERP

Each area will then have a portfolio of projects for developing existing potentials and current and future trade. These projects will be housed in a common cross-border development plan (PCADT) containing a development vision for the areas in question.

PROTECTION OF THE ENVIRONMENT AND THE FIGHT AGAINST CLIMATE CHANGE

1163. The Republic of Congo has a surface area of 342,000 square kilometers, 65 percent of which is covered by a vast forest ecosystem of an area of 22,471,271 hectares and a navigable inland waterway network of 7,276 km with 5,200 km for the international network and 2,076 km for the domestic network.

1164. The Republic of Congo is home to two basins, namely the Congo-Ubangi Basin and its tributaries in the north and the Kouilou-Niari Basin and its tributaries, lakes and lagoons. Both basins have fresh surface, ground and atmospheric water. In addition to that is the coastal zone which spans a distance of 170 km and has a continental shelf of 200,000 nautical miles. The total amount of fresh water produced by these resources is estimated at 1.588 trillion m³. Water is captured from these sources to meet domestic (69 percent), industrial (22 percent) and agricultural (9 percent) demands. In urban areas, the drinking water supply coverage rate is barely close to 40 percent.

1165. The distribution of population and activities over the national territory is very unbalanced. The Congolese urban and rural areas are characterized by considerable differences in living standards. Achieving equitable and sustained development for humanity in the Congo is a major challenge that requires environmental aspects to be taken into account.

1166. Development is undoubtedly a good thing, but not at any cost. The integration of the environmental dimension in development is a crucial issue. The issue of sustainable development involves highlighting correlations between development and environment which, in reality, are complementary aspects of the same program. The integration of the environmental axis in the DSCERP focuses on two aspects: first, an analysis of the situation that integrates management and environmental protection and aspects of climate change and, secondly, the strategies and programs for 2012-2016 defining guidelines and programs. The approach adopted is that of an action pole that takes into account cross-cutting issues.

1167. The status of the environment established in 1992 had already highlighted the weaknesses related to the irrational tapping of natural resources, the increasing pollution of air, the destruction of aquatic fauna and coastal ecosystems, the release of foul odors and the proliferation of insects. The integration of the environmental dimension in the DSCERP fulfils the need to implement a policy for sustainable development that builds on the positive correlations between development and environment.

ENVIRONMENTAL PROTECTION

1168. The environmental policies put in place are intended to: (i) strengthen institutional capacity; (ii) combat all forms of pollution; (iii) clean up the environment and improve the living environment in compliance with international Conventions and Treaties, especially those related to the Millennium Development Goals (MDGs); and (iv) develop sector policies on the environment in all areas.

1169. **With regard to natural resources**, although the level of implementation is dictated by the PNAE, which needs to be refreshed like the PAFN which is being updated, the Government wishes to ensure the sound management of renewable natural resources. The emerging trend in relation to natural resources is to ensure that the plant, animal and marine environment sectors are managed sustainably.

1170. **With regard to forestry resources**, first, the government has prepared and is going to implement a draft plan for the reduction of emissions from forest deforestation and degradation (REDD+), and this will enable the country to access the trade-off mechanism for efforts to limit emissions of greenhouse gases, from the forest sector and second, it will (must), develop its potential to obtain payments for environmental services (PES). **Two** of the key performance indicators for forestry management in Congo are the country's commitment to and implementation of sustainable forest management. To date more than 2 million hectares of forest have been certified (FSC) for logging; the low annual rate of deforestation in the country is estimated at 0.07 percent (the lowest in the sub-region). According to the vision of the convergence plan for the conservation and sustainable **management** of forest ecosystems in Central Africa, "The Central African States shall sustainably manage in a concerted manner their forestry resources for the welfare of their populations, for the conservation of biodiversity and for the safeguarding of the global environment". Sustainable management of biodiversity is the basis for the extension of protected areas supported by the development plans for the protected areas of the Odzala-Kokoua and Lossi parks. Protected areas currently occupy about 11 percent of the country.

1171. **With respect to water** resources, it should be recalled that the country is home to two basins, namely the Congo-Ubangi Basin and its tributaries in the north and the Kouilou-Niari Basin and its tributaries, lakes and lagoons. Both basins drain fresh surface, ground and atmospheric water. In addition to that is a coastal zone which extends for over 170 km with a continental shelf of 200,000 nautical miles.

THE FIGHT AGAINST GLOBAL WARMING

1172. **The climate is indeed a structural element of the environment.** The Initial National Communication (INC) of the Congo (2001) identified the following areas as most vulnerable to adverse effects of climate change: i) water resources; ii) coastal areas; iii) agriculture; iv) forestry; and v) energy.

1173. The two levers for action on climate change are mitigation and adaptation. A project called PAA plans to support the Government's efforts in this area.

1174. It is mostly through the forestry policy that Congo has been attempting to reduce or mitigate GHG emissions. Indeed, the forest makes Central Africa in general and the Republic of Congo, in particular, an indisputable carbon sink, so much that the carbon gas sequestered by the forest is higher than the total GHG emissions of the country. There is, however, a need to improve the quality of the inventory of these emissions and work to reduce emissions from deforestation and forest degradation in the context of the RPP, REDD and carbon sequestration by afforestation and reforestation. GHG emissions in the Congo in 2000 remain largely offset by the sequestration capacity of forests. Moreover, bushfires are said to be responsible for the vast majority of GHG emissions from the agricultural sector.

1175. To ensure sustainable development in the Congo in the years ahead, it is time to implement adaptation measures on climate change. **Adaptation to climate change** requires the establishment of a strategy that is still lacking.

1176. To overcome the potential risks from the outcomes of climate change, a number of measures need to be addressed: i) consistent cross-sector adaptation strategies necessary at the national level for an overall adaptation vision for the country; ii) reliable information and data on the results of climate change must be collected; iii) legislative and technical assistance necessary to strengthen the human and institutional capacity of Congo; and iv) a solid institutional framework necessary for coordination, effective implementation of a strategy for the adaptation and integration of adaptation into mainstream development activities.

1177. **The management of the environment** and the fight against climate change requires the formulation of strategy objectives. "Managing the environment means setting priorities, coordinating activities and resolving conflicts and creating, to regulate and apply the laws, institutions aware of their responsibilities". The major challenge that Congo is committed to overcoming is that of reducing poverty without depleting the natural resources needed for development.

1178. **The strategy** to be implemented is based on conventional foundations and policies. The rational management of natural resources involves applying the principles of precaution, prevention, information, education, communication, accountability, participation, intergenerational equity, coordination and operational synergies, cost internalization of environmental protection by the actors who degrade (on the "he-who-pollutes-must-pay" principle) It is important to manage the process of conservation of biodiversity in a participatory manner involving all national and international stakeholders, sub-regional organizations and donors) on the basis of partnership agreements between national or international partners, of the public sector or the private sector, men and women.

1179. The strategy for the conservation of biodiversity will be developed in a context of an integrated multi-sectoral approach as recommended in the NEAP in synergy with other policies and programs and consistent with the sectoral programs of the ministries concerned. The multisectoral approach requires coordination between the different sectors, i.e. between the different technical departments involved in the management of biodiversity.

1180. The major objective of the strategy is to be able to manage natural resources rationally to improve the conditions and the living environment of the population and ensure that future generations, from the perspective of sustainable development, have sufficient natural resources. This goal will be achieved through four specific objectives: (i) capacity building of all actors involved in the management of biodiversity; (ii) preserving in a participatory manner the representative areas of the different ecosystems to ensure their sustainability; (iii) ensuring the rational and sustainable use of resources and equitable sharing of roles, responsibilities and benefits arising from the management of biodiversity; (iv) establishing the adaptation unit at the level of climate governance.

1181. These are strategic options for the conservation of biodiversity and the integration of the environment in the economic and social development that require **concrete actions** to be implemented as a National Program for Environmental Management serving as a framework for the implementation of priority actions for the 2012-2016 period, and according to each context, that is to say, organized around promising key action sub-programs based on a *National Strategy for the Integrated Management of the Environment*. The Republic of Congo is also committed to: (i) developing regional cooperation programs, like the actions on forest issues in the Congo Basin (COMIFAC).

1182. The Republic of Congo will establish an essentially cross-cutting strategy and its actions will be implemented by several sectoral ministries in compliance with the

Box 2. Forestry issues and climate regulation

The forest is a reservoir of biological resources playing the key role of providing environmental goods and services, the regulation and stabilization of the global climate. The triptych of “sustainable forest management- conservation of biodiversity and climate change” remains a global concern for all nations. Accordingly, the Congo has developed a national policy for the conservation and sustainable management of forests through:

- The reduction of deforestation and the sustainable development of 5 million hectares of forest;
- FSC certification of large forest concessions over an area of 2.5 million hectares;
- The establishment of a timber traceability system as part of voluntary partnership agreements with the European Union; t
- The creation of a national and cross-border network of protected areas totaling 11.2 percent of the country for the conservation of biodiversity;
- The adoption of RPP REDD+.

This is specifically to:

- strengthen the legality and the exploitation, as well as the management, of the forests affected by the institutionalization of national and council forest control strategies;
- improve transparency through the introduction of traceability techniques and the establishment of a reliable forest information system;
- strengthen forest governance.

Furthermore, to reinforce this policy, Government has undertaken to plant one million additional hectares over the next ten years (cf. National Afforestation and Forestation Project),

Source : STP/DSCERP

integrated and multisectoral approaches and ecosystem (this is a dynamic complex of plants, animals, micro-organisms and their non-living environment, which, through interaction, form a functional unit), albeit the Ministry for the Environment being allocated a coordinating role.

PART THREE: HOW CAN IT BE DONE?

1183. This chapter discusses the implications in figures for the medium-term macroeconomic and budget framework of the guidelines adopted in the growth, employment and poverty reduction strategy. It analyzes the macroeconomic outlook and provides a profile of resource allocation by strategy objectives. In addition, it analyzes the risk of deviations that the country remains exposed to in case of procrastination or delays in the implementation of the DSCERP, or in case of adverse international economic shocks. This chapter is structured around two main questions, namely: (i) what will the macroeconomic and fiscal outlook be in the context of the full implementation of the DSCERP? and (ii) what strategy will the country adopt to finance the needs arising from the implementation of the DSCERP?

MACROECONOMIC OUTLOOK FOR 2012-2016

1184. Based on the expected positive developments at international level and the implementation of the DSCERP main policies and key programs, the “DSCERP” terms of reference or scenario seek to achieve *strong and sustained growth*, the *creation of jobs* needed to absorb unemployment and a *significant decline in poverty*. In addition, this scenario is a continuation of the strife to ensure *macroeconomic stability* and is *consistent with the Economic and Financial Program* concluded with the Bretton Woods institutions and supported by the Extended Credit Facility (ECF).

METHODOLOGY

1185. **At the organizational level**, the process was conducted by the Standing Macroeconomic and Budgetary Framework Committee (CPCMB), whose members are drawn from the Ministry of Economy, Planning, Regional Planning and Integration (MEPAT), the Ministry of Finance, Budget and Public Portfolio (MFBPP) and from the National Directorate of the Bank of Central African States (BEAC).

1186. **At the technical level**, this process relied on the new instruments of macroeconomic forecasts that the country has developed with financial support from the World Bank through the PRCTG¹⁸ project. The development of macroeconomic forecasts was thus conducted in several stages with iterations to ensure consistency and convergence.

1187. **Analysis of recent developments and macroeconomic projections.** Statistical analysis of economic performance in recent years provided the basis for projecting the medium-term growth trend (2012-2016). These projections were made using the macro module of the Macroeconomic and Budgetary Framework Model (MCMB-RC-MACMOD).

1188. **Analysis of results and alternative scenarios.** The main results obtained were analyzed to assess their robustness in comparison with the objectives and ambitions (growth trend, budgetary support, implications for the MDGs). Subsequently, a risk and sensitivity analysis was conducted with variants of the base case scenario, “the DSCERP scenario”.

¹⁸ PRCTG: Project to Strengthen Transparency and Governance Capacities, funded by IDA n^o H288 COB grant.

These alternative scenarios thus made it possible to measure the risk of deviation to which the country remains exposed.

SOURCES OF GROWTH

1189. **A favorable international environment.** The DSCERP scenario is based on the assumption that the global economic recovery will continue to strengthen, driven by emerging economies, despite the difficulties facing the Euro zone. As concerns the commodities market, international prices of the Congo's major exports (crude oil and wood) remain favorable.

1190. Given the plan to invest in certain oil fields, especially in the Moho-Bilondo Nord field, oil production is expected to continue to show an upward trend. Growth is also expected to be sustained by the buoyancy of the other sectors of production through the implementation of sector strategies aimed at diversifying the economy.

1191. **Increased production in agriculture, livestock and fisheries.** The projected improvement in the "Agriculture, Livestock and Fisheries" sector would result from the implementation of key programs and activities that focus on: (i) enhancing food production, (ii) the recovery of cash crops and the development of existing new crops, (iii) supplying farmers with improved seed, (iv) developing agro-sites, training, providing support at the start (animal pairs and start-up assistance) and the technical supervision/monitoring of farmers, (v) strengthening of support funds for rural areas to enable small producers to overcome the difficulties of access to bank financing, and (vi) the training, equipment and supervision of fishing activities for greater tapping of fishery resources.

1192. **Further development of forestry and logging.** The consolidation of the recovery of the international timber market and the implementation of internal policies should enable the "forestry and logging" sector to perform well. Thus, this branch of activity will become one of the growth sources in the primary sector in the next five years, due to improved tapping of timber resources (the development of wooden handicrafts, the structuring of production and the organization of the charcoal market; the strengthening of activities linked to the forestry sector for the greater benefit of the people and the State, ...).

1193. The overall growth of **the secondary sector is expected.** The Government will continue its extensive program for the **development of modern socio-economic infrastructure** to enhance its development efforts. More resources will thus be spent on the construction of transport and telecommunications infrastructure and on power supply (with the entry into production of the Imboulou hydroelectric power and Pointe-Noire gas plants). Concurrently, special efforts will be made to improve governance in the management of infrastructure, especially in the energy sector.

1194. **A significant increase in production in the tertiary sector is expected over the 2012-2016 period.** As a result of: (i) the construction of roads, particularly the Pointe-Noire-Brazzaville Highway, (ii) the rehabilitation of equipment, the expansion and modernization of the infrastructure of the Pointe-Noire Port Authority (iii) the rehabilitation of railway tracks and wagons and the acquisition of new equipment by the CFCO, as well as (iv) the operation of the new Brazzaville airport, the "transport" sector is expected to grow significantly over the 2012-2016 period (by 10 percent, up from 6 percent between 2008 and 2011).

1195. **In the telecommunications sector,** the implementation of the Cyber-strategy (use of fiber optic and other telecommunications services), would enable companies in the sector to

increase their performance. In addition, the 2012-2016 period is also expected to be marked by network expansion and renewal of equipment by mobile phone companies.

1196. The development of tourism and the expected improvement in the investment climate should reinforce the **buoyancy of commercial, catering and hotel activities**. Tourism activities, to be supported by both the Government and the private sector, will focus particularly on the development of infrastructure and tourist facilities. These will include the development of tourist attractions (the Nouabalé Noki and Odzala national parks, the Loufoulakari Falls, along the slave route...), the construction of tourist and leisure facilities (an international class hotel in Brazzaville, the Kouyou Hotel at Owando, the Pointe-Noire and Brazzaville amusement parks ...), and the creation of a tourist office.

1197. The period will also be marked by a remarkable growth of **financial services** through the implementation of measures adopted by the Government to increase the supply of financial services as part of the strategy to develop the financial sector. The dynamics observed in this sector in recent years with the establishment of new banks (Ecobank, BESCO, UBA, ...) and insurance companies, should continue.

1198. At the same time, efforts will be made by the Government to **strengthen internal security, improve the judicial and legal machinery, introduce greater transparency in public management and strengthen public-private partnership**. To this end, the fight against fraud, corruption and bribery will be strengthened. In addition, the **integrated development strategy approach** adopted and the resultant cross-sector synergies should contribute to the promotion of economic growth over the 2012-2016 period.

1199. Emphasis will also be placed on the **development of human capital by strengthening the education system and improving the health system** to support the development of the other sectors. Thus, the Government will, at the level of education, strengthen the construction of government high schools and vocational training centers in particular. Meanwhile, the Government intends to strengthen the national coverage of basic health care through, on the one hand, the construction and rehabilitation of health infrastructure and the transformation of health units into modern clinics (in terms of equipment) and, on the other hand, promoting the fight against major epidemics, pandemics and disabling diseases.

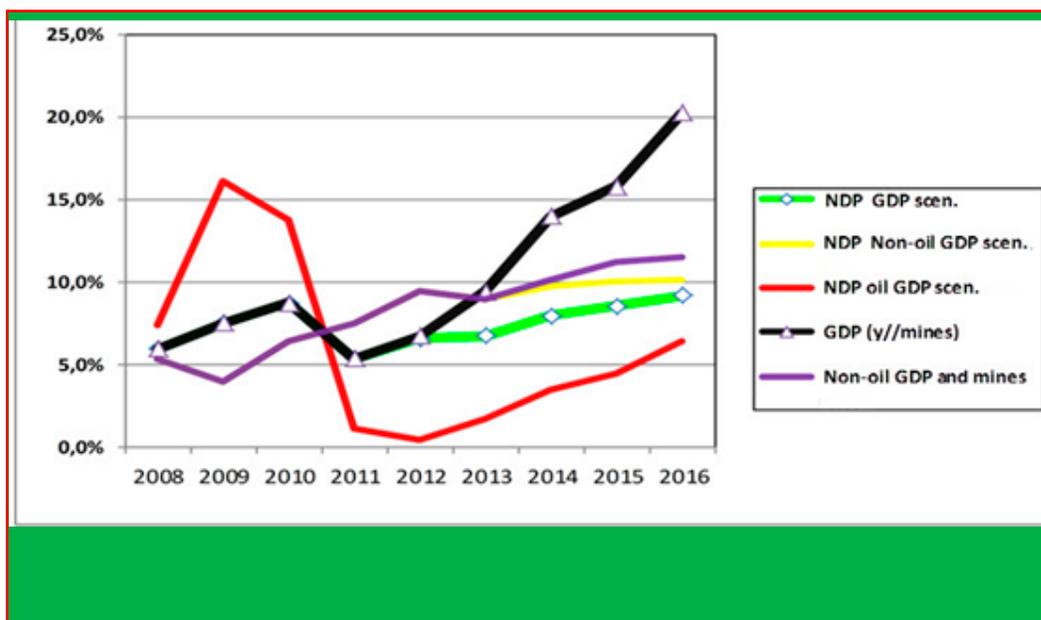
GROWTH AND INFLATION TREND

1200. Under the assumptions described above, the Congolese economy is expected to grow on average by around 8 percent over the 2012-2016 period, or by a 1 percentage point above the average growth recorded between 2008 and 2011. This growth should be underpinned by the buoyancy of the non-oil sector expected to enjoy robust growth over the 2012-2016 period (10 percent on average). Thus, the period should be characterized by: (i) **strong expansion of the primary sector** (excluding oil) expected to record an average growth of around 10.5 percent, up from 4 percent between 2008 and 2011, (ii) **strong growth in the secondary sector** with an average growth of 11 percent, up from 7 percent between 2008 and 2011, and (iii) **continued buoyancy of tertiary activities** expected to record an average growth of 9.5 percent, or 4 percentage points above the average growth rate recorded between 2008 and 2011.

1201. **With the tapping of mineral resources, the economy could grow by an average of 13 percent over the 2012-2016 period**. Indeed, commitments by the private sector and government to tap mineral resources, especially iron, potassium, phosphate and copper are expected to increase. A large number of companies are involved, with various levels of progress and

significant financial mobilization. These include inter alia the MPD companies whose activities should focus on the Zanaga and Mayoko iron reserves, the Congo-Iron for the Nabemba iron reserve; SOREMA and Lulu for copper; Mag Mineral for potassium and Cominco (formerly AIG) for phosphate. The going into operation of these companies would usher in strong growth in the industry. Production of other minerals should begin in 2012, with an output of about 76 000 tons. This production level is expected to reach 112 million tons by 2016, with 98 percent of output being iron.

FIGURE 29. 2012-2016 REAL GDP, SECTOR DEVELOPMENT AND ECONOMIC GROWTH



Source: CPCMB

1202. The implementation of the policies and programs contained in the NDP/DSCERP should result in a **dominance of the tertiary sector** in 2016. Indeed, the share of this sector in the GDP should increase by 2 percentage points to 43 percent in 2016. The share of the secondary sector is also expected to increase by 1.5 points over the period to stand at 14.5 percent. This thrust of activities in the secondary and tertiary sectors well reflects the political will shown by the Government to inject transformation and modernization dynamics into the Congolese economy. The weight of the primary sector in the economy is expected to experience a decline of 3.5 points over the period, despite the expected increase in production activities related to agriculture, livestock and fisheries, as well as forestry and logging.

1203. Economic growth is expected to continue to be supported by domestic demand, itself driven by the public sector (particularly investments). The implementation of major infrastructure projects would result in a **continuum of public and private investment** over the 2012-2016 period. The volume of investments is expected to increase at an **annual rate of 17.8 percent** over the period. Meanwhile, **consumption would experience a more moderate pace**, with growth averaging 4.5 percent over the 2012-2016 period, or 3 percentage points below the average GDP growth. This contained growth in consumption compared to revenue, would result in an increase in national savings designed to support private investment.

1204. While still displaying a structural surplus, the trade balance is expected to contract as a result of increased imports. Indeed, in order to achieve the goal of modernizing and transforming the economy, high levels of imports of goods and services would be required.

Money and Credit

1205. Monetary policy will continue to remain prudential while accommodating the needs of economic growth. At the same time, the efforts to be made by Government to promote financial market development and improve access by the people to financial services, should contribute to financial deepening. This would result in a moderate increase in the ratio of money supply to GDP (32.2 percent on average over the 2012-2016 period, up from 24.6 percent between 2008 and 2011). Over the 2012-2016 period, **money supply** should grow by an average of about 19 percent, a percentage which is consistent with the pace of economic activities in the non-oil sector (13 percent on average). **Net foreign assets** are expected to grow strongly. **Financial backing by the banking system** in support of efforts to develop economic activities would also be notable (12 percent on average over the 2012-2016 period).

Tax support: Revenues and Expenditures

1206. . In the area of **public finances**, the Government will strive to continue efforts in non-oil revenue collection and expenditure control. Thus, sufficient budgetary margins could be obtained to implement key DSCERP programs and actions, especially the improvement of human capital and the continued provision of the country with basic infrastructure.

1207. **Own revenues** are expected to record an 8 percent average growth over the period, driven by higher non-oil revenue (10 percent average). Government efforts to improve the efficiency of tax services and the performance of internal taxation in general, should result in increased tax revenues. Thus, the ratio of tax revenues to non-oil GDP is expected to increase by 2 percentage points compared to the average level for 2008-2011. *External resources* are expected to record strong growth, thereby enabling the government to increase its margins for financing structural investments. In order to ensure a sustainable debt level, these mobilizations will be made up predominantly of financing at concessional rates, in keeping with the commitments under the HIPC Initiative. In total, external financing mobilized over the period 2012-2016 would represent 10.6 percent of GDP on average compared to the very low levels during the 2008-2011 period.

1208. During the period of implementation of the SCERP, *State expenditure* should record an average growth of around 20 percent. In line with Government ambitions to accelerate the construction of the foundations of a strong economy during the five-year period, this growth would result from the sharp increase in capital expenditure (26 percent on average). Thus, total spending would represent an average of 38 percent of the GDP, up from 27 percent between 2008 and 2011. Despite their lower rate of increase (11 percent on average), running costs are expected to remain sufficient to enable the State to meet its social commitments, especially the financial effects of the social truce.

1209. Despite the funding needs that will arise from the implementation of the DSCERP, the expected performance in the area of taxation would make it possible to maintain a surplus in the **basic balance for commitments, excluding grants**. This surplus would represent an average of 3.4 percent of the GDP.

Inflation

1210. The 2012-2016 period is expected to be marked by a significant decline in inflationary pressures. The inflation rate should fall below the community standard of 3 percent by 2016. This change is expected to stem from: (i) a better supply of major urban centers by rail and land, (ii) an improved electricity supply, and (iii) a decrease in the international prices of basic commodities resulting from a drop in European demand.

2012-2016 BUDGET GUIDELINES

METHODOLOGY

1211. **At the organizational level**, the process was conducted by a team of officials from the Ministry of Finance, Budget and Public Portfolio (MFBPP) and those from the Ministry of Economy, Planning, Regional Planning and Integration (MEPATI).

1212. **At the technical level**, the funds are those obtained from the macroeconomic framework of reference. The allocations are aimed at reconciling two major concerns of the Government:

- Maintaining a stable macroeconomic framework through the rigorous pursuit of the Government's (Extended Credit Facility) Program supported by development partners;
- Ensuring sustained growth in public spending, especially for actions to accompany the policies of diversification of the economy aimed at accelerating growth, creating jobs and reducing poverty. Thus, more attention will be paid to the social sectors, to the development of infrastructure and to the productive sectors, which are growth drivers.

1213. A series of budget simulations based on the Central MTEF module of the Macroeconomic and Budget Framework Model (MTEF MCMB-RC-Central), helped produce a profile of budget allocations reconciling these goals.

MAJOR CHALLENGES AND STRATEGY GUIDELINES

1214. Strategy Papers and sector policies (DSCERP), the President of the Republic's "The Road to the Future" and the general policy statements, clearly demonstrate the ambitions of the Government for the period 2012-2016. These will mainly *include the modernization and industrialization of the country*, improvement of governance and consolidation of peace, promotion of growth and macroeconomic stability, improvement of access by the population to basic social services, improvement of the social environment and integration of vulnerable groups, as well as the fight against debilitating and endemic diseases, particularly HIV/Aids. Achieving all these objectives by the Government would require a proper orientation of budgetary allocations.

BUDGET ALLOCATIONS PER STRATEGY AXIS AND OBJECTIVE

1215. Budget guidelines for the 2012-2016 period seek to optimally allocate budget resources so as to provide suitable answers to the people's aspirations and to Government's ambitions. From this perspective, resource allocations will be aligned with both the Government's priorities and sector needs drawn from the Priority Action Programs (PAP) of ministries and institutions.

1216. In accordance with the **Medium Term Expenditure Framework (MTEF)** developed to guide the budget on the strategy's priorities, Government efforts over the 2012-2016 period will focus on:

1217. **Social development.** In light of the significant challenges in the areas of health and education, the Government will continue to increase the resources allocated to strengthen the educational system and health promotion. Sub-sectors related to youth issues and the inclusion of vulnerable groups will also be given attention during the period.

1218. **Allocations for education** will represent 12.95 percent of total expenditure in 2016, up from 11.68 percent in 2011, or an upward trend of 1.27 percentage points. In accordance with the sector's Priority Actions Program (PAP), the challenges to address are many. These are, among others: (i) strengthening of human capacity, constructing infrastructure and providing equipment for the educational system, (ii) improving sector management, (iii) improving the quality of service and teachers' conditions, (iv) improving social services, (v) reducing disparities between boys and girls and keeping girls and children of disadvantaged groups in the system, and (vi) strengthening the fight against HIV/Aids in schools.

1219. **Primary and secondary education.** The Government will continue to lay special emphasis on the construction and rehabilitation of classrooms, the construction and acquisition of laboratory and library equipment and the construction of government high schools of excellence. It plans, in particular, to construct/rehabilitate the Marien Ngouabi University, the Pointe-Noire Polytechnic School, the Kintele University, the Dolisie Advanced Teachers Trainin College of Arts and Trades and the Sibiti School of Tropical Agriculture.

1220. **Higher Education.** The Government will focus on improving availability of education opportunities; it will do so by building engineering schools and instituts in geographical regions of the country. In particular, the building/renovation of the "Marien NGOUABI" University, the Polytechnic of Pointe-Noire, the University of Kintele, the "Ecole Normale Superieure des Arts et Metiers" of Dolisie and that of the "Ecole Superieure d'Agronomie Tropicale" of Sibiti is planned.

1221. **Technical Education and Vocational Training.** The Government will focus its efforts on skills training suited to the needs of the economy. Under this policy, there are, among others, plans to build government agricultural technical high schools at Makoua, a vocational training center at Owando and a fishery and inland water economy school at Mossaka, all in line with the objective to tap the country's agricultural and fisheries potential.

1222. In the area of **health and nutrition**, allocations will represent 8.22 percent of total expenditure in 2016, an increase of 0.88 percentage points compared to 2011. The goal is to improve the health status of the population in general, that of the woman and child in particular (a significant reduction in mortality rates) by strengthening the health system on the one hand, and by controlling the development of certain scourges such as HIV/Aids, malaria and tuberculosis, on the other. In this context, the Government intends to strengthen national health coverage in basic health care through the construction and rehabilitation of health infrastructure and by equipping health units in order to transform them into modern clinics.

1223. Efforts will also be made in the area of **social welfare and inclusion of vulnerable groups**. The actions seek to extend social welfare to the entire population, improve access to education by children with disabilities and reduce the vulnerability of youth in the drive for their social and economic insertion. The aim is also to ensure the promotion and protection of the rights of indigenous peoples and those of other minorities.

1224. **Diversification of the economy and promoting growth.** To break the dependency on oil resources, the Government intends to pursue its diversification policy that will position the economy in line with a sustainable growth dynamic. Thus, resources devoted to production activities will be increased.

1225. **Agriculture, livestock and fisheries.** The goal here is to increase agro-pastoral production in a sustainable manner so as to reduce dependency and ensure food security. The intention here is to support farming communities by developing infrastructure for production, transportation and marketing. As concerns fisheries, the Government intends to create conditions for improving fish production and strengthening the technical capacities of operators. To do this, it plans to construct and equip docks in Brazzaville, Pointe Noire, Mpouya and Mossaka Makotipoko, as well as modern fish markets (in Yoro, Pointe-Noire, Oyo Mossaka and Kintele). In addition, the improvement and equipping of the laboratory for microbiological and chemical analyses of fishery products at Pointe-Noire will also contribute to this goal. In total, the relative share of resources devoted to the development of agricultural and fish production are expected to rise over the coming years (3.97 percent in 2016, up from 3.78 percent in 2011). The Government's objective is to tap the country's agricultural and fisheries potential.

1226. In a bid to transform the economy, substantial resources will also be allocated to activities that support the development of industries and services. This will also be the case for businesses that promote employment. Trades such as commerce, agriculture, tourism, handicrafts and leisure activities are authentic sources of employment that the Government would like to promote through integrated development policies.

1227. **Economic governance** will also be enhanced and the fight against corruption stepped up, in addition to the efforts to be made in the promotion of judicial governance and strengthening of internal security. The Government's objective is to make the country more attractive for the emergence of a private sector that will support public development efforts. Thus, a series of measures and reforms is being implemented as part of the drive to improve public finance management. These measures have been spelt out in: (i) the Government Plan of Actions for Public Finance Management (PAGGFP), (ii) the Plan of Actions for Improving Public Investment Management (PAAGIP), and (iii) the new procurement code. Furthermore, the Medium Term Expenditure Framework (MTEF) will be strengthened in all the ministries and institutions.

1228. In keeping with the **financial sector** development strategy adopted in December 2008, the Government is working to expand the supply of financial services by strengthening the microfinance sector, expanding the banking sector and remediating insurance.

1229. **Infrastructure development.** Growth efforts would be futile if there were no supporting infrastructure such as roads. From this perspective, the infrastructure sector will continue to receive the attention it deserves. Low energy production is a major obstacle to private sector development and a hindrance to growth. That is why the Government will continue to devote significant resources to the development of energy and water infrastructure.

1230. **Road sub-sector.** In accordance with the programs and projects contained in the Priority Action Program prepared by the supervisory Ministry as part of the 2012-2016 DSCERP, the Government intends to carry out the following activities: (i) the construction and tarring of the Pointe-Noire Brazzaville-Ouessou-Bomassa-Enyele (RN1 & RN2) ridge, (ii) the rehabilitation and tarring of the convergence roads of ten (10) divisions towards this ridge, (iii) improving the level of linking roads between towns on the one hand, and those of the eighty-six (86) districts

and six (6) other related municipalities on the other, (iv) village cantons, (v) stimulating and increasing the technical skills of divisional bodies and local authorities, (vi) protection the heritage (by adopting proper regulations, the acquisition of axle weighing machines and respect of rain barriers), (vii) regional integration linking roads: with the CAR and Chad through the Ouessou Enyele-Mongoumba road, with Cameroon through the Ketta Sembé-Souanké road, with Gabon from Ngongo, with Cabinda from Nzassi, and with the DRC through the Brazzaville Kinshasa road-rail bridge.

1231. **Air transport.** The Government will continue with the construction of the Brazzaville and Ollombo international airports. Efforts will also be made to construct airfields and secondary terminals to improve national coverage.

1232. **Merchant Navy.** The work here will focus on supporting the diversification of maritime activities, establishing mechanisms to facilitate maritime transport and enhancing the monitoring of Congolese territorial waters. Actions will also be undertaken to protect the marine and coastal environment through strengthening the fight against the polluting effects of oil production barges.

1233. **Rail transport.** Government efforts will be geared towards the rehabilitation and construction of infrastructure. Actions will focus mainly on workshops and training centers, the Pointe-Noire -Brazzaville railway link through the removal of singular points, the rehabilitation of the long tunnel and the construction of structures. In addition, efforts to acquire locomotives and passenger cars will be pursued to improve service quality.

1234. **Inland waterway transport.** The Government intends to continue inland waterway maintenance and river ports rehabilitation. The development of river transport will help facilitate the flow of timber harvested in the northern part of the country and will help improve inland fisheries.

1235. **Production and supply of electricity and drinking water.** The Government plans to undertake significant actions during the period to improve national production and supply capacity. As concerns energy, actions will focus on expanding infrastructure for the production, transmission and supply of electricity by the NES and the increase in energy production by the Djéno gas plant, the construction of Very High Voltage transmission lines associated with the Imboulou dam, the construction of a hydroelectric dam on the Li-Ouessou and improving the operational capabilities of the NES. As concerns the supply of running water, actions will include the expansion and modernization of the Djiri plant and the improvement of the SNDE operational capabilities.

1236. **Balanced and sustainable development.** The means allocated to addressing issues related to climate change and the environment will be increased to provide adequate solutions to these challenges. Government's objective is to promote harmonious development of regions, taking into account their environmental issues. As concerns **logging**, the government plans to develop non-timber products, implement community forest plantation projects and promote the regeneration and sustainable management of degraded forest ecosystems.

1237. In contrast, **Governance and Promotion of Democracy** will see the resources allocated to it grow less quickly compared to the axes above. It should however be noted that the means for enhancing internal security and judicial governance will be maintained relatively, so as to improve conditions inside the country, the *sine qua non* for ensuring the emergence of the private sector. This will also be the case with efforts to improve administrative governance.

Given the substantial progress made in the areas of political governance and democracy and the final return to peace, the increase in funding for the missions “Promoting Political Governance and Strengthening Democracy” and “Strengthening of National Defense”, will be contained.

Table 67. 2012-2014 BUDGET GUIDELINES, TREND OF RELATIVE SHARES

(% OF TOTAL EXPENDITURE)	Background		Projections				
	2010	2011	2012	2013	2014	2015	2016
Strategy Axis 1 : Promotion of Democracy and Governance	23,96%	21,15%	20,78%	20,54%	20,25%	20,13%	19,94%
Mission 1.1 : Promotion of Political Governance and Strengthening of Democracy							
Mission 1.2 : Strengthening of National Defense	8,04%	6,79%	6,56%	6,35%	6,23%	6,20%	6,07%
Mission 1.3 : Promotion of Judicial Governance and National Security	4,00%	3,92%	3,99%	4,08%	4,14%	4,22%	4,33%
Mission 1.4 : Promotion of Administrative Governance	0,43%	0,35%	0,35%	0,35%	0,35%	0,36%	0,36%
Strategy Axis 2 : Economic Development and Growth Promotion	15,46%	13,93%	13,81%	13,71%	13,48%	13,42%	13,34%
Mission 2.1 : Promotion of economic and financial governance	8,71%	5,61%	5,63%	5,70%	5,59%	5,70%	5,79%
Mission 2.2 : Development of extractive industries	0,74%	0,73%	0,74%	0,75%	0,76%	0,75%	0,75%
Mission 2.3 : Development of other industries	0,68%	1,81%	1,62%	1,41%	1,22%	1,01%	0,82%
Mission 2.4 : Promotion of agricultural production	2,94%	3,78%	3,82%	3,85%	3,90%	3,94%	3,97%
Mission 2.5 : Development of services	1,61%	1,34%	1,34%	1,34%	1,35%	1,35%	1,36%
Mission 2.6 : Promotion of regional integration	0,05%	0,03%	0,03%	0,03%	0,03%	0,03%	0,03%
Mission 2.7 : Promotion of employment	0,72%	0,63%	0,63%	0,63%	0,63%	0,63%	0,63%
Strategy Axis 3 : Development of infrastructure	32,56%	36,84%	36,93%	36,76%	36,93%	36,76%	36,52%
Mission 3.1 : Development of transport infrastructure and public works	24,49%	27,50%	27,51%	27,31%	27,38%	27,15%	26,89%
Mission 3.2 : Development of Telecommunications and ICT infrastructure	1,68%	1,19%	1,19%	1,20%	1,21%	1,22%	1,22%
Mission 3.3 : Development of energy and water infrastructure	4,94%	6,24%	6,30%	6,32%	6,38%	6,43%	6,44%
Mission 3.4 : Promotion of housing and sanitation of the living	1,45%	1,92%	1,93%	1,94%	1,96%	1,97%	1,97%
Strategy Axis 4 : Social Development	23,07%	22,03%	22,40%	22,89%	23,23%	23,59%	24,10%
Mission 4.1 : Strengthening of the education system	12,43%	11,68%	11,91%	12,22%	12,44%	12,64%	12,95%
Mission 4.2 : Promotion of health and nutrition	7,97%	7,34%	7,49%	7,69%	7,84%	8,01%	8,22%
Mission 4.3 : Strengthening of social welfare and inclusion of vulnerable groups	1,04%	1,00%	1,00%	1,01%	1,01%	1,01%	1,02%
Mission 4.4 : Promotion of sport and culture	1,63%	2,01%	1,98%	1,97%	1,94%	1,92%	1,90%
Strategy Axis 5 : Balanced and sustainable development	4,95%	6,06%	6,08%	6,09%	6,12%	6,10%	6,10%
Mission 5.1 : Regional planning and local development	3,91%	4,87%	4,88%	4,87%	4,88%	4,88%	4,87%
Mission 5.2 : Sustainable development, protection of the environment and climate change	1,04%	1,18%	1,20%	1,22%	1,24%	1,22%	1,23%
GRAND TOTAL	100,00	100,00	100,00	100,00	100,00	100,00%	100,00%

Source: CPCMB

SOCIAL DESIRABILITY OF THE REFERENCE FRAMEWORK: ACHIEVING THE MDGs

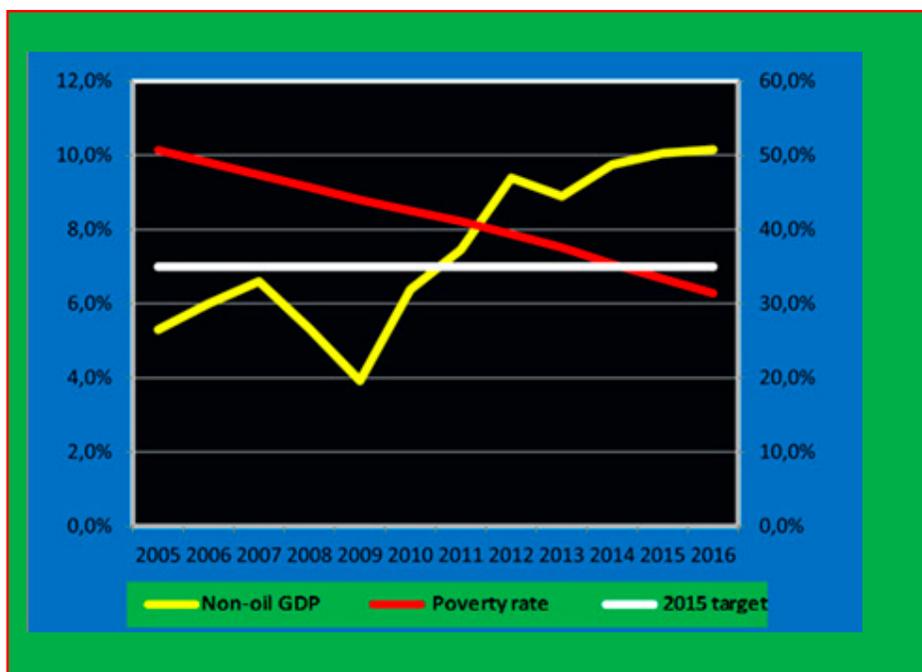
1238. This section analyzes the impact of the reference framework (growth and budgetary choices) on the evolution of poverty and other MDG indicators. Indeed, economic growth over the 2012-2016 period is expected to be around 8 percent as a result of the strong performance of the non-oil sector whose growth should reach 10 percent on average, under the combined effect of sector policies and reforms to be conducted. Therefore, the main issue would that of examining the evolution of income poverty and other education and health-related indicators.

POVERTY REDUCTION

1239. This baseline scenario shows a significant drop in the income poverty rate, expected to decrease from 50.7 percent in 2005¹⁹ to 33.4% in 2015, or by 2 percentage points below the fixed target of 35 percent. This rate will fall to 31.4 percent in 2016. **These results show that the implementation of the DSCERP will help improve the living conditions of the people**

¹⁹ Source: ECOM 2005, CNSEE

FIGURE 30. ECONOMIC GROWTH AND POVERTY REDUCTION



Source: CPCMB

OTHER MDGS

1240. **Education.** The major efforts to be deployed in the field of education will help achieve the goal of universal education by 2015. This result will be due to the considerable amount of public spending on education and also to the sustained growth of per capita income.

1241. **Health.** The health situation of the population remains a concern for the Government. Accordingly, more resources will be allocated to improving health care for the population and prioritizing measures for the free treatment of malaria, HIV/Aids and caesarean sections. These government efforts should result in lower child mortality rates (98.7 percent in 2016, down from 117 percent in 2005) and infant mortality (59.3 percent in 2016 against 75 percent in 2005). Despite the significant gains that would be made over the period, the respective targets of 85 percent and 56 percent set for 2015 would not be met.

SUSTAINABILITY OF THE MACROECONOMIC REFERENCE FRAMEWORK

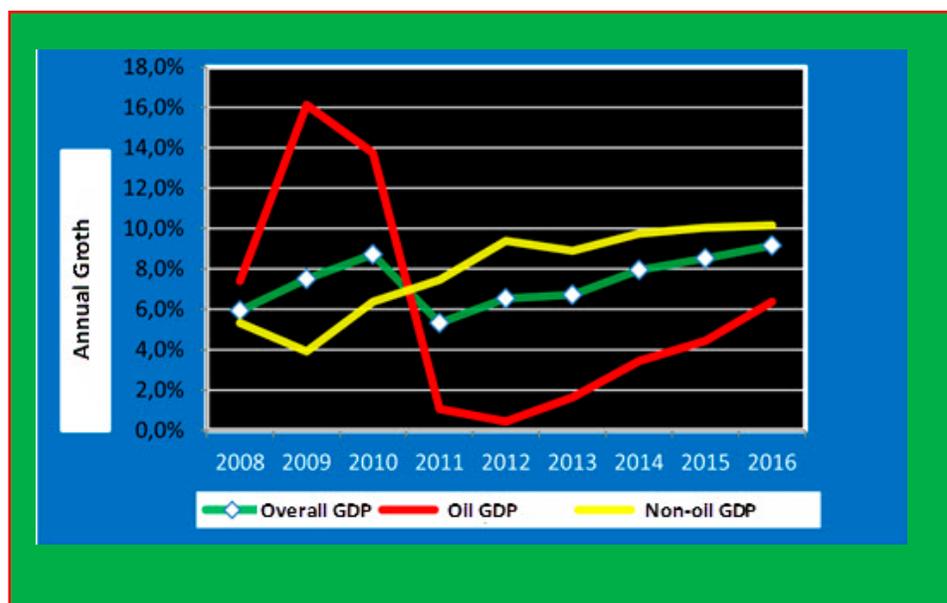
1242. This section seeks to assess how realistic the projections are, in comparison to past developments and performances by other comparable economies. Thus, the analyses will focus on: (i) growth rate and inflation, (ii) investment trends and capital efficiency, (iii) tax trends, (iv) growth of public spending and its composition, and (v) public debt rate and repayment capacity.

Growth Rate And Inflation

1243. The projections of the baseline scenario are based on the assumption that there will be average growth of 8 percent over the period 2012-2016. This growth is expected to be driven by the anticipated development of non-oil activities that should experience an average growth of 10 percent.

1244. The non-oil sector, specifically, would earn an annual average of 0.7 percentage points. This performance is consistent with the objectives of the various DSCERP reforms and programs. Indeed, the sector strategies adopted should lead notably to the improvement of judicial governance, increased efficiency of public management, the strengthening of socio-economic infrastructure and the reinvigoration of non-oil productive sectors. Furthermore, the performance recorded by the non-oil sector over the past 10 years (average of 6.6 percent with an 8.5 percent peak in 2001) shows that the projected growth rates are achievable (10 percent on average). In fact, since 2000, the country has entered a strong economic growth phase, with an ever increasing contribution by the non-oil sector. Although slowed down by the 2008-2009 crisis, this momentum continued in 2010 and 2011 (1.8 percentage points), thereby showing the growth potential of this sector.

FIGURE 31. ECONOMIC GROWTH RATE TREND



1245. In addition, the growth performance recorded by certain sub-Saharan African economies during the past decade confirms the realism of these projections. For example, the Ethiopian economy grew between 8.0 percent and 10.0 percent over the past three years. This is also the case with the Ghanaian economy, which posted an average growth of 18.8 percent between 2007 and 2009 and is expected to record a 13.7 percent growth in 2011, according to IMF projections.

Table 68. COMPARISON OF ANNUAL ECONOMIC GROWTH RATES (IN %)

	2004	2005	2006	2007	2008	2009	2010	2011	201
Sub-Saharan Africa	7,2	6,3	6,4	7,3	5,7	2,8	4,9	5,5	5,
Ghana	5,4	6,2	4,6	6,5	8,4	4,7	5,7	13,7	7,
Ethiopia	11,7	12,6	11,5	11,8	11,2	10,0	8,0	8,5	8,
Tanzania	7,8	7,4	7,0	6,9	7,3	6,7	6,5	6,4	6,
Mozambique	7,9	8,4	8,7	7,3	6,8	6,3	7,0	7,5	7,
Angola	11,2	20,6	19,5	23,9	13,8	2,4	1,6	7,8	10,
CEMAC	12,6	5,1	2,5	5,9	4,0	2,6	3,9	5,2	4,
Gabon	1,4	3,0	1,2	5,6	2,3	-1,4	5,7	5,6	3,
Equatorial Guinea	38,0	9,7	1,3	21,4	10,7	5,7	-0,8	7,2	4,
Cameroon	3,7	2,3	3,2	3,4	2,6	2,0	3,0	3,5	4,
Chad	33,6	7,9	0,2	0,2	-0,4	0,3	5,1	4,1	6,
Central African	1,0	2,4	3,8	3,7	2,0	1,7	3,3	4,1	5,
Congo	3,6	7,7	6,2	-1,6	5,9	7,5	8,7	5,3	6,
Non-oil	5,1	5,3	6,0	6,6	5,3	3,9	6,4	7,5	9,
Oil	0,5	12,5	6,8	-17,2	7,4	16,1	13,7	1,1	0,
Projections	2011	2012	2013	2014	2015	201			
Congo	5,3	6,5	6,7	8,0	8,5	9,			
Non-oil	7,5	9,4	8,9	9,8	10,1	10,			
Oil	1,1	0,4	1,6	3,4	4,4	6,			

Source CPMCB, World Bank data (WDI) and MACMOD Projections Model

1246. In terms of prices, the macroeconomic reference framework shows a contained increase. Consumer price trends are expected to fall below the community's standard of 3.0 percent by 2016, thanks to the reforms and developments expected from inflation determinants.

INVESTMENT RATE AND CAPITAL EFFICIENCY

1247. Projections under the reference framework show an *increase in the investment rate* from 32 percent on average over the 2008-2011 period, to 47 percent over the 2012-2016 period. There is thus an increase of 15 percentage points over the five year period, or an average increase in the order of 3 percentage points per year. This increased rate of investment would be spurred by the public component expected to record an overall increase of 16 points over the period, driven by investments in the basic areas of socio-economic infrastructure that would create the conditions for economic development. Non-oil sector private investments are expected to increase by 3 percentage points, closing at 10 percent on average over the 2012 to 2016 period. Compared to the 2008-2011 period, the investment rate in the oil sector would decline by 4 percentage points.

1248. In addition, the macroeconomic reference framework posts a decline in the private consumer rate, which is expected to drop from 62 percent on average over the 2008-2011 period to 58 percent between 2012 and 2016. This would result in an increase in savings to help finance investment.

1249. Similarly, the monetary situation shows substantial financial accompanying measures aimed at supporting the expansion of the domestic private sector. Credit to the economy is

expected to grow by 12 percent on average over the projection period. The increase in support by the banking sector would be facilitated by the expected development of the sector via the setting up of new establishments and the development of microfinance, which would help in capturing a significant share of small savers' resources for commercial banks.

1250. Furthermore, return on invested capital is expected to improve over the 2012-2016 period. This improvement would be due to the implementation of the reforms envisaged under the DSCERP, particularly improvement in economic and financial management, the reduction of the costs of production factors, as well as those of transportation.

TAX LEVY TREND

1251. Revenue mobilization represents a particular challenge for the Congolese Government. The challenge is all the more acute as improving revenue mobilization has to be conducted while maintaining an attractive climate for the emergence of the private sector to support government efforts to promote economic growth.

1252. The projections of the macroeconomic reference framework show an increase in the average tax levy rate (as a ratio to GDP) from 23 percent between 2008 and 2011 to 25 percent over the 2012-2016 period. This rate would be improved through the efforts envisaged in the non-oil sector. The increase in non-oil tax revenues would result from the improvement of the tax base through efforts aimed at encouraging the informal sector to join the formal economy, promoting tax compliance through the assistance and sensitization of private operators and improving the performance of tax services.

1253. However, given the levels already attained (26.1 percent in 2011) and the levy rates in some emerging economies (Thailand: 16.3 percent on average; Malaysia: 15.2 percent on average), it should be noted that growth margins have remained low. Therefore, in order to implement its DSCERP, the Congolese Government has to be more rigorous in the management of scarce resources through careful selection and increased efficiency of government actions.

Table 69. COMPARISON OF AVERAGE RATE OF TAX LEVIES (in % OF GDP)

Country	2004	2005	2006	2007	2008	2009	
Low and Medium Income	12,0	12,4	13,8	14,0	14,0		
Sub Saharan Africa	17,5	17,6	17,7	17,9			
Côte d'Ivoire	15,2	9,8	15,0	15,5	15,6	16,4	
Ghana	21,8	21,3	12,8	13,9	13,9	12,5	
Thailand	15,9	17,2	16,7	16,1	16,5	15,1	
Malaysia	15,2	15,4	15,1	14,8	15,2	15,7	
Algeria			40,7	37,2	45,3	34,3	
Morocco	19,9	22,0	22,4	25,1	27,6	23,8	
Tunisia	20,7	21,0	20,6	20,8	22,5	21,9	
CEMAC	13,5	14	14,3	14,8	14,1	14,2	
Gabon	22,9	22,5	22,6	23,4	21,9	25,9	
Equatorial Guinea	22	20	20,4	16,2	13	19,4	
Cameroon	11,5	12,8	13,3	13,5	12,4	11,6	
Chad	8,4	8,4	7,1	9,5	10,1	10,9	
Central African Republic	7	6,9	7,8	7,5	7,5	7,6	
Congo	10,5	10,1	21,3	11,3	11,6	10,2	
<i>Non-oil</i>	18,8	18,4	19,7	19,0	19,9	21,4	
<i>Oil</i>	4,2	5,5	22,1	6,3	7,4	3,4	
Projections	2010	2011	2012	2013	2014	2015	2016
Congo	16,6	15,9	15,8	18,7	18,4	18,3	17,8
<i>Non-oil</i>	24,2	26,1	26,1	25,5	24,7	23,9	23,2
<i>Oil</i>	12,2	11,6	11,5	15,4	15,0	15,1	14,6

EXPENDITURE GROWTH TREND AND ITS COMPONENTS

1254. Public spending over the 2012-2016 period would experience an average growth of 22 percent, up from 10.0 percent between 2008 and 2011. This growth would increase the ratios to GDP of 27.0 percent on average between 2008 and 2011, to 37 percent over the 2012-2016 period, 11 percent being for current expenditure and 26 percent for capital expenditure.

1255. The current expenditure to GDP ratio would thus drop by 3 percentage points from its average level of 14 percent posted between 2008 and 2011. This decline will be mainly due to cuts in spending on goods and services by ministries and institutions and to the drop in interest expenses following the debt relief under the HIPC Initiative. Staff expenses would remain around 3 percent of the GDP, with an average growth of 8%.

1256. Capital expenditure in turn would experience a substantial increase in its ratio to GDP, from an average 12 percent between 2008 and 2011 to 26 percent between 2012 and 2016, or an increase of 14 percentage points. This increase will result from both the increase in the share financed from own resources and that funded from external resources. By 2016, the share of foreign-financed expenditure in the total capital expenditure should represent 38 percent, against 21 percent in 2011. The renewed importance of external funding would be the result of continued efforts by the Government to increase efficiency and transparency in public management.

PUBLIC DEBT TREND

1257. Despite efforts to mobilize domestic resources, significant external financial support will be needed to finance the DSCERP. However, efforts will be made to limit public debt. Thus, the country intends to continue, within the limits of sustainability of its external debt, to receive concessional financing in the form of project loans.

1258. Thus, after a pause in 2010-2011, the debt growth rate is expected to accelerate slightly during the 2012-2016 period. However, the outstanding debt would remain below 30 percent of the GDP and the induced services would represent less than 2 percent of budget revenues. In comparison to export earnings, the debt service would be around 1 percent.

Table70. SUMMARY OF SUSTAINABILITY INDICATORS OF BASELINE SCENARIO

Republic of Congo	Republic of Congo		Country of comparison							
			Sub Saharan Africa		CEMAC		Ghana		Ethiopia	
	Average 2008-2011	Average 2012-2016	Average 2008-2011	Projections 2012	Average 2008-2011	Projections 2012	Average 2008-2011	Projections 2012	Average 2008-2011	Projections 2012
Economic growth (in%)										
Economic growth (in%)	6,9%	7,8%	4,7%	5,9%	3,9%	4,4%	8,1%	7,3%	9,4%	5,5%
Non-oil	5,8%	9,7%	5,2%	6,1%	6,3%	5,0%	6,3%	6,6%	9,4%	8,0%
Oil	9,6%	3,3%								
Inflation (in %)	5,5%	4,7%	9,3%	6,7%	4,1%	3,0%	12,9%	8,5%	20,3%	9,0%
Investment										
Investment rate (in%)	31,3%	46,9%	22,5%	22,2%	25,2%	25,3%	22,4%	20,6%	22,9%	23,9%
Public investment	9,9%	25,4%								
Private investment	21,5%	21,6%								
Non-oil	7,1%	10,1%								
Oil	14,4%	11,5%								
Tax Levies										
Tax/GDP ratio	13,6%	17,8%	17,9%		14,2%		13,4%			
Ratio on Non-oil GDP	22,9%	24,7%								
Oil GDP ratio	8,9%	14,3%								
Public Expenditure and their components										
Ratio to GDP (in %)	25,6%	37,7%	29,3%	28,4%	24,0%	23,2%	23,9%	22,3%	18,8%	19,9%
Current expenditure	13,8%	11,3%								
Capital expenditure	11,8%	25,9%								
Average growth rate	10,0%	22,0%								
Current expenditure	-4,6%	12,3%								
Capital expenditure	30,0%	25,9%								
Public Debt										
Outstanding debt/GDP		26,8%		31,7%		17,5%		41,2%		36,7%
Current servicing/exports (Ref: 15%)		0,9%								
Current servicing/Budget rev. (Ref: 25%)		1,7%								

RISK ANALYSIS

1259. The assumptions of the baseline scenario are dependent on the evolution of the international economic environment and the internal socio-political situation on the one hand, and on the country's ability to carry out key DSCERP reforms and programs, on the other. In any case, any significant change in the evolution of its main assumptions could affect the growth rate, the development of employment and poverty reduction. Through the use of simulations, this section analyzes the deviations that these macroeconomic indicators would experience if they were to change. Thus, three main scenarios have been analyzed: (i) a trend scenario of “business as usual”, (ii) a scenario of an unfavorable reversal of the prices of Congo’s major export products (oil, timber and other mining products), and (iii) a “procrastination” scenario based on a sluggishness in the implementation of major reforms and key DSCERP programs/projects.

TREND SCENARIO: “BUSINESS AS USUAL”

1260. This scenario presents the behavior of the economy in a context characterized by the persistence of recent trends and procrastination in the implementation of the DSCERP, and relies on the following assumptions:

- Maintenance of budgetary guidelines as they existed in 2011;
- Renewal of the rate of increase of current expenditure;
- Slowing the rate of capital expenditure financed from own resources that experienced strong growth in 2011 (54.0 percent);
- Maintaining the rate of foreign direct investment, with no sector policy incentives;
- Absence of new reforms by tax collection authorities, thereby causing a decrease in the yield of certain taxes;
- Persistence of certain dysfunctions observed in public management that would result in low effectiveness of government actions;
- Reducing the average growth rate of external support, in line with the observations prior to reaching the Completion Point under the HIPC Initiative.

1261. Under these assumptions, the macroeconomic framework would be characterized by the following developments:

- **average growth of 4.7 percent**, or almost three percentage points below the expected growth in the baseline scenario (8 percent). The non-oil sector would experience average growth of 8.3 percent or 2 percentage points below the average growth posted in the baseline scenario;
- **A loss in budget resources of 3.6 percent** compared to the expected level in the baseline scenario. This loss will be due, in particular, to non-oil resources (-12.percent), thereby compounding DSCERP financing needs;
- **A low reduction of poverty**. The poverty rate would be 44.5 percent by 2016, and 45.1 percent in 2015, or 10 percentage points above the 35 percent target set for this year;
- **A slight increase in net enrollment at primary school level** and lower gains in the reduction of child mortality. The respective targets of 100 percent and 85 percent would not be affected as these indicators would be 92.7 percent and 104.7 percent respectively in 2015. This performance would be lower than those in the baseline scenario (100 percent and 101.9 percent).

“UNFAVORABLE INTERNATIONAL ENVIRONMENT” SCENARIO

1262. This scenario is based on an unfavorable reversal of international conditions which would result in a significant drop in the export prices of Congo’s major products. The key assumptions have thus been summarized as follows: (i) a significant decrease in oil and timber prices and (ii) a drop in the rate of direct foreign investments, particularly in the extractive and timber industries.

1263. Based on these assumptions, the macroeconomic framework would present the following trends:

- **Stagnant economic growth**, at an average rate of 0.6 percent, or a loss of 7 growth percentage points compared to the level expected in the baseline scenario (8 percent). This situation would be highly dependent on decreases in the oil sector over the period (average decrease of 23.4 percent). Non-oil sector activities would also experience a counter performance and would grow by only 7 percent on average over the period, or 3 percentage points below the expected performance in the baseline scenario;
- **Lower resource mobilization**. The drop in export prices and the resulting slowdown in the growth rate of economic activities compared to the baseline scenario, would lead to a loss of resources, particularly those of oil. This would represent an overall loss of 27.4 percent compared to the level expected in the baseline scenario, 15.6 percent of which would be due to the sharp drop in oil resources, thereby compounding financing needs;
- **Low poverty reduction** (5.4 points against 17.3 points in the reference scenario). The poverty rate would only be positioned at 39.0 percent by 2015, or 4 percentage points above the 35 percent target set for that year;
- A slight increase in the net enrollment ratio in primary education (95.0 percent) and a smaller decline in child mortality (111.5 percent). The respective targets of 100 percent and 85 percent would not be reached. Progress would be below those shown in the baseline scenario.

Table 71. ALTERNATIVE SCENARIOS AND DEVIATIONS COMPARED TO OBJECTIVES

	Baseline scenario	Trend scenario & projections	Unfavorable development
1. Growth (% on average 2012-2016 period)			
GDP	7,8%	4,7%	0,6%
Non-oil GDP	9,6%	8,2%	6,7%
2. Public Finances, average loss or gain compared to baseline scenario			
2.1. Own Oil Resources		-	-
Non-oil resources		3,6%	27,4%
2.2. Expenditure		0,0%	-
Current expenditure		12,4%	15,6%
3. MDG Indicators (by 2015)			
3.1. Poverty reduction			
Income poverty rate (35% target)	33,4%	44,5%	39,0%
3.2. Education			
Net primary education enrollment ratio (100% target)			

Source: CPCMB

1264. The poor performance at both the macroeconomic and social development levels in these three scenarios demonstrates the sensitivity of the Congolese economy to the changing international environment and to the implementation of internal reforms. Diversification of the economy and reducing the country's dependence on oil could mitigate the impact of an unfavorable reversal of the international environment, particularly as concerns oil prices. The Government also needs to undertake all efforts for a speedy implementation of DSCERP key reforms and programs so as to ensure sustained growth, a rapid reduction of poverty and job creation.

CHAPTER 16: STRATEGY FINANCING

1265. One of the major constraints to the transformation of development visions and policies into a tangible reality is the mobilization of financing. The implementation of many strategies has been blocked by this difficulty. Indeed, significant financial needs induced by ambitious and proactive policies require a strong mobilization of both public and private resources. At the same time, the problems that the development strategy must address are in themselves burdens which nullify public resource mobilization efforts and present an obstacle to the full contribution of the private sector.

1266. Aware of this major challenge to the successful implementation of the 2012-2016 DSCERP, the Congolese government has placed its funding strategy amongst its priorities. Hence the focus on the following question in this section: “What is the strategy for funding the 2012-2016 DSCERP?”. The question has accordingly been broken down into two parts, each devoted to the key economic players: (i) part one deals with public sector financing, while (ii) part two examines private sector contribution to the financing of the DSCERP.

PUBLIC SECTOR CONTRIBUTION: MECHANISMS, STRATEGY AND ACTIONS

“The indisputable fact is that, to date, there is neither a public nor a private sector in our country capable of alone launching and maintaining the industrialization process and the large-scale development of agriculture and services useful to the economy. By choosing to industrialize and modernize the country, we are choosing to strengthen both the private sector and the catalytic role of the State in the operational development process.”

Denis SASSOU NGUESSO in Chemin d’avenir, de l’Espérance à la Prospérité - 2009

1267. In accordance with this vision of the Head of State, the poor performance observed in public administration must be corrected to allow the State to play a key role in the economic development of the country, following the mixed results experienced by the economy, with the private sector playing the dominant role.

INSTRUMENTS AND MECHANISMS FOR FINANCING THE PUBLIC SECTOR

1268. The main instrument available to the public sector for financing the economy is the State Budget. Though the execution of the Budget may display a structural excess buoyed by significant oil resources, we must recognize that many ills are undermining the Congolese economy. These include:

- The **excessive tax burden and special levies**. The tax ratio (excluding oil) is said to stand, on average, at above 19%. This is compounded by the corrupt practices of certain government employees that result in illegal and costly special levies. According to a study by the European Union, Congolese companies pay 2.3 times more taxes than in other African countries²⁰;

²⁰ ADB, Evaluation Report on the Institutional Support Project to Improve the Business Climate and the Diversification of the Congolese Economy.

- **The inefficiency of support mechanisms for private sector development.** Several mechanisms exist but are inefficient owing to their dispersion.

1269. Aware of the existing poor performances, the Government is committed to improving the effectiveness of public action, reducing the operating costs of services and increasing the fiscal space. This commitment by Government will also increase its budget margins for the implementation of structuring programs geared towards promoting a profound change in the economy and placing Congo on the path of emergence. Actions have been taken to that effect as part of the programs to reform and improve the performance of the public finance management system. These actions concern in particular (i) strengthening the alignment of the State Budget with sector priorities induced by development goals, (ii) enhancing transparency in public management, (iii) tighter control of public spending to reduce unnecessary costs and (iv) the up-scaling of the effectiveness and efficiency of tax services.

STRATEGY AND ACTIONS FOR THE 2012-2016 PERIOD

1270. In order to achieve the objectives being pursued by the Congolese Government and to respond to the expectations of the population, major programs and projects have been identified under the DSCERP for 2012-2016. Funding for these programs and projects will require the mobilization of substantial resources in terms of current cost estimates. Indeed, according to projections from sector PAPs/MTEFs, the **overall need for budget financing would be CFAF 13 167 billion**, broken down, according to strategy axis, as follows:

- **19.2 percent** for the **Promotion of Democracy and Governance**. The needs of this strategy axis will be determined by the actions to be implemented for the “Promotion of Judicial Governance and Strengthening of National Security” (68.2 percent of the total needs in this area);
- **20.1 percent** for **Economic Diversification and Growth Promotion**. Achieving the country’s ambitions to lay down the foundations of an environment conducive to sustained growth, reducing the economy’s dependence on oil and accelerating its transformation through the development of services, would require the fulfillment of major needs in terms of **economic and financial governance, promotion of agricultural production** and the multiplication of actions to help **develop services**. From this perspective, the needs of these three major objectives would be the main needs of this axis, and would represent the respective shares of 35.2 percent, 14.7 percent and 27.9 percent;
- **30.6 percent** for the **Development of Infrastructure**. The needs expressed under this strategy axis consist primarily of actions to enable the country to have modern road infrastructure and public buildings, as well as to increase the production of electrical and hydraulic power and improve accessibility. Thus, the needs for “**transport infrastructure and public works**” and “**Energy and water infrastructure**” represent 58.2 percent and 28.2 percent respectively of the total needs of this axis;
- **28.5 percent for Social Development**. 89 percent of these needs are composed of the actions necessary to “strengthen the educational system” (66.1 percent) and those required for “**Health Promotion and Nutrition**” (23.0 percent);
- **1.5 percent for balanced and sustainable development**. The needs under this axis stem from the actions needed to “**promote local development**” (33.2 percent) as well as

programs and projects that would enable the country to address “*Sustainable Development, Environmental Protection and Climate Change*” (66.8 percent) issues.

1271. The estimated financing capacity of the economy should be able to cover up to 73.5 percent of the needs expressed for the period 2012-2016, or a gap to be financed that would amount to CFA F 3,487 billion (26.5 percent). To meet the challenge of mobilizing additional funds to cover this gap, Government will undertake vigorous actions to significantly increase its financing capacity. These actions will focus on both traditional means of financing and developing a new funding strategy.

Table 72. FINANCING NEEDS TREND PER STRATEGY AXIS

Figures in million CFAF								AVERAGE breakdown of needs	Coverage rate of needs
Strategy Axis		2012	2013	2014	2015	2016	Total 2012-2016		
Axis 1 : Promotion of Democracy and Governance	Needs	420 770	469 105	513 625	541 841	586 005	2 531 345	19,2%	71,5%
	Allocations	340 506	349 647	361 165	373 938	385 784	1 811 039		
	Gaps	80 264	119 458	152 460	167 903	200 221	720 306		
Axis 2 : Diversification of the economy and Promotion of Growth	Needs	435 715	454 401	459 319	843 966	454 383	2 647 784	20,1%	44,8%
	Allocations	219 540	222 763	235 671	249 166	258 163	1 185 303		
	Gaps	216 175	231 638	223 648	594 799	196 220	1 462 481		
Axis 3 : Development of Infrastructure	Needs	1 175 940	1 156 416	601 523	533 812	567 255	4 034 946	30,6%	80,4%
	Allocations	596 275	610 865	647 584	682 824	706 555	3 244 102		
	Gaps	579 665	545 551	- 46 061	- 149 012	- 139 299	790 843		
Axis 4 : Social Development	Needs	600 760	678 961	754 641	812 978	903 654	3 750 994	28,5%	54,8%
	Allocations	361 852	380 807	407 923	438 106	466 214	2 054 901		
	Gaps	238 908	298 154	346 718	374 872	437 440	1 696 093		
Axis 5 : Balanced and sustainable development	Needs	42 905	42 951	36 922	40 145	39 224	202 148	1,5%	265,9%
	Allocations	98 071	101 100	107 098	113 241	118 035	537 544		
	Gaps	- 55 166	- 58 149	- 70 175	- 73 096	- 78 810	- 335 396		
TOTAL	Needs	2 676 091	2 801 834	2 366 029	2 772 741	2 550 521	13 167 217	100,0%	73,5%
	Allocations	1 616 244	1 665 182	1 759 440	1 857 275	1 934 750	8 832 890		
	Provisions	100 618	167 265	184 292	192 793	201 549	846 517		
	Gaps	959 229	969 388	422 297	722 674	414 223	3 487 810		

Source: CPCMB

1272. **Strong mobilization of traditional financing.** Traditional financing consists of domestic resources (oil and non-oil) and external resources (loans and grants). Consistent with the objective of diversifying the economy and sources of financing, Government efforts, during the 2012-2016 period will be geared towards reducing dependence on oil resources that are very volatile. The focus will thus be on non-oil resources, particularly the tax component.

1273. **Internal resources.** To achieve an optimal and satisfactory level of mobilization of these resources, government policy will focus on: (i) improving the fiscal environment, (ii) the continued reorganization and computerization of services, (iii) the rationalization and control of tax expenditure, and (iv) broadening the tax base and securing revenue.

1274. **Improving the fiscal environment** will continue primarily through: the renewal of printed tax declaration forms, the establishment and application of service quality indicators and an improvement in taxpayer information.

1275. **The continued reorganization and computerization of services** will be carried out through: the establishment of specialized management by type of client and business and expanding the SYSTAF in sub divisional and divisional centers for effective management of taxpayers; using and developing computer links with Customs (mastery of the importers' file) and the Budget department (mastery of the government suppliers' file).

1276. **Rationalization and control of tax expenditure** will concern: removing irrelevant incentives; supervising the granting of tax benefits to companies under the special tax schemes, monitoring and control of conformity of tax benefits and systematic assessment of approved tax expenditure.

1277. **Broadening the tax base** will focus on: improving the system of identification and registration of taxpayers, eliminating sources of tax avoidance which cause substantial losses for the public treasury and an overhaul of the taxation system with a view to encouraging the informal sector to return to the formal sector.

1278. **External resources.** The establishment of a debt strategy would be a lever for the mobilization of these resources. For this purpose, a document analyzing the public debt should be annexed to the finance law each year, clearly indicating: (i) the justification for the borrowing, (ii) debt limits and guarantees granted by the State, (iii) the structure of the portfolio of new loans, (iv) the indicative terms of the new loan capital, and (v) the debt sustainability profile.

1279. The implementation of Regulation No 12/07-UEAC-186-CM-15 of 19 March 2007 on the reference framework of the policy on public debt and public debt management in the CEMAC zone is expected to enable the Congo to strengthen its role of "middle office" (strategic thinking) on the debt policy. To do this, the Government will continue efforts aimed at: (i) determining and structuring financing needs on the basis of programs and projects drawn from PAPs by ministries/institutions, which would then give to the "front office" (responsible for negotiations), the detailed guidelines on the financing characteristics to look for, and (ii) the collection and accounting (by the back office) of all information on the public debt.

1280. The Government will continue its proactive policy of prompt payment of public debt servicing, thereby restoring the confidence of economic operators and partners, and also avoiding the accumulation of new arrears.

1281. **A new funding strategy.** In order to supplement traditional financing, the Government will, during the 2012-2016 period, deploy a new strategy for mobilizing additional financing necessary for the implementation of the DSCERP. This strategy will focus on:

1282. **Issuance of government securities.** During the coming years, the Government intends to use the funding potential of sub-regional and regional monetary and financial markets by issuing government securities (bonds and treasury bills). To ensure the success and sustainability of these

operations, efforts will be made to ensure the quality of its signature by honoring its commitments regularly (deadlines).

1283. **Strengthening Public-Private Partnership.** To loosen budgetary constraints, the Government will strengthen Partnership with the Private Sector through the introduction of service, management or concession contracts for certain public services, the use of BOT (Build-Operate-Transfer) in the construction of infrastructure, the creation of semi-public companies and a call to the people for direct contribution to the realization of certain socio-economic infrastructure.

1284. Beyond the financial benefits offered by Public-Private Partnership through the loosening of budgetary constraints, it allows for a better combination of private sector advantages (access to capital markets, innovation, managerial efficiency, etc..) with those of the public service (social responsibility, environmental awareness), and thus increases the chances of success in the policy implementation. The Government will also implement policies aimed at increasing private sector funding capacity to enhance the latter's contribution to the implementation of the DSCERP.

1285. **Strengthening mobilization of domestic savings through development of the activities of microfinance institutions:** the establishment of banks in major urban centers and the requirements for opening an account limit access by small investors to the structured finance sector. The strategy will be to better regulate the development of micro finance institutions through an institutional arrangement adapted to broaden the geographical and sectoral basis of their activities. This will involve: (i) bringing together cooperative initiatives that collect the resources of organized groups of operators and (ii) providing support for the multiple mutual benefit associations found both within the administration and the other sectors.

1286. **Revitalization of regional financial markets.** The stock exchange market of Central Africa (BVMAC) is important for attracting private capital, especially foreign capital, and makes it possible to collect long-term savings that can be used directly for financing medium and long term investments. It also makes it possible for companies to strengthen their capital base through a public call for savings, thereby sparing them the rigidity of traditional banks.

1287. **Mobilization of diaspora resources.** In addition to export earnings, foreign direct investments and official development assistance, migrant remittances constitute a significant source of foreign exchange. In accordance with the guidelines in Vision 2025, the competent authorities plan to encourage Congolese living abroad to invest in the country through various mechanisms, including the strengthening of diplomatic guidance and protection of the diaspora, as well as the establishment of various incentives to channel migrant remittances into productive investments, such as the opening of local bank offices abroad.

CONTRIBUTION OF THE PRIVATE SECTOR: MECHANISMS, STRATEGY AND ACTIONS

“A man under the sun, collapsing under the weight of a bag hanging over his shoulder, with his shirt soaked with sweat, wanders the streets going from bank to bank, and is

refused a loan at the office of the customer service manager. This picture depicts the inaccessibility of some entrepreneurs to bank financing."²¹

1288. Like in other developing countries, the private sector in the Congo has difficulties accessing financing, despite the interest shown by the Government. Bank lending remains predominantly short-term and targeted primarily at the business sector, and is intended primarily for large enterprises, although they represent only 0.1 percent of enterprises operating on the national territory.

1289. Thus, what are the strategies and actions to implement to ensure adequate funding of the private sector as part of the drive to implement the national development strategy for the 2012-2016 period?

PRIVATE SECTOR FINANCING INSTRUMENTS AND MECHANISMS

1290. The financial system is the primary mechanism for private sector intervention in the economy. In the Congo, however, the system is still *underdeveloped, poorly diversified and largely dominated by the banking sector, reflecting the situation in the entire CEMAC sub-region.*²² Besides the banking sector, the Congolese financial system comprises insurance companies, retirement funds, microfinance institutions, foreign exchange offices and money transfer facilities. It should be noted that there are no pension funds.

STRATEGY AND ACTIONS FOR THE 2012-2016 PERIOD

1291. To promote private sector development and enable the sector to better contribute to the economic and social development of the country, Government actions, will target the following levers during the 2012-2016 period:

- Development of access to capital;
- Improvement of the regulatory, judicial and security environment;
- Promotion of risk-sharing systems;
- Strengthening of information systems concerning business opportunities;
- Promoting entrepreneurship training and development of a spirit of rigor in management;
- Improving conditions for increased competitiveness;
- Removing (administrative and commercial) barriers to the creation and development of private entrepreneurship.

1292. Like the successful development experiences of other countries such as Thailand, Brazil and Vietnam, two approaches will be adopted: (i) a comprehensive approach to promote the emergence of the private sector as a whole, and (ii) an approach by product or by industry to promote products or key sectors.

²¹ Coined from RDM 2008, of the World Bank on Agriculture, page 1

²² African Development Bank, Integration of the financial sector in three African regions, 2010

1293. Overall, for the 2012-2016 period, the Congolese government will adopt a “**Matrix Strategy**” to combine both approaches and levers for a global development of the private sector, while focusing on products and strategic sectors. As the choice of products and sectors are based on their contribution to achieving the overall objective of diversifying the economy, actions to be taken should encourage the development of the financial system and improving access to capital, promoting foreign investment and promoting micro-finance to effectively mobilize domestic savings.

1294. **Development of the financial sector and improving access to capital.** To facilitate public access to financial services, the Government will strive, during the 2012-2016 period, to implement the *financial sector development strategy* adopted in 2008 under the Poverty Reduction and Growth Facility (PRGF) program with support from the international financial community, particularly the International Monetary Fund (IMF).

1295. As in Tanzania, Kenya and Rwanda²³, where internal efforts have made it possible within a few years to achieve rapid development of the financial system, the Congo intends, over the next five years, to make its financial system the primary means of financing its economy. To this end, the Government will continue its efforts internally and carry out a faster internalization of reforms at the regional level to support the rapid development of the Congolese financial sector, in particular a greater facilitation of the establishment of foreign banks. To this end, greater means will be given to vocational training in careers in the financial industry (banks, insurance companies, fund managers, venture capitalists, brokers, analysts and rating and/or evaluation agents), to enable the economy to take full advantage of developments at a regional level and to offer one of the best platforms for setting up business.

1296. In addition, in order to develop banking services, other complementary measures will be initiated. These include the development of the supply of non-financial services to companies, the establishment of credit incubators and the creation of specialized institutions. To do this, the following key actions shall be undertaken: (i) accompany developers in creating business and (ii) creating tools to support credit (see Chapter 9).

Accompany developers in the creation of enterprises

1297. During the 2012-2016 period, support for SMEs will be provided by the Impulsion, Guarantee and Support Fund (FIGA), being created. Thus, developers will be assisted in the establishment phase of the company with “ante-creation support” and after the creation of the company with “post-creation support”. FIGA will also be responsible **for training developers or business leaders**. It will furthermore play the role of **SME Observatory** through the centralization of documentation on the SME sector and SME accounting information. FIGA will also see to the **strengthening of the SME capital base** by granting subordinated loans to SMEs, with the funding agreement by the banker being conditioned by an increase in equity.

Create credit support tools

²³ Tanzania, Kenya and Rwanda focused on restructuring and privatizing public banks, opening their systems to foreign banks and developing a new prudential regulation, while the interest and foreign exchange rates were deregulated and most restrictions on capital movement lifted. These changes have led to a rapid development of financial services (IMF, Regional Economic Outlook, September 2011).

1298. **Guaranteeing loans.** Securities (mortgages, pledges, etc..). The central risks office and the central balance sheets office are tools to support bank lending. In the Congo, the constitution of mortgages is being hampered by its prohibitive cost and the complexity of the relevant procedure. Furthermore, given the dysfunctional judicial system, banks face the problem of authenticity of mortgages. To overcome this difficulty, they prefer personal guarantees, which SME managers have trouble assembling.

1299. **Central banking risks office.** To facilitate loan decisions by financing institutions, the Central Bank has established a central banking risks office. It is an instrument for centralizing all bank liabilities. It gives banks the level of commitments of their customers in respect of the entire banking system and this enables them to identify bad debtors. However, the central banking risks office does not cover all financing institutions, especially microfinance institutions. The Government will assist microfinance institutions to develop a tool to centralize their outstanding loans. Furthermore, the quality of information produced by the current central banking risks office will be improved and its scope extended (to cover the postal bank, the Deposit and Consignment Office, etc..).

1300. **The central corporate balance sheets office.** In the Congo, there is no tool to centralize corporate balance sheets, so as to ensure the availability of accounting information for firms and to ensure quality. A project to create a central balance sheet office was initiated by the Central Bank for all CEMAC countries. The project is experiencing a long delay in its implementation. To overcome this deficiency, the Congo will establish a central corporate balance sheets office as part of the reforms to facilitate business credit.

Box 11. CONGO, DEVELOPMENT OF SUPPLY OF BANKING SERVICES, KEY MEASURES AND ACTIONS

The consolidation of the operating environment for banks, involving the Government and Community institutions (COBAC and BEAC), has resulted in the restructuring and privatization of most commercial banks. This has also led to the restoration of public confidence and the opening of Congolese banks to the outside world, following their backing by leading external partners.

The current attractiveness of the Congolese banking system has led to the establishment of new banks, thereby developing competition in the sector and promoting better funding of economic activities. The strength of this competition calls for banks to adapt their strategies to avoid the scenario of seeing some of them thrown out. Thus, the actions to be undertaken should include:

- **Increasing institutional efficiency.** Such an increase will require stronger internal controls and simplified procedures. This must be based on conducting cost accounting to evaluate the performance by departments to reduce operating costs and increase competitiveness.
- **Increasing market share.** Efforts will focus on the production and analysis of credit information, the development of new techniques and exploring new products and market segments, taking into account economic developments.
- **The creation of new types of banking institutions. A Postal Bank,** through the rehabilitation of the bankrupt postal network in order to take advantage of the dense network of post offices across the country, and also to bring the banking sectors to those marginalized from the traditional banking system. This bank should contribute to improving the banking rate of the economy.

A Deposit and Consignment Fund for collecting funds for legal professionals (notaries, judicial administrators and legal representatives, Courts of Commerce clerks, bailiffs, etc.), but also social security and public interest organizations. This reform will address the lack of a specialized agency responsible for the management of legally protected funds. The Deposit and Consignment Fund will also help recycle the savings collected by social security funds for long-term employment, by financing projects of general interest such as social housing, urban regeneration, transport infrastructure, hospital property, etc. It is also a support tool for local authorities.

Finalize the consolidation of the insurance sector

1301. The Government will step up efforts aimed at the insurance industry to overcome the shortcomings that are plaguing the development of the sector and enable it to participate fully in the financing and transformation of domestic savings into financing for the economy. In this regard, the Government will strengthen control activities in the sector to ensure compliance with the regulatory provisions and prudential standards by insurance companies.

Promote the development of specialized financing institutions

1302. The Congolese financial system is characterized by a lack of financing institutions specialized in leasing, real estate, etc. The only specialized financing structure is the Agricultural Support Fund (FSA), which specializes in the financing of agricultural activities.

1303. With the development of the financial system, several financial instruments or products are expected to be available. These include consumer *or investment loans, specialized loans, structured financing and venture capital*. To contribute to the emergence of the private sector and the development of production sectors, the overall State strategy under the DSCERP will consist of (i) **developing investment credits and specialized credits** to foster the development of the sector as a whole and thus **increase the supply of goods and services**, and (ii) developing installation and equipment credit to stimulate domestic demand.

1304. Under this dynamic, the role of the State will be much more that of a “catalyst” than an animator. Seen from this perspective, its biggest efforts will be devoted to improving the socio-economic environment and the **strengthening of governance** in all segments of the economy (political, legal and judicial, administrative, economic and financial). In addition, in order to encourage the banking system, the Government will develop the establishment of **guarantee funds** and **credit lines** in partnership with banks.

1305. **Credits at subsidized rates, especially for housing.** Credit lines for installation and equipment or housing credits could be open for both public and private sector workers. Framework agreements involving banks and employers are expected to reduce risks. These loans could be granted at subsidized rates, particularly as regards housing loans. Rate differential expenses would be borne by the State, as is the case of the Housing Support Fund in Côte d’Ivoire (FSH).

1306. **Social funds entrusted to banks and financial professionals.** To develop private entrepreneurship, the State will strengthen social funds and their management will be entrusted to banks. The State will only exercise the role of funder and monitor. This approach would reduce the risk of loss and that of non- payment;

1307. **Guaranteeing of loans for professional groups.** As regards independent operators, the State will implement actions to encourage them to form groups in order to increase their bargaining power, pool risks and become attractive markets for donors. In this way, they would be able to enjoy the leverage effects of guarantee funds and credit lines specialized in the development of their activities.

The lever of guarantee funds and credit lines can be used to finance economic and social development. However, the implementation of its instruments requires:

1308. (i) **Promotion of foreign investment.** Given the significant investments required by the implementation of the development strategy for the 2012-2016 period, it is imperative to improve the attractiveness of the national economy. To do this, the Government will work to improve the business environment which is still marked by enormous weaknesses²⁴. It also intends to engage, without reserve, in vigorous actions to ensure lasting social peace and political stability.

1309. (ii) **Promotion of microfinance.** The reorganization and strengthening of the microfinance sector in the Congo will allow these institutions to attract a substantial share of floating national savings to the modern banking sector. This will increase the financing capacity of the economy and thus provide more leeway for funding the 2012-2016 NDP.

²⁴ The World Bank’s performance indicator (CPIA) for the country is 2.5, being in the range of low values and the classification index of Doing Business ranks the country at 173/183, according to its 2011 report, a ranking likely to reduce investor enthusiasm for the country.

Targeted funding of promising sectors.

1310. The diversity of instruments for financing the economy that will be available with the expected developments in the financial system, highlights the problem of efficiency and adaptation of choices for financing the development strategy for the 2012-2016 period. This section is devoted to the choice of approaches for financing the ambitions of the Government in key areas, on the basis of successful experiences in other economies and on Congo's own characteristics.

What instruments can be used to finance agriculture, livestock, fisheries and agro-processing?

1311. Even though industrialization and the development of services are crucial for Congo's economic growth, rural development and growth of agricultural production will help raise the income level and living conditions of the rural population. However, this sector faces significant financing needs thus limiting tapping into the considerable potential of the country. Funding problems also impact on productivity and producers are increasingly facing difficulties in order to be competitive on the market (difficulties in adapting to new technologies, tougher competition on the domestic market from imports).

1312. Producers do not have the means to invest in the necessary equipment and this leads to high production costs. Furthermore, infrastructure in rural areas is often inadequate, thus generating high transaction costs and creating greater risk for producers and lenders. Funding problems in agriculture are more acute at the level of small producers. Indeed, these people who are often poor or with limited incomes, have little access to traditional financing offered by the traditional banking system. Thus, a specific strategy and special products have to be developed for them.

Box 13: MALAYSIA, DEVELOPMENT FINANCING STRATEGY FOR RURAL AREAS

The rural development strategy gives priority to *crop diversification, the opening and development of new land and to increasing productivity through the adoption of new agricultural techniques*. The economic problems faced by the rural population are the lack of employment prospects and low levels of output, two factors that are the root cause of low incomes and poverty. The strategy to combat these problems in the rural areas has been determined by product and is intended to make both “direct” and “indirect” contributions. The policies are aimed at the integrated development of rural areas. To this end, the actions taken can be summarized as follows:

1. **Providing rural areas with socio-economic infrastructure** through the construction of roads and bridges to open up production areas; improving accessibility and quality of social services through the construction and/or improvement of schools and health facilities; and the supply of water and electricity.
2. **Supporting production** through the development of agricultural research activities and the wide dissemination of the results of this work; granting of production credits and marketing assistance; and supporting the organization of producer associations; as well as encouraging production through tariffs and subsidies.
3. **Improving production conditions and increasing physical factors** through drainage and irrigation; redevelopment of existing agricultural areas; opening up of new lands for farming; and outreach campaigns on new techniques in order to increase yields.
4. **Promotion of production diversification** through targeted outreach campaigns aimed at multiplying contacts with farmers to convince them of the advantages of new crops so that they can increase their incomes based on the comparative benefits offered by production conditions.

What should the strategy for funding the agricultural development policy be?

- Targeted subsidies per crop with specific objectives**

The Rubber Industry Smallholders’ Development Authority (RISDA) is the main institution responsible for small rubber producers. It manages **replanting subsidies given to small farmers**, defined as those who own a farm of less than 40 hectares. Its activities are supplemented by those of the Federal Land Consolidation and Rehabilitation Authority (FELCRA) which is responsible for regrouping fragmented plots into larger units and enhancing land with high-yielding crops in such a way as to increase the efficiency of farms. This strategy is based on a research/development program being carried out by the Rubber Research Institute of Malaysia (RRIM). Palm oil farms are supported by the Palm Oil Research Institute of Malaysia (PORIM).

- Supporting producer prices and guaranteeing the purchase of products**

In rice cultivation areas, the work carried out consists in putting in place *price and support mechanisms to ensure a minimum income for farmers*. The national marketing board also plays an important role in that it *guarantees the purchase of farmers' production*. To promote the improvement of already-cultivated land, rural development programs also deal with clearing, cultivation and the development of less arable land. These land reclamation programs are run by this Federal Land and Development Authority (FELDA)

Through this approach, Malaysia has been able, within two decades of agricultural development, to achieve its production goals, in like manner as its financing objectives. The policy of crop diversification and strategies adopted per product has, in particular, made it possible to develop palm oil, cocoa, rubber and rice and has contributed to raising and stabilizing incomes in rural areas.

It is however worth noting the special importance given to schools and health centers in rural areas as part of the rural development strategy. Programs to promote income-generating activities and the fight against poverty in the rural areas are multidimensional and include community development, adult literacy, advice on child care, nutrition and sanitation programs, as well as initiatives to reorient the attitudes and values of the rural population. These community development programs are implemented through institutions such as FELDA, FELCRA and RISDA. The principle is to work through the traditional institutional structure to encourage farmers to trust programs. Government policy was not in any way intended to bring about a disruption of the rural economy. The integration of target groups in the modernization process has been accompanied with access to other elements of welfare such as sanitation (access to running water and electricity), awareness as to the importance of education for children and socialization on the standards of modern living conditions. The initial emphasis on rural development has also helped in preventing a premature rural exodus.

Source: STP/DSCERP Malaysia, Social development, poverty reduction and transformation of the economy, Leong Choon Heng and Tan SiewHoey

1313. **Pre-financing of production and crop year credits for the development of agricultural sectors.** To enable small producers to overcome financing difficulties, the Government will work to promote pre-financing and start-of-crop year credit mechanisms. This approach should enable producers to cover the needs inherent in production, with the assurance that their products will be bought in time.

1314. *Loans are granted to large buyers by banks* as security for the tonnage to be bought. The buyers in turn lend to producers to ensure production. In due course, during the crop year, a crop year credit line is opened in the account of each buyer, who makes periodic withdrawals on the basis of the tonnage bought. Given the possible resistance of some banks to support the agricultural sector, the State will contribute to the opening of credit lines by making available to the banking system some of the resources needed.

1315. *Loans are granted directly to communities of producers* organized in cooperatives and producer groups. A management committee is then set up to monitor the utilization of resources and repayment of loans, as is the case with cotton producers in Mali²⁵. This second approach has the advantage of allowing the provision of funds in a timely manner, on the one hand, and promoting the self-management resources, on the other. Similarly, incentives for good management, such as the transfer to the community of a portion of profits, the transformation of the cooperative into microfinance and/or construction of community facilities, should be put in place.

1316. **Structured finance and development of value chains.** In recent years more attention has been paid by several bodies to activities and research on the structured financing of commodities, including international organizations such as UNCTAD²⁶. The focus here is to create a link between “Producer - Buyer - Agro-industry” or “Producer - Buyer - Supermarket”, and provide assurance to the entire value chain. The agro-industrialist or supermarket could make the producer and buyer benefit from these financing capabilities, and at the same time ensure its supply of commodities. Furthermore, producers are more encouraged to submit applications (and to pay back) as part of the arrangements for their production, and the risks incurred by the lender are primarily limited to crop risks - that is to say, the risk that the producer does not produce enough or does not produce the required quality.

1317. In addition to the agricultural sector, this method will also be expanded to other sectors, particularly in the field of infrastructure construction. However, for innovative mechanisms of structured financing to work well, it is essential to address institutional weaknesses. Experience has shown that institutional weaknesses in developing countries, coupled with the fact that governments have failed to establish an appropriate legal environment, have prompted the banking sector to refrain from financing agriculture. Thus, the Government shall ensure that contractual obligations are properly implemented. To this end, major efforts will be made to set in motion all the levers necessary to improve the business environment.

²⁵ United Nations Conference on Trade and Development, Storage and risk management by farmers' organizations in Mali, August 1997.

²⁶ UNCTAD, Information brief n° UNCTAD/PRESS/IN/2007/018 of 27/04/07 on development financing and diversification of commodities.

1318. Development of public-private partnership to finance agricultural infrastructure. There is also a need for partnerships between the public and private sectors (PPP) in the field of agricultural financing. PPPs can consist of investing in irrigation systems, building warehouses in rural areas and wholesale markets, and improving roads and other transportation infrastructure that provide access to producer concentration areas. These partnerships can take many forms, notably exclusive concessions²⁷ on the beneficiary production areas when it concerns infrastructure directly relating to the production or preservation of goods (irrigation systems, roads, warehouses) or *BOT contracts* in the case of marketing infrastructure such as wholesale markets.

1319. Development of warehouse receipt financing and collateral management or warehouse receipt system. Another method of reducing risk is the financing of warehouse receipts and collateral management. Once such systems are in place, farmers can store their crops and receive warehouse receipts (denominated in kilos or tons of the product deposited in a safe warehouse). They can then pledge such warehouse receipts or draw from their accounts to get cash or buy inputs. This system allows growers to better control their decisions on marketing because they are not compelled to sell immediately after harvest at the prevailing prices to meet their needs for cash flow. Conversely, they can store their production, wait for a better period to sell at more optimal prices and obtain financing in exchange for their stocks. This mechanism will be accompanied by the Government through the construction of adequate storage infrastructure whose management could be entrusted to producers through management contracts

²⁷ This approach led to the construction and setting up of basic socio-economic infrastructure in villages in the Yamoussoukro region, in Côte d'Ivoire

Box 14. STORAGE RECEIPT SYSTEMS IN TANZANIA AND UGANDA

The regulated system was successfully tested in Tanzania and Uganda. A group of producers, the Oridoyi Rural Cooperative Society of Tanzania, who used the system, enabled its members to increase their seed cotton production by almost 10 fold over a four year period. Funding was provided by a local bank, CRDB Bank Ltd, who also lent some USD 10 million per year on the basis of a coffee collateral. The cooperative was also able to sell its raw cotton for the 2005/06 crop year directly to a cotton merchant based in the United Kingdom. The increase in production was mainly funded by the cooperative from retained accumulated earnings through the marketing of cotton on behalf of its members, using the storage receipt system.

In Uganda, the Nyakatonzi Cooperative Union offered storage and ginning services to member cooperatives, allowing them to use the storage receipt system. The cooperatives did not obtain stock financing. The members were willing to wait for payment after the sale of the raw cotton. Participating producers recorded a gradual increase of over 40 percent of their income by selling raw cotton and cotton planting seeds, rather than seed cotton. The group also benefited from the increase in production without having to raise additional funds to buy seed cotton.

What instruments can be used to finance commercial services and tourism?

1320. The benefits of promoting the tourism industry lie in the fact that besides being a source of economic growth and job creation, tourism promotes the accumulation of foreign exchange and capital inflows. In addition, the tourism industry has a significant spillover effect by virtue of the activities connected to it, notably commercial activities. It is also a driving force for opening up to the global economy and integrating into it. Although funding difficulties in the area of tourism are less remarkable, it is however necessary to provide guidelines to increase and diversify funding sources to accelerate its development during the DSCERP implementation period.

1321. It is obvious that the tourism sector is a complex economic system which includes a lot of partners, interests and objectives, and whose sustainable development is particularly dependent on commitment, coordination and close cooperation between key local and international players. Thus, its sustainable funding must be part of a global view integrating all pillars and components of the system (including basic infrastructure, transportation, housing and related services). Indeed, an ambitious development of the tourism sector as proposed can only be implemented by 2016, if State intervention is limited to the development of support activities. Thus, to finance the development of the tourism industry, the banking sector must be supported by the following instruments:

- ***Developing partnerships for the financing of basic infrastructure*** through BOT (Build-Operate-Transfer) or BOOT (Build-Own-Operate and Transfer) types of concession contracts;

- ***Outsourcing tourist site management*** to tour operators who will make efforts to attract foreign direct investment to the sector;
- ***Public sector efforts should be focused on the development of support activities***, particularly through the improvement of safety, the business climate and investment in general, the grant of debt subsidies and the development of promotion and marketing mechanisms.

BOX 15. DEVELOPMENT OF THE TUNISIAN TOURISM INDUSTRY AND FINANCING STRATEGY

□ Characteristics of the Tunisian tourism industry

Before the independence of Tunisia in 1956, tourism was already an important economic activity. Tourists who visited Tunisia then were mainly Europeans and came mostly during the winter to enjoy the country's mild climate. At the time, the country had some 91 hotels with an accommodation capacity of 2 498 rooms half of which were located in the capital, Tunis.

As at the end of 2003, Tunisia had 800 hotel establishments with a total accommodation capacity of 222 000 beds, 183 000 of which were in operation. With 5 million tourists in 2002, Tunisia was receiving 23 percent of tourists in the Mediterranean basin, (France, Italy and Spain excluded).

□ Funding Strategy

Although initially the Tunisian tourism sector enjoyed strong public sector contribution, it is now dominated by the Tunisian private sector that carries out the bulk of investments in the sector. The share of foreign investments in this sector is roughly 7-8 percent of total investments. Hotel investments have benefited from **interest rate subsidies** for their investment credits (later transformed into investment premium) as well as significant **tax advantages** granted by the Tunisian government to encourage the development of the sector. Since 1998, these benefits are granted only for investments in areas called priority development zones.

These benefits, which have played their role perfectly and have assisted in **attracting significant private investment**, have unfortunately not been accompanied by incentives for investors to entrust the management of their establishments to specialized operators. This has led to the management of a substantial number of hotels by operators without the full experience or required qualifications. The vast majority of Tunisian hotels were financed through **long term bank loans**, granted mainly by development banks.

The pattern of financing hotel investments is typically 60 percent credit and 40 percent equity, and 70/30 for priority zones. Development banks have often taken minority stakes in hotels they **funded in the form of porterages** in favor of the hotel developer. Funding granted by banks has generally been based on standard investment costs per bed fixed by the services of the Tunisian National Tourism Office (ONTT). This practice is said to have led to an almost general overestimation of actual investments and a reduction of effective capital inputs in hotel companies. Thus, it is not impossible to think that many hotels were built with a debt leverage of 100 percent (or more ...) leaving the banks to single handedly assume all the hotel investment risks.

□ A new role for the State

The Ministry of Tourism sets the standards to be met by hotels in terms of development and facilities (room size and equipment).

What instruments for financing economic infrastructure?

1322. The quantity and modernity of economic infrastructure are key factors for the takeoff of a country. However, its development is tied down by the significant amount of fundraising needed. Despite the relatively high share of public resources devoted to infrastructure, the Congolese infrastructure sector has remained below expectations. Its rapid development is thus at the heart of the development strategy for the 2012-I 2016 period. In order to fill the funding gaps, the Government intends to action the levers for private sector participation in resource mobilization. Two types of instruments or methods are appropriate for this: (i) Public-Private Partnership, and (ii) Structured Financing.

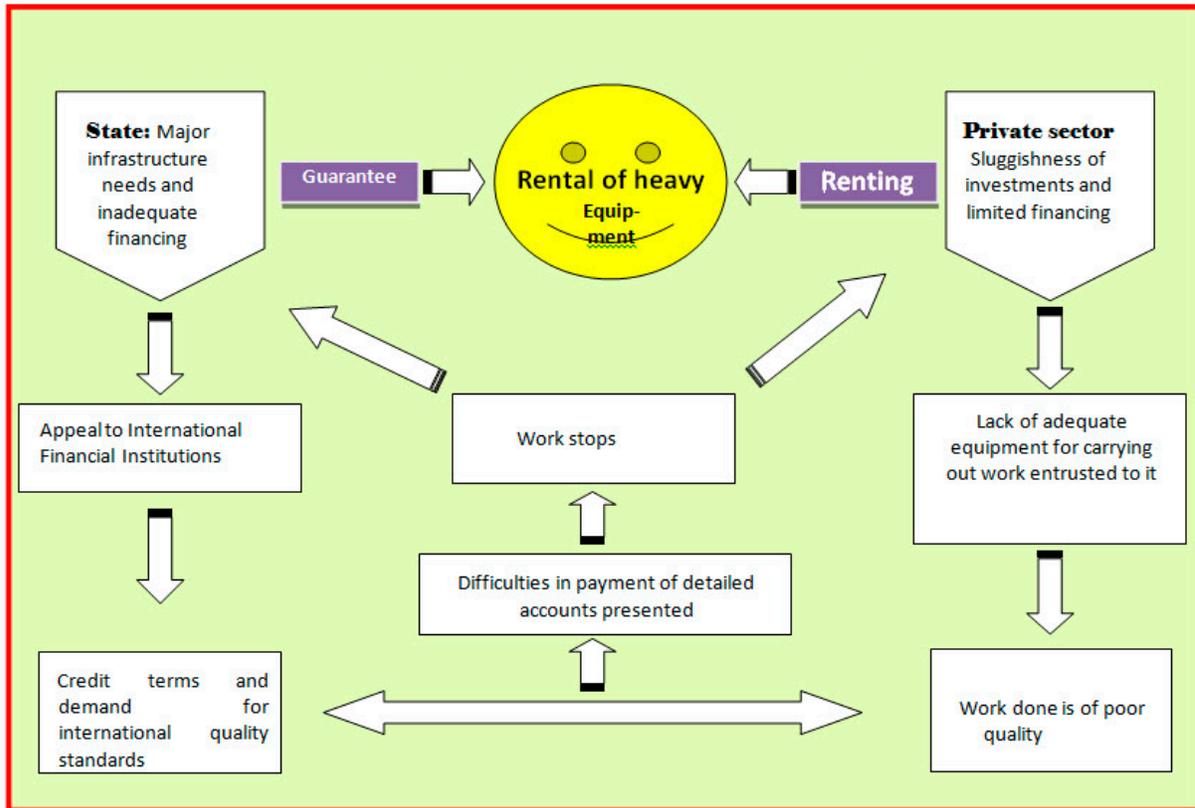
1323. **Financing through the development of Public Private Partnerships.** This funding method is increasingly used to raise private funds in the realization of economic infrastructure, thereby relieving the public accounts. The involvement of the private sector is backed by partnership agreements whose forms vary according to location and types of infrastructure involved. They range from concession contracts, sharing of production, management contracts to BOOT or BOT contracts. However, compensation for private operators raises the issue of cost and accessibility (e.g. the case of highway tolls), all these being things that can destroy efforts to reduce poverty if these costs are not well controlled. The BOT contracts experience also raises questions of sustainability of investments beyond the contractual period.

1324. Aware of these difficulties in the implementation of Public Private Partnership, the Congolese Government will create a framework for exchanges involving all stakeholders in order to safeguard the interests of all.

1325. **Financing structured credits.** One of the major difficulties faced by companies in the infrastructure sector is the right equipment, a shortfall that impacts negatively on the quality of work, making it difficult for the State to pay their invoices. The sector thus finds itself in a vicious circle. As part of the national development strategy, the Government will help create centers for heavy equipment rental. Management structures of these devices, which will be excluded from the bidding process so as not to distort competition, will lease their equipment on credit to successful contract bidders. In return, contracting authorities will guarantee the payment of rental charges by involving structures hiring the equipment in the payment of accounts. This method borrowed from structured financing will thus help in breaking the vicious cycle and encourage the building of quality infrastructure and the development of this area of the sector.

1326. It would be necessary to establish guidelines to increase and diversify sources of financing in the tourism sector so as to accelerate its development during the period of implementation of the PND/DSCERP. Attention should nevertheless be drawn to the fact that it is only through State involvement that a meaningful tourism sector can be created by 2016. Specifically, the creation of a Tourism Development Fund, which will help finance investments to build housing infrastructure, should be envisaged.

FIGURE 32. FINANCING AND CREDIT STRUCTURING DIFFICULTIES, CASE OF THE ROAD SECTOR



What are the instruments for financing education and health?

1327. As in the production sectors, the health sectors receive significant funding from the private sector. Under the NDP, the Government intends to continue to devote a significant share of budgetary resources to the sector, while encouraging private sector support. However, the Government intends to strengthen the monitoring and evaluation of private interventions to avoid excesses that can affect all development efforts. Indeed, the strong presence of the private sector in the provision of public services, as has often been the case in the health sector, may lead to enormous access costs that would exclude the poor.

Box 16. PRIVATE SECTOR INVOLVEMENT IN THE PROVISION OF BASIC SOCIAL SERVICES

In Latin America more than in any other developing region, the impact of the private sector has become enormous since the opening up since the nineties, of the health management system to multi-nationals. Many of these international companies (Aetna, CIGNA, Prudential, American Insurance Group, all based in the United States) are present in health insurance and health services. These firms invest : (i) in the repurchase of well established companies which sell insurance policies or pre paid health risk contracts; (ii) in joint ventures with other companies; and/or (iii) through deals to manage basic social coverage or public health establishments.

The system has since then developed and become rapidly modernized. However, access by vulnerable populations is limited. In Chili, in the late nineties, almost a quarter of people under the managed care system by the private sector finally preferred to be treated by a public establishment, giving as main reason the high level of financial contribution required of them in the first case.. In Argentina, hospitals, still under the public system, have seen an influx of patients with private social coverage. These patients do not have the means to pay for the contributions required of them, or are simply refused to be consulted by private doctors (as their insurance companies have refused to pay) This refusal rate ranges from between 30 and 40 percent in some hospitals. Furthermore, since care management organizations accept only relatively healthy people, the most sick are directed to the public sector.

This situation at the health level also prevails in the area of education. Asking poor households to pay for their children's school fees (be it in the private or public sector) will not promote access to universal primary education for all and is thus very unlikely to contribute to the achievement of the Millennium Development Goals.

How then can financing needs for social services be tied to universal access?

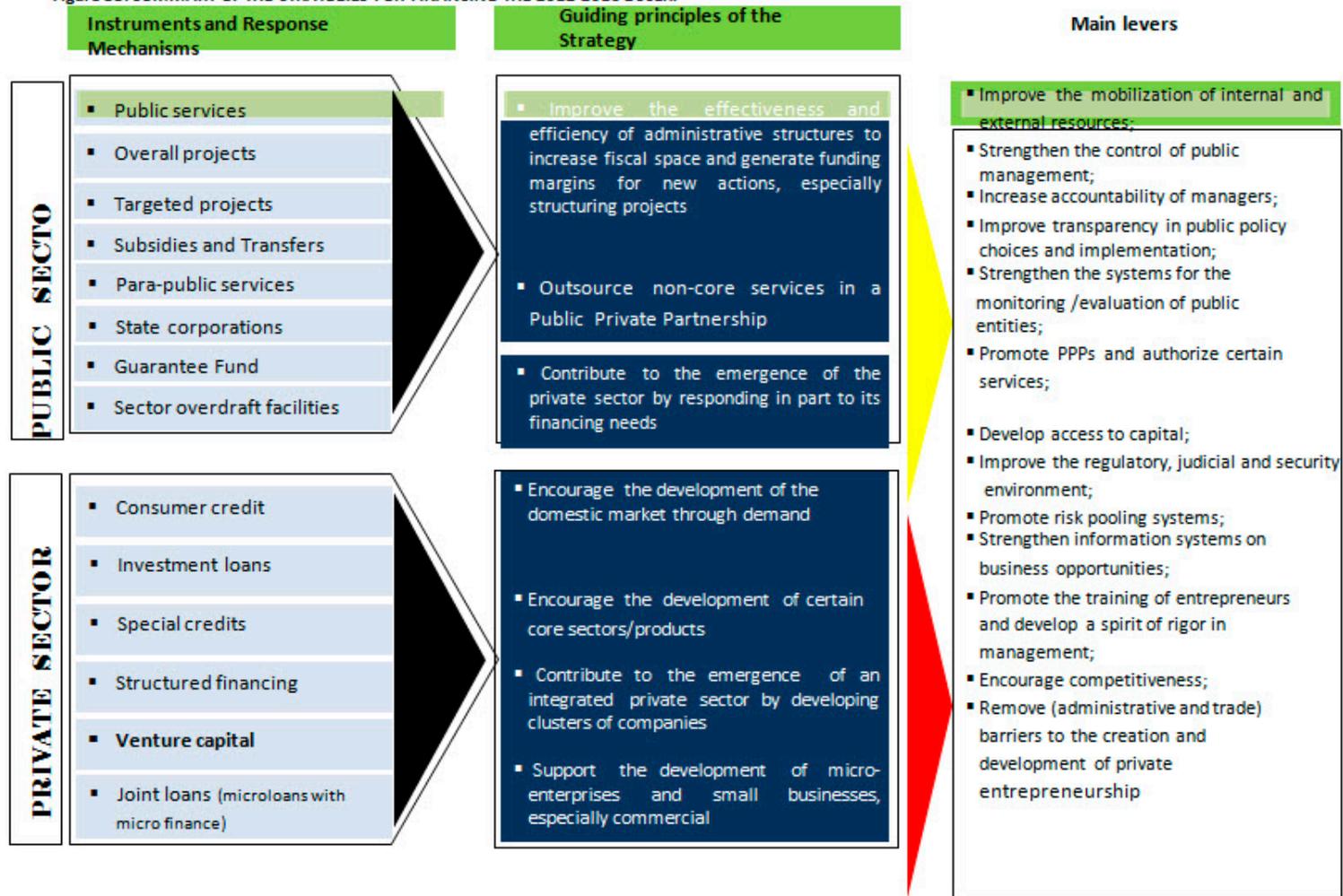
To circumvent these cost-related problems while benefiting from the funding capacity of the private sector the State has to work towards:

- **The pooling of charges.** The state has to encourage and enhance universal insurance systems. Contributions should be indexed-linked to incomes but equal access to health care should be ensured for all, without exception.
- **the targeting of public of interventions.** To enable the poor to continue to enjoy the services provided by the private sector, especially in the field of education, the State must assist them through targeted policies rather than granting the system a general subsidy . Thus, the Government could distribute to the poor coupons for free access to schools.

As part of implementation of the NDP, the Government could rely on the private sector funding capacity to rapidly increase the capabilities and quality of education and health services. This should be accompanied by the effective management of the pooling of charges and the targeting of public actions.. Furthermore, rather than cure, as in Cuba, the State should focus its efforts on the prevention of disease, thereby contributing significantly to the reduction of expenses for ensuring the good health of the population.

STP/DSCERP drawn from the Global Development Report, Chapter 5 « Private financing in the

Figure 33. SUMMARY OF THE STRATEGIES FOR FINANCING THE 2012-2016 DSCERP



CHAPTER 17: INSTITUTIONAL FRAMEWORK FOR IMPLEMENTATION AND MONITORING

1328. The implementation of the Growth, Employment and Poverty Reduction Strategy and its success is made up of key requirements among which are the **establishment of a permanent and effective information and monitoring-evaluation system**. Indeed, to highlight the impact of the poverty reduction strategies and to be able to provide the necessary information on the living conditions of the populations within reasonable time frames, it is absolutely necessary to have a suitable system of quantitative and qualitative information that is truly operational and that is able to influence policies and guide the strategic choices concerning economic and social policies, as well as those concerning the development programs and projects.

1329. It must be acknowledged that the poverty situation is not sufficiently understood and that the country does not currently have a fully operational national system of monitoring and evaluation per se.

1330. The new system for monitoring and evaluating the performance of the PAP-MTEF to be put in place within the framework of the DSCERP will be the preferred tool for knowledge and dialogue that will shed the necessary light on the sectoral development of growth, on the employment situation and on all dimensions of poverty identified.

1331. It will be structured around two poles of operationalization:

1. The Committee for Monitoring and Evaluating Public Programs and Policies (CSEPPP), under the administration of the Presidency of the Republic;
2. The National Poverty Reduction Committee (CNLP), presided over by the Minister of Economy, Planning, Territorial Development and Integration (MEPATI).

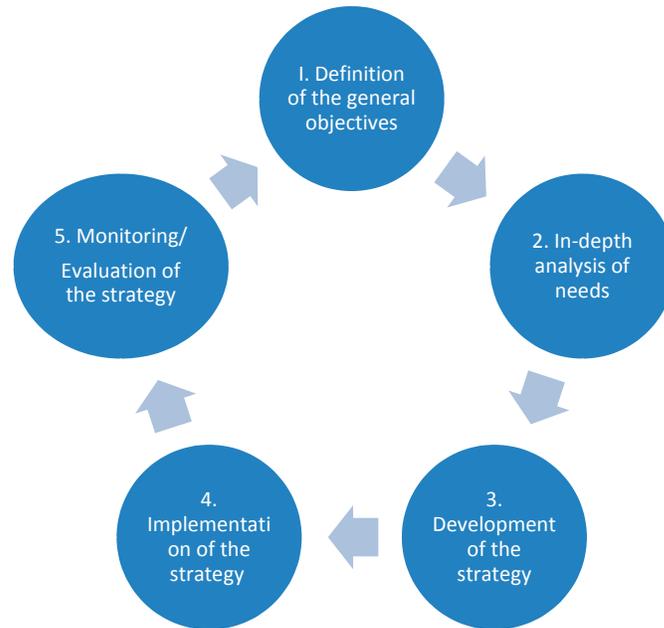
1332. In this respect, the information system will endeavor to monitor the developments and effects of policies in the priority areas or axes and to measure the performance of the development actions carried out through the various development programs and projects.

1333. The aim is to have a Managing for Development Results (MfDR) framework that is able to periodically measure the relevance, effectiveness, efficiency and sustainability of actions led by the programs and projects, as well as the scope, depth and evolution of poverty. With this objective in mind, research will focus on quantitative and qualitative data.

1334. “**The Institutional Framework for Performance Monitoring and Evaluation of the Priority Action Programs**”, sets out the trends, as well as the undertakings of the Republic of Congo as regards the monitoring and evaluation system within its context, its methodological outlines, its objectives, its missions and expected outcomes, as well as within its institutional system (at the national, sectoral and departmental levels). It also focuses on the identification of the core set of relevant indicators upon which the research, information and analysis system is based.

A. OBJECTIVE AND CONCEPT

1335. Schematically, the cycle of a public policy must comply with the following diagram:



Definition of the general objectives. The political vision and the general objectives were defined by the President of the Republic in the “Future Path”. It concerns the **modernization and industrialization of the country leading to its emergence.**

In-depth analysis of the needs and declension of an operational strategy. Next, it concerns conducting a more detailed analysis of the needs and expectations of the population, in order to develop a strategy and to design programs aimed at meeting the needs expressed by the people.

1336. It is on the basis of these **needs expressed by the people** that the axes of the PSRP1 were defined. The progress noted, as well as the challenges to be met, were presented in the completion report of the implementation of the PRSP. This report provided the bases defining and stating the flagship strategies and actions of the Growth, Employment and Poverty Reduction Strategy (DSCERP 2012-2016 – volume 1).

1337. The axes of the PRSP were broadly taken up in the DSCERP. The fight against AIDS, which represented a specific axis in the PRSP, was integrated in pillar 4 of the DSCERP: “Social Development and Inclusion”, to better reflect the cross-cutting nature of this scourge and to confront it in an effective manner. The extent of the environmental challenge and the necessity to boost the sustainable and balanced development of the national territory, have led to making these subjects a specific axis of the 2012-2016 DSCERP.

1338. **The operational strategy of the DSCERP** is thus structured around the following axes: (i) Governance, (ii) Growth and Diversification, (iii) Development of social and

economic infrastructure, (iv) Social development and inclusion, (v) Balanced and sustainable development.

1339. Implementation of a strategy. The strategy established and validated by the authorities of the country requires its implementation and materialization on the ground. The responsibility of implementing the DSCERP is incumbent upon all the ministerial departments on the basis of flagship strategies, actions and programs, the allocation of budget resources and the sectoral PAP/MTEF given in volumes 1, 2 and 3 of the National Development Plan.

1340. At the same time, the implementation of this Paper fulfills a **natural collective responsibility**. Indeed, development must be the concern of all Congolese: Government, private sector and civil society. The DSCERP is the reference document of the Government that must **guide the actions** of all the technical and financial partners.

1341. Monitoring/Evaluation. This is an essential component of the Growth, Employment and Poverty Reduction Strategy. It makes it possible to **analyze the effectiveness of public policies** defined under this strategy and to put forward courses of action in order to **redirect public policies** for better results.

1342. Two bodies are responsible for monitoring and evaluation. These are:

- The **Committee for Monitoring and Evaluating Public Programs and Policies**, placed under the administration of the Presidency of the Republic. This Committee is tasked with **monitoring and evaluating the implementation** of national development policies and strategies (cf. Art. 2 of Decree no. 2011-107 of 12 February 2011).
- The National Poverty Reduction Committee whose permanent technical secretariat is assured by the **General Directorate of Planning and Development** (cf. Decree no. 2003-60 of 6 May 2003 amending Decree no. 2001-532 of 31 October 2001 concerning the creation, responsibilities and organization of the National Poverty Reduction Committee). This Committee is presided over by the Coordinator of the “Economic Governance” governmental cluster, the Minister of Economy, Planning, Territorial Development and Integration (MEPATI).

1343. The Committee for Monitoring and Evaluating Public Programs and Policies (CSEPPP) placed under the Presidency is, in accordance with Article 2 of the decree mentioned above, empowered to:

- Monitor and evaluate the implementation of the national development policies and strategies;
- Put in place a system for monitoring and evaluating the public policies implemented;
- Regularly report to the President of the Republic and make public the results of the evaluations of the public policies implemented;
- Oversee the execution of the financing decisions fixed by the treasury committee.

1344. As regards Decrees no. 2001-532 of 31 October 2011 and its amendment (cf. no. 2003-60 of 6 May 2003), the Permanent Technical Secretariat of the National Poverty Reduction Committee is responsible for:

- Studying and analyzing reliable poverty data in the Congo on an ongoing basis;

- Coordinating all human and financial resources linked to the poverty reduction strategy;
- Strengthening the dynamic of the poverty reduction policies;
- Controlling and measuring the impact of the socio-economic policies on poverty reduction;
- Monitoring and evaluating the policies linked to poverty reduction in the Congo within the scope of negotiations with the international financial institutions;

1345. Designing strategies enabling the Congo to derive maximum benefit in view of long term poverty reduction. The necessity of putting in place and ensuring the functioning of decentralized structures for reducing poverty at the departmental level in the monitoring of public intervention is thus clearly brought to light.

1346. As regards Decrees no. 2001-532 of 31 October 2001 and its amendment (cf. no. 2003-60 of May 2003), the necessity of putting in place and ensuring the functioning of decentralized structures for the fight against poverty at the departmental level in the monitoring of public intervention is thus clearly brought to light.

B. SPECIFIC MONITORING-EVALUATION OBJECTIVES OF THE NATIONAL DEVELOPMENT PLAN

1347. Beyond a final phase of a public policy, monitoring-evaluation is not an end in itself; it is above all, **a means** of improving the effectiveness of public policies. It then becomes a question of a fully-fledged component of an **iterative and continuous process** of improvement within the scope of public intervention. It should be highlighted that this phase is only useful if the lessons learnt and the ensuing recommendations are **taken into account in the development of future public policies**.

1348. The specific objectives of the monitoring-evaluation are:

- Noting **the progress and the delays** compared with the activities and objectives defined beforehand;
- Ensuring the **allocation of resources** and the proper use of allocated resources;
- Measuring **the results** obtained with the help of the indicators chosen;
- Identifying and locating the **factors of success and the bottlenecks**;
- Providing a **critical and constructive analysis** on the design of the strategy, its implementation and the responsibilities of the different actors;
- Putting forward **recommendations** for the continuation of the implementation of the strategy and for the design of future public policies.

C. GUIDING PRINCIPLES OF THE MONITORING AND EVALUATION

1349. In order to pursue the objectives listed above, the **following principles** will guide the monitoring and evaluation process:

- The monitoring and evaluation mechanism must be **based on existing structures**. It is not a question of creating new structures, but of making existing ones and those that were slow in becoming operational during the first-generation implementation period of the DSRP, operational and effective. The challenges encountered in the monitoring and evaluation of the DSRP are also outlined in the DSRP completion report. Characterized by **pragmatism**, the new monitoring and evaluation mechanism must be **flexible, functional and must be adaptable** to the challenges encountered on the ground.

- Emphasis must moreover be placed on the **development of available statistics** to favor a **rigorous quantitative approach** based on **reliable and comparable data**. The quality of the monitoring and evaluation will largely depend on the dynamism of the new National Statistical Institute (INS). Indeed, statistics are essential for preparing an objective and exhaustive report, which are beneath criticism, to formulate policies that take into account this report and to measure the progress achieved.

- Beyond this quantitative approach required for any evaluation of public policy, it is also advisable to **develop a qualitative and analytical approach** based on the evolution of the living conditions of the populations, the curbs and the obstacles to the sustainable improvement of their living conditions, and the perceptible and possible limitations of the growth, employment and poverty reduction strategy.

- The SCERP monitoring and evaluation mechanism will also be marked by **transparency** and **communication** of the overall progress of the strategy. A cross-cutting objective of monitoring/evaluation will be to **give an accurate and unbiased account** of these different elements to all the ministerial departments, parliamentarians, citizens, civil society organizations, as well as to the technical and financial partners (TFP).

- A **coordination effort** must be carried out under the **leadership of the presidency of the Republic and of the Ministry of Economy, Planning, Territorial Development and Integration** tasked with first and second level monitoring and evaluation, in order to ensure that the actions carried out on the ground by all the actors are effectively structured around the guidelines advocated in the DSCERP.

D. BREAKDOWN OF THE MONITORING-EVALUATION PHASES

1350. The monitoring and evaluation is broken down schematically into **several phases: continuous monitoring, mid-term evaluation and a final evaluation**. While the phases follow the objectives previously mentioned in a complementary manner, they answer to a specific logic:

- the **continuous monitoring** aims to ensure the smooth progress of the actions and observance of the timetable according to the technical, financial and human constraints under the responsibility of MEPATI;
- the objective of the **mid-term evaluation** is to note the main progress and to recommend, if needs be, any modifications aimed at refining and modifying the axes/programs of the strategy in accordance with the constraints that arose and the bottlenecks noted;
- the aim of the **final evaluation** is to provide an analysis and a general assessment on the achievement or the non-achievement of the expected outcomes. They may, in particular, serve as a starting point and a reference point for developing a new strategy. This falls under the full responsibility of the presidency of the Republic.

1351. For each of these phases, the following set of elements must be determined: **the object of the analysis, the form** (method of distribution of the analysis, frequency, confidentiality), **the chain of responsibility** (actors involved, level of responsibility, relations between the actors).

CONTINUOUS MONITORING OF ACTIONS

At the departmental level

1352. The Planning and Development departmental offices will put forward a list of the public bodies (decentralized departments in the fields of health, teaching of TP²⁸, etc.), civil society and of the private sector together with their representatives, that must constitute the Departmental Poverty Reduction Committee (CDLP).

1353. **Quarterly meetings of the Departmental Poverty Reduction Committee** will be organized in each department. These meetings, **chaired by the Prefect**, will be **hosted by the Planning and Development departmental offices**, supported if necessary, by the staff of the DGPD. The technical and financial partners involved in the departmental projects may also be invited.

1354. At the conclusion of these quarterly meetings, **a report drafted by the Planning and Development departmental offices, co-signed by the Prefect and the representative(s) of local civil society and of the private sector, shall be made public.** This report must accurately echo the content of the discussions and the information disclosed. The following **indicative** outline may serve as a common base for the development of the report:

- I. *Actions carried out and progress noted per axis*
- II. *Constraints and bottlenecks recorded*
- III. *Existing measures (a), utilized (b) to be created (c) to remedy the bottlenecks.*

1355. The reports will be submitted to the Chairman of the National Poverty Reduction Committee (Minister of State, Coordinator of the Economic Cluster, MEPATI), and thereafter analyzed by its technical secretariat (Directorate General of Planning and Development – MEPATI).

1356. On the basis of the departmental reports, a summary report will then be prepared by the Permanent Technical Secretariat of the CNLP, signed by the president of the National Poverty Reduction Committee and will then be made public. It may contain **recommendations aimed at the governmental clusters** and their respective ministerial departments, in order to facilitate the implementation of the strategy at national and departmental levels.

At the central level

Overall system

1357. **The Committee for Monitoring and Evaluating Public Policies and Programs (CSEPPP)** attached to the General Secretariat of the Presidency, will be tasked with supervising and managing the overall process of monitoring-evaluation and the implementation of the SCERP.

1358. The set of monitoring activities will be **orchestrated by the General Directorate of Planning and Development** as technical secretariat of the National Poverty Reduction Committee.

At the level of governmental clusters

²⁸ Translator's note: uncertain of the abbreviation, could refer to "*travaux publics*" = civil engineering.

1359. DESCRP monitoring must be the object of a **biannual meeting under the coordination of the political representatives of the thematic discussion and drafting groups. Pillar 1: “Governance”**, will be led by the Ministry of Justice and Human Rights;

- **Pillar 2 “Growth and Diversification”** will be led by the Ministry of Industrial Development and Promotion of the Private Sector;
- **Pillar 3: “Infrastructure”** will be led by the Ministry of Transport, Civil Aviation and Merchant Marine;
- **Pillar 4 : “Social Development and Inclusion”** will be led by the Ministry of Labor and Social Security;
- **Pillar 5: “Balanced and Sustainable Development”** will be led by the Ministry of Sustainable Development, Forest Economy and the Environment.

1360. The permanent technical secretariat of the National Poverty Reduction Committee will take part in these meetings. The CSEPPP, the presidential body, may participate in these meetings.

1361. These meetings will be the opportunity to carry out an inventory of the actions implemented and provided for under the strategy. Each ministerial department will have prepared feedback beforehand on the qualitative and quantitative information of these decentralized structures.

1362. A summary of the conclusions of these biannual meetings will be produced by the permanent technical secretariat of the National Poverty Reduction Committee and shall be made public. This summary may take the following form:

- *Actions carried out per program*
- *Problems encountered*
- *Existing measures (a), utilized (b) to be created (c) to remedy the bottlenecks.*

In view of the development of the thematic approach, the National Poverty Reduction Committee must mutate into the permanent technical secretariat for growth, employment and poverty reduction (a new decree reorganizing and expanding the prerogatives of the CNLP will be issued in this respect). It must, among others, ensure the specific monitoring of the implementation of the policy of diversification through the clusters.

At the level of technical and financial partners

1363. **Biannual meetings with all the technical and financial partners** will be held to present the progress of the operations, the initiatives under way and those to come. These meetings will be co-chaired by the Minister of State and Economy, Planning, Territorial Development and Integration, the President of the National Poverty Reduction Committee (reformed) and the United Nations resident representative. The secretaryship will be provided by the DGPD as part of the responsibilities of the ***Permanent Technical Secretariat of the National Poverty Reduction Committee.***

1364. The objectives of the meetings with the TFP will be to:

- *carry out a review of the actions carried out by each partner;*
- *take advantage of the sectoral expertise of the technical and financial partners;*

- ensure the link-up of the interventions of the technical and financial partners with the sectoral orientations of the DSCERP;
- avoid possible duplication in the interventions of the sponsors;
- take advantage of the geographic and thematic synergy between the interventions of the sponsors and the actions carried out at the same time by the government;
- Identify the existing bottlenecks and putting forward concrete solutions to improve the framework and the quality of the interventions of the sponsors and of Government.

These meetings will constitute a permanent consultation framework (Government-TFP) for the establishment of a management platform for official development assistance.

Physical control of public investments

1365. The General Directorate of Planning and Development (MEPATI) will prepare quarterly **inspection reports on the public investment projects**. These reports produced on the basis of field missions in all the departments, will enable the financial and physical monitoring of the projects. The decentralized administrative structures will also participate in these technical control missions.

1366. An effort will be developed to **improve the qualitative content of the observations** and information on the **performance indicators** that are linked to the projects.

1367. These quarterly reports will also be the object of **an annual summary report that will be made public** (to parliament, civil society organizations); the TFP may receive certified copies at their request.

Statistical monitoring

1368. As stipulated in the Priority Action Program of the Ministry of Economy, Planning and Development, the National Statistical Institute (INS) is tasked with, among others:

- Guaranteeing the definitions and methods of calculation of the indicators;
- Centralizing the following indicators: macro, meso- and micro-economic, social indicators of good governance, environmental, etc.; and annual);
- Collecting data at the departmental level;
- Conducting panel surveys;
- Processing and cleaning up the data;
- Organizing the sessions;
- Publishing periodic indexes (quarterly, half-yearly training in the field of statistics).

1369. It must have the following resources:

- raw data collected from surveys conducted on the ground;
- statistical data provided by the central government office for studies and planning of the ministries and departmental divisions;
- the data in partnership with the University and the TFP.

1370. **The following actions will thus be implemented by the INS within the framework of the NDP during the period 2012-2016:**

- Execution of the national statistics development strategy (SNDS) 2012-2016;
- Detailed exploitation of the data obtained from the national household poverty assessment survey (ECOM-2);
- Continuing with conducting the second demographic and health survey of the Congo (EDS 2);
- Country statistics development program and labor statistics;
- Exploiting the results of the RGPH and preparation of the next RGPH;
- National survey on employment and the informal sector;
- Conducting periodic sector-based surveys;
- Conducting the ECOM-3 survey;
- Conducting the EDSC 3 survey;
- 2017 RGPH;
- etc.

1371. The information gathered at the close of these surveys will assist in understanding the evolution of the Congolese socio-economic indicators. The National Statistical Institute will be tasked with updating the indicator matrix from the results of the DSCERP.

MID-TERM EVALUATION

1372. Mid-terms evaluations are conducted in order to prepare the **mid-term reports of the actions carried out, the results achieved and the recommendations for the remaining period**. These evaluations must commence prior to the start of the second semester of 2014. The results will then be presented at the end of the third quarter of 2014 so that the recommendations may be formulated and taken into account in the redefinition of the programs and actions to be implemented for subsequent years.

1373. **Each axis** of the strategy will be subjected to a **specific evaluation** conducted by an **independent body**, with the involvement of the decentralized departmental structures, the civil society organizations and the development partners participating in the programs. The terms of reference of these evaluations will be compiled by the Permanent Technical Secretariat of the National Poverty Reduction Committee, together with the sectoral ministries and will then be validated by the Chairman of the National Poverty Reduction Committee and the CSEPP. These evaluations must address the following points:

- the **actual allocation** of State expenditure in comparison with the forecasted allocation;
- the **actual use** of these funds;
- the **activities** carried out and the **progress** noted;
- the **problems**, curbs, bottlenecks noted and the **existing means or those to be worked out to resolve them**;
- the **recommendations** for the forthcoming period.

1374. These evaluations will be the object of a **government assessment note that will also be made public**. This note will specify the position of the Government and the manner in which it intends to implement the recommendations and its action plan for the next period.

1375. In order to carry out these evaluation missions and in addition to facilitating the field mission, the following documents will be made available to the teams:

- *PRSPI completion report;*
 - *National Development Plan volumes (1, 2, 3 and 4);*
 - *Basic statistical data (ECOM, EDS, etc.) as well as that concerning the implementation of the SCERP;*
 - *Quarterly reports of the Departmental Poverty Reduction Committees for the Fight against Poverty, Executive summary and recommendations of the STP-SCERP;*
 - *Quarterly and annual reports on the control of the physical and financial execution of public investments;*
 - *An account of the conclusions of the ministerial meetings;*
 - *An account of the conclusions of the State-TFP meetings.*
- Etc.*

FINAL EVALUATION

1376. A final evaluation per axis will be carried out. It will focus on a **final assessment of the components of the mid-term evaluations with recommendations to strive towards the guidelines of the prospective “Congo Vision 2025” document**.

- **Cross-cutting** evaluations will be carried out which will focus on:
- the **involvement of the private sector and the voluntary sector** in the implementation of the SCERP;
- the **contribution of sponsors;**
- the **institutional mechanism for the implementation of the SCERP;**
- the effectiveness of the monitoring and evaluation mechanism of the SCERP.

1377. The terms of reference of these evaluations will be developed by the STP of the CNLP, in conjunction with the Sectoral Ministries and validated by the CNLP and the CSEPP. These evaluations will commence in 2017. Once completed, they will be made public and will serve as a support to the preparation of the new development strategy for the forthcoming period.

1378. These evaluations will be the object of a **government assessment note that will also be made public**. This note will specify the position of the Government on the contents of the evaluation reports and the manner in which it intends to adjust its sectoral policies for the next period.

A. Specific responsibility of the different actors:

1379. **The Committee for Monitoring and Evaluating Policies and Programs (CSEPP)** set up by the Presidency of the Republic through Decree 2011-107 of 12 February 2011

concerning the creation, responsibilities and organization of the aforementioned Committee, is entrusted in particular with:

- Monitoring and evaluating the implementation of the national development policies and strategies;
- Putting in place a system for monitoring and evaluating public policies;
- Undertaking studies and surveys aimed at assessing the impact of the public policies implemented;
- Reporting regularly to the President of the Republic and making public the results of the evaluations of the public policies implemented;
- Overseeing the execution of the financing decisions adopted by the Committee and the Treasury (cf. Article 2).

1380. Its organization and functioning are described in the Decree mentioned above.

➤ **The Permanent Technical Secretariat of the National Poverty Reduction Committee**, which is provided by the General Directorate of Planning and Development (MEPATI), is responsible, on behalf of the said Committee, for:

- Studying and analyzing the reliable data on poverty in the Congo on an ongoing basis;
- Coordinating all the human and financial resources linked to the poverty reduction strategy;
- Strengthening the dynamic of the poverty reduction policies;
- Overseeing the implementation of the projects linked to poverty reduction;
- Controlling and assessing the impact of the socio-economic policies on poverty reduction;
- Monitoring and evaluating the policies linked to poverty reduction in the Congo as part of the negotiations with the international financial institutions;
- Designing strategies that may enable the Congo to derive maximum benefit in order to achieve long term poverty reduction (cf. Article 3 of Decree no. 2001-532 of 31 October 2001).

1381. In this regard, it will ensure the proper organization and convening, by the Planning and Development departmental offices, of quarterly meetings, as well as the preparation of the summaries of the reports submitted to the CNLP.

1382. Decree 2003-60 of 6 May 2003 modifying the Decree mentioned above concerning the creation, responsibilities and organization of the National Poverty Reduction Committee, has re-clarified in its Article 2 (new) that the National Poverty Reduction Committee reports to the Minister of Planning, Territorial Development and Economic Integration, who is the Chairman.

1383. Besides these missions, the Secretariat of the National Poverty Reduction Committee is also tasked with providing the CSEPPP with “material” as part of its responsibilities.

➤ **The General Directorate of Planning and Development, in addition to its role as the Permanent Technical Secretariat of the National Poverty Reduction Committee**, ensures the Programming and Control of Public Investments, in line with the DSCERP, the PAP and the sectoral MTEF defined beforehand. Together with the Centre for Investment Project

Studies and Evaluation (CEPI), they support its departmental offices in the identification of public investment projects at the local level.

- **The Ministries responsible for the Strategic Axes must** facilitate the implementation of the DSCERP and the intervention of the external actors. They will organize bi-annual meetings whose objective will be to assess the progress of the activities under their respective portfolios that fall within the scope of the implementation of the DSCERP. They will make public a communiqué on the conclusions of these bi-annual meetings.

1384. They will furthermore compile a preliminary version of the terms of reference of the mid-term evaluations and the final evaluations that will be submitted to the Directorate General of Planning and Development. They will compile draft government assessment notes of the mid-term and final evaluation reports that will be submitted to the National Poverty Reduction Committee and to the CSEPPP.

1385. As Chairman of the National Poverty Reduction Committee, **the Minister of Planning will be responsible for convening a bi-annual consultation meeting with the TFP.**

- **The sectoral Ministries are responsible for the implementation of the Growth, Employment and Poverty Reduction Strategy** in cooperation with their decentralized structures. They will facilitate the supervisory work carried out by the DGPD and by the teams responsible for the mid-term and final evaluations.

1386. More specifically, their role is the preparation of their budget, of the budget allocation within their structure and within their MTEF, as well as the implementation of their priority activities. As such, each of the ministries will prepare an Annual Work Plan and Budget (AWPB), taken from their respective PAP-MTEF for the period of the implementation of the strategy.

- **The Prefects or their appointed representatives are responsible for chairing the meetings of the Departmental Committees for Poverty Reduction, and for co-signing the minutes of the meeting together with the civil society representative.**
- **The Planning and Development departmental offices are responsible for defining a progressive list of the departmental poverty reduction committees, coordinating the departmental meetings of these committees, compiling the reports of these meetings and contributing their expertise in the field of engineering and local development.**
- **The decentralized ministerial offices are responsible for:**
 - actively participating in the meetings of the Departmental Poverty Reduction Committee;
 - proposing avenues for putting in place sustainable solutions to the problems encountered locally;
 - making available the full set of information on the implementation of the activities at the level of their central administration.
- **The National Statistical Institute** is responsible for organizing surveys and for the data processing, analysis and publication of the results. It will provide statistical monitoring of the

DSCERP indicators that fall within the field of its competence. It will assist and participate in the meetings of the CNLP and the TFP. The INS will be tasked with updating the matrix of indicators of the results of the DSCERP.

- **The Technical and Financial Partners** will implement development and support programs and projects in accordance with the strategies recommended in the DSCERP. They may participate in the monitoring-evaluation departmental meetings. The TFP will also be invited to get involved in the evaluation process. They will be invited to actively participate in the State-PTF meetings.
- The civil society organization (CSO) representatives are responsible for participating in the meetings held by the Departmental Poverty Reduction Committee and those held by the State-TFP in a constructive and positive manner, by bringing their expertise and knowledge of the field within the closest possible reach of the vulnerable populations.

B. Recalling the deliverables and methods of distribution

1387. Taking into account the mechanism described below, the deliverables of the monitoring-evaluation phase for the 2012-2016 period of the DSCERP will be as follows:

- *Quarterly reports of the 12 Departmental Poverty Reduction Committees;*
- *Quarterly summaries compiled by the STP-CNLP;*
- *Reports on the conclusions of the bi-annual meetings of the Ministries heading up the axes of the DSCREP;*
- *Report on the conclusions of the quarterly “State-TFP” meetings.*
- *Quarterly (4) and annual (1) report on the control of the financial and physical execution of public investments;*
- *Mid-term evaluation reports;*
- *Final evaluation report.*

1388. These deliverables will then, insofar as is possible, be distributed with the help of the following resources:

- *Hard copy*
- *The press*
- *Mailing List*
- *Website*

C. Indicators

Indicator matrix for monitoring the DSCERP (cf. Annex 1).

1389. **In sum:** The implementation of an information system for monitoring and evaluating the SCERP presents undeniable advantages in a country like the Congo, where numerous constraints are interfering with the functioning of the State apparatus and the regular production of national statistics.

1390. This new system brings elements of response to the concerns that have arisen from the interventions of the authorities, of civil society, of the private sector and of the TFP, in the different domains targeted by the SCERP, with a view to reducing poverty.

1391. The Performance Monitoring and Evaluation of the Priority Action Programs will essentially be focused on two major areas of interest, namely:

- the policies and the political, economic and social development measures;
- the implementation of the Priority Development Programs and Projects.

1392. For each of the above-mentioned areas, the overall objective remains the same, in other words: “to have on the one part, the possibility of identifying and assessing the impact of the actions, interventions, decisions or measures concerning the macro-economic sectoral policies regarding development in general and, on the other hand, to verify and evaluate the success of the Programs and Projects and the impact of their intervention on the living conditions of the people”. To achieve this ambition, the Institutional Framework for Performance Monitoring and Evaluation of the Priority Action Programs, must make it possible to identify, in an objective and permanent manner, the target groups, the real needs insofar as information and statistical data are concerned, the involvement of all the actors (Government, Decentralized Services, Private Sector, TFP and the Civil Society Organizations), and as a priority, the populations concerned and lastly, to ensure the proper coordination of the actions at all levels.

1393. In addition to the foregoing, the determining factor is still and remains enhanced policy support, from which the various structures at all levels responsible for this mission should benefit to better honor their terms and conditions and to assume their responsibilities with confidence. This support must then be accompanied by sufficient human, material and financial resources. It must also receive permanent technical support from the development partners in the Congo of which monitoring and evaluation constitutes one of the priority areas of interest.

1394. In this regard, the training of human resources constitutes one of the pillars of the effectiveness and sustainability of the system. It will be part of an overall harmonious strategy to strengthen human resources capacities to the benefit of all structures or units (from the central level to the departmental and local level) committed to the implementation of the process. This approach will make it possible to respond favorably to concerns about harmonizing the tools for the collection, processing, analysis and distribution of the information on the phenomenon of poverty.

1395. This mechanism is called upon to function on the basis of permanent concertation and dialogue with all the partners. It will enable information to be made available to all the departments of the country, on all aspects of human development, in such a way as to ensure that appropriate decisions are taken.

ANNEX 1 : MATRIX OF THE MAIN INDICATORS OF THE OUTCOMES OF THE STRATEGIC DOCUMENT FOR GROWTH, EMPLOYMENT AND POVERTY REDUCTION



POLICY OBJECTIVE OF THE “FUTURE PATH”

EMERGENCE OF THE COUNTRY

Specific objectives	Indicators	Source
Improving per capita wealth	GDP per capital in \$ - purchasing power parity	<i>World Bank</i>
	Change in the international GDP ranking and purchasing power parity (in USD)	
Improving the level of human development	Human Development Index	<i>United Nations Development Program</i>
	Change in the global HDI ranking	
Representing the Congolese economy in Africa	Weight of the Congolese economy in the African economy	<i>World Bank / International Monetary Fund</i>
	Weight of Congolese exports in overall African exports	



MEANS OF ACHIEVING THE POLICY OBJECTIVE

MODERNIZATION

Specific objectives	Indicators	Source
Improving access to new information and communication technologies	Number of households with fixed Internet access	<i>National Statistical Institute - ECOM – Ministry of Post, Telecommunications and New Communication Technologies</i>
Increasing life expectancy	Change in life expectancy at birth	<i>World Health Organization – World Bank data</i>
Promoting enrolment at the tertiary education level	Tertiary enrolment rates (total, girls, boys)	<i>National Statistical Institute – Ministry of Higher Education and Research</i>

Promoting the economic and political participation of women in the development of the Congo	Percentage of women in high level political roles (Director General, Ministers, Congresswomen, Senators, Mayors, Prefects)	<i>Ministry of Women's Affairs and the Integration of Women in Development</i>
	Employment rate for women	<i>National Statistical Institute - Ministry of Women's Affairs and the Integration of Women in Development</i>
Reducing poverty and unemployment	Percentage of people living below the poverty line	<i>National Statistical Institute – Congolese household survey – Ministry of Labor and Social Security</i>
	Overall unemployment rate and unemployment rate amongst the youth	
	Social security cover	

INDUSTRIALIZATION

Specific objectives	Indicators	Source
Developing industrial activities	Development in the number of industries	<i>Ministry of Industrial Development and Private Sector Promotion – National Statistical Institute</i>
	Share of the non-oil industrial sector in the GDP	
	Development of employment in the secondary sector	
Strengthening the secondary sector in the economy	Development of value added in the secondary sector	
	Share of the secondary sector in the economy	



STRATEGIC AXES FOR GROWTH, EMPLOYMENT AND POVERTY REDUCTION

AXIS I - GOVERNANCE

Specific objectives	Indicators	Source
Effective budget allocation	Allocation provided for in the Central MTEF	<i>National Development Program - Volume 3 Macro-economic and budgetary framework - Macro-economic and Budgetary Framework Committee.</i>
	Allocation included in the initial budget	<i>Budget bill – Ministry of Finance</i>
	Final budgetary execution	<i>Annual budgetary execution report – Ministry of Finance</i>

Promoting democratic governance	Voter turnout	<i>Ministry of the Interior</i>
	CPIA ranking	<i>CPIA website</i>
Improving the business climate	Doing Business ranking	<i>Doing Business website</i>
Improving public finance management	Percentage of project allocations in accordance with the method of procurement in use	<i>Ministry of Finance, Budget and Public Portfolio</i>
	Level of autonomy of public service salaries	

AXIS 2 – ECONOMIC GROWTH and DIVERSIFICATION

Specific objectives	Indicators	Source
Promoting growth	Real GDP growth	General Directorate of Economy -MEPATI
	Non-oil GDP growth	
	GDP growth of the secondary sector	
Developing the activities of the growth clusters	Evolution of the contributions of the branch to the economy	
	Number of jobs created	
	Evolution of the non-oil trade balance	

AXIS 3 – INFRASTRUCTURE

Specific objectives	Indicators	Source
Improving transport infrastructures	Number of kilometers of tarred roads	Ministry of Transport, Civil Aviation and Merchant Marine
	Number of passengers transported by the CFCO	
	Volume of goods transported by inland waterways	
	Actual number of containers handled	
	Number of operational air terminals	
Improving access to energy, drinking water and sanitation	Energy access rate	Ministry of Energy and Hydraulics
	Drinking water access rate	
	Sanitation access rate	

AXIS 4 – HUMAN RESOURCES

Specific objectives	Indicators	Source
Improving education at all levels as well as skills and vocational training	Primary enrollment ratio	Ministry of Primary and Secondary Education
	Primary completion rate	
	Rate of transition from primary to secondary	
	Secondary enrollment ratio	
	Secondary completion rate	
	Taux d'achèvement du collège au lycée Rate of transition from secondary to high school	Ministry of Technical and Vocational Education
	Pass rate for the technical and vocational State exams	Ministry of Higher Education and Research
	Tertiary enrollment ratio	
	Tertiary completion rate	
Rate of unemployment amongst university graduates		
Improving the state of health of the population	Maternal mortality rate per 100 000 live births	Ministry of Health – National Statistical Institute (National survey on health development)
	Infant and child mortality rate	
	HIV/AIDS prevalence rate	
	Tuberculosis prevalence rate	
	Malaria prevalence rate	
	Percentage of the population below the minimum calorie intake	

AXIS 5 – BALANCED AND SUSTAINABLE DEVELOPMENT

Specific objectives	Indicators	Source
<i>Balanced development</i>		
Decrease in the inequalities in urban and rural environments	Gap between the poverty rate in urban and rural areas	National Statistical Institute – Congolese household survey

Promoting development in the departments	Percentage of public revenue allocated to the local authorities	Ministry of Finance, Budget and Public Portfolio – Ministry of the Interior and Decentralization
	Access to energy, water and sanitation in rural areas	Congolesse household survey
	Access to basic health care in rural areas	
<i>Sustainable development</i>		
<i>Limiting net Co² emissions</i>	Evolution of net CO ² emissions	Ministry of Sustainable Development, Forest Economy and the Environment
Ensuring sustainable management of natural resources	Percentage of developed forests	
	Planted areas	
	Coverage of protected areas	

Outcome indicators for each cluster

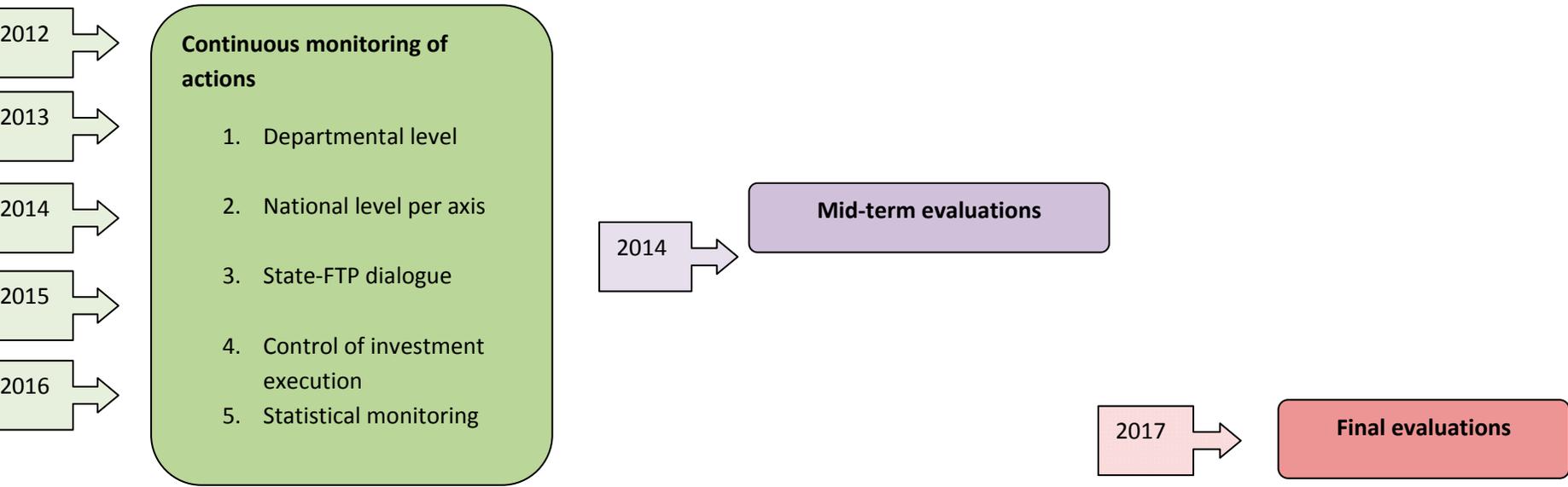
<i>Agriculture</i>	<ol style="list-style-type: none"> 1. Value added of the cluster (in volume, in annual growth and % of GDP) 2. Change in the number of foreign and national SMEs in the cluster 3. Change in the number of formal jobs in the sector 4. Share of the working population of the cluster compared with the overall working population 	<i>Development of local agricultural production compared with imports</i>
Forestry		<i>Conversion rates for the local production of wood</i>
Public Works & Construction		<i>Number of social housing projects</i>
Mines		<i>Number of mining sites started</i> <i>Percentage of production converted on site</i>
Oil		<i>Change in oil revenues / Share of the State in oil production</i>
Tourism		<i>Change in the number of tourists / Share of tourist visits in the overall number of visits</i>
Financial services		<i>Access rate to financial services</i>

Annex 2 : EXPLANATORY DIAGRAM OF THE MONITORING/EVALUATION MECHANISM

PERMANENT TECHNICAL SECRETARIAT OF THE POVERTY REDUCTION COMMITTEE

(Directorate General of Planning and Development – Ministry of Economy, Planning, Territorial Development and Integration)

Main function: Supporting the CSEPP and the CNLP in their respective responsibilities, executing the directives of the CSEPP and the CNLP and ensuring that the monitoring/evaluation operations are carried out efficiently



CONTINUOUS MONITORING OF ACTIONS

I. AT THE DEPARTMENTAL LEVEL

Body responsible:

Departmental Poverty Reduction Committee

Associated structures:

Prefecture, Planning and Development departmental offices, civil society organizations.

Frequency of meetings:

Quarterly

Deliverables:

Meeting report, co-signed by the Prefect and the civil society representative
Summary prepared by the PTS of the CNLP to the CNSEE and made public

II. AT THE NATIONAL LEVEL PER AXIS

Body responsible:

Ministries appointed to lead the monitoring of the DSCERP

Associated structures:

Ministers involved in the different axes of the Permanent Technical Secretariat of the CNLP

Frequency of meetings:

Biannual

Deliverables:

Summary of the conclusions of the meetings made public

III. STATE-TFP DIALOGUE

Body responsible:

CNLP

Associated structures:

Technical and Financial Partners
CSO representatives
Permanent Secretariat of the CNLP
CNSEPP

Frequency of meetings:

Biannual

Deliverables:

Summary of the conclusions of the meetings made public

IV. CONTROL OF THE EXECUTION OF PUBLIC INVESTMENTS

Body responsible:

Directorate General of Planning and Development

Associated structures:

Ministerial Departments
Decentralized structures

Frequency of missions:

Quarterly

Deliverables

Procedure manual
Quarterly reports
Annual summary

V. STATISTICAL MONITORING

Body responsible:

National Statistical Institute

Associated structures:

Ministerial Departments
Decentralized structures
Technical and Financial Partners

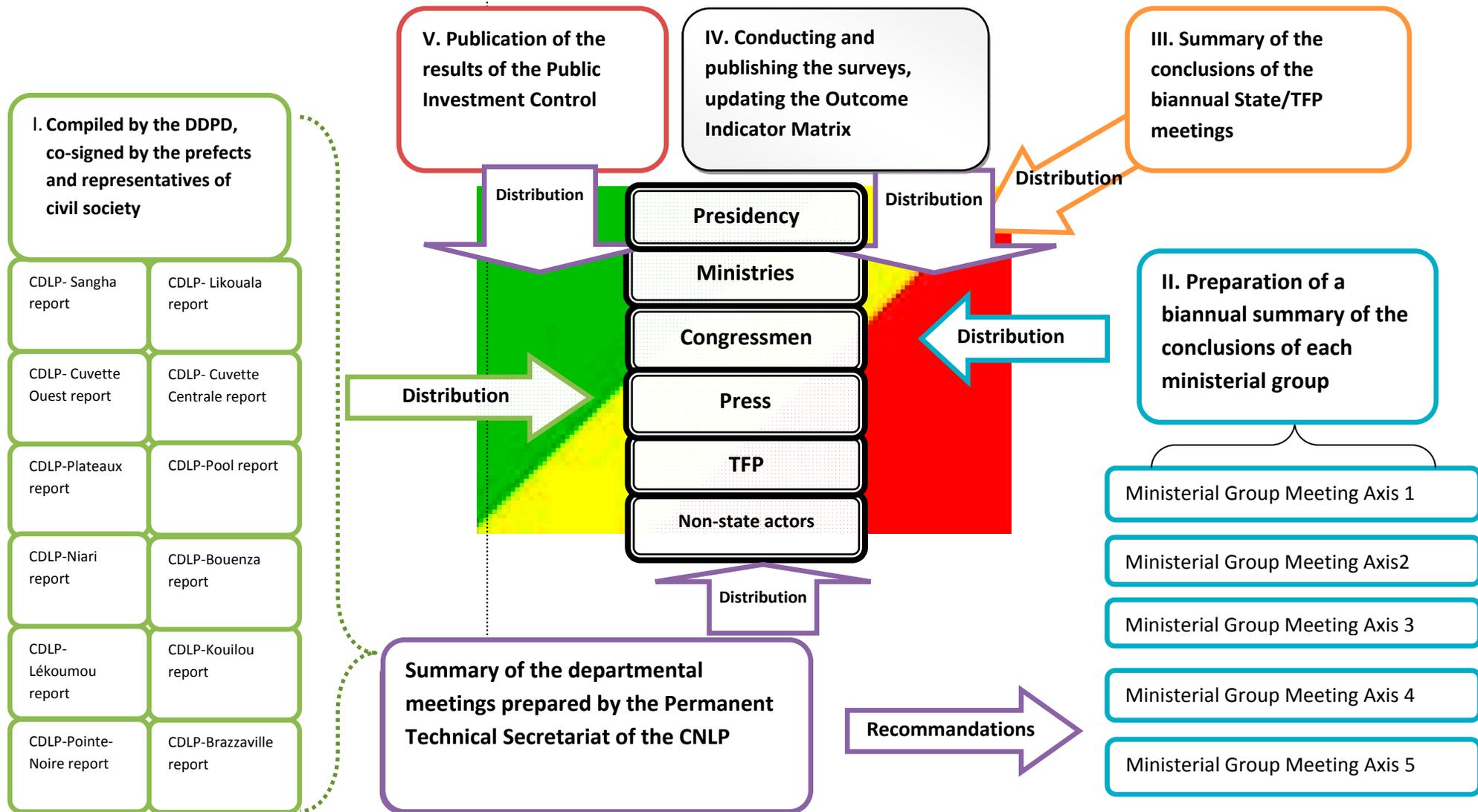
Deliverables:

Updating the indicator matrix

Publication of the different surveys (ECOM, ENDS, etc.).

Departmental monitoring process

National monitoring process



Mid-term evaluations

The object of the mid-term evaluations for each pillar of the DSCERP:

- actual allocation of State expenditure in comparison with the forecasted allocation;
- actual use of these funds;
- activities carried out and progress noted;
- problems, curbs, bottlenecks noted and existing means or those to be worked out to resolve them;
- recommendations for the forthcoming period.

Structures responsible for developing the ToR: Ministry responsible for the pillars, STP of the CNLP, CSEPP.

Deliverables made public: 5 evaluations + government assessment notes.

Body responsible for the mid-term evaluations: Independent bodies recruited on the basis of a call for tenders.

Period: Mid-2014

Final evaluations

Object of the final evaluations for each pillar of the DSCERP:

- the actual allocation of State expenditure in comparison with the forecasted allocation;
- the actual use of these funds;
- the activities carried out and progress noted;
- the problems, curbs, bottlenecks noted and existing means or those to be worked out to resolve them;
- recommendations for the forthcoming period.

Cross-cutting evaluation on:

- the involvement of the private sector and the voluntary sector in the implementation of the SCERP;
- the contribution of sponsors;
- the institutional mechanism for the implementation of the SCERP;
- the effectiveness of the monitoring and evaluation mechanism of the SCERP.

Structures responsible for developing the ToR: Ministry responsible for the pillars, STP of the CNLP, CSEPP.

Deliverables: 6 evaluation reports + government assessment notes.

Body responsible for the final evaluations: Independent bodies recruited on the basis of a call for tenders.

Period: 2017