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JOINT STAFF ADVISORY NOTE

ON THE

POVERTY REDUCTION STRATEGY

ANNUAL PROGRESS REPORT

January 5, 2010

Poverty Reduction and Economic Management 3
Country Department Central Africa
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REPUBLIC OF CONGO

**Joint Staff Advisory Note on the Poverty Reduction Strategy Paper:
Annual Progress Report**

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

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January 5, 2010

I. OVERVIEW

- 1. This Joint Staff Advisory Note (JSAN) reviews the first annual progress report (APR) on implementation of the Poverty Reduction Strategy (PRS) of the Republic of Congo (Congo).** Congo's first full PRS was adopted in April 2008 and circulated to the IMF Board on August 8, 2008 (for information), and discussed at the IDA Board on October 2, 2008. The APR takes stock of the first year of PRS monitoring and implementation. It was prepared through a participatory process, with inputs from actors across the public administration and from outside the government.
- 2. The adoption of Congo's first full PRSP was an important step towards consolidating macroeconomic stability and improved political and economic governance.** The PRS is Congo's first comprehensive national development plan since the end of civil war in 2001, and has been instrumental in guiding ongoing reform efforts. The PRS orients government's actions towards sustained and broad-based growth, which is critical for improving the standard of living. The main strategic pillars involve: (i) strong governance and consolidation of peace and security; (ii) moderate growth and macroeconomic stability; (iii) improved access to basic social services; (iv) a better social environment, which includes the integration of vulnerable groups; and (v) combating HIV/AIDS.
- 3. Economic reform has progressed during the first year of PRS implementation, despite the adverse effects of the global financial crisis, which led to a weakening of**

external demand. A positive element of the crisis has been to further strengthen the authorities' resolve to diversify the economy, accelerate efforts to rebuild the economic infrastructure, and consolidate the fiscal position. Progress on public financial management reform has been particularly noteworthy, with the main achievements being the introduction of a new procurement code, a medium-term expenditure framework (MTEF), and a simplified expenditure chain.

4. **The APR takes note of these advances and incorporates a number of refinements made to the PRS in the past months.** Staffs welcome the exhaustive account in the APR of reform measures conducted in the first year of PRS implementation. Since most of the achievements relate to institutional strengthening (including new laws, action plans, and organizational reforms), it is important for the authorities to focus their efforts on implementing these measures. The APR also made a step towards further concentrating government action on key priorities, and it lays out a program for improving the strategy, in particular as regards enhancing sector strategies, the monitoring and evaluation framework, and the statistical basis for poverty monitoring.

5. **This JSAN reviews the APR and provides the staffs' advice on implementation and improvements in the period ahead.** Section II provides an update on the poverty diagnosis, section III elaborates on the central aspects of the strategy, while section IV comments on implementation progress, and section V addresses monitoring and evaluation. Some conclusions are drawn in section VI, together with proposed issues for Executive Directors' discussion.

II. POVERTY DIAGNOSIS

6. **Updating and improving demographic and social data remains a critical challenge for Congo and only limited progress has been achieved thus far due to serious capacity constraints.** Statistical information on the causality, extent, and distribution of poverty continues to be based on the poverty assessment of 2006— which itself is based on survey data from 2005. The data revealed that 50.7 percent of Congolese households live below the poverty line, that the highest incidence of poverty occurs in semi-urban and rural areas, and that almost 60 percent of poor households are headed by women.

7. **Advancing on the planned poverty survey program is critical for measuring progress on PRS implementation.** In this context, ensuring the comparability and consistency of data will be particularly important. This survey program is well described in the APR, but is somewhat behind schedule owing to capacity constraints. It has been further hampered by delays in finalizing the 2007 census, which would be critical to provide an updated and reliable statistical basis for the surveys. The survey program aims at updating the 2005 household survey and amplifying it to enable a region-by-region analysis of poverty and social outcomes. The program also contains surveys on employment and agricultural production, as well as an update of the 2005 Demographic and Health Survey. New statistical information produced by these surveys will help clarify the evolution of poverty over the past several years, identify the extent of regional disparities and enable more effective monitoring of PRS implementation. For this purpose, it is critical that the methodologies applied to the new surveys will allow for comparability with previous surveys.

8. **Knowledge on how major policies and public spending affect income, employment, and social outcomes in Congo remains weak, even though some efforts have been undertaken in this regard.** In the forestry sector, for example, procedures for conducting environmental and social impact assessments for new concessions are being put in place. Likewise, the ongoing public investment management reform introduced a project appraisal system that will evaluate the expected social impact of large public investment projects. Also, a survey on living standards in urban areas was recently completed, producing baseline data for a new urban development project supported by the World Bank. Despite these efforts, staffs believe that it would be beneficial for the full PRS to undertake (on a pilot basis) assessments of the poverty and social impact of key public spending initiatives and structural reforms.

9. **As mentioned in the JSAN for the full PRS, staffs believe that poverty monitoring would be enhanced by an increased effort to produce administrative data.** This refers to data that measure outputs from public or private sector entities (e.g., wood production and exports, mining titles, road construction and maintenance, and textbook distribution). Such data continue to be used in a limited way, despite being relatively easy to collect and having important informational content, such as for measuring the impact of government actions and policies (e.g., school enrolment).

10. **Looking ahead, staffs highlight the importance of intensifying efforts to strengthen the availability and quality of poverty and social data.** Without more and better data, refining the PRS will be difficult and unproductive. In this regard, it would be important to complete and publish the 2007 census as soon as possible and to conduct the second poverty survey using a method comparable to that used in the first survey.

III. STRATEGIC ORIENTATION, REFORM PRIORITIES AND RESOURCE ALLOCATION

11. **The PRS's five strategic pillars remain generally valid, although they were recast slightly and sharpened in the APR.** Within the already existing PRS pillars, the APR emphasizes the following priority reform efforts: (i) developing economic corridors, such as between Pointe Noire and Brazzaville; (ii) promoting a dynamic private sector and improving the investment climate; (iii) accelerating decentralization and local development; (iv) further improving the quality and transparency of public financial management; and (v) enhancing institutional and administrative capacity.

12. **Staffs believe that the PRS would benefit from focusing even further on a few key reform objectives with very clearly formulated expected results, as noted in the previous JSAN.** Such focus is critical, given that institutional and administrative capacity remains weak in Congo and that most reforms are of a long-term nature and as such will require a strong and sustained approach. Section IV provides suggestions on how to strengthen the results framework in this regard. The recent reorganization of the government structure into four pillars (economy, basic infrastructure, socio-cultural, and sovereignty) led by four senior ministers could also help the government achieve this stronger focus. One aspect that could be reinforced in the PRS is a clearer delineation of roles between the public and private sector, which could provide more space for the latter in provision of basic services.

13. **Through the MTEF, Congo now has an instrument in place for allocating its resources in line with government priorities, yet this is only fully effective for the few sectors with well developed sector strategies.** As part of the MTEF development, priority action plans with cost estimates were prepared in all key sectors. In sectors that already have a sound strategy like transport, education and health, this allows for the allocation of resources to priority programs linked to the main strategic objectives. For the full PRS, it would now be important to refine these important achievements and extend them to other sectors, most notably by preparing solid sector strategies in agriculture, water and energy, as a well functioning MTEF requires sound planning in a number of sectors.

14. **As part of the ongoing public investment reform, the authorities have launched a new system to select new publicly-financed projects.** This could lead to more rigorous, objective, and transparent criteria for appraising and selecting new projects with the goal of ensuring that public investments are aligned with the PRS and achieve adequate economic and social rates of return. The reform also aims at instituting an effective system of monitoring and evaluating the impact of public investments. An important input in this exercise is the spatial analysis on infrastructure, prepared with support from the World Bank, which could help the authorities prioritize investments according to where they have the greatest impact on growth and social outcomes. This would support the government's objective—as stated in the APR—to rebuild its main economic corridors for developing the country as a transit hub for the region.

IV. IMPLEMENTATION PROGRESS AND REFORM PERSPECTIVES

A. Macroeconomic Policies

15. **Staffs support the updated macroeconomic framework presented in the APR.** This framework and the fiscal stance were elaborated as part of the MTEF process, in discussions between Fund and Bank staff, and the authorities. Formulation and implementation of the macroeconomic and fiscal frameworks are supported by the PRGF arrangement. Work is also ongoing with Bank support to improve the quality of oil revenue projections, which is a key variable influencing the stance of fiscal policy.

16. **Staffs commend the authorities for the significant fiscal consolidation efforts over the last two years.** The non-oil basic primary deficit is projected to fall to about 37.3 percent of non-oil GDP in 2009, from 55.7 percent in 2007, reflecting expenditure discipline and revenue enhancement. The authorities have made notable efforts to tighten current expenditure to 38 percent of non-oil GDP in 2009, from 56 percent two years earlier.

17. **Mobilizing more domestic revenue and better controlling public spending are still necessary to achieve the envisaged fiscal consolidation, as the previous JSAN had pointed out.** The authorities plan to reduce the non-oil basic primary balance to 27 percent of non-oil GDP by 2012 to ensure long-term fiscal sustainability, as they committed to under the PRGF arrangement. To do so, they have embarked on an ambitious reform of tax and customs administration and tax policies, and are committed to controlling spending.

18. **The introduction of the MTEF is an important achievement for Congo.** The authorities managed to put in place the main elements of an MTEF, including the

macroeconomic and fiscal framework mentioned above, a central MTEF, which determines allocations of the overall envelope across sectors in line with PRS priorities, and sector MTEFs for all priority sectors. These elements were critical inputs in the preparation of the 2010 budget. Staffs point out, however, that fully implementing an MTEF system will require a sustained effort of institutional reform and capacity building, in particular in elaborating detailed strategies in all major sectors with cost estimates and results frameworks. With concerted efforts on this, it should be possible to prepare the 2011 budget using a fully-fledged MTEF approach. In addition, full implementation of the new oil revenue projection model is important to enhance the quality of macroeconomic and fiscal projections that underlie the MTEF.

19. **Progress was also made on other important aspects of public financial and expenditure management.** Implementation of the public financial management (PFM) reform plan has advanced significantly in recent months, with the following highlights: (i) a new functional budget classification system was introduced with the 2009 budget; (ii) a new procurement code was made effective in October 2009, providing the legal basis for establishing competitive and transparent bidding practices; (iii) a new streamlined expenditure chain was adopted and will be launched with the 2010 budget; and (iv) the program aimed at linking all customs agencies through specialized software (SYDONIA) has advanced according to plans.

20. **Nonetheless, many of these reforms are at the early stages of implementation and they would benefit from being complemented by further reforms to reach high levels of effectiveness and transparency of public spending.** In particular, it is important to follow through with and utilize the measures under the public investment management action plan, in light of the relatively large resources available for capital spending and the vast needs for infrastructure rehabilitation. Likewise, the computerization of the reformed expenditure chain could be complemented by the ongoing efforts to enhance internal and external controls, and an overhaul of treasury management and public accounting.

21. **Concerted efforts are also needed to ensure that more resources are allocated to priority PRS areas and that they are used more effectively.** The finalization of the Public Expenditure Review (PER) should help better align budget allocations with PRS objectives, in particular by reducing distortions resulting from the execution process, as well as ensuring that an adequate balance between capital and recurrent spending is maintained. One important factor in this was the under-execution in HIPC-financed capital spending, which was caused by technical and procedural difficulties delaying and complicating the use of these resources. This issue was resolved in mid-2009. Staffs also welcome the progress on reforming the petroleum subsidy scheme and the commitment of the authorities stated in the APR to decentralizing resources for delivering health and education services, to make them more responsive to the needs of the population, as well as to restructure the state-owned enterprises responsible for running the main utilities of the country.

22. **Debt management has improved further, particularly with respect to debt recording and reporting.** The government's debt agency (CCA) has continued to publish quarterly reports on external debt stock and debt service projections, as well as arrears clearance

on the government's website. This being said, the government has identified further measures to strengthen debt management, including producing annual debt strategies, enhancing coordination within the government and with the regional central bank on treasury and debt management, as well as improving debt data security, auditing procedures, and analysis of costs and risks of new borrowing. Staffs are of the view that these measures would be adequate to strengthen debt management and build institutional and administrative capacity. The CCA is closely collaborating with technical assistance providers, including the World Bank, Central AFRITAC, and the regional central bank (BEAC).

B. Post-Conflict Stabilization and Good Governance

23. **Congo made further important steps towards consolidating peace and rebuilding the state, as the disarmament of the last remaining rebel group is well underway.** In June 2008, the government reached a political settlement with the rebel movement based in the Pool region, the only remaining rebel element of the country's civil war, which ended in 2000. A major disarmament effort has been completed and the reintegration of an estimated 14,000 rebels started in February 2009. The APR rightly recognizes that prospects for the full restoration of peace offer Congo a unique opportunity to concentrate efforts on strengthening its institutions, supporting economic growth, and combating poverty.

24. **Staffs commend the authorities for progress made on strengthening the institutional framework for fighting corruption and improving governance.** The governmental Anti-Corruption Commission and the independent Anti-Corruption Observatory were both established in 2007, the former with a mandate to propose policies on governance and anti-corruption, and the latter to review government initiatives in this area, including reviewing all audits of state-owned enterprises and procedures for issuing concessions for natural resource extraction. Since 2007, both institutions have increased their capacity and have become actively involved in a number of important reform processes, such as the preparation of the procurement code, the action plan on oil marketing, and the financial audits of the national oil company (SNPC). Staffs encourage the authorities to ensure that going forward, these two organs will be provided with adequate resources and facilities, and that their access to information and their legal authority is safeguarded. Furthermore, an Anti-Corruption Action Plan was approved by government in August 2009, and the new Anti-Corruption Law was adopted by Parliament in August 2009, providing a sound legal basis for fighting corruption and improving governance.

25. **Yet oversight of government and public access to information need to be further enhanced.** The APR acknowledges that checks and balances of government actions need to be enhanced, including by increasing the exposure of government to public scrutiny and building necessary capacity of non-governmental actors to access and understand information on these actions. It emphasizes the need to: (i) build oversight capacity in legislative and judiciary branches of government; and (ii) increase involvement of women, minority groups, civil society and the media in policy formulation and implementation. Staffs are encouraged by the reports in the APR of capacity building measures to enhance public accountability.

26. **Congo has further enhanced effectiveness and transparency in the oil sector but an ambitious reform agenda remains.** The adoption of the first EITI report on Congo by the national EITI committee, comprised of representatives of government, oil companies and civil society, reflects progress made in recent years on rendering oil sector management more open to the public and more effective. The continuation of quarterly certification of oil revenue posted on the Ministry of Finance's website would allow for the monitoring of this progress. The audits of SNPC's 2007 and 2008 accounts have revealed that while there are still important reservations, they mostly relate to the limited capacity of its accounting system. Most of these reservations have been addressed through introduction of an analytical accounting system at SNPC, which has helped bring accounting and financial management closer to international standards. In addition, significant progress was made in implementing an oil commercialization action plan. These efforts to move to more transparent and market-oriented practices in oil sector management will have to be deepened and sustained over time.

27. **During the past year, the government has completed a comprehensive and participatory forest sector review and revised legal texts accordingly –an achievement that now will have to be followed by implementation.** A package of legal and regulatory instruments to improve sector transparency and social and environmental performance has been adopted. This includes a forest taxation package, passed as an amendment to the Forest Law, aimed at improving sustainability of the forest resource base and fiscal revenue. Staffs are encouraged by these developments, as they highlight the importance of addressing these matters across all forestry zones in the country. This is critical for enabling this sector to realize its potential to contribute to the economy in a sustainable way. In this sense, independent reports show that only 5 out of about 50 Forest Management Units currently have Forest Management Plans and comply with the Forestry Law. Other laws, such as the one on the minimum diameter of trees felled and minimum levels of industrial transformation of timber are often not respected, particularly in the south of the country. This calls for close monitoring and enforcing of legislation including by revoking concessions in case laws are not respected.

28. **The APR notes some progress on reforming public administration.** Important progress has been made on the priority actions highlighted by the PRS for improving civil service management. The census of the public service has been completed and recommendations are being reviewed. Furthermore, the recommendations of the separate census of education staff, conducted in 2006-2007, have been fully implemented as of June 2009. This has freed up some 2,000 positions in the education sector, which were found to be occupied by ghost workers or by education staff working in other ministries, and which are now being filled by newly recruited teachers. Finally, progress has also been made on the computerization of the payroll and pension database, expected to be completed in 2010.

29. **Staffs welcomed the renewed emphasis in the APR on the need to revitalize efforts towards political and administrative decentralization.** The first draft of the 2010 budget foresees some increase in transfer payments to departmental administrations for recruitment and management of health workers and teachers in their area. This is critical, as without progress on this issue, it is unlikely that the widening gap in poverty levels between urban and rural areas can be bridged. This budget announcement and the constitution of a mixed commission for elaborating legal texts on transferring authority and responsibilities to local governments

(*collectivités locales*) have revived expectations on decentralization reforms more generally. This could have important benefits, considering that Congo remains one of the most centrally-run governments in sub-Saharan Africa.

C. Economic Diversification and Private Sector Development

30. **The APR confirms the creation of a more competitive and diversified economy as the PRS's primary objective.** Staffs agree that growth of the non-oil economy is essential to counter the finite character of oil reserves, as well as to reduce the macroeconomic risks created by the volatility of oil revenue. The strong fluctuations of world oil prices in recent months have been a strong reminder of this. Such diversification is also critical for realizing the much larger potential of non-oil sectors to generate stable income and employment opportunities and add value to the economy.

31. **Despite the difficult international economic situation, Congo has made progress in developing its non-oil sector.** The non-oil economy grew by 5.4 percent in real terms in 2008. This deceleration in comparison to 2007 (6.6 percent) needs to be seen in the context of the global international crisis, which affected in particular the forestry sector. Demand for Congolese timber exports has contracted by more than 50 percent from its mid-2008 level. But other sectors were relatively unaffected by the crisis, mostly because local demand (public and private) has remained strong, supported by positive developments in the oil sector and activity related to public investment. Measures undertaken to boost the non-oil economy have certainly also contributed to maintaining non-oil growth at relatively high levels.

32. **The APR restates the sectors with the largest potential for growth and provides an overview of the reform efforts undertaken in this regard since the adoption of the PRS.** These potential growth engines are:

- The development of transport and transit services, in the form of construction, logistics, trucking and other activities. But Congo will only regain its competitive advantage as a regional transport hub once its transport infrastructure is substantially rehabilitated and extended.
- The considerable potential for agricultural production, which is highly underexploited today as only 2 percent of the arable land is cultivated. This sector has in recent months gained more attention of policy makers, as reported in the APR. But there is still no coherent and comprehensive strategy for the sector, particularly as regards lifting commercial agriculture from its embryonic state.
- The development of the forestry sector, which has strong medium- and long-term export prospects; these forests could also be attractive for tourism.
- The extraction of mineral resources, including prospective reserves of magnesium, gold, diamonds, and iron ore. The APR explains that several implementation decrees for the 2005 mining code have been issued in recent months. The growing number of mining licenses (most of them for exploration) issued in 2008 testifies that this sector might emerge strongly in the coming years.

33. **However, these potential engines of growth remain constrained by the underdeveloped physical infrastructure, as efforts in this regard are only beginning to bear fruit.** While Congo is still far from overcoming its main infrastructure bottlenecks, budgetary resources provided to strengthen infrastructure, in particular for the transport and energy sectors, have increased significantly over the past several years. As stated in the APR, large scale investments have been implemented for construction of the road between Brazzaville and Pointe Noire, the airport of Brazzaville, as well as infrastructure in major cities, as part of the urban modernization program. Major investments are also underway to increase electricity generation and transmission, to meet the ambitious targets of increasing access to electricity from 45 to 60 percent for urban areas, and from 5 to 15 percent in rural areas, by 2011.

34. **Staffs believe, however, that the PRS could help further concentrate public investments in infrastructure on the most pressing priorities.** Such priorities were identified by the recent Bank-supported spatial infrastructure analysis (multi-mode transport connection between Pointe Noire and Brazzaville and upriver, as well as energy generation, transmission, and distribution). This analysis also reveals that savings realized from increasing efficiency in infrastructure service provision (particularly in energy) could provide a substantial share of the additional resources needed to cover the infrastructure gap. This prioritization effort would benefit from progress on parallel public investment management and utility reforms.

35. **Restructuring the main utilities and enhancing their management, as well as increasing the involvement of the private sector are key elements of the government's infrastructure program.** A recent study conducted by the World Bank shows that by addressing inefficiencies (distribution and collection losses, sub-tarification), a large part of Congo's resource needs for covering the infrastructure gap could be filled. But structural reforms have advanced only slowly, particularly as concerns the railway company (CFCO) and the road fund, which is still far away from operating as a second generation road fund as envisaged. It is therefore encouraging that the government has announced in the draft 2010 budget the restructuring of utilities as a key reform priority. Looking further ahead, the authorities might improve their capacity through an enhanced participation of the private sector in managing and developing Congo's infrastructure.

36. **There have been further efforts to identify the main impediments to private sector developments.** The 2010 Doing Business Report presents an unchanged, bleak picture about private initiative remaining seriously stifled by cumbersome regulations and legal hurdles to establish and operate businesses. The APR reflects a growing awareness and reform appetite to change this. Also, recent analytical efforts and enterprise surveys supported by the World Bank and the EU have improved the understanding of how to address constraints to private economic activities. The survey results identified the main constraints to Congolese businesses as follows: (i) the lack of reliable access to electricity; (ii) political instability; (ii) corruption, combined with a weak judiciary; (iii) competition from the informal sector; (iv) limited workforce skills; (v) underdeveloped transport infrastructure; (vi) a cumbersome and predatory tax and customs system; and (vii) limited access to finance.

37. **Staffs recommend that the authorities take swift reform actions, focusing first on a few critical constraints to create a better environment for private economic activities. As**

other countries in the sub-region have shown, decisive action can lead to substantial improvement in the business environment within a relatively short time. The new economic diversification project, which is under preparation with the assistance of the World Bank, the African Development Bank, and the EU offers an opportunity to this end. Also, the launch of concrete measures in the financial sector and on taxation are particularly promising in this regard, as detailed reform plans have been adopted in this two areas, with support of the IMF.

D. Provision of Social Services

38. **The basic findings of the PRS about Congo's poor social outcomes and weak human capital remain valid, despite recent improvements.** Most social indicators are low compared with other countries in sub-Saharan Africa with similar income levels, most notably on maternal and child health, access to safe water and sanitation, food security and nutrition. Administrative data and perception surveys indicate that access to health, education, and public utilities (potable water, sanitation, electricity) is limited, particularly in rural areas. But there are recent indications of positive trends, such as recent improvements in enrollment and completion rates at the primary and secondary levels, as well as the gradual increase in budgetary allocations to education (primary education in particular) and health since 2007, which is the authorities' commitment to continuing according to the draft MTEF for 2010-2012. As regards health policy implementation, there is no new data that would allow measuring progress.

39. **As regards infrastructure and staffing, and provision of resources more generally, the APR registers significant efforts in the first year of PRSP implementation.** Most notable is the continued progress in rebuilding and rehabilitating infrastructure and facilities, provisioning of textbooks and pedagogic materials, and hiring and training of teachers, including the elimination of over 1,000 "ghost" teachers. The APR also mentions achievements in upgrading the health infrastructure, such as construction and rehabilitation of hospitals and integrated health centers. On water supply, staffs note positively the progress on the construction of a new water treatment plant in Brazzaville and the launch of program to build 500 water access points in rural zones, financed by HIPC resources.

40. **Staffs caution however that increasing inputs alone will not be sufficient to improve performance of social services.** Administrative quality remains weak, particularly in rural areas. Staffs therefore welcome ongoing efforts to build institutional capacity in health and education. For example, in the education sector the introduction of a management information system, and the enhancement of the decentralized resources management and curricula development are notable. In health, the APR notes the internal reorganization of the Ministry of Health, Social Affairs and Family, formalized by a decree, and some measures to improve health outcomes. For example, the introduction of free malaria treatment for children younger than 15 years and the contribution of a large number of bed nets stand out. However, the record on improving availability of generic medicines has been rather mixed over the past months, as the functioning of the institution in charge of this has been interrupted repeatedly, due to capacity problems and lack of funding. As mentioned above, the announced decentralization of recruitment and management of health workers and teachers should help improve access to these services, particularly in rural areas.

41. **There was progress on clarifying sector priorities in education and health and estimating resource needs, most notably through the preparation of sector MTEFs.** The three ministries in charge of education have agreed on the broad outline of a sector strategy encompassing all sub-sectors, and work is ongoing on finalizing comprehensive education sector strategy, with support from development partners. As the forthcoming PER shows, the health and education sectors appear still as substantially underfunded relative to other public expenditure categories, and regional averages. The PER also finds that changes in intra-sectoral allocations could improve the pro-poor orientation of public spending, such as by shifting more resources to basic education and skills development. The indicative MTEF allocations for 2010-2012 show a positive trend in this regard.

42. **The APR re-affirms the government's commitment to strengthening social protection policies, and better targeting policies and public spending on the poor.** A process of drafting legislation for reforming the formal social security and pension institutions is underway. Staffs believe that these reforms should lead to extending the reach of formal social institutions to large parts of the population, particularly citizens in rural areas and marginalized groups. More generally, staffs encourage the authorities to assess the effectiveness of major existing transfer programs, with a view to evaluating their effectiveness in delivering assistance to the poor. In this regard, the implementation of a new fuel pricing mechanism is welcome, since the previous pricing policy had a regressive distributional impact. Finally, staffs welcome the adoption of a new National Action Plan for Indigenous People and encourage its swift implementation.

V. MONITORING AND EVALUATION

43. **Staffs believe that more progress will be needed in the second year of PRS implementation to strengthen monitoring and evaluation (M&E) of the strategy.** A strengthened M&E framework should allow the authorities to regularly produce a quick snapshot of where they stand on main reforms, spending programs and their impact. More regular publication of monitoring results would increase transparency of the government's progress towards its strategic objectives. Staffs believe that the efforts on M&E strengthening should focus in particular on the following:

- Assess the functioning of the PRSP monitoring structure, i.e., the National Poverty Reduction Committee and the Permanent Technical Secretariat, and thereby explore options to simplify the structure and to increase its legitimacy and capacity.
- Prepare the new strategy on developing statistical capacity, on the basis of the recently adopted statistics law with a view to enhanced monitoring of implementation of the PRS and of sector policies. Successful implementation of this strategy will improve the quality and availability of relevant data, as well as clarify roles and strengthen capacity of all relevant institutions.
- Strengthen the results orientation by ensuring that all indicators have baselines, targets, and assigned responsibilities for providing and verifying data. Although the APR has information on changes, these changes do not relate to the indicators that appear in the PRS. In general, the PRS indicators are short of data since too much relies on survey

data. A broader use of administrative data systems, where possible (e.g., vaccinations, school enrolment), should increase data availability and frequency of provision.

- Focus the monitoring by tracking a subset of core PRS indicators that provide an overview of progress, and more detailed sector monitoring indicator sets that link to the MTEFs and sector strategies. This will make the monitoring more accessible to users and could strengthen accountability. Linking to the MTEF would allow assessing how public spending relates to tangible results on the ground.
44. **Finally, it would be important for the authorities to re-intensify the dissemination and consultation process on the PRS, in order to further enhance awareness of the strategy.** This could pick up on the structures and mechanisms employed during the preparation of the PRS, which benefited from an extensive consultation process that included representatives of government, civil society, the private sector, and the general population at the national, regional, and local levels. The consultations on the APR were less intense and less broad than for the preparation of the first PRS.

VI. CONCLUSIONS AND ISSUES FOR DISCUSSION

45. **Staffs believe the APR reflects well the main accomplishments in PRS implementation since April 2008 as well as the ongoing challenges.** Going forward, the authorities could build on these main accomplishments, most notably the introduction of a comprehensive MTEF system, significant advances on key PFM reforms (procurement, expenditure chain and public investment management) as well as the progress on rehabilitating and expanding the reach of basic infrastructure. Staffs believe that after this first phase of institutional strengthening, the challenge now is to implement and sustain reforms. In this sense, staffs encourage the authorities to further strengthen the PRS as a management and monitoring tool for government action, in particular through the following priority measures:

- Strengthen and update data and analysis on poverty and social outcomes, by completing the planned survey program and ensuring comparability of data to better understand the dynamics of poverty since the last poverty survey of 2005, as well as by preparing a solid strategy on developing statistical capacity;
- Further concentrate the PRS on a few key actions in view of the greatest possible impact of using public resources to reduce poverty, and improve health and education conditions, while integrating the PRS strategic pillars with those now defining the new government structure;
- Use the new MTEF system as the main instrument for resource allocation and refine it by strengthening underlying sector strategies with clear objectives, results frameworks and cost estimates;
- Simplify the PRS results framework and make it more transparent to ensure effective and regular monitoring of PRS implementation, accessible to the public; and

- Re-intensify consultation efforts for a broader ownership of the strategy, by reaching out to minority and marginalized groups, and development partners.

46. **The APR identifies the volatile economic environment in the current crisis context as the main risk to PRS implementation.** Continued fluctuations in international oil prices as well as a protracted slump in demand for Congolese forestry exports are the most significant risks in this regard. Congo is in a good position to mitigate these risks, through its improved fiscal position thanks to prudent fiscal policies and to increasing oil production. Still, the crisis has highlighted the importance of diversifying the economy away from oil and other commodities.

47. **A second key risk could materialize if ownership of PRS reforms weakens in the face of intensifying political economy pressures.** These pressures could emerge as a reaction to the implementation of unpopular yet critical measures such as those related to the announced restructuring of utility companies. There is also a risk of a reform slow-down in the wake of the expected exit from the HIPC initiative, which has provided strong guidance and public support to advance on key structural reforms. The main response to this risk would be to effectively implement the PRS reforms and for them to show early results. In the meantime, efforts would continue to rally the population around the PRS objectives, by intensifying dissemination and consultations on the strategy and by enhancing access of the public to information on government action and use of public resources.

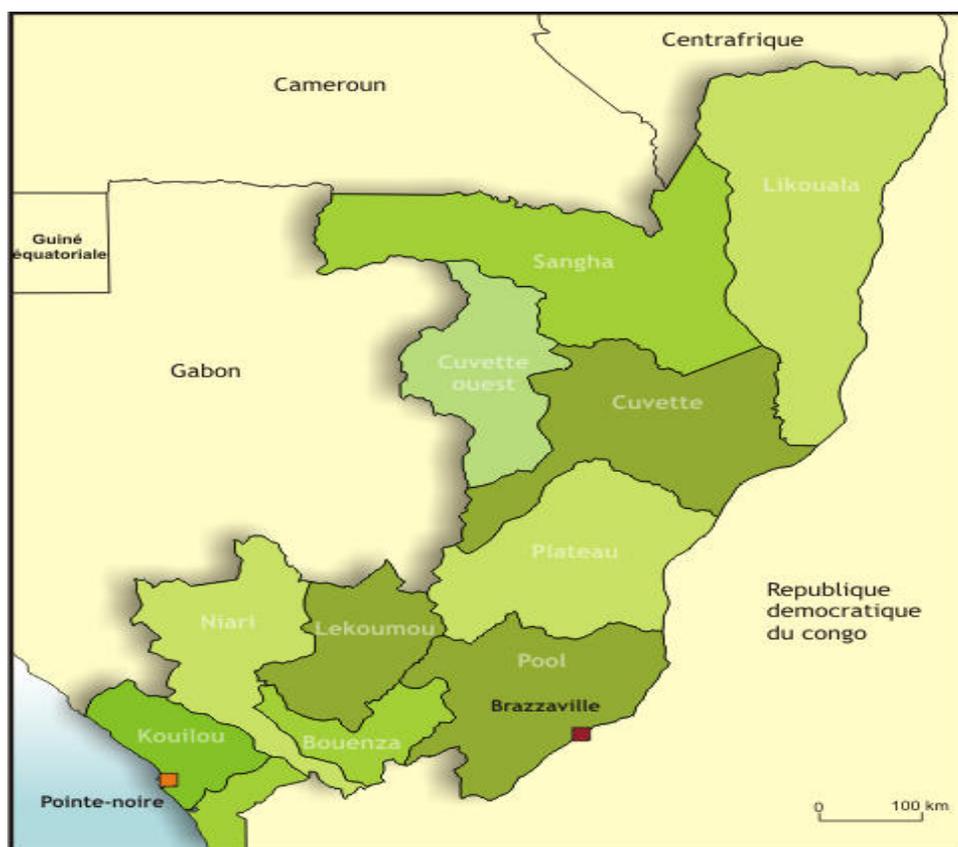
48. **In considering the APR, the staffs would like to seek Executive Directors' views on whether they agree with this JSAN, in particular as regards:** (i) their view of PRS implementation during the first year, and (ii) the suggestions on priority measures for further refining the PRS and strengthening its implementation.

REPUBLIC OF CONGO

Unity * Labor *Progress

MINISTRY OF PLANNING AND TERRITORIAL DEVELOPMENT

STATUS REPORT ON IMPLEMENTATION OF THE POVERTY REDUCTION STRATEGY *April 2008 - March 2009*



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ACRONYMS AND ABBREVIATIONS

| | |
|---------|---|
| AFD | Agence Française de Développement [French Development Agency] |
| AfDB | African Development Bank |
| ANAC | Agence Nationale de l'Aviation Civile [National Civil Aviation Agency] |
| ANER | Agence nationale d'électrification rurale [National Rural Electrification Agency] |
| ARSEL | Agence de Régulation du Secteur Electrique [Electricity Sector Regulatory Authority] |
| ARVs | Antiretrovirals |
| ASYCUDA | Automated System for Customs Data |
| AWF | African Water Facility |
| BDEAC | Banque de Développement des Etats d'Afrique Centrale [Central African States Development Bank] |
| BEEC | Bureau d'Expertise, d'Evaluation et de Certification des substances minérales précieuses [Bureau for Assay, Evaluation, and Certification of Precious Minerals] |
| CDLP | Comité départemental de Lutte Contre la Pauvreté [Departmental Poverty Reduction Committee] |
| CEMAC | Communauté Economique et Monétaire de l'Afrique Centrale [Economic and Monetary Community of Central African States] |
| CFCO | Chemin de Fer Congo Océan [Congo-Ocean Railway] |
| CFRAD | Centre de formation et de recherche en art dramatique [Center for Training and Research in the Dramatic Arts] |
| CLLP | Comité Local de Lutte Contre la Pauvreté [Local Poverty Reduction Committee] |
| CNLP | Comité National de Lutte Contre la Pauvreté [National Poverty Reduction Committee] |
| CNLS | Comité National de Lutte contre le Sida [National Anti-AIDS Committee] |
| CNMRG | Centre national de recherches géologiques et minières [National Center for Geological and Mining Research] |
| 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] |
| COMEG | Congolaise des Médicaments Essentiels Génériques [Congo Essential Generic Drugs Agency] |
| COMIFAC | Commission des Forêts d'Afrique Centrale [Central African Forests Commission] |
| CORAF | Congolaise de Raffinage [Congolese Refining Company] |
| COSAME | Coopération et Soutien aux Artisans et Micro Entreprises du Sud [Southern Craft Worker and Microenterprise Cooperation and Support Program] |
| CREPA | Centre Régional pour l'Alimentation en Eau Potable et Assainissement [Regional Water and Sanitation Center] |
| CRF | Caisse de Retraite des Fonctionnaires [Civil Service Pension Fund] |

| | |
|-----------------|---|
| CRIDF | Centre de Recherche, d'Information et de Documentation sur la Femme [Women's Research, Information, and Documentation Center] |
| CRLP | Comité régional de Lutte Contre la Pauvreté [Regional Poverty Reduction Committee] |
| CSO | Civil Society Organization |
| DCEI | Direction du Contrôle et de l'Evaluation des Investissements [Investment Supervision and Evaluation Directorate] |
| DEP | Direction des Etudes et de la Planification [Research and Planning Directorate] |
| DOJETIC | Dispositif d'Occupation des Jeunes aux Travaux d'Intérêt Collectif [Public Interest Youth Employment Program] |
| ECCAS | Economic Community of Central African States |
| ECOM | Enquête Congolaise auprès des Ménages [Congolese Household Survey] |
| EDF | European Development Fund |
| EDS | Enquête Démographique et de Santé [Population and Health Survey] |
| EGD | Essential generic drug |
| EIB | European Investment Bank |
| EITI | Extractive Industries Transparency Initiative |
| EU | European Union |
| EVP | Extended Vaccination Program |
| FESPAM | Festival panafricain de musique [Pan-African Music Festival] |
| GAR | Gross Access Rate |
| GASP | Groupement d'Actions Spéciales de la Police [Police Special Action Group] |
| GDP | Gross domestic product |
| GER | Gross Enrolment Rate |
| GUMAR | Guichet Unique Maritime [Single Maritime Window] |
| HIPC | Heavily Indebted Poor Country |
| HIPC Initiative | Heavily Indebted Poor Countries Initiative |
| HIV | Human Immunodeficiency Virus |
| HLI | Highly labor-intensive |
| ICT | Information and Communications Technology |
| IFAD | International Fund for Agricultural Development |
| IHC | Integrated health center |
| ILO | International Labor Office |
| IMB | International Maritime Bureau |
| IMF | International Monetary Fund |
| IPCP | Interim Post-Conflict Program |
| I-PRSP | Interim Poverty Reduction Strategy |
| IWRM | Integrated water resources management |
| LMD | Licence – Maîtrise – Doctorat [Bachelor's—Master's—Doctorate] |

| | |
|---------|--|
| MDG | Millennium Development Goal |
| MEFB | Ministry of Economy, Finance, and Budget |
| MPAT | Ministère du Plan et de l'Aménagement du Territoire [Ministry of Planning and Territorial Development] |
| MTEF | Medium-Term Expenditure Framework |
| MUCODEC | Mutuelle Congolaise d'Épargne et de Crédit [Congolese Mutual Savings and Loan] |
| NEPAD | New Economic Partnership for Africa's Development |
| NGO | Nongovernmental organization |
| NICTs | New Information and Communications Technologies |
| OAP | Operational Action Plan |
| OCER | Office Congolais de l'Entretien Routier [Congolese Road Maintenance Office] |
| OHADA | Organization for the Harmonization of Business Law in Africa |
| ONPT | Office National de Postes et Télécommunications [National Post and Telecommunications Office] |
| PAAGIP | Plan d'Action pour l'Amélioration de la Gestion des Investissements Publics [Action Plan for Improving Public Investment Management] |
| PACDIP | Projet d'Appui à l'Amélioration du Circuit de la Dépense et du suivi des Indicateurs de la Pauvreté [Expenditure Circuit and Poverty Indicators Improvement Support Project] |
| PADER | Programme d'Appui au Développement des Emplois Ruraux [Rural Employment Development Program] |
| PAME | Programme d'Auto-Emploi et de Micro-Entreprise [Self- Employment and Microenterprise Program] |
| PAPN | Port Autonome de Pointe-Noire [Autonomous Port of Pointe- Noire] |
| PASCOB | Projet d'appui au système national de santé [National Health Care System Support Project] |
| PDARP | Programme de Développement Agricole et de Réhabilitation des Pistes rurales [Agricultural Development and Rural Roads Rehabilitation Program] |
| PDDR | Programme de Démobilisation, Désarmement et Réinsertion [Demobilization, Disarmament, and Reintegration Program] |
| PDSS | Programme de Développement des Services Sanitaires [Health Care Services Development Program] |
| PED | Programme Emploi Diplôme [Graduate Employment Program] |
| PESS | Paquet essentiel de soins et de services [Minimum health care services package] |
| PMRU | Programme de Micro-Réalisation en Milieu Urbain [Urban Microenterprise Program] |
| PNAE | Plan National d'Action pour l'Environnement [National Environmental Action Plan] |
| PNC | Prenatal consultation |
| PNDS | Programme National de Développement Sanitaire [National Health Care Development Program] |

| | |
|----------|---|
| PNSA | Programme National de Sécurité Alimentaire [National Food Security Program] |
| PNT | Plan National des Transports [National Transportation Program] |
| PPDS | Programme Pluriannuel de Développement Statistique [Multiyear Statistical Development Program] |
| PRAEBASE | Programme d'Appui à l'Éducation de Base [Basic Education Support Program] |
| PRCTG | Programme de Renforcement des Capacités de Transparence et de Gouvernance [Transparency and Governance Capacity-building Program] |
| PRODER | Programme de Développement Rural [Rural Development Program] |
| PRS | Poverty Reduction Strategy |
| PRSP | Poverty Reduction Strategy Paper |
| PSSA | Programme Spécial pour la Sécurité Alimentaire [Special Food Security Program] |
| RESEN | Rapport d'Etat d'un Système Éducatif National [State Report on a National Educational System] |
| RGPH | Recensement Général de la Population et de l'Habitat [General Population and Housing Census] |
| SAEP | Système d'Adduction d'Eau Potable [Drinking Water Delivery System] |
| SDES | Schéma de Déconcentration de l'Enseignement Supérieur au Congo [Higher Education Deconcentration Plan in Congo] |
| SGG | Secrétariat Général du Gouvernement [General Secretariat of the Government] |
| SIGE | Système d'information pour la gestion de l'éducation [Education management information system] |
| SME-SMI | Small and Medium-Sized Enterprises/Small and Medium-Sized Industries |
| SMIG | Salaire minimum interprofessionnel garanti [Guaranteed interprofessional minimum wage] |
| SNAT | Schéma national d'aménagement du territoire [National territorial development plan] |
| SNDE | Société Nationale de Distribution d'Eau [National Water Distribution Company] |
| SNDS | Stratégie Nationale de Développement de la Statistique [National Statistical Development Strategy] |
| SNE | Société Nationale d'Electricité [National Electricity Company] |
| SNIS | Système National d'Information Sanitaire [National Health Care Information System] |
| SNPC | Société Nationale des Pétroles du Congo [National Petroleum Company of Congo] |
| SOPROGI | Société de Promotion et de Gestion Immobilière [Property Promotion and Management Company] |
| SOTELCO | Société des Télécommunications du Congo [Congo Telecommunications Company] |
| STIs | Sexually transmitted infections |

| | |
|------------|---|
| STP | Secrétariat Technique Permanent [Permanent Technical Secretariat] |
| SYSTAF/UGE | Système Automatique de la Fiscalité/Unités des Grandes Entreprises [Automated Taxation System/Large Enterprise Units] |
| TIPAC | Transit Inter-Etats des Pays d'Afrique Centrale [International Transport System for Central African Countries] |
| TU | Technical unit |
| TVT | Technical and Vocational Training |
| UDEAC | Union Douanière et Économique de l'Afrique Centrale [Central African Customs and Economic Union] |
| UE | Union Européenne |
| UFA | Unité Forestière d'Aménagement [Forest Management Unit] |
| UIN | Unique Identification Number |
| UN | United Nations |
| UNDP | United Nations Development Program |
| UNFPA | United Nations Population Fund |
| VAT | Value-Added Tax |
| WB | World Bank |
| WFP | World Food Program |

EXECUTIVE SUMMARY

In the wake of the recurrent armed conflicts of the 1990s, which lowered the population's living standards and destroyed the country's economic fabric, the Republic of Congo embarked on a poverty reduction process. For these reasons, the government's initial efforts were focused on the restoration of peace and on economic recovery.

The adoption of the PRSP in March 2008 was followed by adoption of the Operational Action Plan (OAP) for implementation of the Poverty Reduction Strategy Paper (PRSP), which was approved by Decree No. 2008 -944 of December 31, 2008. It defines the priorities of the Republic of Congo for the 2008–2010 period, and further describes the objectives, strategies, and priority actions intended to contribute to rapid and sustainable growth and the reduction of poverty.

The aim of this report is to take stock of progress with the PRS after the first year of PRSP implementation. It was prepared using a participatory process on the basis of contributions from the sectoral ministries. The extremely short period under review and the inadequacy of the statistical apparatus also made it impossible to produce any measurement of the progress made in respect of most of the indicators.

For this reason, the principle of providing a “status report” has been adopted. The first year of PRSP implementation spans the period from April 2008 to March 2009, straddling two fiscal years. The report includes four parts:

- *Review of the context of PRSP preparation;*
- *Status of the progress made over the April 2008-March 2009 period;*
- *Constraints and prospects; and*
- *The corrective actions proposed.*

1. Review of context

The Republic of Congo began to develop its poverty reduction strategy (PRS) in 2006 after reaching the completion point under the HIPC Initiative. The PRSP was prepared within an appropriate institutional framework and using a sustained participatory process, involving the entire spectrum of Congolese society. The document adopted in its final version in March 2008 is still the government's sole frame of reference in respect of economic and social development policy.

To steer the process of preparing the PRSP, the Government created the National Poverty Reduction Committee (CNLP) in October 2001. The Minister of State, Minister of Planning and Territorial Development (MPAT) serves as its chair, with the Minister of Economy, Finance, and Budget (MEFB) serving as vice chair.

The CNLP is the body for coordinating, monitoring, and evaluating PRSP implementation. It is composed of representatives of all the ministries, the development partners, and the civil society organizations involved in the various sectors of poverty reduction activities.

The CNLP establishes policy guidelines for the formulation and execution of the PRSP. It is assisted in its work by a Permanent Technical Secretariat (STP).

The STP's role is to coordinate all activities related to the formulation, implementation, monitoring, and evaluation of the priority actions under the PRSP.

It is supported by thematic and sectoral groups (GTSs), made up of representatives of the research and planning directorates (DEPs) which serve as focal points, as well as representatives of civil society (NGOs and associations, trade unions, faith-based groups) and the private sector.

At the departmental and local levels, the CNLP is supported by Departmental Poverty Reduction Committees (CDLPs) and Local Poverty Reduction Committees (CLLPs). Participatory consultations were organized in the country's 12 departments to gather qualitative information on poverty from the grassroots population. The primary aim of these consultations was to enhance the effectiveness of government poverty reduction efforts, to supplement quantitative analysis, and to help formulate sectoral policies and strategies for combating poverty consistent with the needs expressed by the local populations themselves.

The participatory consultations were conducted in villages and local neighborhoods. Workshops to enrich and validate the reports from these consultations were held in districts and communes, and were attended by representatives from the Public Administration, civil society, and local communities.

In addition, these consultations were validated in the course of a national workshop which brought together all stakeholders, including the government, Parliament, and development partners.

The final PRSP was hence prepared using a participatory approach involving all ministerial departments, civil society, associations, the private sector, and other development stakeholders. This broad engagement of the various players characterized the entire process and won praise from development partners.

In September 2002, the Congolese government's decision to draft the Poverty Reduction Strategy Paper (PRSP) was driven primarily by the desire to have a cohesive, unified, and consensus-based frame of reference laying out the main lines of action in respect of economic and social development. As Congo had become eligible for the Heavily Indebted Poor Countries (HIPC) Initiative, an Interim Poverty Reduction Strategy Paper (I-PRSP) was drawn up, and its satisfactory implementation made it possible for the country to reach the decision point under the HIPC Initiative in March 2006.

The PRSP adopted in March 2008 and validated by the Bretton Woods institutions in November and December 2008 sets out a series of goals aligned on the Millennium Development Goals (MDGs) and on the main lines of action of the President's New Hope Program [La Nouvelle Espérance] and the provisions of the national territorial development plan.

Implementation of the PRS is first and foremost the task of the sectoral ministries concerned, each in its own area of expertise, in partnership with all the stakeholders in the poverty reduction process. To ensure the consistency of sectoral policies with the overall strategy, the focal points, namely the Directorates of Research and Planning (DEPs) in each ministerial department, serve as contacts with the central body for monitoring and evaluation, namely the Permanent Technical Secretariat. These focal points are tasked with ensuring the consistency of the sectoral policies and strategies, the ministerial priority action plans, and sectoral medium-term expenditure frameworks (MTEFs) with the PRSP.

The OAP was prepared in concertation with the DEPs of the ministries, and reflects the programming of the actions to be carried out while taking account of sectoral priorities and in a manner consistent with the MTEF process currently under way.

The OAP was approved by the government and announced in a presidential decree dated December 31, 2008. It will serve as the basis for the monitoring and evaluation of PRS implementation.

Communication in the context of preparing and implementing the PRSP entails the broadest possible dissemination to the general public of information about the paper, so as to promote its greater ownership on the part of the public.

In support of the implementation process now under way, the involvement of the various stakeholders makes it possible to ensure their partnership, participation, and accountability in both the implementation and monitoring of the PRS.

The CNLP is working toward establishing a PRS website in order to make the information contained in the PRSP and information on its implementation accessible to the general public.

Implementation monitoring is also decentralized to the departmental and local levels through the departmental and local PRSP structures, with support from local community development organizations.

Despite the unfavorable international economic climate, Congo has been able to maintain the level of its strategic investments in poverty reduction fields in the 2009 budget, in particular as regards basic infrastructure and the social sectors.

The government's efforts are thus aimed at achieving strong, healthy, and sustainable growth in order to improve the living conditions of the Congolese people. Accordingly, the basic objectives of the PRS are built around the five following pillars:

- Pillar 1: Improving governance and consolidating peace and security;*
- Pillar 2: Promoting economic growth and macroeconomic stability;*
- Pillar 3: Improving people's access to basic social services;*
- Pillar 4: Improving the social environment;*
- Pillar 5: Stepping up the fight against HIV/AIDS.*

2. Status of progress during the March 2008-April 2009 period

A number of stages in PRS implementation have already been completed. This part of the report provides a brief description of the initial work carried out in implementing the priority actions identified in connection with each of the five strategic pillars.

The first pillar of the PRS is concerned with capacity-building in the Public Administration and public institutions in order to enable Congo to ensure the smooth functioning of its institutions, with cohesive and relevant sectoral policies aimed at achieving sustainable development.

Implementation of the decentralization process is being pursued by establishing an institutional and legal mechanism for communities, and setting up all the councils at the municipal and departmental levels.

Law No. 5-2005 of May 11, 2005 on the territorial civil services was promulgated in 2005. A joint commission (Territorial Administration and the civil service) is now working on developing implementing regulations for this law.

In the area of administrative and judicial governance, the government has committed itself to implementing reforms aimed at continuing and completing the civil service reform, as well as the legal and judicial reform, promoting the understanding of legal procedures and texts, strengthening the capacities of administrative and penitentiary personnel, building or rehabilitating the administrative and penitentiary infrastructure, and strengthening the national statistical system.

The government has undertaken significant structural administrative reforms with a view to improving political governance. The Parliament has thus ratified legislation in the various sectors aimed at building economic and political management capacities, including the consolidation of peace and security, and enshrining the free circulation of persons and goods.

The poverty reduction strategy is being implemented in an international economic context marked by a severe economic and financial crisis. At the national level, favorable circumstances associated primarily with rising oil prices through most of 2008 combined with increased oil production, plus a strong non-oil sector, have enabled Congo to maintain a high level of economic growth averaging nearly 6 percent a year from 2005 to 2009.

Consequently, Congo recorded growth of 6.4 percent in 2008, a significant improvement over the preceding year when there was a decline of 1.6 percent largely attributable to the decline in oil production. In order to reduce the dependence of the economy on oil resources alone, the government has committed to making diversification the primary source of its development, based on growth-supporting sectors and productive sectors. Accordingly, the growth profile will reflect a strengthening of the primary sector with 7.2 percent growth over the 2010-2012 period, driven by the strong performance of the forestry and agriculture sectors.

With respect to prices, the steps taken to ease taxes in order to improve the household food basket are slowly beginning to bear fruit. The effort to rehabilitate the Congo-Ocean railroad (CFCO) will make a significant contribution to alleviating the bottlenecks in trade flows, with deflation being the initial consequence.

In the public finance area, the government has adopted two plans: the Government Financial Management Improvement Plan (PAGGFP) and the Action Plan for Improving the Management of Public Investment (PAAGIP).

Just as in the case of the preparation of the national budget, significant reforms are being undertaken with respect to budget execution. Three key areas have been identified in respect of which progress is expected: the expenditure chain, budget monitoring and evaluation, and payroll and pension administration.

In the wake of the first study to identify weaknesses in the expenditure chain, which was not validated by the government, it was agreed with the World Bank that the services of an internationally recognized consulting firm would be engaged with a view to simplifying the expenditure system.

Since that time, a decree of the President of the Republic has been published, setting forth the intervention modalities for the Administration's intervention in the management of expenditure.

This is a crucial aspect of national budget execution, which demands that the units responsible for producing, collecting, and processing information be properly organized. In this connection, in February 2009 the government welcomed an AFRITAC mission which made a number of recommendations. The African Development Bank has also proposed assistance along these lines

as part of the Project to Support the Improvement of the Expenditure System and the Monitoring of Poverty Indicators (PACDIP).

This reform is aimed at improving payroll administration and establishing a unified payroll/civil service database. Significant actions have been taken, including the revision of the payroll and pension program previously administered using Oracle (90 percent of the work on this payroll program has been completed). Significant efforts have also been made to migrate to a powerful system that is better suited to the current needs of Congo's Public Administration.

The actions taken in the elementary and secondary education subsector have been largely focused on institutional, infrastructural, and human capacity-building. The financial support of the World Bank will continue, succeeding the PRAEBASE program that has reached its conclusion.

The government has launched a rehabilitation program, but more specifically a program of new construction pertaining to the area of imparting agricultural, forestry, and NICT training. There are also a number of activities relating to higher education, concerning not only its reconfiguration but its diversification and modernization as well.

Access to health care for mothers, newborns, and children has been improved by enhancing the skills of health care personnel, applying reproductive health standards and procedures, and providing basic equipment, medicines, and obstetric care kits for CSIs at PMAEs. Malaria treatment is now provided free of charge to children up to the age of 15 and to expectant mothers.

With respect to water, the installation of four desalination units in Brazzaville, the construction of new boreholes in Pointe-Noire, and the addition of 500 water supply points in rural areas constitute significant gains in access to safe drinking water.

The Water, Sanitation, and Hygiene Partnership Program (WASH) to disseminate low-cost adapted techniques in urban, periurban, and rural areas is being financed by UNICEF and implemented by NGOs under the oversight of the Directorate-General of Waterworks.

The social housing construction program will be continued in 2009 at the sites of Mpila, the Camp 15 août in Brazzaville, and Kintélé, with 20,000 new units programmed.

The law setting the direction for cultural policy was adopted by Parliament in December 2008 and focuses primarily on protecting the historical and cultural heritage and on promoting cultural activities.

Indigenous peoples, long disregarded, make up the most marginalized and vulnerable segment of the Congolese population. A national plan for indigenous peoples covering the 2009-2013 period was drawn up in 2008, and implementation began in 2009.

With regard to the protection of children, the aim is to create an environment capable of protecting and guaranteeing the education, development, and well-being of children. With UNICEF support, a program has been developed for protecting the situation of children and is now the subject of a technical and financial evaluation by the public authorities.

Combating HIV/AIDS is a major component of the government's strategy, and in and of itself is a separate pillar of the PRSP. Among the commitments made are comprehensive care for infected and affected persons, improved supply and distribution of antiretroviral drugs (ARVs) and consumables, a strengthened epidemiological monitoring and surveillance system, and

strengthened partnerships with the public and private sectors and civil society. The overall goal is to step up prevention efforts at the community level, in the workplace, and in health care situations.

3. Constraints and prospects

Monitoring and evaluation depend upon the deconcentrated structures of the sectoral ministries for the provision of the sectoral information and sectoral data coordinated by National Center for Statistics and Economic Research (CNSEE).

The actions planned for 2009 relate to institutional reorganization and strengthened exchanges with the sectoral statistical systems through the National Strategy for Statistical Development (SNDS), for which the draft blueprint is ready. Its adoption, which is currently in progress, will make it possible to establish a steering committee and sectoral committees aimed at promoting consistency in statistical production and at coordinating and harmonizing the national statistical system.

The CNSEE has to strengthen its institutional role in the production and dissemination of statistics at the national level. It is to be hoped that this will occur with the forthcoming approval of the law on statistics and the related implementing provisions. This would transform the CNSEE into the National Statistical Institute (INS).

This draft law defines the national statistical system and sets out its missions and organization. It establishes the guiding principles of the national statistical system as regards the High Commission on Statistics, the INS, the sectoral statistical units, and the BEAC.

Several surveys have been programmed for the 2008-2010 period, and will make it possible to improve and update the data on changes in poverty in the country.

Participatory monitoring consists of developing ownership of the poverty reduction strategy process, improving transparency, increasing the accountability of the various stakeholders, improving the quality and relevance of service providers, particular the public ones, and participating in the oversight of the PRS implementation process.

By adopting a poverty reduction strategy (PRS) in March 2008, the Government of the Republic of Congo reaffirmed its intention to combat poverty and made this the priority of its economic and social development policy for the years ahead. The sectoral policies and poverty reduction programs now under way, which were prepared in the context of PRSP implementation, stand as confirmation of that intention.

4. Corrective actions proposed

Having completed this interim evaluation exercise, it is fair to state that the national macroeconomic framework has been strengthened, that the main indicators are moving in the right direction, and that major reforms have either been or are in the process of being initiated.

Nevertheless, the government recognizes that in order to meet the objectives set under the PRS and to achieve the Millennium Development Goals (MDGs), Congo will need to take appropriate steps to meet the many challenges ahead, specifically:

- Strengthening the monitoring and evaluation of the PRS;*
- Rigorously applying the Statistical Development Plan (PDS), in keeping with the national strategy in this area;*
- Promoting a participatory approach;*
- Developing and improving sectoral poverty reduction strategies;*

- *Accelerating the establishment of economic development corridors consistent with Congo's status as a subregional transportation hub;*
- *Diversifying the economy to lessen the country's dependence on oil resources alone;*
- *Promoting a dynamic private sector;*
- *Improving quality and transparency in public finance management;*
- *Accelerating the decentralization and local development process;*
- *Strengthening the Public Administration's operational capacities; and*
- *Enhancing coordination among development partners.*

INTRODUCTION

The Operational Action Plan (OAP) for the implementation of the Poverty Reduction Strategy Paper (PRSP) approved by the government in 2008 is both ambitious and realistic. It serves as a guide and establishes the priorities of the Republic of Congo for the 2008-2010 period, and sets out the priority objectives, strategies, and actions necessary to ensure rapid, sustainable growth and reduce poverty.

This aim of this report is to assess the progress made after the first year of implementation of the PRSP adopted by the Republic of Congo in March 2008. It is divided into four parts as follows:

- the context within which the PRSP was drawn up and is being implemented;
- the progress made in implementing the PRSP from April 2008 to March 2009;
- the constraints and prospects with respect to PRSP implementation; and
- the conclusion, which proposes several corrective actions to be taken in response to the challenges identified.

This status report has been prepared using a participatory process based on contributions received from the sectoral ministries.

CONTEXT, AND PRINCIPLES GUIDING PRSP PREPARATION

In the wake of the recurrent armed conflicts of the 1990s, which lowered the population's living standards and destroyed the country's economic fabric, the Republic of Congo embarked on an effort to combat poverty. Following the conflicts, the government's first efforts focused on restoring peace and getting the economy moving. Accordingly, the National Poverty Reduction Committee (CNLP) was established in October 2001.

In September 2002, the Congolese government's decision to draw up the PRSP was based essentially on the desire to have a cohesive, unified, and consensus-based frame of reference laying out the main lines of action to be pursued in the area of economic and social development. When Congo became eligible for the Heavily Indebted Poor Countries (HIPC) Initiative, an interim PRSP was prepared, and as a result of its satisfactory implementation the country reached the decision point under the HIPC Initiative in March 2006.

The final PRSP was prepared using a participatory approach in which all ministerial departments took part and in which civil society, associations, and other development stakeholders were involved. This broad engagement of the various players characterized the entire process and won praise from development partners.

The PRSP, which was adopted in March 2008 and validated by the Bretton Woods institutions toward the end of that year, sets out a series of goals aligned on the Millennium Development Goals (MDGs) and on the main lines of action of the President's New Hope program [*La Nouvelle Espérance*] for Congolese society, as adopted by the Council of Ministers in December 2005.

The poverty reduction strategy is being implemented in an international economic context marked by a severe economic and financial crisis. At the national level, favorable circumstances attributable primarily to rising oil prices through most of 2008 combined with increased oil production, alongside a strong non-oil sector, have enabled Congo to maintain a high level of economic growth averaging nearly 6 percent a year from 2005 to 2009.

Despite the unfavorable international situation, in its 2009 budget, Congo was able to maintain the level of its strategic investments to combat poverty, particularly in regard to basic infrastructure and the social sectors.

The first year of PRSP implementation ran from April 2008 to March 2009, straddling two fiscal years.

As this is a very short period of time, no significant assessment could be made of the impact of implementing the poverty reduction strategy with a view to producing a progress report in the proper sense of the term. Because of the continuing weakness of the statistical apparatus at all levels, it has not been possible to produce data measuring the progress made with respect to most indicators. For that reason, this document has been prepared as a status report rather than a progress report.

1. PREPARATION AND IMPLEMENTATION OF THE PRSP

1.1. Preparation of the PRSP

The Republic of Congo began to develop its poverty reduction strategy (PRS) in 2006 after reaching the completion point under the HIPC Initiative. The PRSP was prepared within an appropriate institutional framework and using a sustained participatory process, involving the entire spectrum of Congolese society. The document adopted in its final version in March 2008 is still the government's sole frame of reference in respect of economic and social development policy.

1.1.1. Institutional framework

To steer the process of preparing the PRSP, the Government created the National Poverty Reduction Committee (CNLP). The Minister of State, Minister of Planning and Territorial Development (MPAT) serves as its chair, with the Minister of Economy, Finance, and Budget (MEFB) serving as vice chair.

The CNLP establishes policy guidelines for the formulation and execution of the PRSP. It is assisted in its work by a Permanent Technical Secretariat (STP).

The STP's role is to coordinate all activities relating to the formulation and implementation process. It is responsible for the technical and practical coordination of the implementation process, and for overseeing and evaluating high-priority PRS actions.

The STP is supported by thematic and sectoral groups (GTSs), made up of representatives of the technical ministries involved in the PRSP process, whose Research and Planning Directorates (DEPs) serve as focal points, and by civil society (NGOs and associations, trade unions, and faith-based groups) and the private sector.

At the departmental and local levels, the CNLP is supported by Departmental Poverty Reduction Committees (CDLPs) and Local Poverty Reduction Committees (CLLPs).

1.1.2. Participatory approach

Participatory consultations were organized in the country's 12 departments to gather qualitative information on poverty from the grassroots population. The primary aim of these consultations was to enhance the efficiency of government poverty reduction efforts, to supplement quantitative analysis, and to help formulate sectoral policies and strategies for combating poverty consistent with the needs expressed by the local populations themselves.

Consultation process

The participatory consultations were conducted in villages and local neighborhoods. Workshops to enrich and validate the reports from these consultations were held in districts and communes, and were attended by representatives from the Public Administration, civil society, and local communities.

In addition, these consultations were validated in the course of a national workshop which brought together all stakeholders, including the government, Parliament, and development partners.

1.2. PRS implementation process

1.2.1. Recap of objectives

The government's efforts are aimed at achieving strong, healthy, and sustainable growth in order to reduce poverty and improve the living conditions of the Congolese people.

The basic objectives of the PRS are built around the five following pillars:

- Pillar 1: Improving governance and consolidating peace and security;
- Pillar 2: Promoting economic growth and macroeconomic stability;
- Pillar 3: Improving people's access to basic social services;
- Pillar 4: Improving the social environment;
- Pillar 5: Strengthening the fight against HIV/AIDS.

1.2.2. Implementation mechanisms

Implementation of the PRS is first and foremost the task of the sectoral ministries concerned, each in its own area of expertise, in partnership with all the stakeholders in the poverty reduction process. To ensure the consistency of sectoral policies with the overall strategy, the focal points, namely the Directorates of Research and Planning (DEPs) in each ministerial department, serve as contacts with the central body for monitoring and evaluation, namely the Permanent Technical Secretariat. These focal points are tasked with ensuring the consistency of the sectoral policies and strategies, the ministerial priority action plans, and sectoral medium-term expenditure frameworks (MTEFs) with the PRSP.

1.2.3. Operational Action Plan for implementation of the PRSP

The OAP was prepared in concertation with the DEPs of the ministries, and reflects the programming of the actions to be carried out while taking account of sectoral priorities and in a manner consistent with the MTEF process currently under way.

The OAP was approved by the government and announced in a presidential decree dated December 31, 2008. It will serve as the basis for the monitoring and evaluation of PRS implementation.

1.2.4. “Ownership” of PRSP implementation

Strategic communication in the context of preparing and implementing the PRSP entails the broadest possible dissemination to the general public of information about the paper, so as to promote its greater ownership on the part of the public.

Participation in the PRSP process is backed by communication that is ongoing, specific, and consistent in order to raise awareness and encourage discussion and dialogue.

Publicity campaign

To support the implementation process, terms of reference for the publicity campaign were drawn up focusing on the following points: (i) context and justification, (ii) objectives, (iii) languages of communication, (iv) methodology, (v) expected results, (vi) organization, (vii) target audience, (viii) location and time frame, and (ix) timetable.

Website

Successfully engaging the various stakeholders makes it possible to ensure genuine partnership, participation, and accountability in the implementation and monitoring of the PRSP.

The STP is working to establish a PRSP website to make information about the PRSP and its implementation accessible to the general public.

1.2.5. Apparatus for the monitoring and evaluation of PRSP implementation

Institutional apparatus

The CNLP is the body for coordinating, monitoring, and evaluating PRSP implementation. It is composed of representatives of all the ministries involved in PRS implementation, the development partners, and the civil society organizations involved in the various sectors of poverty reduction activities.

Implementation monitoring is also decentralized to the departmental and local levels through the departmental and local structures of the PRSP, with the support of local community development organizations.

In addition, monitoring and evaluation activities are assisted by deconcentrated units in the sectoral ministries in providing sectoral information and statistical data, under the coordination of the National Center for Statistics and Economic Research (CNSEE).

Statistical apparatus

Despite the efforts now under way, Congo still suffers from the incomplete availability of statistical data. The actions planned for 2009 relate to institutional reorganization and the strengthening of exchanges with sectoral statistical systems through the National Strategy for Statistical Development (SNDS), for which the draft blueprint is ready. Its forthcoming approval will make it possible for a steering committee and sectoral committees to be set up, with the task of promoting consistency in the production of statistics, coordinating and harmonizing the national statistical system, and organizing the sectors so that they will be able to produce statistics.

The CNSEE needs to strengthen its institutional role in producing and disseminating national statistics. With the forthcoming approval of the law on statistics and the corresponding implementing provisions, the format of the national statistical system will be defined, its missions clarified, and its organization established around the High Commission on Statistics, the CNSEE (which will become the National Institute of Statistics (INS)), sectoral statistical units, and the BEAC.

It should be noted that several surveys are planned for the 2008-2010 period with a view to improving and updating the data on changes in poverty in the country (see details in section 2.1.4.).

Participatory monitoring

Participatory monitoring consists of developing ownership of the poverty reduction strategy process, improving transparency, increasing the accountability of the various stakeholders, improving the quality and relevance of services, particularly public services, and participating in the oversight of the PRS implementation process.

In addition, participatory monitoring has to enable local players to confirm the monitoring and evaluation data produced by the sectoral ministries and to provide their assessment of actions carried out as part of the poverty reduction program. This work will consist of ensuring that all projects are evaluated, confirming the degree of completion of each activity, evaluating the quality of work done and the relevance of that work vis-à-vis poverty-reduction objectives, and setting out proposals for corrective action.

2. STATUS OF PRS IMPLEMENTATION

Several steps have already been completed in implementing the PRS. This part of the report provides a brief description of the initial work carried out in implementing the priority actions identified in connection with each of the five strategic pillars.

2.1. PILLAR 1 – Improving governance and consolidating peace and security

This first pillar is concerned with capacity-building in the Public Administration and public institutions to enable Congo to run those institutions smoothly, with cohesive, relevant sectoral policies aimed at ensuring sustainable development. The endorsement of the Paris Declaration by the Republic of Congo has bolstered this political will to undertake development that is harmonized, transparent, inclusive, and more effective, and to join with development partners in building upon the five principles enunciated in that declaration. This consists of improving political governance, administrative and judicial governance, and economic and financial governance, strengthening peace and security, combating corruption, and including gender and environmental aspects in all actions undertaken.

2.1.1. Political governance

The government has undertaken significant structural and administrative reforms in order to improve political governance, which may be summed up as follows: capacity-building for institutions established under the Constitution, strengthening the culture of democracy and peace, improving the governance of political parties and associations, instituting a policy of quotas for women for all nominations and elections, and guaranteeing the freedom and independence of the communications media.

Within this specific framework, the Parliament has played its role not only by ratifying legislation in various sectors, but also by undertaking its own management capacity-building and establishing partnerships with international institutions.

Parliament has questioned the government on a number of major issues such as the oil issue, fuel shortages, and price increases for basic commodities and building materials, demonstrating that the first signs are now evident of a democratic debate between the Parliament and the government.

Participation in the 2008 legislative and local elections increased 17 percent in comparison with 2002 thanks to campaigns conducted both by the government and by the opposition parties to raise people's awareness of their civic rights and the role of members of Parliament.

Legislation has been prepared providing support for political parties, in particular with regard to financing matters, and it will be implemented soon.

Electoral Law No. 9-2001 of December 10, 2001 and Law No. 5-2007 of May 25, 2007, amending and supplementing the previously cited law, require that political parties and groups take account of female representation by ensuring that 15 percent of their candidates are women.

2.1.2. Peace and security

In this key area, the government is committed to consolidating peace and security on the one hand, and ensuring the unrestricted circulation of people and goods on the other. The actions taken in this area may be summarized as the “**strengthening of security to prevent conflicts and build a lasting peace.**”

Building gun racks and munitions depots has allowed for better control of weapons held by military and police forces. Completing the construction of territorial headquarters for police units in Niari, Likouala, Cuvette, and Brazzaville has helped strengthen nationwide coverage.

Although a persistent pocket of resistance remains in the Pool region, the National Disarmament, Demobilization, and Reintegration Program (PNDDR) has made significant progress with the support of the World Bank and the European Union: 85 percent of illegal weapons have been collected and destroyed; 90 percent of ex-combatants who were once active in Pool have been demobilized and have rejoined civil society; 80 percent of ex-combatants have received technical training in fields in which they can earn income or in trades; and 90 percent of former child soldiers have received a family allowance or social benefit.

Preliminary drafts for a **Military and Police Forces Programming Law** covering a five- to ten-year period beginning in 2010 are now being prepared, and will be submitted to the government for consideration in the course of 2009.

Local security has been strengthened by having National Police officers conduct properly equipped mobile patrols, and projects to build police stations have been undertaken in Ouesso, Souanké, Pikounda, Ngbala, and Ntam in Sangha. A special unit targeting bandits (GRB) was set up in 2008.

Actions to make national identity cards more widely used and to institute biometric passports are proceeding normally.

Capacity-building

Thanks to social programs, it has been possible to build new barracks and housing in Dolisie, Impfondo, and Owando, and to renovate some old barracks. Various sorts of equipment have been purchased, particularly vehicles of all kinds. Thanks to building new structures and making an effort to kit out the troops, there has been a gradual but significant increase in the level of discipline, and hence in the degree of control over personnel.

Technical and scientific police centers have been set up in Brazzaville and Pointe-Noire. Particularly noteworthy is the completion of construction work on the barracks of the Police Intervention Group (GIP) in Moukondo (Brazzaville) and the police station in Ouesso (building R+1). Other construction projects have been undertaken (a secondary assistance center for firefighters in Brazzaville, a police health unit, and departmental territorial monitoring bureaus in Brazzaville and Ewo), as well as rehabilitation projects (the Mikalou police station in Brazzaville, and barracks for the Police Special Action Group (GASP)). The National Police has purchased vehicles and vessels, as well as communications equipment.

The Judicial Police services and investigation units have been strengthened. A training plan has been implemented to enable Judicial Police officers to obtain qualifications and to upgrade police officers' knowledge of criminal procedure. In 2008, 170 police officers and 152 superintendents were trained at the National Police Academy in Brazzaville, 32 police officers and 28 superintendents took a training course in Cameroon and various training internships took place, and 20 officers were trained in the area of controlling migratory flows and the borders.

A number of seminars and round-table discussions were organized by Ministry of Defense social services *to combat drug trafficking and drug abuse* within the Armed Forces, and to foster respect for human rights, particularly where women and girls are concerned.

In addition, the Ministry of Defense mounted a **voluntary HIV/AIDS screening** campaign in 2008, and officers of the National Police played an active part in the awareness-raising campaign.

2.1.3. Decentralization, and departmental and local development

Implementation of the decentralization process is being pursued by establishing an institutional and legal apparatus for communities, and setting up councils at both the departmental and municipal levels.

Law No. 5-2005 of May 11, 2005 on the territorial civil service was promulgated in 2005. A joint committee (territorial development and the civil service) is now working on developing implementing regulations for this law.

In early 2009, a joint committee was set up to draft legal texts for transferring responsibilities to local communities. Out of 12 draft decrees planned, nine have already been prepared.

It also bears noting that another committee set up in 2006 is drafting texts governing local communities' budgetary and tax mechanisms and reforms. Of the 25 draft texts planned (decrees and orders), nine have been prepared.

Urban and village-level backbones

As part of an ambitious program of accelerated municipalization, numerous social and economic infrastructure works construction or rehabilitation efforts have been carried out in the departments of Kouilou, Pointe-Noire, Niari, Likouala, and Cuvette. This program, currently under way in Brazzaville as well, is consistent with the options under the national territorial development plan, and involves a process of outfitting the various levels of the urban backbone with a view to stimulating economic dynamism everywhere. The process is being consolidated with improved oversight over operations. It includes projects in the general interest such as urban roads, sanitation, hotels and staff residences, water supply and electrification grids, and the construction of schools and CSIs.

In addition to improving the quality of life in urban areas, the government is vigorously pursuing the efforts to modernize the rural space. In this connection, in May 2009 it signed the contract on the State-Departments Plan, one of the financial tools for implementation of the territorial development policy. It makes budget allocations available to the departmental councils for use in carrying out projects intended to contribute to the revitalization of the village-level fabric, doing so in accordance with the equipment grid contained in the National Territorial Development Plan (SNAT). This contracting experiment initiated in 2006 is a significant need, as it makes it possible on the one hand to establish greater equilibrium among the rural areas, and, on the other hand, creates the conditions essential for a rebound in production.

Governance training

A governance and decentralization training program has been developed, and in early 2009 the first training sessions were held on the central topic of *governance and decentralization, territorial administration and local communities*. Other training sessions are planned, and will cover *governance and the administration of justice, project management, and local community resources*.

Awareness-raising campaigns have been conducted with regard to the establishment of citizen participation mechanisms for running local affairs in order to foster the development of a framework for consensus-building between local communities and the Administration.

In 2008, a similar effort was undertaken on a trial basis for drawing up local development plans in Plateaux and Pool departments, with UNDP and World Bank support. There are plans to extend the same exercise to the other departments. A workshop is planned for May 2009.

To help resolve problems in recruiting and retaining teaching and health care personnel in the departments, plans call for positions in these sectors to be transferred to the departmental level.

All of these efforts will contribute to achieving the overall objective of promoting harmonious and sustainable local development.

2.1.4. Administrative and judicial governance

In the area of administrative and judicial governance, the government has committed itself to implementing reforms aimed at overhauling the civil service, reforming the legal and judicial system, promoting an understanding of legal procedures and texts, strengthening the capacities of administrative and penitentiary personnel, building or rehabilitating administrative and penitentiary infrastructure, and strengthening the national statistical system.

Completing the overhaul of the **civil service** will be decisive, particularly the revision of provisions governing civil servants and contractual employees, the reform of the State, and the tracking of civil-service work histories (Law No. 14-2007 of July 25, 2007). A draft decree establishing terms and conditions under which special, contractual, and other employees may be admitted to the civil service was submitted to the government's General Secretariat (SGG) in 2008. The IT project to install the HR Payroll software application, which includes functions for tracking the work histories of civil servants and other government employees, is 80 percent implemented. This will make it possible to enhance the quality of public services and improve relations between the Public Administration and users.

As regards infrastructure, the rehabilitation of an additional building in Brazzaville has made it possible to relieve congestion at the ministry. Departmental civil service offices are being built in Pool and Cuvette, and are scheduled to be completed in 2009.

Justice

Organic Law No. 22-2008 of July 26, 2008 on the organization, composition, and functioning of the Higher Council of the Court System has been promulgated, and laws were enacted in 2008 to create the following new courts:

- Law No. 12-2008 establishing the Ouessou court of appeal;
- Law No. 13-2008 establishing the Kindamba court of first instance;
- Law No. 14-2008 establishing the Oyo court of first instance;
- Law No. 15-2008 establishing the Mossaka court of first instance.

In addition, work is now under way on adopting three major pieces of legislation: the Congolese Citizenship Code, a draft law on indigenous peoples, and a draft law on the modernization of justice.

With regard to capacity-building, three seminars have been held: one on the "Support for the Rule of Law" project (2008), one on the topic of "Justice, Quality, and Performance," and one entitled "Introduction to OHADA accounting" (2009).

Efforts have been made to construct or rehabilitate buildings, with the following being particularly noteworthy:

- Work has been completed on building the Impfondo court of first instance.
- Work has been completed on renovating the Dolisie court of appeal.
- Construction work has continued on the Impfondo, Kinkala, Ouesso, Madingou, Sibiti, and Pointe-Noire prisons.
- Construction work has continued on the Mossaka and Kinkala courts of first instance.
- Construction work has continued on the Ounsé-Talangai, Ignié, and Ngabé courts.
- Renovation work has continued on the Pointe-Noire courthouse and the Dolisie court of first instance.

The national statistical system

The monitoring and evaluation of the implementation of the PRS continue to be hampered by the weakness of the national statistical system, which has been unable to provide data on all the monitoring and evaluation indicators for the first year of PRS implementation.

The country's statistical system suffers from the following constraints:

- It has weak capacity for gathering, processing, analyzing, and disseminating data (financial constraints, physical constraints, and lack of human resources).
- The CNSEE's current statistical output does not yet meet all user needs.

To remedy these shortcomings, a number of actions have been initiated to reorganize the national statistical system, as described below.

At the institutional level

A new statistics law has been drafted and validated by all the entities in the national statistical system. After being endorsed by the Supreme Court, the draft law was approved by the Cabinet Council and the Council of Ministers on May 7, 2009. It will be taken up by the National Assembly at its next regular session. This legislation will make it possible to reorganize statistics work and improve the effectiveness of the coordination mechanism of the national statistical apparatus.

In view of the provisions of the new statistics law, a National Strategy for Statistics Development (SNDS) covering the period 2010 to 2014 is now being prepared in order to organize the various sectors of statistical production around existing sectoral programs. A draft blueprint has been prepared and submitted to the government for adoption. In the short term, the blueprint calls for a steering committee to be set up to guide the process of formulating the SNDS.

In respect of capacity-building

Seasoned statisticians have been recruited by the Capacity-Building Project in Prospective Studies, Statistics, and Planning (RESPEC) and made available to the CNSEE to lend support and fresh momentum to its existing teams.

CNSEE officials have taken a number of training courses, including survey techniques, information systems, data archiving, and data analysis and use.

Agreements have been signed with statistics schools to provide for the systematic upgrading and professional development of CNSEE officials, as well as for the training of new statisticians.

The CNSEE has purchased IT equipment (computers, printers, photocopier, statistical software) to strengthen its operating capacity.

In the past two years, the CNSEE's level of activity has rebounded as it has organized a series of statistical surveys, including the following in particular:

- basic survey on the use of integrated health centers, conducted in 2008;
- survey of HIV seroprevalence and AIDS indicators, of which the data collection phase is currently under way;
- general population and housing census, the results of which will be published in the third quarter of 2009;
- survey on the integration into the workforce of graduates of technical and vocational training, of which the data collection phase is planned for June 2009;
- survey on employment and the informal sector in urban areas, of which the data-collection phase is planned for June 2009;
- survey of the agricultural sector, of which the fieldwork phases are to begin in June 2009;
- CWIQ 2 survey, including household consumption, of which the data-collection phase is planned for the fourth quarter of 2009;
- preparation for the second Population and Health Survey (EDS), to be conducted in 2010.

2.1.5. Economic and financial governance

The emphasis in this area has been on reform, as the government has adopted two plans: the Government Financial Management Improvement Plan (PAGGFP), and the Action Plan for Improving Public Investment Management (PAAGIP).

These reforms are focused on the following:

- Bringing the budget nomenclature up to date

To bring it into line with international standards, the budget nomenclature has been updated with the addition of a functional module. It is a tool for analyzing public policy and especially policies to combat poverty.

- Drawing up and adopting a new government procurement code

A draft law on government procurement has been submitted to the commission for review. Pending its approval, significant measures have been taken to improve government procurement practices, including the following: a requirement that contracts exceeding CFAF 200 million be put to tender; restrictions on advance payments; strengthening of the physical and financial oversight of public investments; capacity-building for the Investment Project Research Center; and capacity-building for the Research and Planning Directorates in the areas of projects and strategic planning.

- Improving the preparation of the strategic and budgetary framework

The government is currently preparing the medium-term expenditure framework (MTEF) from which the annual budgets will henceforth be derived. The actions carried out in preparation for its

implementation have included training the MTEF team in using the World Bank's RMSM-X model for developing the macroeconomic frame of reference, training members of the technical team in preparing MTEFs, strengthening the capacities of the Research and Planning Directorates in the ministries, and creating "focal point" groups for the MTEF team in the priority sectoral ministries (health, education, and transport).

To this end, the authorities have requested enhanced technical assistance with an international expert being brought in, assisted by five junior experts. The objective is to establish a macroeconomic frame of reference and to develop a central MTEF and sectoral MTEFs as described above.

- Improving the execution and monitoring of the national budget

Just as in the case of the preparation of the national budget, significant reforms are being undertaken with respect to budget execution. Three key areas have been identified in which progress is expected: the expenditure chain, budget monitoring and evaluation, and payroll and pension administration.

The expenditure chain

In the wake of the first study to identify weaknesses in the expenditure chain, which was not validated by the government, it was agreed with the World Bank that the services of an internationally recognized consulting firm would be engaged with a view to carrying out the following actions: simplifying the expenditure system by reducing certain steps; redefining the expenditure file nomenclature; reducing expenditure file processing time; and establishing more transparent monitoring of the administrative and accounting steps in the expenditure system, broken down by ministry.

Monitoring and evaluation of the national budget

This is a crucial aspect of the execution of the national budget, which demands that the units responsible for producing, collecting, and gathering information be well organized. In February 2009, the government welcomed a mission from AFRITAC to assist in this area. The mission made a number of recommendations to the authorities. The African Development Bank is also planning to provide assistance in this area under the Project to Support the Improvement of the Expenditure System and the Monitoring of Poverty Indicators (PACDIP).

Payroll and pension administration

This reform is aimed at improving payroll administration using a single database maintained by both the ministry responsible for the civil service and the ministry responsible for the budget. Significant actions have been taken in this area, among them the revision of the payroll and pension program previously handled by Oracle software (90 percent of the work of this payroll program has been completed). Significant efforts have also been made to migrate to a powerful system better suited to the current needs of Congo's Public Administration (see the migration project).

- Tax and customs reform

Introducing the Unique Identification Number (UIN) nationwide has enabled the tax administration to register all taxpayers and to create a single reference file for control and tracking purposes. The UIN, operational since 2005, has significantly strengthened the tax base although other significant efforts still need to be made in this area.

Similarly, the customs system has benefited from the introduction of ASYCUDA software. Its extension to Pointe-Noire, Ouesso, Impfondo, and Dolisie has resulted in better control of the customs revenue base and in an increase in customs receipts, although the pace of revenue growth remains modest. The authorities' objective in using this application is to reduce the volume of exemptions under conventions, which continue to have a major impact on customs receipts. Much work is still needed to achieve this goal.

A number of measures to be implemented with technical support from AFRITAC are mentioned in the 2009 budget law, including: (i) establishing a single window to ensure integrated processing of commercial transactions at the Pointe-Noire border checkpoints; (ii) continuing the efforts to optimize and simplify customs clearance procedures; (iii) strengthening revenue control by extending the ASYCUDA system; (iv) ensuring rigorous management of electronic customs manifests; (v) introducing laser systems for checking containers; (vi) implementing the STAR risk analysis system; (vii) using ASYCUDA functionalities for administering goods in transit; (viii) reviewing customs privileges established in government procurement contracts, agreements, conventions, and other texts; (ix) implementing Decision 2-98 of the Central African Economic and Monetary Community (CAEMC) concerning concession agreements in the petroleum industry, including subcontractors; and (x) eliminating special exemptions and computerizing the procedures for granting and administering exemptions.

- Capacity-building for financial and planning agencies

Capacity-building in the area of strategic and financial planning is part of the government's ongoing efforts to introduce new management tools. The program in this area is aimed at training nearly 400 personnel in MTEF preparation, budget and accounting management, and control systems. In the case of agencies responsible for planning, other support is also being provided to train DEPs and the units responsible for budget preparation in the ministries. From the institutional standpoint, a decree is now being circulated for approval which, once it is issued, will set out in clearer terms the DEPs' organizational structure and responsibilities.

- Computerization of financial administration offices

The master plan for computerizing the ministry responsible for the financial administration offices has been adopted. Networking them in the next few years will contribute to gaining better control over the tax base and government expenditure, and to increasing government revenue and making it more secure.

To illustrate, **budgetary resources are projected to be allocated in 2009 and forecast for 2010-2011 in keeping with the OAP for the PRSP in respect of public investments allocated as follows.**

Under Pillar 1, transparency and combating corruption and fraud, there will be increases in own resources of 0.09 percent in 2008, 0.16 percent in 2009, 0.21 percent in 2010, and 0.36 percent in 2011.

In the growth sectors, there will be:

- stabilization of the effort made for the transport sector, with the appropriations allocated staying at approximately 29 percent;
- an increased effort in respect of electrical power, for which the relative share will increase from 4.52 percent to 5.46 percent and then to 7.01 percent;

- an ongoing effort in favor of the agriculture, livestock, and fisheries sector, for which the allocation against own resources will rise: 3.24 percent in 2008, 3.78 percent in 2009, 3.81 percent in 2010, and 3.96 percent in 2011; this increase in the appropriations allocated could be even greater if the consistency between the sectoral strategy and the projects submitted could be improved in the future.

In the social sectors, there will be:

- an increase in the health care sector, which grows from 4.75 percent in 2008 to 5.36 percent in 2009, 6.06 percent in 2010, and then to 6.27 percent in 2011, with the comment made in respect of the agricultural sector applying here as well;
- the same applies for the education sector overall, with a relative increase in its share from 5.68 percent in 2008 to 6.54 percent in 2009, 6.80 percent in 2010, and then to 7.29 percent in 2011;
- an increase in the total appropriation for the water and sanitation areas, with annual shares over the 2008-2011 period coming to 7.29 percent, 7.29 percent, 7.65 percent, and 7.74 percent.

In sum, the PIP for 2009-2011 largely maintains the trends for 2009 by stabilizing the effort for transport infrastructures and increasing the shares for the major social sectors.

2.1.6. Transparency, corruption, and fraud

In this area, **two bodies have been set up**: the National Commission to Combat Corruption, Fraud, and Misappropriation, and the Anticorruption Observatory.

The National Bureau of Financial Investigation, established in 2008, further strengthens the institutional apparatus put in place to combat corruption, fraud, and misappropriation. In addition, the Audit Board carries out activities in the financial area, with support in capacity-building furnished by development partners.

Work is now under way to finalize the **Anticorruption Law**, which will be adopted by Parliament at its session in July 2009. This is one of the main elements for verifying the implementation of commitments to improve the quality of governance that the government entered into under the HIPC Initiative.

The report on the analytical study of governance has at last been completed, and the action plan is now being finalized.

A great effort has been made in regard to **governance in the petroleum sector**, particularly in increasing transparency thanks to audits done by international consulting firms of the National Petroleum Company of Congo (SNPC) and the Congolese Refining Company (CORAF). Oil production and revenue data are published regularly on the website of the Ministry of Economy, Finance, and Budget (MEFB).

Despite these efforts, however, the desired results have not yet been achieved. This is the situation with the marketing plan, which is still under discussion with the World Bank and the IMF. A project to change the SNPC over from an applied accounting system to a modern cost accounting system has been submitted to the World Bank mission.

Plans call for the following actions to be carried out by June 2009: submitting and publishing the audit report, with the opinion of the Observatory; finalizing the action plan and submitting it to the

Observatory and the Government Anticorruption Commission for review; and submitting a report on the implementation of the oil marketing plan to the World Bank and IMF.

2.1.7. The environment

The environment is recognized as a subject that cuts across many sectors (the oil industry, forestry, agriculture, water supply and sanitation, urban development, and transport). The government has taken actions in all these sectors, but the will to act, the power to make decisions, and the responsibility to coordinate efforts to protect the environment on a sustainable basis fall within the political sphere.

Within the framework of the Central African Forests Commission and its Convergence Plan for the conservation and sustainable management of forest ecosystems in Central Africa, Congo set up a team in 2007 to conduct a feasibility study of a sectoral program encompassing forestry and the environment, in which financing agencies such as the African Development Bank, the World Bank, the French Development Agency, and the European Union expressed their interest. Obtaining this financing should make it possible to implement the program, following the example of other countries in the subregion (Gabon, Cameroon).

Law No. 37-2008 establishing a **wildlife** protection and **land reserve** system, was promulgated on November 28, 2008, replacing the previous system established under a law dating back to 1983.

The proposed National Agency for Wildlife Protection and Land Reserves was established pursuant to Article 118 of the new law on wildlife and protected areas in order to have an operational and high-performance instrument. This project is supported by the European Union's European Development Fund (EDF).

The surface area protected as a land reserve has been increased from 1,699,336 hectares in 1998 to 3,655,402 hectares. Overall, it covers 11.6 percent of the national territory with 2 million hectares of productive forest used for the timber industry.

The network of protected areas includes three national parks (Odzala-Kokoua, Nouabalé-Ndoki, and Conkouati-Douli), four wildlife reserves (Léfini, Mont Fouari, Nyanga Nord, and Tsoulou), one community reserve (Lake Télé), one biosphere reserve (Dimonika), four sanctuaries (Lésio-Louna, Lossi, Tchimpounga, and Koubou), and two hunting areas (Mont Mavoumbou and Nyanga Sud).

Concessions are now being granted for all or parts of the national parks and are being encouraged to attract private investors to promote ecotourism. In late June 2008, works were started on the two-year project to develop the Patte d'Oie Forest Reserve in Brazzaville as a zoo and botanical garden, in partnership with the FAi2D (*Fondation Appui International pour le Développement Durable*—International Aid for Sustainable Development Foundation).

Congo organized the **Sixth Global Forum on Sustainable Development** from October 27 to 30, 2008. It produced the Brazzaville Declaration on sustainable development, which included the following important recommendations:

- support to the Congo Basin Forests Partnership (CBFP) for the efforts of the Congo Basin countries in the post-Kyoto climate negotiation process;
- contributions to a carbon fund paid by countries with carbon gas emissions. This fund will be allocated to the renewable management of forests and agriculture;
- establishment of an African Executive Secretariat for Sustainable Development, headquartered in Brazzaville, and an African Sustainable Development Fund, based on

the African Environmental Facility, for which the African Development Bank (AfDB) would determine the operating organization, rules, and mechanisms.

Short-term actions are planned such as public information campaigns and the inclusion of environmental issues in school curricula.

In the area of **training**, a seminar has been held for officials of departmental delegations to encourage the dissemination of information in the field.

In 2008, a preparatory study was done for establishing an **analytical laboratory**, as well as a study for establishing a scientific watchdog unit.

2.1.8. Gender

The government has made gender a central concern in its socioeconomic and cultural development policy. Equality between men and women must be an objective not only in political life but also in the public and private sectors.

The government adopted a national policy on gender in January 2008 and the related action plan in January 2009.

Draft legislation ensuring that women have equal access to political, elective, and administrative positions is now before Parliament awaiting adoption. The Protocol on the Rights of Women to the African Charter on Human and Peoples' Rights has been ratified. Law No. 01-2008 of January 22, 2008, formalizes Congo's accession to the Optional Protocol to the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) and was adopted in 2008. Activities have been carried out to publicize the solemn declaration by the heads of state and of government of the African Union on the equality of men and women.

In the parliamentary sphere, an information guide was prepared for women candidates in the 2008 elections, material and financial support was provided for women candidates in those elections, parliamentarians were given training on gender issues and the work of the bureau responsible for women's issues, and the Women Ministers and Parliamentarians Network was strengthened so that it could fulfill the function of providing women with training and guidance to enable them to participate fully in the decision-making process.

Activities to raise awareness and disseminate information have been carried out, such as: (i) providing women with leadership training and producing a documentary on the cultural, legal, and economic status of women aimed at ensuring that women are properly represented in all walks of public and private life; and (ii) combating HIV/AIDS and sexually transmitted infections.

Various specific actions such as the following have been carried out to promote women's autonomy, in partnership with agencies of the United Nations, NGOs, associations, and faith-based groups in Brazzaville and in the departments: imparting new dynamism to the Women's Research, Information, and Documentation Center (CRIDF), known as the "Women's House"; providing support for 27 women's savings and loan associations; and opening 10 training centers for girls in welding, ironworking, and dressmaking, information technology and the Internet; and providing training for girls in craft trades (preparation of baked goods, preparation of fruit juices, soapmaking, knitting, etc.).

Regarding **combating discrimination against women and preventing violence against women and children**, two points may be mentioned: a surveillance apparatus has been established at the ministry level to identify, record, and work to eliminate violence against women and children; and a study has been conducted to review school textbooks for sexual stereotyping, with the aim of eliminating inequalities between girls and boys in education.

2.2. PILLAR 2: Promoting macroeconomic growth and stability

In 2008, Congo posted a growth rate of 6.4 percent, a significant improvement over 2007 when the economy shrank 1.6 percent owing mainly to a decline in oil production. To reduce Congo's reliance on oil to fuel economic growth, the government is committed to diversifying the economy's productive base by encouraging the following key sectors: agriculture, forestry, mining, tourism, and small and medium-sized enterprises. Thus, non-oil GDP posted slower growth of 5.4 percent in 2008, compared to 6.6 percent in 2007. This growth was associated with the following areas: agricultural production (6.2 percent); forestry (3.2 percent); manufacturing (7.0 percent); transport and communications (6.8 percent); and construction and public works (7.6 percent). These sectors need to be supported by developing transport and communications systems, ensuring that new information and communications technologies (NICTs) come into widespread use, and adopting sound energy practices.

In 2007, government revenue was equal to 50 percent of GDP, chiefly because of the increase in oil revenue. The estimate for 2008 is 35 percent of GDP. In 2007, government expenditure was equal to 35.5 percent of GDP. Expenditure commitments for 2008 stand at just over 24.5 percent of GDP. Capital investment using the government's own resources amounted to about 10 percent of GDP in 2008 as compared to 8.7 percent of GDP in 2007.

The primary balance (excluding grants) has remained positive since 2004, which bears witness to the government's capacity to handle domestic spending. In 2008, this balance was equal to 10.5 percent of GDP. During the same period, the overall balance on a commitment basis (excluding grants) was equal to 10.5 percent of GDP.

As regards foreign trade in goods and services, a strong rebound in exports is evident, with a shift from a sharp decline of 18.7 percent in 2007 to an increase of 12.7 percent in volume in 2008 thanks to shipments of oil and gas, eucalyptus logs, and lumber, and the promotion of eucalyptus wood chips as raw material for pulp-making. There was also a modest increase in imports (8.5 percent, compared with 6.9 percent in 2007), particularly imports of services used by the oil industry.

With respect to rising prices, the government has taken significant steps to reduce taxes and relieve the burden on the household food basket. Nevertheless, the rate of inflation is estimated at 4.5 percent in 2008, reflecting the spike in global commodity prices.

As of December 31, 2007, Congo's total public debt was estimated at CFAF 3,542.9 billion, consisting of CFAF 3,238.9 billion in external debt (91.4 percent) and CFAF 304.0 billion in domestic debt (8.6 percent). In 2008, thanks to rescheduling agreements signed with private unsecured creditors and other bilateral creditors (among them Romania, Bulgaria, and Libya), the country's total debt was expected to decline to less than CFAF 2,614.6 billion, 24.3 percent below the 2007 level.

This downward trend in the country's overall debt level, which has been in evidence since 2004, strengthens debt sustainability ratios. Thus, the ratio of public debt to GDP has improved from 160.5 percent in 2004 to 44.9 percent in 2008, the ratio of public debt to budget revenue has

improved from 534 percent in 2004 to 89.9 percent in 2008, and the ratio of public debt to exports of goods and services has improved from 205.5 percent in 2004 to 49.8 percent in 2008.

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2.2.1. Oil

Oil production in 2008 was estimated at 12 million metric tons as compared to 11.2 million metric tons in 2007, while exports were estimated at 11.4 million metric tons in 2008 as against 10.5 million metric tons in 2007. Exports of refined petroleum products fell from 436,500 metric tons in 2007 to 306,000 metric tons in 2008.

Despite a technical problem with the Kitina oil well and a sharp drop in oil prices toward the end of 2008, oil revenues increased overall in 2008 and amounted to 85 percent of GDP.

The oil sector is intended to serve as an engine not only to spur the revival of the national economy, and particularly the agriculture, transport, and general infrastructure sectors, but also to help raise the living standards of the Congolese people by providing basic social services.

Making the most of the State's share of crude oil

The consulting firm KPMG has conducted an audit of how the SNPC markets the State's share of crude oil. This audit has been used as the basis for an action plan developed by the SNPC, the World Bank, and the IMF to enable the SNPC to improve its operations in this area and thereby increase government revenues.

Decree No. 2008-15 establishing procedures for issuing oil and gas exploitation licenses was issued on December 11, 2008.

Improving oversight of production and exports

Under their contractual commitments, petroleum operators are required to provide the government with daily, weekly, and monthly petroleum reports so that the country's production can be continuously monitored. Consequently, all major incidents that might affect production are immediately reported to government authorities. On behalf of the Republic of Congo, the independent inspection firm Bureau Veritas monitors all shipments from the country's oil terminals and regularly provides the administrative authorities with detailed reports on shipments.

Capacity-building is covered by training budgets established under production-sharing agreements, with the assistance of a development partner (the World Bank's Transparency and Governance Capacity Building Project (PRCTG)).

With support from the PRCTG, work is also beginning on setting up a petroleum database.

Improving the governance of petroleum resources, and the transparency of petroleum resource management

The Republic of Congo regularly conducts audits of government oil revenues, which are certified quarterly. Conclusions and recommendations derived from these audits are then applied in managing the oil companies. In June 2004, Congo joined the Extractive Industries Transparency Initiative (EITI). The Executive Committee established an action plan which was accepted and validated in February 2008 by the EITI International Board in Accra, giving the Republic of Congo the status of “country implementing the EITI.” The EITI Executive Committee and Consultative Committee meet regularly, and their members participate in capacity-building activities at both the national and international levels. In December 2008, an independent conciliator was named to perform the important task of reconciling payments by private operators in extractive industries during the period 2004 to 2006 with revenues recorded by the Public Treasury. The current objective is to have the Republic of Congo’s first EITI report completed by June 2009, with validation of the country’s status as “country implementing the EITI” by March 2010.

Promotion of subcontracting and strengthening of local technical expertise

A decree on the management of subcontracting in the petroleum industry has been published in the Official Gazette. The Ministry of Economy, Finance, and Budget has had an audit done on the taxation of petroleum industry subcontracting, which has provided conclusions and recommendations that the Directorate-General of Taxes can use as a basis for implementing an action plan to improve tax revenues in this area. A program in petroleum economics has been established at Marien Ngouabi University, and plans call for an institution specializing in trades needed by the oil industry to be built and opened in the near future.

Ensuring that supplies of petroleum products are available to people throughout the country

Given that the objective of ensuring adequate supplies of petroleum products nationwide and rehabilitating distribution points for petroleum products has not been fully met, the government has established a strategy as part of the process of privatizing the petroleum products distribution sector, aimed at providing full nationwide coverage, ensuring continuous supplies, regulating prices, and maintaining equilibrium in the domestic oil market.

Increasing refining capacity

The consulting firm KPMG has carried out an analytical and operational study of the Congolese Refining Company (CORAF). The conclusions and recommendations provided by that major study, in combination with the information contained in various financial audits of CORAF’s senior management operations, have been used to draw up an action plan aimed at strengthening both internal management and technical and operational management. Implementing that action plan will make it possible to increase refining capacity and to use better-quality crude such as Nkossa in order to improve the overall quantity and quality of the plant’s output of petroleum products.

Pollution control and waste management

Oil companies operating in the Republic of Congo are required to comply with the legislation in force. In particular, they are required to provide reports on the health, safety, and environmental aspects of their operations, which are then examined by the Pollution Control Unit of the Ministry of Oil and Gas and other appropriate government authorities. Drills are conducted for containing major releases of pollutants, in preparation for possible emergencies. Local communities are

involved in the sanitation and waste management policy. Government agencies require capacity-building so that they can better monitor and deal with pollution control and waste management.

2.2.2. Forestry

The rainforest of the Congo basin covers over 2 million square kilometers, of which 240,000 square kilometers lie within Congo's borders (65 percent of the country's land area). Only the rainforest of the Amazon basin is larger. Thus, the Congo basin is one of the richest and most important ecosystems, biologically, on the face of the planet. After oil, forestry is the country's second most important growth sector, but only accounts for 4-5 percent of GDP, far less than its potential. Developing the forestry sector by improving resource management and having a larger volume of forest products processed locally is a major challenge that the Congolese government intends to pursue during the years ahead.

Where appropriate, actions in this sector—whether in terms of economics or in terms of the conservation of this environmental and cultural heritage—incorporate a regional perspective on the problems of the Congo basin forest. This is ensured through the Central African Forests Commission (COMIFAC), which works on the basis that forest conservation is a regional responsibility shared by 10 countries and seeks to develop synergies among the 10 countries' forest administrations.

The Congolese government is aware of the region's exceptional biodiversity, which forms part of the global commons (not only is most of the world's gorilla population to be found within Congo's borders, but the country is also home to many other mammals and plants threatened with extinction). Numerous protected areas have been established, which are administered with support from NGOs and donors.

These efforts have to bring economic benefits to local communities. This can be achieved by developing economic activities that offer an alternative to poaching and promote ecotourism in and near protected areas. Still, ecotourism cannot bring in enough revenue to offset the cost of managing protected areas.

As regards the **exploitation of forest resources**, beyond the direct employment it provides, the forestry sector plays an important role in reducing poverty. For a significant portion of Congo's population, the forests remain the main source of energy and food; forestry operations provide the inhabitants of remote areas with basic services and with a link to the rest of the country.

With regard to **improving the management of forest resources**, the following actions have been taken. A Forestry and Environment Sectoral Program is being developed, and the data collection phase is complete. Two programs are under way with support from the FAP and the French Development Agency (AFD) to evaluate forest resources and improve the management of forest concession arrangements. The process of certifying Forest Management Units (UFAs) is continuing: the Kabo UFA was certified in 2006, followed by the Pokola and Gombe UFAs in 2008 and 2009, thus bringing the total certified area to 2,011,000 hectares. The government has recently begun negotiations with the European Union to conclude a partnership agreement aimed at ensuring the sustainable management of forest resources and transparency in the lumber trade. The agreement is expected to be signed in May 2009.

Capacity-building efforts for the ministry resulted in the staffing level being increased by 150 in 2008, and in two courses being held (one on cartography, botany, and inventory, and the other on forest economics), with the support of the Emergency Community Renewal and Support Project (PURAC).

The **proportion of products being processed locally** has improved considerably, from 35 percent in 1998 to 60 percent in 2008, as a result of restructuring and the implementation of the “85/15” output processing policy.

The **production** of tropical woods (raw logs) declined as a result of the global economic and financial crisis. It is estimated at 1,212,118 m³ in 2008 as compared to 1,331,951 m³ in 2007.

Overall **exports** by volume increased from 1,009,034 m³ in 2007 to 1,067,985 m³ in 2008, an increase of 58,951 m³ in absolute value and a change of 5.85 percent.

In response to the crisis affecting the forest industry since the end of 2008, the forestry companies operating in the northern part of the country have asked the government to provide tax relief as well as other measures to help offset the decline in production. The government has acceded to their wishes and granted special exemptions to support the sector.

2.2.3. Agriculture, livestock, and fisheries

Agriculture and livestock

With an area of 342,000 square kilometers offering roughly 10 million hectares of arable land, a population of 3.5 million people, abundant rainfall, and a dense network of rivers and streams, Congo has clear potential to become self-sufficient in agriculture and even to produce farm products for export. Moreover, the agricultural sector is one of the areas that the government has chosen as being of high priority for diversifying the national economy in the post-petroleum period.

In 1960, agriculture was the most important sector in Congo’s economy, and farm production was the principal source of revenue for about 80 percent of the population. Today, no more than 40 percent of Congolese earn their living from farming. From 1965 to 2003, agriculture’s share of GDP fell by approximately two-thirds, from nearly 20 percent in 1965 to 6.2 percent in 2005 (see chart below). The decline in agriculture’s share of GDP is attributable to the increasing importance of oil in the country’s economy during the same period. Oil’s share of GDP has been rising steadily, from 50 percent of GDP in 2003 to 62 percent in 2007. One of the most important consequences of the agricultural sector’s weak performance has been persistent, deepening rural poverty (according to the 2005 ECOM survey, 65.2 percent of rural households live below the poverty line, compared with 40 percent of urban households).

Under the National Food Security Program (PNSA), the government has made it a fundamental objective to increase output and productivity quickly, and to improve and diversify food production by employing measures to ensure that local communities have access to food of sufficient quality and in sufficient quantities.

In 2008, the Ministry of Agriculture and Livestock reorganized the Agricultural Support Fund. It has carried out development activities in technical centers, as in the case of improved seeds at the Etsouali, Mayoumina, and Néméyong centers, cattle at the Boundji and Dihesse technical support centers, and extension activities to disseminate information on crop-growing and livestock-raising techniques in Kombé, Brazzaville (Agricongo), Dolisie, Pointe-Noire, and Ouesso. Research

activities have been carried out at the Loudima Agronomic Research Center and under the National Extension, Research, and Adaptation Program.

Farm machinery has been acquired (36 Landini tractors with a full complement of accessories using the government's own funds, plus eight fully equipped tractors as a donation from the Libyan government), as well as improved seeds. In the area of livestock-raising, heifers have been acquired and distributed, and the system of *métayage*, or tenant cattle farmers paying rent in kind, has been promoted.

A mechanized services center has been set up to assist farmers.

Seminars and training workshops have been held for capacity-building.

Storehouses for farm products have been built by the National Seed Improvement Center.

The main programs sponsored by development partners in the agricultural and rural sector are described below.

The Agricultural Development and Rural Road Rehabilitation Project (PDARP), programmed for the period 2007 to 2012, is valued at US\$40 million. It is funded for up to US\$20 million by the World Bank, with the remaining US\$20 million as counterpart funding provided by the government. The main objective of this project is to strengthen the capacities of rural producers, to improve their productivity and hence increase their income by developing and disseminating improved agricultural techniques, developing market infrastructure, and implementing farm policies and programs aimed at reducing poverty.

A €4 million food security project, expected to commence operations at the beginning of 2009, is being sponsored by the European Commission. Its objective is to promote mixed farming, livestock-raising, fish-farming, and tree cultivation in the South Pool region.

The International Fund for Agricultural Development (IFAD) is funding two rural development projects whose work is now coming to an end: one in Plateaux, Cuvette, and West Cuvette departments (PRODER North), and the other in Bouenza, Lékoumou, and Niari departments (PRODER South). A third rural development project for Pool, Sangha, and Likouala departments (PRODER 3) is now in the pre-evaluation stage.

For its part, the FAO is a major partner providing technical assistance to the authorities in developing and carrying out rural development programs.

Fisheries

In the **fisheries and fish-farming sector**, the objective is to expand aquaculture and increase fisheries harvests on a sustainable basis in order to contribute to food security and to the country's growth.

The following decrees have been issued for the purpose of organizing the fisheries sector:

- Decree No. 2008-312 of August 5, 2008, establishing the organizational structure of the Ministry of Maritime and Inland Fisheries, responsible for aquaculture;
- Decree No. 2008-313 of August 5, 2008, establishing the organizational structure and the duties and responsibilities of the Directorate-General of Maritime Fisheries;
- Decree No. 2008-314 of August 5, 2008, establishing the organizational structure and the duties and responsibilities of the Directorate-General of Inland Fisheries;
- Decree No. 2008-315 of August 5, 2008, establishing the organizational structure and the duties and responsibilities of the Directorate-General of Aquaculture;
- Decree No. 2008-316 of August 5, 2008, establishing the organizational structure and the duties and responsibilities of the Office of the Inspector-General of Maritime Fisheries, Inland Fisheries, and Aquaculture;
- Establishment of departmental directorates of fisheries and aquaculture in every department of the country;
- Decision No. 0003/MPCA/CAB/DGPAM of February 14, 2008, barring the transshipment of fish, other fisheries products, and their derivatives at sea;
- Order No. 2009-33 of February 6, 2009, laying down provisions relating to the meshing of nets and to the equipment used in maritime fisheries.

In addition, draft legislation to organize inland fisheries and aquaculture has recently been passed by the National Assembly and is now before the Senate.

In 2008, the government began the process of preparing a sustainable development strategy for fisheries and aquaculture. Two capacity-building projects have been completed in fishing communities. In this connection fisheries and aquaculture materials and equipment have been distributed to roughly 100 cooperatives, which have also received training, especially in the departments of Plateaux, la Cuvette, and Pool, and in Brazzaville. This activity is continuing now in other departments.

In the area of fisheries and aquaculture infrastructure construction, studies have been completed on the following:

- Construction of the modern market in Yoro, Brazzaville;
- Construction of the fisheries products landing stage at Mpouya in the Plateaux department;
- Production and marketing of Niari shrimp.

To curtail the piracy of fisheries resources, two launches have been acquired for use in the surveillance of fisheries activities in the Congolese Exclusive Economic Zone (ZEE), and the illuminated marker buoys for controlling fisheries operations have been installed.

2.2.4. Mining

The government is committed to developing the mining sector to complement the country's other growth sectors. An important step now being taken in this regard is to prepare a master plan for the mining sector which will make for a clearer and more comprehensive overall strategy.

Plans call for special funding to be provided for conducting geological studies throughout the country, to gain a better understanding of Congo's underground wealth.

Congo has joined the Kimberley Process, and the following legal texts have been issued to give effect to its participation:

- Decree No. 2008-336 of September 22, 2008, establishing the permanent secretariat of the Kimberley Process and designating its members;
- Decree No. 2008-337 of September 22, 2008, establishing procedures for implementing the Kimberley Process certification system;
- A directive supplementing certain provisions contained in Decree 2007-247 of May 21, 2007, with a view to the implementation of the Kimberley Process certification system.

Decree No. 2008-338, of September 22, 2008, has also been issued, establishing the organizational structure and the duties and responsibilities of the Bureau for Assay, Evaluation, and Certification of Precious Minerals (BEEC).

Additional draft decrees now being reviewed by the government's General Secretariat include:

- A decree establishing the statutes of the National Geological and Mining Research Center (CNRGM);
- A decree establishing standards for protecting against the dangers of ionizing radiation;
- A decree setting out the ethical, financial, and technical conditions applicable to opening a kiosk or office that buys precious minerals.

Moreover, seven draft laws are under review before the Supreme Court, namely: a law setting the rates and collection rules for mining royalties, a law setting the rates and collection rules for equipment fees and the periodic requalification of pressurized equipment, a law on sources of radioactivity, the law on industrial security, the law creating the mining fund, and the law creating the CNRGM.

Work is now under way on setting up the BEEC and the CNRGM. In preparation for the establishment of a geological database, 17 staff members have received information technology and Internet training.

In 2008, a number of mining licenses were issued to private operators:

- 57 prospecting license, issued to 28 companies;
- 24 exploration licenses, issued to 14 companies;
- Three development licenses, issued two companies: to Magminéral, for potassium in Kouilou, and to SOREMI for iron in Boko Songho and Yanga-Koubanza.

Also in 2008, three exploration agreements were signed: with Motaba Mining, for rough diamonds in Likouala; with Zengwei Congo for potassium salts in Kouilou; and with DMC for base metals (copper, zinc, and lead) at Mayoko in Niari.

Missions to identify peat deposits and determine their extent were conducted in Kouilou in 2008, with a view to developing this resource.

To improve coordination of the small-scale mining sector, a mission to identify and determine the extent of small-scale diamond workings was conducted in Niari with a view to setting up miners' cooperative associations. Technical material was distributed to the miners on this occasion. The same thing should be done in 2009 in the northern part of the country (in Cuvette, Sangha, and Likouala).

2.2.5. Promotion of the private sector

By participating in the production of the nation's wealth both within Congo and abroad, the private sector should be able to become a driving force in financing economic activity in the country. Ensuring that the private sector can play this role means promoting and developing the country's industrial fabric, promoting and developing domestic and external trade, fostering small and medium-sized enterprises, and developing financial institutions focused on savings deposits and lending.

Evidence of the effort to foster the development of the private sector can be found in the second National Exhibition of Industrial and Craft Products, held in Brazzaville.

A Charter for Small and Medium-Sized Enterprises has been drawn up, and draft legal texts establishing the organizational structure and the duties and responsibilities of the Small and Medium-Sized Enterprises Observatory will be submitted to the government shortly.

Studies have been conducted on setting up a subcontracting clearinghouse and on business partnerships. Incubators of new enterprises have been set up, and feasibility studies have been done on funding for seed capital, development capital, and guarantees; and the necessary decrees to set this in motion have been readied for signature.

Activities in connection with **industry** have included the following: implementing the master plan for industrial development; developing a comprehensive program for the lumber industry; doing feasibility studies for a Standards and Quality Management Center; carrying out a corn processing project; designing a comprehensive program to develop the agri-food industry; carrying out a study for the development of a construction materials industry; and identifying sites for industrial development.

As regards **commerce**, the government has updated Decree No. 86-1015 of November 3, 1986, establishing distribution regulations, and issued memorandum No. 0147/MCCA-CAB of July 14, 2008, setting up a national commission to review price regimes. Other legal provisions promoting commerce have also been published, including: (i) Decree No. 2000/483 of November 21, 2008, regulating display vending; (ii) Decree No. 2008/445 of November 15, 2008 introducing the nomenclature for commercial activities; (iii) Decree No. 2008/446 of November 15, 2008, establishing the modalities for obtaining a professional merchant's license; and (iv) Decree No. 2008/447 of November 15, 2008, establishing the conditions for modifying, extending, and transferring commercial activities and setting the amount of regulatory fees.

To address the food crisis and the sharp price increases for certain basic commodities, substantial easing of taxes has been advocated in order to improve the cost of the household food basket.

In the area of competition regulation, a draft competition law and a draft consumer protection law have been finalized. Work is currently under way on preparing a draft decree establishing commercial oversight regulations.

Basic commercial infrastructure is being built, as evidenced by the opening of the modern market in Oyo on November 3, 2008, and the ongoing work being done on markets in Dolisie and Owando.

A number of training sessions and awareness-raising seminars have been provided for retail and neighborhood merchants. At the same time, various additional **multifaceted forms of support** have been made available to improve project formulation of projects and strengthen the functioning of vendors' associations. A fund has been established to finance project feasibility studies. Capacity-building for professionals in the commerce sector has taken the form of training sessions and seminars covering the formulation, negotiation, and implementation of business policies.

The **banking sector** has been restructured as part of the government's liberalization policy. This has led to the establishment of a national housing bank (Banque de l'Habitat) and the creation of new banking and insurance organizations (Ecobank, Africa Bank, etc.). The ratio of bank deposits to non-oil GDP has grown from 29.6 percent in 2006 to 31.8 percent in 2007 and to 37.4 percent in 2008. Lending as a proportion of GDP has risen fivefold, from 12.0 percent in 2006 to 18.2 percent in 2007 and to 66.1 percent in 2008. Moreover, microlending institutions are blossoming.

The government's policy is supported by the establishment of the National Bureau of Financial Investigation, which strengthens the institutional apparatus to combat corruption, fraud, and misappropriation.

2.2.6. Craft industries

Craft industries employ a large share of the population, particularly in the informal sector, and have an important role to play in fighting poverty in Congo.

In order to have a **coherent strategy for the sector**, the government is currently developing a master plan for craft industries. The National Plan for the Development of Small and Medium-Sized Enterprises and Craft Industries has been submitted to the government for approval. The National Assembly adopted the Law on Craft Industries in March 2009.

A census of small and medium-sized enterprises, craft workers, and craft enterprises was conducted in 2008. It identified 1,341 small and medium-sized enterprises and 3,841 craft workers and craft enterprises.

Capacity-building efforts in this area have been carried out, such as training sessions on the protection of craft products and training sessions for Public Administration personnel at the national and departmental levels.

Support missions by French craft workers to visit woodworkers in Dolisie, Owando, and Kinkala have been made under the Craft Worker and Microenterprise Cooperation and Support Program (COSAME).

As a way to **promote craft industries**, plans call for a craft industry village to be set up in 2009.

2.2.7. Tourism

Tourism in Congo is still in its infancy. But given the country's potential in wild plant and animal life, craft industries, culture, and history, the tourism sector should expand in future years and thus contribute to economic growth and the fight against poverty.

In the short term, with the aim of **regulating the development of the sector**, Decree No. 04/078 of January 19, 2004, has been issued, governing establishments that provide lodging and food, and a directive has been published establishing hotel rating standards (Directive No. 2710/MCAT-CAB of March 26, 2007). The classification process is under way. A tourist guidebook was published in 2008.

In regard to the **development of hotel infrastructure**, the renovation of the Le Kouyou Hotel in Owando was completed in 2008, construction of a large hotel in Dolisie was completed at the beginning of 2009, and construction of a large hotel in Oyo is currently under way and expected to be completed toward the end of 2011.

In Brazzaville, the renovation of the luxury Mbamou Palace hotel (which has over 200 rooms) is under way, and is expected to be completed in 2010.

A **study on developing the Mah village tourist site** was done in 2008. A study on developing the Cataractes tourist site is now under way and will be completed in 2009.

In the area of **capacity-building**, it should be noted that, for the second year in a row, five students were sent to the Ngaoundéré school of hotel management in Cameroon.

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| Sectors supporting growth |
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2.2.8. Transportation

Developing transportation systems is vital for the country's economic development, and a National Transportation Plan (PNT) has been put in place. The government's policy on rehabilitating the country's infrastructure base involves building new infrastructure and mobilizing substantial financial resources to consolidate and develop basic infrastructure, opening up access to the interior and unifying the national territory, developing all modes of transport and intraregional trade, and building upon the country's role as a hub for transportation within Central Africa.

In the area of **overland transport**, steps taken by the government include updating texts, publicizing overland transport regulations, and engaging in dialogue through an information forum with economic operators in the sector.

Road counting and signaling equipment has been acquired to ensure road safety and security. Two bus terminals are under construction at Dolisie and Owando. Three inspection and surveillance activities (permanent missions) have taken place in connection with construction on the Obouya-Boundji-Okoyo, Pointe-Noire-Dolisie and Owando-Makoua-Yengo stretches of road. A study is currently under way for the Brazzaville-Pointe-Noire oil pipeline.

Major road upgrading and paving works (approximately 250 km) have been performed on:

- Previously paved roads needing upgrading or special maintenance (heritage preservation): Bouansa Mouyondzi-Moukoulou dam, Pointe-Noire-Dolisie, Obouya-Boundji-Okoyo, Obouya-Owando;

- Rehabilitation of the Brazzaville-Kinkala section;
- Modernization of the Brazzaville urban road system (Brazzaville second exit north; Avenue de la Paix between the Poto-Poto and Moungali roundabouts), Avenue de l'OUA and Aavenue des trois martyrs in Brazzaville, access road to the Nkombo national television center;
- Makoua, Owando, Oyo, Dolisie, Mosséndjo, and Nkayi urban highways, and Mbounda secondary school access roads.

Since 2005, *the Road Fund* has functioned as an annexed budget earmarked for road maintenance. In the past there have been difficulties allocating revenues to this fund. Resourcing the road fund in line with the second generation road fund profile is becoming a necessity and remains the only solution to rational management of road maintenance. Such resourcing ensures full and systematic allocation of funds collected by the Office of the Treasurer/Paymaster-General.

With respect to **rail transport**, a minimum emergency investment program (2007-2009) has been prepared for upgrading in this important area to enable the Congo-Ocean Railway [Chemin de Fer Congo-Océan] (CFCO) to recover its traffic performance. Peak numbers of 1,650,000 metric tons and 4.5 million passengers date back to 1976 and 1986, respectively.

In 2008, the CFAF 18 billion envelope provided (CFAF 17 billion executed) enabled large-scale operations to be launched with regard to both tracks and railway equipment. This led to increased activity under the CFCO rehabilitation and equipment program and reinstatement of normal operations for hauling and towing equipment. Of note are the completion of contouring work in the flood zone, rehabilitation of the Pointe-Noire maintenance station, and – in terms of equipment – the acquisition of five locomotives, the overhaul of CC500 type locomotives, upgrading of 6/13 routing devices and procurement of communication system equipment.

Finally, an expert study was conducted on rehabilitation of the long tunnel.

In 2009, sizable appropriations were made available, making it possible to place orders for the items listed below, currently awaiting delivery:

- Acquisition of two or three line locomotives, used passenger cars, and a VSAT satellite communication system;
- Rehabilitation of 200 cars; and
- Continued track upgrading and rehabilitation of the long tunnel.

The CFCO minimum emergency program planned for 2007-2009 has experienced some slippage and could be extended as far out as 2012 if the amount of CFAF 30.4 billion programmed for 2009 is not disbursed in time.

With respect to **river transport**, navigable routes are now being maintained by dredging the Brazzaville port area; two additional dredging machines are now being acquired to accelerate this work. In terms of rehabilitating Brazzaville river port infrastructure, work has begun on a container terminal and to rehabilitate warehouses. Thanks to strengthened technical and operational capacity, the fleet is being upgraded with two cargo barges (the Ngobila, with 2 x 400 metric horsepower, and the Odouka with 2 x 140 metric horsepower). Radio communication equipment, computers, river unit surveillance equipment, a patrol boat, and five motorized floating units have been purchased to strengthen surveillance operations. Dredging work and construction of a dike in Mossaka are unfolding normally and will continue into 2009, and a similar project is planned for Makotipoko.

With respect to **air transport**, regulatory texts governing accreditation have been updated and disseminated to improve conditions for aircraft procurement. In terms of airport infrastructure, work continues on the extension of the second runway at Maya-Maya and construction of the new airport terminal. Work has taken place at Ollombo, Impfondo and d'Owando, and the Nkayi and Makoua runways have been rehabilitated. Air traffic control equipment has been purchased for the new airport terminals.

Concerning **ocean and merchant marine transport**, the goal is to make the Pointe-Noire Autonomous Port (PAPN) a subregional maritime power. As the primary hub port and transshipment center for freight from the Central African subregion because of its geographical position, the Pointe-Noire port is located at the crossroads of major ocean routes and can serve as a connection point between Atlantic Europe, the eastern coast of the United States and the eastern coast of South America, on one hand, and southern Africa, the Indian subcontinent and Asia, on the other.

PAPN has a very ambitious *priority investment program* (PIP) that it is financing with donor funding from the French development agency (AFD), the European Investment Bank (EIB), and the Central African States Development Bank (BDEAC) under an agreement signed in March 2009. The PAPN management and expansion agreement with the Bollere Group was signed in January 2009.

The introduction of a *marine transport virtual portal*, being piloted by the Public Works Directorate, is proceeding normally. The Brussels-based firm Bureau International Maritime (BIMV) has presented the portal prototype to the Pointe-Noire port community, and a membership campaign was launched by the Ministry on November 27, 2008.

Coast guard operations and measures to combat ocean pollution and coastal erosion have been addressed at seminars on coastal erosion held in Matombi (Department of Kouilou). The merchant marine code for which the financing agreement was signed on December 23, 2008 is being enforced effectively.

With respect to *capacity-building*, a subregional workshop was held on ocean search and rescue operations in Brazzaville, as were a seminar on implementing the International Ship and Port Facilitates Security Code (ISPS Code) and a training session on women's role in the sector from March 9 to 11, 2009 in Pointe-Noire.

Participation by development partners largely took the form of the following activities:

Under the ninth European Development Fund (EDF), the **European Commission** has financed work on highway RN1 (the Djoué Bridge at Matoumbou and the Gambari Bridge at Loutete), dredging of the Brazzaville port and institutional support for the Road Fund.

Under the tenth EDF, support measures are under way to enhance navigability at the Brazzaville port, rehabilitation with State cofinancing of highway RN1 along 60 km (Gambari-Mindouli), rehabilitation with State cofinancing of the Brazzaville port, rehabilitation of CFCO with State cofinancing, and institutional support for the Road Fund.

The **World Bank** is active in the transportation sector through the Agricultural Development and Rural Roads Rehabilitation Project (PDARP).

The **African Development Bank** is also active in the transportation sector and is planning to undertake a study for the Brazzaville-Kinshasa highway/rail bridge to strengthen economic

integration between the Democratic Republic of Congo and the Republic of Congo. The study should lead to preparation of a bankable bridge project and to the mobilization of the funds needed for works construction.

The **French cooperation agency** provides support to the Joint Maintenance Service for Navigable Routes [Service commun d'entretien des voies navigables] (SCEVN) through a partnership with the Rouen Autonomous Port, which is contributing technical assistance, and through a subregional project in support of river transport in the Central African Republic, the Democratic Republic of Congo, and the Republic of Congo, to improve navigation security on the Congo River.

2.2.9. Electrical power

Supplying the country with electricity of sufficient quality and quantity that is affordable for the majority is a sizeable challenge to be met by the government. Electrical power is crucial to reactivating the economy and improving the welfare of urban and rural populations.

Steps taken to this end include setting up the Electricity Sector Regulatory Agency (ARSEL) on December 5, 2008, and the National Rural Electrification Agency (ANER) on December 30, 2008.

At end- 2008, 45 percent of urban dwellers and 5 percent of rural dwellers had access to electricity. Overall, the works currently under way should raise these rates to 60 percent and 15 percent, respectively, by 2011. Demand in Brazzaville and Pointe-Noire could be met by 2010.

In addition, a sector strategy is now being prepared that takes into account the National Electricity Company (SNE) and includes plans for an in-depth restructuring.

With respect to **producing electricity**, new operations were launched in 2008 to sharply increase production by doubling the capacity of the Djéno power plant in Pointe-Noire, to 50 MW. Work has continued on the Imboulou dam to increase electricity production by 120MW, as well as on construction of the 300MW gas power plant at Pointe-Noire. Although the Brazzaville thermal station (32 MW) is coming on stream, it is limited to 12 MW for the time being owing to low capacity within the distribution grid. Operations here may cease once the Imboulou dam comes on stream, owing to the high cost per unit produced.

The main activities initiated in 2009 to improve **power transmission** relate to commencement of construction of the energy highway (Pointe-Noire-Owando), rehabilitation of the Pointe-Noire – Brazzaville line with repair of the Loudima, Mindouli, Mont Kamba, and Tchiélampo stations, and construction of the Ngo-Brazzaville and Ngo-Owando lines to transport current from Imboulou.

Concerning **distribution**, two tender calls were issued in early 2009 for rehabilitation and expansion of the Brazzaville and Pointe-Noire grids in order to improve the quality of electricity delivered to the consumer. In addition, implementation has begun on the Economic Community of Central African States (CEEAC) energy project financed in part by the European Union, which provides for 9,000 low-cost connections in Brazzaville and Pointe-Noire.

In terms of **rural electrification**, three projects have been set up in Ntokou, Ngoko, and Loukolela, and plans call for electrifying 100 rural localities in 2009 as well as building 10 one to three MW micro-plants.

Project performance in the country's interior is often jeopardized by delays in the receipt of shipments of materials, owing to the poor performance of the rail system.

2.2.10. Communications

In the area of telecommunications and NICTs, the main objective is to ensure least-cost access for the population to postal and telephone service, and to information and communications technologies.

Regulatory texts are being prepared on **postal services**, the **electronic communications sector**, and the establishment of a regulatory authority (Postal and Electronic Communications Regulatory Agency).

The national cyber-strategy policy paper is awaiting validation by the government.

The following physical targets have been achieved: 15 post offices in Brazzaville, Pointe-Noire and the interior have been renovated, equipped, and staffed for regular operations; the Brazzaville postal checking system has been computerized, and an electronic tracking system has been set up for international mail at the Brazzaville main post office; two telephone exchanges have been purchased by SOTELCO for Brazzaville and Pointe-Noire, and radio frequency surveillance and management equipment have been purchased by the regulatory authority.

Studies have been conducted for the repair of telephone systems in Mossendjo, Mbinda, Makabana, Mayoko, Owando, Boundji, Oyo and Mossaka, and the study on interconnection with undersea fiber optic cable is well advanced.

There are currently three private mobile telephone operators (Zain, MTN, and Warid) covering more than 90 percent of the country. The main Internet service providers in Brazzaville, Pointe-Noire, and Dolisie are Zain, ALINK Télécom, AMC telecom, and DRTV net. There are approximately 200 Internet cafes.

National media coverage was expanded with the installation of satellite receivers and TV/FM broadcasting equipment in the towns of Dolisie, Ouesso, Owando, and Oyo. The Nkombo National Radio and Television Center in Brazzaville is now operating and training has been provided to technical staff. The construction of the Oyo radio and television services building is ongoing.

In addition, an agreement has been signed with the French National Audiovisual Institute (INA) to train information and communications professionals and to transfer, restore, and preserve public audiovisual archives.

2.2.11. Meteorology

The overall objective of this sector is to facilitate the development of applied research in meteorology and in hydrography operations, to improve the population's quality of life and security.

The country's partnership with specialized agencies of the United Nations was strengthened in 2008 through participation in World Meteorological Organization activities.

A research and application center is in the process of being set up; a feasibility study has been performed and terms of reference for construction of the center were finalized in 2008.

Capacity-building in meteorology for staff of the National Civil Aviation Agency (ANAC) took place through specialized training over a two- to three-month period in 2008.

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| Subregional integration |
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2.2.12. Subregional integration

The goal is to contribute to *regional integration and economic opening* in Congo. In order to develop transportation within the country, the government has undertaken to promote the development of infrastructure for transport, communications, and opening up inaccessible areas.

Congo has stated its political will to establish mechanisms to encourage diversification of productive subsectors, private-sector development, an improved business climate within the Economic and Monetary Community of Central Africa (CEMAC), and accelerated tax and customs reform to facilitate the circulation of people and goods in the subregion and beyond.

The Ministry of Economic Integration has carried out activities to involve Congo in the process of building a common economic space, including the review and adoption of CEMAC's charter and by-laws, and the review and adoption of the budget and work plan, institutional framework and organization chart of the Secretariat of the Economic Community of Central African States (CEEAC). Congo's participation in African and regional integration has been assured.

2.3. PILLAR 3 – Improving access to basic social services

Improving access to basic social services for Congo's people is the Government's second priority in implementing the poverty reduction strategy. The policy underpinning this third pillar of the PRSP is intended to allow equitable access to quality education for all and to improve living conditions for all.

2.3.1. Elementary and secondary education

Progress in this area is as follows:

Human capacity has been strengthened through the recruitment of 1,800 teachers in 2008. This effort, which began in 2006, accelerated in 2008 with the recruitment of new teachers and hiring of volunteers with adequate qualifications to teach. Sham positions were eliminated, and further action will be taken in this regard if needed.

With respect to ***equipment and infrastructure***, 654 classrooms have been renovated; 111 administrative blocks, 25 administrative housing units, and 66 latrines have been built; 12,813 school desks have been purchased; and 706 desks, 861 chairs, and 562 cupboards have been made available to school offices.

Concerning ***textbooks***, the directorates-general of elementary education and secondary education have purchased 12,400 primary school textbooks and 24,836 secondary school textbooks (including 18,973 for *collèges* and 5,863 for *lycées*) to benefit students. The National Institute for Teaching Research and Action (INRAP) has received 246,077 books, including 194,466 primary readers, 28,993 *collège*-level French books and 11,378 books on the physical sciences. Students have received 273,960 textbooks and teachers have been provided with 19,715 teaching guides for primary school and 268,828 for the first cycle of secondary school throughout the entire country, under the Support to Basic Education Project (PRAEBASE).

Improving sector management

The implementation of an educational management information system (SIGE) began with training sessions and a pilot survey in the department of Plateaux. Statisticians have been trained to oversee and manage the databases. Directors of studies and school planning have been trained to use ACCESS and SPSS software as part of SIGE implementation and school mapping. Over the longer term, the Plateaux department's experience with implementing a school map will be replicated in the country's remaining departments, using demographic data disaggregated by department.

Improving service quality and teaching conditions

Steps have been taken to provide continuing education for teachers, supply teachers with teaching guides, and provide financial resources to departmental directors in support of school operations, inspections, and departmental teaching guidelines.

Generally speaking, these actions and others implemented since 2006 as part of the implementation of the interim PRSP have had a significant impact on education. Several indicators improved over 2005. Gross primary school admission and schooling rates rose from 71.9 percent and 111 percent, respectively, in 2005, to 104 percent and 114 percent in 2008. The gross enrollment rate in the first cycle of secondary school rose from 61 percent in 2005 to 65 percent in 2008. Concerning efficacy indicators, rates for completion of primary and transition from primary to the first cycle of secondary school increased from 73 percent and 68 percent, respectively, in 2005, to 77 percent and 82 percent in 2008. Similarly, the completion and retention rates during the first cycle and transition from the first to the second cycle of secondary school increased from 20.8 percent, 60.4 percent, and 21 percent in 2005 to 43 percent, 76 percent, and 43 percent in 2008.

The World Bank's support under PRAEBASE ended in 2008, and a new project is being planned to continue this effort.

Technical and vocational training

In 2008, the Government's efforts in this area were oriented toward ***rehabilitation, construction, and equipment of infrastructure*** throughout the national territory. The following actions were undertaken: construction of the OCH technical school in Pointe-Noire, construction and equipping of the ENI in Brazzaville, and continued work on building the March 8 vocational school in Brazzaville (80 percent completed), construction of the civil engineering workshop at the February 5 technical school, construction of two health and welfare training and support centers (CEFAs) in Pointe-Noire and Brazzaville (to be completed in 2009), construction of the teaching clinic (90 percent completed), and rehabilitation and equipping of the CMI in Boundji. Studies for construction of the Mossaka fisheries school and the school for NICTs in Brazzaville are complete, and their construction will begin in 2009 and 2011, respectively.

The Ministry has completed a renovation of its premises and is close to completion on equipping its documentation and information center and building its conference room.

Plans also call for completing work under way and commencing construction of the LTA in Sibiti and the LAAC in Brazzaville, rehabilitation of the technical college in Makoua, and construction of CEFA boarding facilities in Botala and Gamboma.

The training programs are currently being updated. In addition, free public access to books is offered.

2.3.2. Higher education

Activities relating to the *deconcentration of higher education* have, at this stage of PRS implementation, related mainly to:

- preparation of the Higher Education Deconcentration Plan in Congo (SDES). The SDES, which is already in process administratively, is a policy paper on developing higher education in Congo that should lead to a programming law for the subsector in 2009;
- preparation of technical documentation for the Oyo agro-industrial upper school construction project. The feasibility studies required to commence the works are complete, and construction is expected to begin in 2010;
- preparation of construction plans for the project to reconfigure Marien Ngouabi University (Marien Ngouabi 1 and Marien Ngouabi 2), outlining the spatial placement of the various establishments to be built on the sites, has now begun. Works are expected to be initiated in 2009 with construction of buildings to house the Higher Institute of Management, the Faculty of Economics, a new amphitheatre, a university residence, and a large university library for the Marien Ngouabi 1 site.

Institutional and human capacity-building has entailed: construction of the social sciences and humanities documentation center, opening of a university cyber-space with support from the U.S. Embassy and the UNDP, inauguration and commissioning of the Francophone Digital Campus in Brazzaville, commencement of the second phase of the COSELEARN e-learning project on equipping the ENS multimedia room, and the recruitment of 61 teachers and 13 other staff. Although some teacher training and upgrading sessions and training for non-teaching staff have taken place under UNESCO's Teacher Training Initiative in sub-Saharan Africa (TTISSA), further efforts are needed. In addition, renovations have begun on university housing and cafeterias.

Bringing diploma-granting programs into line with international standards with international standards has progressed through the introduction of LMD (*Licence, Master's, Doctorate*) academic standards at the start of the 2007/2008 academic year at certain establishments within Marien Ngouabi University and the signing of Decree No. 2008-127 of June 23, 2008, governing private education. The related implementing provisions are in the process of being adopted.

Closing the gender gap at universities: In 2007/2008, there were 5,447 male and 2,388 female scholarship recipients (i.e. 30.45 percent female, of which 18.69 percent in the sciences) at post-secondary establishments. Scholarships abroad were held by 1,253 females versus 1,615 males, i.e. 43.69 percent females.

The instructional staff is only 11.48 percent women.

2.3.3. Health

The overall sector objective is to ensure and improve the population's state of health, particularly that of women and children, by implementing the National Health Development Plan (PNDS). This means strengthening the leadership, management, and operational capacities of a decentralized health care system; the rehabilitation, construction, and equipping of health care facilities; and improving access to a minimum health care services package (PESS) of quality; and improving mother and child health.

To this end, the Ministry of Health, Social Affairs, and the Family carried out an internal restructuring exercise in late 2008 and early 2009 pursuant to:

- Decree No. 2008-25 of December 31, 2008, establishing a service development program;
- Decree No. 2009-1 of January 12, 2009 on the organization of the Ministry;
- Decree No. 2009-2 of January 12, 2009 on the powers and organization of the Directorate-General of Health.

The new organizational structure should enable the Ministry to improve its effectiveness, particularly in terms of coordinating services and the external assistance provided by partners.

The question of human resource management has been addressed by creating a Human Resources Directorate.

Programs to rehabilitate, build and equip health care facilities are being carried out by the government, mainly in relation to:

- Continued rehabilitation of the University Hospital Center (CHU), which began under the Priority Action Program 2007-2009 with a total cost of CFAF 20 billion;
- Completion of rehabilitation of the National Public Health Laboratory and the National Public Health Center;
- In Brazzaville, completion of the rehabilitation and equipment of the Mpissa Hospital, continued construction of the Tsiémé Hospital, completion of modernization of the Pierre Mobengo Army Hospital, and continued renovation of the Blanche Gomez Hospital for Mothers and Children;
- In the country's interior, rehabilitation of the Impfondo, Dolisie, and Owando Hospitals, modernization/construction of Pointe Noire health care facilities, and continued construction of the Oyo General Specialized Hospital (200 beds);
- construction and rehabilitation of health care facilities such as the comprehensive health care centers (CSIs) at PMAS and PMAE, and equipping them with biomedical waste disposal facilities and a supply of drinking water.

Under the heading of **improving the quality of care**, the following advances were made: revised flow charts for adults and children; preparation of standardized therapeutic protocols for basic hospitals, and preparation of reproductive health norms and procedures.

Access to health care for mothers, newborns, and children has been improved by the following measures: continuing education for health care personnel, dissemination in all jurisdictions of reproductive health guidelines and procedures, provision of basic equipment, medicines and basic and emergency obstetric care kits for the CSIs in PMAE. Malaria treatment is now provided free of charge to children up to age 15 and to expectant mothers.

In the category of **combating disease**, *antimalaria measures* have involved revising procedures governing access to marshland and the publication of related regulations, training of 360 health care officers to oversee cases of malaria and manage antimalaria medicines at CSIs, and the provision and distribution of antimalaria medicines. This has enabled 81.9 percent of operational CSIs to provide basic malaria treatment free of charge.

The long-term operation to distribute more than one million treated mosquito nets to expectant mothers continues in effect.

With respect to *combating tuberculosis*, a new updated manual has been validated and implemented. At the Eighth Round of the Global Fund, the proposal for category 2B admission will

be approved. Analytic capacity has been strengthened through training in Cotonou for two laboratory technicians working in microscopy and rapid HIV screening.

Vaccinations: more than 90 percent of children under one year of age have been immunized against the main diseases under the Expanded Vaccination Program (PEV).

Under the heading of **improving medicine availability**, efforts have been made in connection with the Congo Essential Generic Drugs Agency (COMEG) by means of:

- Rehabilitation and additional equipment;
- Capacity-building in the form of training and hiring of two pharmacists (and another planned for 2009);
- Introduction of computerized management;
- Drafting of a management manual;
- Review of the list of generic drugs and needs assessment (with support from the World Health Organization).

Health care is a major international aid sector in Congo, as well as the sector with the best coordination of donor actions through the PNDS.

The National Health Care System Support Project (PASCOB) launched in September 2004 with funding of €9,570,000 is aimed at improving the health status of the Congolese people so as to enable them better to participate in the country's socioeconomic development. This European support, completed in 2008, made it possible to set up a purchasing center responsible for essential generic drugs procurement and supply hospitals and health care centers. The European Union-Congo cooperation strategy for the Tenth EDF provides for a budget of €6.2 million in this area for the 2008-2013 period. Continued support for the pharmaceutical sector (through COMEG) is provided for, as well as the strengthening of human resources.

Congo has entered into a partnership with the World Bank for the Health Care Services Development Program (PDSS) established by Decree No. 2008-5 of December 31, 2008. This program is intended to help strengthen the health care system and improve population health, particularly that of women, children, and other vulnerable groups.

2.3.4. Water and sanitation

Improving access to safe drinking water is a major challenge for the government. The main objective is to improve access to drinking water and develop sanitation infrastructure. The decentralization policy adopted in Congo provides for a transfer of jurisdiction to local governments (Law No. 10-2003 of February 6, 2003). They are now responsible for specific mandates in connection with water. However, this transfer of jurisdiction faces problems such as widespread limitations in terms of human, material, and financial resources.

Water

Notable progress was made in 2008, mainly in the **drafting and publication of the following texts:**

- Decree No. 2008-66 of April 3, 2008, approving the by-laws of the Water Sector Regulatory Authority (ARSE);
- Decree No. 2008-67 of April 3, 2008, setting out the organizational structure and workings of the Consultative Water Council;

- Decree No. 2008-85 of April 16, 2008, setting out terms and conditions for water production activities;
- Decree No. 2008-559 of November 28, 2008, approving the by-laws of the Water Sector Development Fund;
- Law No. 38-2008 of December 31, 2008, creating the National Rural Water Agency (ANHYP).

In addition, with respect to *infrastructure rehabilitation and development*, steps taken in 2008 and early 2009 include: laying the cornerstone for construction of a second water treatment plant for Brazzaville in Djiri; feasibility studies on rehabilitation and extension of potable water supply systems in Brazzaville and Pointe-Noire, financed by the African Water Facility (AWF); rehabilitation and expansion of water supply systems for the towns of Owando, Oyo, Mossaka, and Sibiti; placing an order for four desalination units for Brazzaville, completion of three boreholes at Pointe-Noire, and issuance of a call for tenders for 500 water points in rural areas (HIPC funds).

In 2009, the four desalination units will be installed in Brazzaville, new boreholes are planned for Pointe-Noire, and the 500 rural water points will be completed. In addition, studies on the Brazzaville and Pointe-Noire water distribution systems should lead to calls for tenders for related works. Water quality control will be the subject of another tender call to be launched in 2009 to set up a water quality laboratory.

In addition, a sector strategy is now being drawn up and will take into account a financial and technical restructuring program for the National Water Distribution Company (SNDE).

Sanitation

The Water, Sanitation and Hygiene Partnership Project (WASH) to disseminate low-cost adapted solutions in urban, periurban and rural areas is being financed by UNICEF and implemented by NGOs under the oversight of the Directorate-General of Water Supply. Operations in 2008 led to the establishment of a solid waste collection and treatment system in Brazzaville.

Feasibility studies, financed by AWF and AFD, have been conducted for the rehabilitation and expansion of sanitary and storm sewers in Brazzaville and Pointe-Noire. Under the technical direction of the Directorate-General of Water Supply and General Hygiene, low-cost adapted sewer solutions have been disseminated in urban, periurban, and rural areas by the Regional Water and Sanitation Center (CREPA), UNICEF, and NGOs.

A donor round-table was organized on March 3, 2009, to mobilize funds for the project to rehabilitate and expand water and sanitation systems in Brazzaville and Pointe-Noire. On that occasion, a project funding and monitoring coordination platform was proposed by the government and the various development partners. Implementation of these projects will begin in 2009.

2.3.5. Housing

The government's housing objective is to promote access to adequate living conditions and decent housing for the majority. Priority has been placed on building social housing in the major urban centers.

Actions taken in 2008 consist of continuing the priority program to build 10,000 social housing units. Since 2005, this program has been implemented under a public-private partnership between Congo's Property Promotion and Management Company (SOPROGI) and the Chinese company

WIETC on building sites in Brazzaville (Bacongo, Camp Clairon), Pointe-Noire (la Loya), Oyo, Kindamba, and Owando.

A new strategic partnership with the Government of China will be launched in 2009 to carry out the same program on the Mpila and August 15 Camp sites in Brazzaville.

2.3.6. Scientific research and technological innovation

Law No. 15-95 of September 5, 1995, which provided guidelines and programming for science and technology development, called for the establishment of three organizations. Only the Scientific and Technological Research Board was in operation until 2008, when the other two were established: the High Council on Science and Technology which held its first session on January 1, 2008) and the Interministerial Committee on Science and Technology (which held its first session on January 26, 2008). The Ministry also activated the Scientific Council on Research Centers. Several strategy papers have been prepared and await validation by the Cabinet. These include the national policy paper on science and technology development, the national science and technology development plan, and programs to mobilize scientific and technological research for economic and social development in the Republic of Congo.

Steps were taken to rehabilitate research centers and procure rolling stock and scientific equipment during 2008. A project to develop the National Herbarium is under way.

2.3.7. Culture and the arts

The law setting forth the direction for cultural policy was adopted by Parliament in December 2008 and covers essentially **protecting the historical and cultural heritage, promoting cultural activities**, and actions have been taken in this regard.

The roof of the Sainte Anne du Congo Cathedral has been repaired, and work to renovate the national library is nearing completion.

Performance spaces at the Center for Training and Research in the Dramatic Arts (CFRAD) and the Sony Labou Tansi Center have been renovated.

A feasibility study for the Pan-African Music Festival (FESPAM) Pavilion and Cultural Palace has been completed.

Work has also been done on the seven-year building plan for monuments, which are gradually being delivered to the government.

Priority actions for 2009 include initial application of the law on cultural policy, commencing construction on the FESPAM Pavilion and the Cultural Palace, and renovating the national museum and the national archives.

2.3.8. Sports

Implementing regulations for Law No. 11-2000 of July 31, 2000 on the organization and development of physical and sports activities have been drafted and transmitted to the SGG. The national sports policy paper is in the process of being drawn up.

Competitions have been organized at the departmental and national level. A national direct soccer championship has been created and will take place for the first time during the 2008/2009 season.

Participation has been extended to international competitions through increased participation in competitions within the subregion. The national soccer teams have undergone training in France (boys) and Germany (girls).

In terms of **infrastructure**, the Dolisie and Owando stadiums have been completed and will be inaugurated in 2009. Construction has continued on the Oyo gymnasium. The Massamba Debah stadium was brought up to the standards set by the world soccer governing body (FIFA) with work on the roof, protection barriers, seat installation, building of a tunnel, and improvements to evacuation arrangements.

Training was provided locally for coaches in various disciplines, and training for referees continued within the African federations.

2.4. PILLAR 4 – Social environment and the mainstreaming of vulnerable groups

The government's policy on social environment and mainstreaming vulnerable groups gives priority to the following areas: improving working conditions, reversing the rising unemployment, reactivating existing social security funds, and expanding social coverage to the most vulnerable population groups.

2.4.1. Social protection

Progress on scheduled activities is as follows. Draft legislation instituting the social security system in the Republic of Congo and putting in place a regime to protect families and children in difficulty and to insure high-profile personalities has been transmitted to the Government.

The National Social Security Fund (CNSS) was provided with a board of directors that is now in operation. Draft legislation amending Law No. 004/86 of February 25, 1986 creating the CNSS is currently with the SGG. Also, draft legislation converting the Civil Service Pension Fund (CRF) to a public administrative agency with financial autonomy has been submitted to the SGG for review.

A computerization process is under way to modernize and improve social security and pension fund management.

An automated system has been installed to cover civil service retirements and regular pension payments by the CRF and CNSS.

Three new regimes (health insurance, persons living with disabilities, and students), computerization, and human and material capacity-building at the CRF and CNSS are scheduled for 2009.

Reform of the national solidarity sector is under way, beginning with the preparation of a preliminary draft of the legal framework, which has been submitted to government's General Secretariat (SGG).

2.4.2. Employment and working conditions

Promoting employment and improving working conditions is a concern of the government. The aim is to draft and implement a national employment policy based on promoting employment in the private sector, developing vocational training, and promoting labor-intensive activities. Plans also

call for improving the legislative and regulatory framework for employment, taking into account health and safety considerations for those working in the public and private sectors.

At the institutional level, the draft national employment policy paper prepared in collaboration with the International Labor Office (ILO) is currently being analyzed by the Government. A draft administrative order creating the National Committee for Social Dialogue has been submitted to the SGG for review.

New jobs created

The civil service has recruited roughly 25,000 new staff since 2005.

In the private sector, 10,000 jobs have been created in the industrial timber processing sector, 2,000 new jobs in various industrial subsectors, and 5,000 in the context of accelerated municipalization.

In addition, 17,000 offers of employment have been made possible through the revitalization of the private sector, all lines of activity taken together.

In the civil service, 58 positions in the health care sector were reserved for disabled persons in 2008.

Wage arrears to State employees have been regularly paid off in line with the government's arrears payment plan, and retirement pension payments are up to date. The minimum wage was raised 2008 (Decree No. 2008-942 of December 31, 2008) from CFAF 40,370 to CFAF 50,400.

The labor code revision was deferred in 2008 since it is contingent on the revision of Organization for the Harmonization of Business Law in Africa labor legislation, which has been delayed. The revision will take place in 2009.

2.4.3. Children

The overall objective in safeguarding children is to create a protective environment that will guarantee their survival, development, and well-being.

In 2008, Parliamentary Offices for Children were set up in every department in the Congo, in addition to the National Parliamentary Office in Brazzaville. The country also celebrated the Day of the African Child.

More than 40,000 birth certificates have been distributed free of charge, including 5,000 over the past ten months to Bantu and indigenous children not previously declared to the Civil Registry in the following departments: Pool, Pointe-Noire, Likouala, Niari, Cuvette, Plateaux, Sangha, and Kouilou. The birth certificates are delivered in packages together with treated mosquito nets and deworming products.

The provision of school kits to orphans and children from vulnerable families continued in 2008, with 2,133 kits distributed. The project to provide care to orphans and other vulnerable children was converted to a national scale, and 15,000 children were cared for.

The project to restore street children to their families, implemented in Pointe-Noire since 2007, was expanded to Brazzaville in 2008. This project returned 100 children to their families. Under the same heading, also in 2008, construction began on a nursery in Dolisie and two nurseries were

opened for abandoned children in Brazzaville. To consolidate these efforts, a child protection code has been proposed and is in the process of being adopted by Parliament.

2.4.4. Youth

The main goal is to reduce the vulnerability of young people and move toward social and economic reintegration.

In the area of employment, 2005 statistics show that one of every three young people was unemployed. Of these, 37 percent were aged 20 to 24 and 27 percent aged 25 to 30. In other words, 64 percent of the unemployed belong to the 20 to 30 age bracket.

The government has designed and implemented specific employment promotion programs to address this situation: the Public Interest Youth Employment Program (DOJETIC), the Graduate Employment Program (PED), the Rural Employment Development Program (PADER) and the Self-Employment and Microenterprise Program (PAME). A commission was set up to draft a national policy paper on young people, which will shortly be validated at a national youth conference to be held in 2009. A related action plan is also available. In addition, the national policy paper on employment includes a special section on young people.

The African Youth Charter was signed by Congo in February 2008 but has not yet been ratified. Draft ratification legislation has been transmitted to the SGG. A conference discussion was organized with UNDP support around the African Youth Charter in 2008.

The implementing regulations for Law No. 9-2000 of July 31, 2000, providing guidelines on youth were also sent forward to the SGG in 2008.

Concerning health care, the Ministry of Health, Social Affairs, and the Family assisted 200 teenage mothers with gaining access to income-generating activities in 2008.

Three **youth centers** are currently under construction in Otsendé, Odibé, and Kindamba. A recreation center is already operating at Ouenzé (Brazzaville). Completion of construction on the three youth centers and rehabilitation of the recreation center at Djoué are scheduled for 2009.

In connection with the implementation of the protocol of agreement signed on December 3, 2008, between the Government of the Republic of Congo and the Commission of the African Union, a pilot project is under way on nonformal technical and vocational training and the reintegration of youth. It is benefiting 110 learners in the areas of NICTs, pork rearing, fish farming, garden farming, sewing, welding, hairdressing, and agricultural machine work. The program lasts for twelve months.

2.4.5. Indigenous peoples

Indigenous peoples, long held in disregard and left to their own devices, make up the most marginalized and vulnerable segment of the Congolese population.

A national plan for indigenous peoples covering the period 2009-2013 was prepared in 2008, and implementation began in 2009.

The Ministry of Health, Social Action, and the Family has held three workshops on planning to improve the quality of life for indigenous peoples in Impfondo, Ouesso, and Bélé (Gamboma).

These workshops led to the preparation of a national action plan on indigenous peoples for the period 2009-2013.

Birth certificates were provided to 2,102 indigenous children in 2008. School kits were also distributed to indigenous children during the year.

A study on albinism is planned for 2009 to gain a better understanding of the plight of albinos and design a strategy to assist and provide care for them.

2.4.6. Special education

The overall objective is to improve access to schooling for handicapped children. Strategies include human, technical, and institutional capacity-building; access to quality education and adapted schooling, and mainstreaming into regular classrooms with or without an accompanying teaching aide or teacher.

A study on revitalizing the physical rehabilitation and orthopedic devices sector was conducted and the report validated in February 2009. In this regard, the Owando functional rehabilitation center reopened on April 6, 2008, and the tricycle manufacturing workshop at the Brazzaville national orthopedic devices center reopened on October 22, 2008.

As part of the continuing effort to mainstream handicapped children into the regular school system, six blind students were registered with the arts and human sciences faculty of Marien Ngouabi University. Also, a documentary film on the mainstreaming of blind children was made and has begun to be distributed.

Under the UNESCO-supported project to help train disabled young people and mainstream them into an active life in arts and crafts, 89 disabled young people, following an apprenticeship, placed established in trade with artisans in Brazzaville.

Positive discrimination in favor of the handicapped is applied at the Ministry of Health, Social Affairs, and the Family, where 10 percent of the budgeted positions are reserved for this group.

In the fight against HIV/AIDS, 25 peer educators were trained to work with associations of disabled people.

2.5. PILLAR 5 – Combating HIV/AIDS

The Republic of Congo is strongly committed to the fight against AIDS in order to reduce the rate of new infections and provide the country with a strategy for prevention and care of those living with AIDS. The goal is to step up prevention at the community level, in the workplace and in health care situations; to improve overall care for infected and affected persons; to improve the supply and distribution of antiretroviral drugs (ARVs) and consumables; to strengthen the epidemiological monitoring and surveillance system; and to strengthen partnerships with the public and private sectors and civil society. Noteworthy activities are described below.

Prevention of sexual transmission

(i) ***Prevention among the general population***: the national communication strategy was designed with technical and financial support from the United Nations Population Fund (UNFPA) and the World Bank, taking into account the cultural dimension and gender. Two AIDS charity events were organized at Brazzaville and Pointe-Noire, mobilizing in 28 days more than 61,250 people, 1,500 of

whom were screened; two programs, Communities and AIDS and Stop AIDS, are broadcast weekly by DRTV and Télé Congo; and a partnership between the MTN Foundation, Serment Universel Association and the Permanent Executive Secretariat of the National Commission against AIDS (SEP/CNLS) led to the installation of a telephone help line on HIV/AIDS. The help line receives about 8,970 calls a day, and a total of 168,947 calls were answered and processed in 2008;

(ii) **Sector response by non-health ministries** (schools, universities, correctional facilities, and law enforcement): 735 peer teachers [young people trained to raise awareness among their peers] and 271 service providers in social communication were trained. In 2008, 47,695 people were reached by peer teaching activities and 61,413 by social communication, with 963 peer teachers and 485 service providers trained;

(iii) **Distribution and sale of condoms:** A total of 6,582,119 condoms were distributed or sold, 644,518 for men and 137,001 for women. There are 103 public, faith-based, and private centers offering information and voluntary HIV screenings throughout the country. The centers were visited by 72,191 people, of whom 63,460 were provided with preventive counseling (88 percent) and 62,063 tested, for a 98 percent acceptance rate. Those testing positive numbered 8,213;

(iv) **Civil society response:** 93 NGOs carried out community-based prevention work, reaching 70,826 people through peer teaching activities and 61,413 through social communication, with 963 peer teachers and 485 service providers trained;

(v) **Treatment of sexually transmitted infections (STIs):** There are 87 public, private, and faith-based centers offering treatment free of charge for STIs based on the syndrome approach. A total of 37,105 cases of STIs were treated free of charge in 2008;

(vi) **Prevention of transmission through blood:** All 35,350 units of blood donated for blood transfusions were tested for HIV and Hepatitis B in the course of 2008.

Improvements in care

(i) **Medical care:** There are 37 public, private, and faith-based centers providing medical care for people living with HIV/AIDS throughout the country. Active cases number 11,526, of whom 8,856 (76.8 percent) are taking ARVs.

(ii) **Caring for orphans and other vulnerable children:** In 2008, 15,895 orphans and other vulnerable children benefited from care (medical, educational, and other), and 859 guardians received support to engage in income-generating activities.

(iii) **Prevention of HIV transmission from mother to child:** There are 71 public, private, and faith-based organizations providing prevention counseling and voluntary testing for expectant mothers in prenatal consultations, and another 21 providing care for HIV-positive expectant mothers. A total of 33,759 expectant mothers were given prenatal care, of whom 29,398 received preventive counseling (87 percent) and 23,530 of those receiving counseling were tested, for an 80 percent acceptance rate. A total of 919 expectant mothers tested HIV-positive, and 350 are taking ARVs.

ARV approach and distribution

Following the interruption in supplies of drugs, reagents, and consumables in May and June 2008, major efforts were made by the government and partners to make available needed funds to procure pharmaceutical products in all departments.

In the fight against HIV/AIDS, the **Global Fund to Fight AIDS, Tuberculosis and Malaria** is the major donor. Funding is executed by SEP/CNLS. Under the AIDS component, the Global Fund allocated US\$45 million to Congo for the period 2006-2011. The **World Bank** is the second largest donor with a major HIV/AIDS project initiated in 2004 (US\$19 million), which aims to slow the spread of HIV/AIDS and strengthen support and care for the HIV-infected or affected.

UNICEF is active in the area of preventing mother-child transmission, caring for orphans and vulnerable children living with HIV, and prevention among young people. The **UNFPA** is working on HIV/AIDS prevention in the context of sexual and reproductive health care services. The **WFP** provides nutritional support for HIV/AIDS patients. The **French Red Cross** is carrying out a program to strengthen the two ambulatory treatment centers in Brazzaville and Pointe-Noire to care for those living with HIV. The **French cooperation agency** is providing support for the fight against HIV/AIDS through technical assistance to SEP/CNLS.

3. CONSTRAINTS AND OUTLOOK

3.1. Constraints

The first year of PRSP implementation has highlighted a number of constraints, both endogenous and exogenous.

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| Endogenous constraints |
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Weaknesses in human resources for administration

The weaknesses identified in multiple areas led to the introduction of a reform plan aimed at improving administrative performance. It is difficult to resolve the question of capacity-building in just one year. Many training sessions took place in 2008; others are scheduled for 2009 and beyond. In light of the foregoing, a national capacity-building in the economic and financial area has been prepared and is being implemented with support from development partners.

Problems with strategic planning

The current approach adopted by the government is marked by the need to establish sectoral strategies that are consistent with the pillars of the PRSP. The preparation of the OAP for the PRSP led to further reflection in this area. At this writing, only a few ministries have introduced strategies and determined policies in keeping with the PRSP. A work plan is in place to gradually cover the sectors not yet involved.

Problems with managing public investment

This mixed assessment of management is the outcome of a recent past characterized by both post-conflict and emergency situations resulting in poor management of public investment. A first step toward finding a solution has been taken with the adoption of the institutional architecture for the programming and management of public investment, which has been made more consistent with the initiation of the operational action plan for PRS implementation.

Formulation of sectoral projects

The situation varies by technical ministry, but overall, studies for sectoral projects remain few in number and the absence of such studies generally does not make it possible to determine their

consistency with poverty reduction objectives and priorities or to assess their economic and social return, much less to set up monitoring and evaluation arrangements or measure project impact.

Public procurement execution

Most of the sectoral ministries experience problems with the disbursement of budget appropriations. With the reform of the expenditure chain, there is now a new dynamism in the area of project finance.

Moreover, the implementation of the new government procurement code generates genuine hope for streamlining project management.

Monitoring and evaluation

In the sectoral ministries, monitoring operations remain limited. Many research and planning directorates (DEPs) lack the material resources to fulfill this mandate and still lack all the technical information required to perform genuine project monitoring. At the Ministry of Planning and Territorial Development, evaluation missions are conducted twice a year and lead to the production of a report on the financial and physical execution of the projects and programs included in the investment budget.

The ongoing reform of DEP missions is consistent with the choice of strategy for improving the financial, technical, and physical management of investment projects.

Infrastructure development

One of the major constraints on revitalizing economic growth in Congo remains poor infrastructure for physical and intellectual communications. An underdeveloped road system (including rural tracks), delays in CFCO improvements and, perhaps to a lesser degree, river transport improvements, act as a brake on the development of the productive sectors, which still lack the infrastructure they need for their development. Opening up certain parts of the country, or at least improving their access to production areas, are crucial to improving the flows of persons and goods and will facilitate production and commercial activity. Rapidly bringing the transportation sector up to the required standard, and the provision of electricity and telecommunications services, remain key to the country's development. The outlook for improving the provision of transportation services, new information and communications technologies, and water and electrical power are crucial to reducing factor costs and achieving satisfactory economic dynamism.

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The effects of the financial crisis

The financial crisis that struck in late 2008 has had less of a direct impact on the economies of African countries than those in Europe. However, because of the decline in export consumption, several African countries felt the effects of the crisis fairly rapidly. This is the case of Congo and its exports of forest products.

Timber is the second largest revenue source after petroleum, and falling exports in the last quarter of 2008 pushed down activity and threatened jobs.

In the oil sector, the drop in prices from US\$147 (at the peak in 2008) to less than \$60 today is seriously jeopardizing the sector's revenues. While there were no major direct consequences in respect of expenditure execution in 2008, this situation could have an impact in the future.

Erosion

Toward the end of 2008 there were multiple consecutive instances of erosion caused by heavy rainfall. This required mobilizing emergency loans and disrupted expenditure execution at the end of the fiscal year. The country is facing a phenomenon of constant erosion that is interfering with the completion of transportation infrastructure.

3.2. Macroeconomic performance (2008-2009)

In 2009, the **GDP growth rate** in real terms will increase by about 7.2 percent as compared to 6.4 percent in 2008. This growth will be driven mainly by an acceleration of oil sector activity, which will rise by 14.9 percent thanks to the coming-on-stream of production from the Awa Paloukou and Ikalou fields by ENI, the Azurite fields by the Murphy firm, the return to normal production in the Nkossa field, and the increased power of the deep water Moho Blondo well. The forestry (growth and exploitation) branch will see production decline in particular as a result of the 40 percent drop in log output. The nonoil sector will experience 4 percent growth, propelled by sugar production, construction activity, telecommunications, ocean transport, and the continued implementation of macroeconomic and structural reforms.

Activity levels in these areas are projected to change as follows:

- Construction and public works will grow by 8.7 percent, as against 8.5 percent in 2008, with continued work on accelerated municipalization in the departments of Cuvette and Brazzaville, the construction of basic infrastructure (the Brazzaville-Kinkala and Obouya-Owando-Makoua roads), works at the Lékéti port, expansion of the Maya-Maya airport, etc.;
- Retail trade, and restaurants and hotels (7.5 percent as against 6.0 percent in 2008), in anticipation of holding the presidential election and the Pan-African Music Festival (FESPAM);
- Agriculture, livestock, hunting, and fisheries (6.8 percent as compared to 6.2 percent in 2008), with the implementation of the National Food Security Program (PNSA) and the diversification of Rural Development Projects (PRODER);
- Transportation and telecommunications (6.1 percent as compared to 6.8 percent in 2008), following the announced expansion of activities of the mobile telephone companies (Celtel, MTN, Warid) and the Congo Telecommunications Company (SOTELCO);
- Energy and water supply (1.3 percent as compared to 3.5 percent in 2008), with the construction of the gas power plant at Djeno and the second water supply plant at Djiri.

GDP would be valued at CFAF 3,614.3 billion as opposed to CFAF 4,435.7 billion in 2008, a decline of 22.7 percent in nominal terms. This decline is attributable primarily to the anticipated fall in the price of oil per barrel (averaging US\$47.3 in 2009 compared to US\$101.2 in 2008).

Real growth in 2009 will be driven by domestic demand, which will contribute 4.7 percentage points primarily as a result of strong consumption. Overall consumption would drive up growth by 3.2 points, 2.7 of which would be driven by private consumption and 0.5 by public consumption.

Gross investment will contribute 1.5 points, with the rise in capital expenditure and continued investment in the extractive industry sectors (maintenance of the level in the oil sector and recovery in the other mining sectors, in particular potash), telecommunications, transport, and agri-food industries.

Public investment is expected to provide 0.4 percentage point of growth, given the government's demonstrated willingness to provide the country with basic infrastructure. Nonoil sector investment would contribute 0.3 point, mainly as a result of investments by the cellular and wired telecommunications companies, development of the autonomous port of Pointe-Noire, and in other food industries.

With respect to external demand, the decline in exports of oil and timber will have a negative impact on the current account balance, which will deteriorate considerably, from -1.7 percent of GDP in 2008 to -17.8 percent of GDP in 2009. Exports by value will plummet from CFAF 3,541.2 billion in 2008 to CFAF 2,244.7 billion in 2009, a drop of 64.0 percent resulting from the decline in the price per barrel of oil (down 63.0 percent) in CFA franc terms. Only exports of miscellaneous products and, to a lesser extent, sugar exports, will escape the depressive effect of the global economic recession. Overall, there is an increase in these exports in value terms from CFAF 71.3 billion to CFAF 78.2 billion for miscellaneous goods, and from CFAF 12.7 billion to CFAF 12.8 billion for sugar.

Despite the decline in revenue, imports will increase as a proportion of GDP, driven by imports of capital goods to supply the growth in investment in the mining, transport, and telecommunications sectors, and in construction and public works.

Lastly, the overall balance of payments surplus will shrink considerably to CFAF 277.1 billion in 2009 from CFAF 1,039.2 billion in 2008.

In terms of **inflation**, 2009 will be marked by a moderation of inflationary pressures owing mainly to the sharp reduction in imported inflation, despite the rise in domestic demand sustained by civil service pay reassessments. In this context, average annual inflation would be 4.0 percent, as compared to 6.0 percent in 2008.

With respect to public finance, **fiscal revenue** is estimated at CFAF 1,203 billion in 2009, down 51.1 percent from 2008 (CFAF 2,462 billion), with oil revenue having a share of CFAF 804 billion as opposed to CFAF 2,118 billion in 2008. In contrast, non-oil revenue will amount to CFAF 399 billion as compared to CFAF 344.4 billion in 2008, largely owing to the broadening of the tax base through the use of the UIN and the securitization of revenue through the continuing computerization of the tax and customs offices.

Fiscal expenditure would amount to CFAF 1,238 billion at end-2009 compared with CFAF 1,239 billion in 2008. The performance of expenditure will result primarily from a reduction in current expenditure (down 17.2 percent) and an increase in investment expenditure (up 15.9 percent), reflecting the government's willingness to support economic activity by revitalizing public investment.

As regards **public debt**, changes in the external and fiscal accounts would be reflected in a deterioration of the solvency indicators (ratio of debt stock to GDP) of 76.8 percent in 2009, as

opposed to 62.7 percent in 2008, while debt sustainability indicators should improve. With the expected debt restructuring, the ratio of debt service to fiscal revenue should be 5.7 percent in 2009 as opposed to 12.7 percent in 2008, and the ratio of debt service to exports should be 4.0 percent as opposed to 8.4 percent.

Finally, public financial management in 2009 would yield an overall surplus, on a commitments basis excluding grants, of CFAF 454.5 billion (5.8 percent of GDP) as compared to a surplus of CFAF 1,038.2 billion (4.3 percent of GDP) in 2008.

The government's policy for 2009 targets the following objectives: (i) mobilizing domestic resources and allocating them optimally to the sectors that favor sustainable and job-creating growth, such as agriculture and livestock, forest exploitation, and SMEs/SMIs; (ii) constructing infrastructure to support economic activity; and (iii) continuing to execute and finance structuring investments with the support of development partners, within the framework of a sustainable indebtedness policy.

The main pillars guiding the structural reforms are as follows:

- Within the **financial sector**, the **banking sector** has been restructured within the context of the liberalization policy introduced by the government. This reform favored the introduction of new banking structures. To improve monetary policy and stabilize the financial sector, the government intends to continue finalizing the Development Action Plan for development of the sector with assistance from the IMF. Noteworthy among the other measures to be implemented at the national level are the actions intended to improve the business climate, the legal and accounting framework, and transparency and the quality of information available to the private sector. This government policy is supported by the creation of a National Financial Investigation Agency in order to bolster the arrangements for combating corruption, fraud, and embezzlement.
- With regard to **governance and transparency**, the government intends to continue its efforts on these two aspects in order to enable Congo to achieve stronger and more sustainable growth. To this end, the government will provide the anticorruption observatory with the financial resources it needs to enable it to carry out its activities effectively.
- Finally, the government is resolved to continue its progress toward **activating the triggers for reaching the completion point under the HIPC Initiative**, in the context of the Action Plan decided upon by mutual agreement with the IMF and the World Bank. To this end, it has undertaken to adopt measures aimed at improving tax receipts (broadening of the tax base through the permanent use of NIUs in the tax offices, securitization of revenue by continuing the computerization of tax offices, continuation of the policy of taxation near at hand, etc.), and improving customs receipts (optimization and simplification of customs clearance procedures, review of the customs privileges contained in government awards and contracts, elimination of exceptional exemptions, strengthening of efforts to combat smuggling, introduction of a one-stop shop at the Pointe-Noire port, etc.).

World outlook

In its semiannual report on the *World Economic Outlook* published in April 2009, the IMF projected a decline in world growth of 1.3 percent at end-2009, as a result of the global recession ushered in by the financial crisis triggered in October 2007.

For 2010, as a result of the massive recovery plans initiated in the major industrial countries, the IMF anticipates a partial recovery with growth reaching 1.9 percent.

In respect of the *general price level*, global inflation would remain moderate with the correction of energy prices in the wake of the international financial crisis. After the export prices of Congo's main export products (crude oil, raw logs, cut wood, and sugar) bottom out in 2008 and 2009, the prospects for future developments show a clear upward trend according to the April 2009 *WEO*. Thus, over the period under review, the prices of these products would be on average US\$63.92/bbl for crude oil, US\$256/m³ for raw logs, US\$772.67/ m³ for cut wood, and US 13.33 cents/lb for sugar.

3.3. Prospects for more effective implementation

◆ **Improvement in the monitoring and evaluation arrangements** will be based on the restructuring of the national statistical system, which would make statistical data more readily available and, starting end-2009, the results of the general population and housing census and ongoing and future surveys will help refine the profile of poverty in Congo and measure initial changes. The implementation of a database of monitoring indicators, including the core indicators incorporated into the PRSP itself, but also including action indicators (resource and/or activity indicators) and indicators of specific objectives (indicators of results and/or impact), will make it possible to verify whether actions are proceeding as planned, whether the targeted results are being properly achieved, and whether they are having a real impact on the poverty level of the population.

◆ Improving economic and financial governance

Improving oil sector management

This sector possesses the major triggers for achieving the completion point, and periodic reviews by the World Bank have pointed up some delays in the fulfillment of conditionality. An effort is being made to ensure that the audit of 2007 accounts is conducted under better conditions. Cost accounting should be implemented before the end of the first half of 2009. An action plan to improve practices in crude oil marketing by the SNPC should be completed in early 2009, and begin implementation following a final session of talks in London with support from the World Bank.

Improving the macroeconomic framing process and medium-term planning

A major effort is under way in 2009 to improve the macroeconomic framing process and develop a plan for medium-term spending. Substantial support in training and technical assistance has been provided with support from the World Bank and the French cooperation agency.

This effort will make it possible to put in place a macroeconomic framework process and tool as well as a central medium-term expenditure framework, under the responsibility of a team set up and operating as of June 2009.

At the sectoral level, the aim is to improve and/or develop sector strategies, priority action plans, and sectoral medium-term expenditure frameworks. For 2009, three pilot sectors have been selected: health, education, and transportation. Seven ministries will thus benefit from substantial support to improve their sectoral strategy papers and prepare their priority action plans and sectoral medium-term expenditure frameworks for the 2010-2012 period. This effort will be extended to the other sectors in 2010 and thereafter, so that all ministries have access to the same instruments.

Based on improved sectoral strategies that are consistent with the PRSP, priority action plans with indicators will be reflected in sectoral MTEFs, making for a far more rational budgeting process that includes both current and capital budgets.

In addition, this objectives-based programming will lend itself to monitoring by means of indicators and will promote accountability by the administration.

Improving the management of public finances

Through implementation of the PAGGFP (with regard to public finances overall) and the PAAGIP (for public investment), the government should accelerate public finance management reform.

The new public procurement code and related regulations will take effect in 2009. The new institutional framework established should lead to contracting and procurement practices that are more in line with generally accepted standards and improve their effectiveness.

The implementation of a **computerized expenditure chain** should begin in 2009. This software will require expenditure officers to follow procedures, once redefined, and will enhance transparency by allowing expenditures to be tracked and their progress monitored. This instrument will also make it possible to track the utilization of loans in real time at various stages: committed, verified, authorized, and paid.

Improving the management of public investment

Training personnel of the research and programming directorates (DEPs) who are key players in public investment management began at the end of 2007 and will continue into 2009 on issues specific to health and education, together with training on sectoral strategies and medium-term expenditure frameworks.

To remedy the shortcomings in respect of preliminary project studies, *a study fund* and a management unit for the fund will be set up in 2009 with technical assistance support. The aim will be to put in place procedures and the documentary framework for producing studies. In 2009, the fund will have access to a credit for CFAF 1 billion contributed by Congo and US\$300,000 from the Transparency and Governance Capacity-Building Project. AFD has also set up a fund that can be drawn on to conduct studies. The government share will rise over the years to come.

Support will be provided beginning in the first half of 2009 to set up a **streamlined project selection process**. Procedures, decision trees, and related arrangements will be elaborated with technical assistance support.

Support will be provided in 2009 to the central level of MPAT and to sectoral ministries, as well as to departmental planning directorates, to strengthen their capacity in **project evaluation**.

◆ Stepping up the fight against corruption

The planned agencies – the National Commission Against Fraud and Corruption (CNLCFC) and the Anti-Corruption Observatory (OLC) – have been established.

The anti-corruption law is expected to proceed to a vote very soon. The report on the diagnostic study on governance is now available, and an action plan based on the report, currently being finalized, will be completed and approved by decree.

Both organizations now have tools to facilitate their role. It is still necessary to provide the appropriations needed to carry out their activities and ensure that all other oversight agencies build in the specific directives of the CNLCFC and OLC.

◆ **Maintaining investment in basic infrastructure**

Efforts in 2009 should lead to an improvement in traffic along the Pointe-Noire – Brazzaville corridor. A concession award for the Pointe-Noire port and scheduled upgrades will facilitate increased port traffic. The current rehabilitation of tracks and rolling stock, in combination with the corporate restructuring plan, will enable CFCO to improve traffic volume as of this year and offer better prospects for concessioning. The development of the RN1 highway (Brazzaville—Pointe-Noire) will offer an additional alternative.

In the north, the paved road system around RN2 will provide easy access to the towns of Makoua and Ouesso. The towns of Mossaka and Impfondo will benefit from improvements in the river system and rehabilitation of river transport equipment.

Improved coordination between the Ministry of Equipment and Public Works (METP) and the Ministry of Agriculture and Livestock (MAE) will facilitate upgrading the system of rural tracks in line with the agricultural development strategy.

Improving production capacity and rehabilitating the distribution grids for Pointe-Noire and Brazzaville should improve coverage of the country's urban areas as of end-2009 and shortly meet the energy needs of the country's two major cities.

◆ **Intensifying investment in the agriculture and livestock sector**

The National Food Security Program (PNSA) is to become the sector strategy, and an operational action plan will need to be prepared to implement it. An instrument that will impart genuine consistency to sector operations is needed. Meeting these conditions will make it possible to allocate greater funding to the Ministry.

Efforts will focus on several priority projects for which in-depth studies have been conducted. Emphasis will be placed on support sectors such as rural tracks, warehousing, processing and marketing, and facilitating access to credit. All of these activities should be integrated with the local development process under way to ensure greater effectiveness.

◆ **Improving the availability of drinking water and improving sanitation**

Priority needs to be given to increasing production capacity and rehabilitating distribution systems in the country's two major cities.

In the area of rural waterworks, efforts will focus on drilling 500 boreholes against HIPC funding.

◆ **Construction of social housing**

Efforts will continue to complete the construction of 10,000 social housing units in partnership with China, mainly in Brazzaville and Pointe-Noire. These housing units should become available starting in late 2010.

◆

Allocating increased resources to the social sectors

Budget resources will be further increased in 2009 and enable the health and education sectors to meet the objectives they have set.

4. CONCLUSION

By adopting a poverty reduction strategy in March 2008, the Government of the Republic of Congo reaffirmed its intention to combat poverty and made this a priority for its economic and social development policy in the years to come. The sectoral policies and poverty reduction programs now under way, which were prepared in the context of PRSP implementation, stand as confirmation of that intention.

Having completed this interim evaluation exercise, the government can state that Congo's macroeconomic framework has been strengthened, that the main indicators are moving in the right direction, and that major reforms have either been initiated or are nearing initiation.

Nevertheless, in order to meet the PRS objectives and the Millennium Development Goals (MDGs), the government undertakes to take appropriate steps to meet the many challenges ahead, specifically:

- Strengthening the monitoring and evaluation framework for PRSP implementation;
- Promoting a participatory approach;
- Developing and improving sectoral poverty reduction policies;
- Accelerating the establishment of economic corridors associated with Congo's status as a subregional transportation hub;
- Diversifying the economy to lessen the country's vulnerability to external shocks;
- Promoting a dynamic private sector;
- Improving the quality and transparency of public finance management;
- Accelerating the process of decentralization and local development;
- Strengthening the administration's operational capacity; and
- Promoting coordination among development partners.

ANNEXES

BUDGET TIMETABLE

| No. | TASKS TO BE PERFORMED | RESULTS EXPECTED | EXECUTING AGENCY | VALIDATING PARTIES |
|-----------------|---|--|--|---|
| February | | | | |
| 1 | Readjustment of evaluations of the budgets of ministries and public establishments (<i>Implementation balance sheet n-1</i>) | Levels of physical and financial execution by ministry | DGB/DGPD/Sectoral ministries | Min. Fin / Min. Plan |
| 2 | Preparation of annual PRSP progress report | Revised strategic objectives | PRSP Team | Council of Ministers |
| March | | | | |
| 3 | Revision of sectoral MTEFs based on: - implementation balance sheet - Ceilings from available framework (<i>years n to n+2</i>) | Sectoral MTEFs (n+1 to n+3) – 1 st version - | Sectoral ministries (<i>MTEF units</i>) | Sectoral ministries / MTEF team |
| 4 | Economic outlook, macroeconomic framing, and forecast TOFE | 1 st version of macroeconomic framing n+1 to n+3 | Framing team/MTEF/PRSP | Macroeconomic framing committee |
| April | | | | |
| 5 | Updating of overall MTEF based on: - macro framing and forecast TOFE, - annual PRSP progress report, - revised sectoral MTEFs. | 1 st version overall MTEF n+1 to n+3, with sectoral ceilings | MTEF Team | MTEF steering committee |
| May | | | | |
| 6 | Adoption of macroeconomic framing and overall MTEF with sectoral ceilings | Macroeconomic framing and overall MTEF, 1 st versions validated | Macroeconomic framing committee MTEF steering committee | Council of Ministers |
| 7 | Drafting of budget orientation letter | Publication of the budget framing letter | MEFB/MPAT/DGB/DGPD/Office of the President of the Republic | Office of the President of the Republic |

| | | | | |
|------------------|---|---|---|---------------------------------|
| 8 | Notification of sectoral ceilings | Communication to ministries of their ceilings for n+1 to n+3 | MEFB/MPAT/DGPD/DGB/MTEF technical secretariat | MTEF steering committee |
| June-July | | | | |
| 9 | Revision of sectoral MTEFs based on: - implementation balance sheet, - ceilings from available framing (years n to n+2) | Sectoral MTEFs (n+1 to n+3) - 2 nd version - | Sectoral ministries (<i>MTEF units</i>) | Sectoral ministries/MTEF team |
| 10 | Preparation of annual budgets | Annual budgets | Sectoral ministries (<i>MTEF units</i>) | Sectoral ministries/MTEF team |
| August | | | | |
| 11 | Possible revision of macro framing and forecast TOFE | 2 nd version of macroeconomic framing n+1 to n+3 | Framing team /MTEF/PRSP | Macroeconomic framing committee |
| 12 | Budget conferences (sectoral MTEFs and annual budgets) | Validation of annual budgets n+1 and sectoral MTEFs n+1 to n+3 | MPAT/DGPD/Sectoral ministries/MTEF team | MTEF steering committee |
| September | | | | |
| 13 | Evaluation of budgets of ministries and public establishments (<i>Implementation balance sheet n</i>) | Levels of physical and financial execution by ministry | DGB/DGPD/Sectoral ministries | Min. Fin / Min. Plan |
| 14 | Finalization of sectoral MTEFs n+1 to n+3 | Sectoral MTEFs (n+1 to n+3) - final version - | Sectoral ministries (<i>MTEF units</i>) | Sectoral ministries/MTEF team |
| 15 | Finalization of overall MTEF n+1 to n+3 | Final version of overall MTEF n+1 to n+3, with sectoral ceilings | MTEF Team | MTEF steering committee |
| 16 | Preparation of draft budget law | Draft Budget Law and annexed documents | DGB/DGI/DGD/DGPD/DGT/DGCCA | Min. Fin / Min. Plan |
| 17 | Preparation of PIP | PIP for years n+1 to n+3 | DGPD/DPIP | Min. Plan |
| 18 | Drafting of budget framing report | Explanation of assumptions and of economic, financial, and social context | DGE/DGB/DGPD | Min. Finance |

| End-September | | | | |
|----------------------|--|---|--|---|
| 19 | Council of Ministers | Adoption of macroeconomic framing, overall MTEF, and draft budget law | Government | Government |
| 20 | Supreme Court review | Favorable review by Supreme Court of draft budget law | Supreme Court | Supreme Court |
| 21 | Forwarding of draft budget law to Parliament | Forwarding of law to Parliament | Secretariat-General of the Government | Secretariat-General of the Government |
| Mid-October | | | | |
| 22 | Examination of draft budget law | Examination of government's policy | Parliament | Parliament |
| End-December | | | | |
| 23 | Passage of draft budget law | Approval of government's policy | Parliament | Parliament |
| 24 | Promulgation of budget law and its publication | Budget law made available | Office of the President of the republic and official gazette | Office of the President of the Republic |

Budget preparation cycle

Incorporating MTEFs

To ensure that the MTEF fulfills its functions effectively, preparation of the MTEF should be regarded as one component of the budget formulation procedure. Once the overall budget ceiling has been defined in the macroeconomic framing exercise, supplemented by a forecast TOFE, the approach consists in formulating strategic choices that are consistent with PRSP priorities and allocating expenditure ceilings that will be notified to the various ministries.

This way of proceeding is based on the notion of delegation of responsibility to the sectoral ministries, which are responsible for the preparation of their budgets within the framework established during the preceding strategic phase. The strategic phase should begin early in the year and allow room thereafter for the phase of preparing draft ministry budgets subject to the constraint of the expenditure ceilings established during the strategic phase. The ministries need to have sufficient time to complete their internal trade-offs and to define realistic performance objectives and indicators, subject to the constraint of the financial ceilings.

Schematically, the budget and MTEF preparation procedure includes the following phases:

- **A *strategic phase***, consisting of examining the budget aggregates in conformity with the macroeconomic objectives and the PRSP, and allocating financial ceilings by sector in keeping with sectoral strategies. This strategic phase is aimed at ensuring the interconnection of the PRSP, policies, and the budget. It should culminate in decisions by the policymakers. The preparation of a forecast TOFE and of an initial *overall MTEF* aggregating expenditure by ministry/sector provides technical background for the formulation of the strategic choices. The *overall MTEF* establishes expenditure ceilings by minister that serve to frame the preparation of ministerial budgets and programs. These ceilings are notified by budget circular.
- **A *sectoral phase***, involving intra-sectoral trade-offs and the submission of draft ministerial budgets. During this phase, programs, projects, and activities are selected in conformity with the expenditure ceilings defined in the strategic phase and in the *initial overall MTEF*. The ministries prepare their annual budgets and their “*detailed*” *sectoral MTEFs*. They themselves decide on the intra-sectoral resource allocation subject to the ceiling defined by the sectoral expenditure ceilings.
- **A *finalization phase***. Reconciliation mechanisms tend to be necessary during this phase in order to resolve difficulties between the strategic phase approach and the selection of programs and projects at the sector level.

In view of the foregoing, the procedure for preparation in year n of the budget for year n+1 and the MTEF for n+1 to n+3 could be organized schematically as follows:

- ***Toward the end of February***, a balance sheet on the physical and financial execution of the budget for year n-1 should be available. Pending the computerization of the expenditure chain, this could be carried out in cooperation with the DGB, the DGPD, and the ministries. The annual PRSP progress report could be drawn up in accordance with a timetable making it available in late February as well. Moreover, it should incorporate the financial execution balance sheet.

- ***In March***, the sectoral ministries make a preliminary request.

For the ministries that prepare sectoral MTEFs, this preliminary request entails, first, updating the cost of the programs and activities included in the MTEFs prepared in preceding years, and then formulating proposals for savings or new activities. It might include, when fully developed:

- a baseline scenario corresponding to the “technical” updating of the costs of the programs included in the preceding MTEF (MTEF n to n+2);
- subject to the financial constraint indicated in the preceding MTEF, proposals for reallocation between programs in this baseline scenario;
- proposals for new activities clearly distinct from the baseline scenario.

For the ministries that are not yet preparing sectoral MTEFs, this preliminary request could include:

- an estimate of the cost in year n+1 of the activities under way in year n, the costs in year n+1 of the investment projects included in the budget for year n, and the recurrent costs of the projects that will be completed in year n;
- an estimate of the future costs of the multiyear investment projects included in the budget for year n in the course of years n+2 and n+3, in order to have a minimum amount of data needed for preparing the MTEF;
- proposals for changes in activities (new activities, scaling back of existing activities).

In tandem with the above, work is started on preparing a Medium-Term Economic Framework and a forecast TOFE.

- ***In April***, the projections in the Medium-Term Economic Framework and the forecast TOFE frame the next phase of the efforts to prepare the initial overall MTEF. The forecast TOFE provides the overall ceiling for public expenditure. Comparison of the overall ceiling provided by the forecast TOFE and the cost of ongoing projects (the “constraint” budget) makes it possible to assess the overall room for maneuver available.

Then, an initial overall MTEF can be prepared by allocating this room for maneuver by ministry in light of the strategic priorities and the performance of existing programs. This MTEF will provide estimates of expenditure by ministry for a three-year period. If the data on the costs of existing programs are reliable, the allocation can pertain only to the “room for maneuver.” Depending on the ministries and priorities concerned, the share of the “room for maneuver” allocated to a given ministry may be either positive or negative.

The initial overall MTEF should be accompanied by a budget policy memorandum setting forth the overall budget objectives of the forecast TOFE and the projections of the MTEF. This memorandum will also examine the budget risks and the problems encountered in implementing the strategies defined in the strategic planning documents.

- ***In May***, the macroeconomic framing, the forecast TOFE, the overall MTEF, and the budget policy memorandum are submitted to the political authorities (Council of Ministers).

Following approval by the political authorities, ***in late May*** the orientation and framing letter, together with the sectoral ceilings, is conveyed to the sectoral ministries.

The expenditure projections by ministry then constitute expenditure ceilings that frame the preparation of ministry budgets. The expenditure projections for the second and third years of the MTEF make it possible to frame the multiyear programming work that gradually will be performed by all ministries. In the short term, these ceilings will provide indications as to the maximum level of multiyear commitments that may be entered into.

The projections in this overall MTEF need to be made in a prudent manner and/or entail a programming reserve, so as to avoid having to revise the expenditure ceilings downward in the subsequent stages of budget preparation, which would destroy the credibility of the exercise.

- ***In June-July***, the ministries prepare their draft annual budgets and, in the case of those ministries where it is applicable, their multiyear sectoral MTEFs subject to the expenditure ceilings indicated for the three years to come.
- ***In August***, the draft budgets and MTEFs (for those ministries that prepare them) are examined in a budget conference in order to verify that they are in conformity with the strategies and the PRSP. At the same time, the macroeconomic framework and the forecast TOFE could perhaps be updated to take account of recent economic developments.
- ***In September***, once the final trade-offs have been made, the overall MTEF must be corrected in order to reflect these trade-offs, and the sectoral MTEFs are finalized by the ministries.

The overall MTEF thus finalized will then be included in the draft project submitted to Parliament. This MTEF will initially be aggregated by ministry or sector, but subsequently could be more detailed depending on the progress made with multiyear programming in the sectoral ministries.

The PIP is then drawn up and the draft budget law finalized. A budget framing report is drafted in order to explain the choices made.

- ***In late September***, the draft budget law together with the annexed documents (the budget framing report, the overall MTEF, and the PIP) is presented to the government for adoption.

After favorable review by the Supreme Court, the budget law and attached documents are transmitted to Parliament by the Secretariat-General of the Government before the end of September.

- ***Beginning in mid-October***, the draft budget law is examined by Parliament.
- ***In late December***, the budget law is passed and promulgated so that budget execution may begin at the start of January.

2009 Investment Budget

| | | | Priority | 2008 Amended Budget Law | | | | | | 2009 Budget | | | | |
|--|---|----------|----------|-------------------------|--------------|--------------|----------------|----------------|--------------|--------------------|--------------|----------------|----------------|--------------|
| | | | | Domestic resources | % | Loans | Grants | TOTAL | % | Domestic resources | Loans | Grants | TOTAL | % |
| Improving governance, and consolidating peace and security | | | | 116,427 | 29.11 | 1,051 | 3,826 | 121,304 | 26.66 | 131,954 | 0 | 4,226 | 136,180 | 26.46 |
| 11 | Political governance | 1 | 20,249 | 5.06 | | | 20,249 | 4.45 | 26,530 | | | 26,530 | 5.16 | |
| 12 | Decentralization | 1 | 400 | 0.10 | | | 400 | 0.09 | 800 | | | 800 | 0.16 | |
| 13 | Balanced departmental and local development | 2 | 31,530 | 7.88 | 1,051 | 100 | 32,681 | 7.18 | 29,288 | | 199 | 29,487 | 5.73 | |
| 14 | Gender | 2 | 950 | 0.24 | | 30 | 980 | 0.22 | 1,000 | | | 1,000 | 0.19 | |
| 15 | Environment | 2 | 5,340 | 1.34 | | | 5,340 | 1.17 | 8,030 | | | 8,030 | 1.56 | |
| 16 | Peace and security | 1 | 40,272 | 10.07 | | 245 | 40,517 | 8.90 | 41,900 | | 856 | 42,756 | 8.31 | |
| 17 | Administrative and judicial governance | 1 | 9,745 | 2.44 | | 612 | 10,357 | 2.28 | 15,171 | | 477 | 15,648 | 3.04 | |
| 18 | Transparency, corruption, and fraud | 1 | 372 | 0.09 | | 1,357 | 1,729 | 0.38 | 755 | | 1,078 | 1,833 | 0.36 | |
| 19 | Macroeconomic and financial governance | 1 | 7,569 | 1.89 | | 1,482 | 9,051 | 1.99 | 8,480 | | 1,616 | 10,096 | 1.96 | |
| Growth promotion – Stability of the macroeconomic framework | | | | 187,196 | 46.80 | 6,768 | 19,951 | 213,915 | 47.01 | 213,063 | 9,145 | 13,014 | 235,222 | 45.71 |
| 21 | Oil | 1 | 1,450 | 0.36 | | | 1,450 | 0.32 | 1,440 | | | 1,440 | 0.28 | |
| 22 | Forestry | 1 | 3,789 | 0.95 | | 719 | 4,508 | 0.99 | 4,580 | 374 | 1,498 | 6,452 | 1.25 | |
| 23 | Agriculture, livestock, and fisheries | 1 | 12,940 | 3.24 | 1,908 | | 14,848 | 3.26 | 17,850 | 7,531 | 817 | 26,198 | 5.09 | |
| 24 | Mining | 2 | 3,400 | 0.85 | | | 3,400 | 0.75 | 4,000 | | | 4,000 | 0.78 | |
| 25 | Tourism | 3 | 3,550 | 0.89 | | | 3,550 | 0.78 | 3,030 | | | 3,030 | 0.59 | |
| 26 | Craft industries | 3 | 200 | 0.05 | | | 200 | 0.04 | 420 | | | 420 | 0.08 | |
| 27 | Transportation | 1 | 125,146 | 31.29 | 4,860 | 17,732 | 147,738 | 32.47 | 138,630 | 1,240 | 8,019 | 147,889 | 28.74 | |
| 28 | Electrical power | 1 | 18,541 | 4.64 | | 1,500 | 20,041 | 4.40 | 21,339 | | | 21,339 | 4.15 | |
| 29 | Communications | 1 | 11,740 | 2.94 | | | 11,740 | 2.58 | 11,450 | | | 11,450 | 2.23 | |

| | | | | | | | | | | | | | |
|---|--|---|---------------|--------------|--------------|---------------|----------------|--------------|----------------|--------------|---------------|----------------|--------------|
| 210 | Meteorology | 4 | | | | | | | 200 | | | 200 | 0.04 |
| 211 | Private sector | 2 | 510 | 0.13 | | | 510 | 0.11 | 3,265 | | 150 | 3,415 | 0.66 |
| 212 | Industry | 2 | 1,650 | 0.41 | | | 1,650 | 0.36 | 2,200 | | 1,800 | 4,000 | 0.78 |
| 213 | Commerce | 3 | 4,190 | 1.05 | | | 4,190 | 0.92 | 4,059 | | 730 | 4,789 | 0.93 |
| 214 | Banking and finance | 2 | 90 | 0.02 | | | 90 | 0.02 | 100 | | | 100 | 0.02 |
| 215 | Subregional integration | 3 | | | | | | | 500 | | | 500 | 0.10 |
| Improving public access to high quality basic social services | | | 89,442 | 22.36 | 2,181 | 19,532 | 111,155 | 24.43 | 120,943 | 2,300 | 10,658 | 133,901 | 26.02 |
| 31 | Elementary and secondary education | 1 | 13,749 | 3.44 | | 5,276 | 19,025 | 4.18 | 18,390 | | 2,083 | 20,473 | 3.98 |
| 32 | Technical and vocational training | 1 | 5,830 | 1.46 | | | 5,830 | 1.28 | 7,190 | | 1,206 | 8,396 | 1.63 |
| 33 | Literacy | 2 | 49 | 0.01 | | | 49 | 0.01 | 220 | | | 220 | 0.04 |
| 34 | Civic instruction - Moral education | 3 | | | | | | | 300 | | | 300 | 0.06 |
| 35 | Higher education | 2 | 3,060 | 0.77 | | | 3,060 | 0.67 | 5,100 | | | 5,100 | 0.99 |
| 36 | Scientific research and technological innovation | 3 | 600 | 0.15 | | | 600 | 0.13 | 1,531 | | | 1,531 | 0.30 |
| 37 | Culture and the arts | 4 | 3,270 | 0.82 | | | 3,270 | 0.72 | 3,760 | | 189 | 3,949 | 0.77 |
| 38 | Sports | 4 | 3,960 | 0.99 | | | 3,960 | 0.87 | 4,450 | | | 4,450 | 0.86 |
| 39 | Health care | 1 | 18,989 | 4.75 | 2,181 | 10,756 | 31,926 | 7.02 | 25,316 | 1,500 | 3,185 | 30,001 | 5.83 |
| 310 | Food security | 2 | 1,200 | 0.30 | | | 1,200 | 0.26 | 1,489 | | 346 | 1,835 | 0.36 |
| 311 | Water | 1 | 27,609 | 6.90 | | 3,500 | 31,109 | 6.84 | 26,692 | 800 | 936 | 28,428 | 5.52 |
| 312 | Sanitation | 1 | 1,533 | 0.38 | | | 1,533 | 0.34 | 6,400 | | 2,713 | 9,113 | 1.77 |
| 313 | Housing | 1 | 9,593 | 2.40 | | | 9,593 | 2.11 | 20,105 | | | 20,105 | 3.91 |
| Improving the social environment and mainstreaming vulnerable groups | | | 6,339 | 1.58 | 0 | 1,691 | 8,030 | 1.76 | 5,835 | 0 | 1,374 | 7,209 | 1.40 |
| 41 | Social protection | 1 | 1,054 | 0.26 | | | 1,054 | 0.23 | 1,985 | | 774 | 2,759 | 0.54 |
| 42 | Employment and working conditions | 2 | 3,653 | 0.91 | | 1,625 | 5,278 | 1.16 | 1,900 | | | 1,900 | 0.37 |
| 43 | Childhood | 1 | 218 | 0.05 | | 66 | 284 | 0.06 | 500 | | 134 | 634 | 0.12 |
| 44 | Special education | 2 | 185 | 0.05 | | | 185 | 0.04 | 250 | | | 250 | 0.05 |

| | | | | | | | | | | | | | |
|---------------------------|-----------------------------------|---|------------|-------------|----------|----------|------------|-------------|------------|----------|--------------|--------------|-------------|
| 45 | Youth | 2 | 1,180 | 0.30 | | | 1,180 | 0.26 | 950 | | | 950 | 0.18 |
| 46 | Indigenous peoples and minorities | 3 | 49 | 0.01 | | | 49 | 0.01 | 250 | | 466 | 716 | 0.14 |
| Combating HIV/AIDS | | | 596 | 0.15 | 0 | 0 | 596 | 0.13 | 655 | 0 | 1,408 | 2,063 | 0.40 |
| 51 | HIV/AIDS | 1 | 596 | 0.15 | | | 596 | 0.13 | 655 | | 1,408 | 2,063 | 0.40 |

TOTAL

400,000

10,000

45,000

455,000

100.00

472,450

11,445

30,680

514,575

100.00

Key PRSP Indicators

| | | | | | | | | Target values | | | |
|--|---|------|----------------|-------------|--|--------------------------|---------------------|---------------|-------|-------|------------|
| | Indicator | Type | Origin of data | Periodicity | Level of disaggregation | Availability | Reference value | 2008 | 2009 | 2010 | 2015 (MDG) |
| Poverty | | | | | | | | | | | |
| 1 | Poverty line | I | ECOM | 5 years | National | Yes, if ECOM 2010 survey | CFAF 839/day (2005) | | | | |
| 2 | Incidence of poverty | I | ECOM | 5 years | . Rural, Urban . Department . Socioeconomic categories | Yes, if ECOM 2010 survey | 50.7% (2005) | | | | |
| 3 | Depth of poverty | I | ECOM | 5 years | . Rural, Urban . Department . Socioeconomic categories | Yes, if ECOM 2010 survey | 19.2% (2005) | | | | |
| 4 | Proportion of population living on less than one dollar PPP per day | I | ECOM | 5 years | . Rural, Urban . Department . Socioeconomic categories | Yes, if ECOM 2010 survey | 26.2% (2005) | 30.0% | 28.3% | 26.7% | 18.0% |
| 5 | Poverty gap index | I | ECOM | 5 years | . Rural, Urban . Department . Socioeconomic categories | Yes, if ECOM 2010 survey | 15.3% (2005) | 13.4% | 12.8% | 12.2% | 9% |
| 6 | Share of poorest quintile in national consumption | I | ECOM | 5 years | . Rural, Urban . Department . Socioeconomic categories | Yes, if ECOM 2010 survey | 19.5% (2005) | | | | |
| 7 | Gini index | I | ECOM | 5 years | . Rural, Urban . Department . Socioeconomic categories | Yes, if ECOM 2010 survey | 41.6% (2005) | | | | |
| Political, administrative, and judicial governance – Peace and security | | | | | | | | | | | |
| 8 | Rate of participation in national and local elections | I | MATD | by election | . Department . Urban/rural | Yes | | | | | |
| 9 | Index of user satisfaction with public administration | I | Survey | | . Department . Urban/rural | Yes, if survey conducted | | | | | |
| 10 | Percentage of public resources earmarked (both budgeted and actually spent) for local governments | M | MEFB/DGB | annual | Department | Yes | | | | | |
| 11 | Amount and rate of growth of revenue collected by local governments | R | MEFB/DGB | annual | Department | Yes | | | | | |
| 12 | Percentage of cases judged out of cases pending | R | MJDH/DEP | annual | Department | Yes | | | | | |
| 13 | Number of law enforcement personnel per 1,000 inhabitants | A | MSOP | annual | Department | Yes | | | | | |
| Economic and financial governance | | | | | | | | | | | |
| 14 | Inflation rate | R | CNSEE | monthly | National | Yes | 4.7% (2006) | | | | |

| | | | | | | | | | | | |
|-----------------------|---|---|----------------|---------|--|------------------------------|---|--|---|---|--------|
| 15 | Per capita GDP | I | MEFB/ DGE | annual | National | Yes | 945.3 (2005) | | | | |
| 16 | Real GDP growth rate | R | MEFB/ DGE | annual | National | Yes | 6.1% (2006) | | | | |
| 17 | Ratio of debt service to exports | R | CCA | annual | National | Yes | | | | | |
| 18 | Ratio of current expenditure to tax receipts | R | MEFB/ DGE | annual | National | Yes | | | | | |
| 19 | Percentage of budget for priority sectors | A | MEFB/ DGB | annual | . Health care . Education (primary, secondary, higher, technical/vocational) . Agriculture and livestock . Transportation . Equipment and public works | Yes | Health 6.94% (2007) Primary/secondary education 3.85% (2007) Higher ed. 0.99% (2007) Tech. & vocat. training 1.48% (2007) Ag & livestock 3.2% (2007) Transp. 9.69% (2007) Equip. & Public works 21.52% (2007) | 5.71% 3.43% 0.79% 1.26% 3.77% 13% | 4.93% 2.87% 1.65% 1.44% 3.97% 14.59% | 5.20% 3.26% 2.09% 1.50% 4.35% 12.82% | |
| Gender | | | | | | | | | | | |
| 20 | Percentage of female Deputies | R | Parliament | annual | National | Yes | 12% (2005) | 10% | 10% | 10% | 30% |
| 21 | Percentage of female nonagricultural wage earners | I | MPFIFD/ DEP | annual | National | Yes | 26% (2005) | 29% | 30% | 31% | 35% |
| 22 | Ratio of women/men benefiting from microcredit | R | Survey | annual | Department | Yes, if survey conducted | | | | | |
| Environment | | | | | | | | | | | |
| 23 | Proportion of forestry zones | R | MEF/DEP | annual | National | | | | | | |
| 24 | Area of protected ecosystems | R | MEF/DEP | annual | National | | | | | | |
| 25 | Percentage of households using solid fuels (wood, charcoal) | I | EDS | 5 years | . Department . Urban/rural | Yes, if EDS survey conducted | 81.3% (2005) | 69.10% | 65% | 61% | 40,70% |
| Growth sectors | | | | | | | | | | | |
| 26 | Share of oil sector in national GDP | R | MEFB/ DGE | annual | National | Yes | 17.2% (2007) | 15.00% | 18.10% | 16.00% | |
| 27 | Share of forestry sector in national GDP | R | MEFB/ DGE | annual | National | Yes | 5.6% (2006) | 5.8% | 6.0% | 7.0% | |
| 28 | Rate of local processing of local wood production | R | MEF/DEP | annual | National | Yes | 60% (2006) | 65% | 75% | 85% | |
| 29 | Share of agriculture in GDP (plant and animal production) | R | MEFB/ DGE | annual | Plant / Animal | Yes | | | | | |
| 30 | Proportion of arable land tilled mechanically | A | MAE/DEP | annual | Department | | | | | | |
| 31 | Quantities of gold and diamonds | R | MMIMG/ | annual | National | | | | | | |

| | declared | | DEP | | | | | | | | |
|----------------------------------|--|---|-----------------------|-------------------|--|-----------------------------------|---|---|---|---|--|
| Growth-supporting sectors | | | | | | | | | | | |
| 32 | Length of paved roads | A | METP/ DEP | annual | Department | Yes | 1,300 km (2007) | 1,330 km | 1,480 km | 1,816 km | |
| 33 | Length of earthen roads | A | METP/ DEP | annual | Department | Yes | 6,728 km (2007) | 6,758 km | 6,778 km | 6,848 km | |
| 34 | Length of maintained roads (paved and earthen) | A | METP/ DEP | annual | Department | Yes | x (2007) | 4,530 km | 4,950 km | 5,450 km | |
| 35 | Number of passengers carried by the CFCO | A | CFCO manage- ment | annual | National | Yes | 727,300 (2007) | 800,000 | 900,000 | 1,200,000 | |
| 36 | Tonnage of goods carried by the CFCO | A | CFCO manage- ment | annual | National | Yes | 613,900 (2007) | 750,000 | 800,000 | 900,000 | |
| 37 | Rate of access to electricity | A | ECOM | 5 years | . Urban/Rural . Department | Yes, if ECOM 2010 conducted | | | | | |
| 38 | Number of mobile phone subscribers per 199 inhabitants | A | MPTNTC/ DEP | annual | . Urban/Rural . Department | Yes | | | | | |
| 39 | Number of computers used per 100 inhabitants | R | ECOM | 5 years | . Urban/Rural . Department | Yes, if ECOM 2010 conducted | | | | | |
| 40 | Percentage of households with a radio receiver | R | ECOM | 5 years | . Urban/Rural . Department | Yes, if ECOM 2010 conducted | | | | | |
| Private sector | | | | | | | | | | | |
| 41 | Number of enterprises created | R | MEFB/DG I | Annual | . Department . Sectors | Not at present | | | | | |
| 42 | Amount of loans granted to enterprises | R | Survey | Annual | Department | Yes, if survey conducted | | | | | |
| 43 | Microcredit access rate | R | Survey | Annual | Department | Yes, if survey conducted | | | | | |
| Education | | | | | | | | | | | |
| 44 | Net enrollment ratio in primary school | R | MEPSA/ DEP ECOM | annual 5 years | . Gender . Department | Yes | 72% (2005) | 82% | 85% | 87% | 100% |
| 45 | Primary school completion rate | I | MEPSA/ DEP ECOM | annual 5 years | . Gender . Department | Yes | 77% (2005) | 79% | 81% | 83% | 100% |
| 46 | Ratio of girls/boys in education (primary, secondary, higher) | R | MEPSA/ DEP | annual | . Level (primary, <i>collège</i> , <i>lycée</i> , higher) . Department | Yes | prim. 0.93 (2005) <i>collège</i> 0.87 (2005) <i>lycée</i> 0.65 (2005) higher 0.58 (2005) | prim. 0.95 <i>collège</i> 0.91 <i>lycée</i> 0.74 higher 0.65 | prim. 0.96 <i>collège</i> 0.92 <i>lycée</i> 0.77 higher 0.67 | prim. 0.97 <i>collège</i> 0.94 <i>lycée</i> 0.80 higher 0.69 | prim. 1 <i>collège</i> 1 <i>lycée</i> 0.95 higher 0.80 |
| 47 | Literacy rate of those age 15 or over (or from 15 to 24 = MDG) | R | MEPSA/ DEP | annual | . Gender . Department | Yes | 80.4% (2005) | 86.3% | 88.3% | 90.2% | 100.0% |

| | | | | | | | | | | | | |
|---|--|---|------------------|-------------------|--|--|--|---|---|---|--|--|
| 48 | % of higher education graduates finding a job corresponding to the training within two years after school completion | R | MES/DEP | annual | Sector | Not at present | | | | | | |
| 49 | % of budget allocated to research | M | MEFB/DGB | annual | National | Yes | | | | | | |
| Health-nutrition | | | | | | | | | | | | |
| 50 | Life expectancy at birth | I | EDS | 5 years | . Gender . Socioeconomic categories | Yes, if survey conducted EDS | | | | | | |
| 51 | Rate of vaccination coverage by antigen (measles, DTC3, polio, BCG) | R | MSASF/DEP EDS | annual 5 years | . Antigen . Department | Yes, if EDS survey conducted | Measles 57.9% (2005) DTC3 65.8% (2005) Polio 66.4% (2005) BCG 89.60% (2005) | Measles? DTC3 73.1% Polio 73.5% BCG 92.7% | Measles? DTC3 75.5% Polio 75.8% BCG 93.7% | Measles? DTC3 77.9% Polio 78.2% BCG 94.8% | Measles? DTC3 90% Polio 90% BCG10 0% | |
| 52 | Infant mortality ratio | I | EDS | 5 years | Department | Yes, if EDS survey conducted | 75% (2005) | 63.75% | 60% | 56.25% | 37.50% | |
| 53 | Child mortality ratio | I | EDS | 5 years | Department | Yes, if EDS survey conducted | 44% (2005) | | | | | |
| 54 | Maternal mortality ratio | I | EDS | 5 years | Department | Yes, if EDS survey conducted | 781 (2005) | 663.7 | 624.6 | 585.5 | 390 | |
| 55 | Proportion of childbirths assisted by trained health care personnel | R | MSASF/DEP EDS | annual 5 years | Department | Yes, if EDS survey conducted | 86,1% (2005) | 90.20% | 91.60% | 93.00% | 100% | |
| 56 | Tuberculosis incidence rate, prevalence rate, and mortality rate | R | MSASF/DEP | annual | Department | Yes, if EDS survey conducted | incid.? prev. 0.4% (2005) mort.? | incid.? prev. 0.3% mort.? | incid.? prev. 0.3% mort.? | incid.? prev. 0.3% mort.? | incid.? prev. 0.2% mort.? | |
| 57 | Malaria incidence rate, prevalence rate, and mortality rate | R | MSASF/DEP | annual | Department | Yes, if EDS survey conducted | incid.? prev. 5.6% (2005) mort.? | incid.? prev. 4.8% mort.? | incid.? prev. 4.5% mort.? | incid.? prev. 4.2% mort.? | incid.? prev. 3% mort.? | |
| 58 | Proportion of population not receiving the minimum caloric intake level | I | ECOM | 5 years | Department | Yes, if ECOM 2010 conducted | | | | | | |
| 59 | Percentage of underweight children under age 5 | I | EDS | 5 years | Department | Yes, if EDS survey conducted | 14.40% (2005) | 11.58% | 10.64% | 9.70% | 5% | |
| Living conditions (water, sanitation, and housing) | | | | | | | | | | | | |
| 60 | Proportion of population with access to an improved water source | R | ECOM EDS | 5 years | . Urban/rural . Department | Yes, if EDS and/or ECOM survey conducted | 58.1% (2005) | | | | | |
| 61 | Proportion of population with access to an improved sanitation system | R | ECOM EDS | 5 years | . Urban/rural . Department | Yes, if EDS and/or ECOM survey | 89.80% (2005) | 92.90% | 93.90% | 94.90% | 100% | |

| | | | | | | | | | | | |
|--|---|---|----------------------|---------|---|--|----------------------|--------|--------|--------|----|
| | | | | | | conducted | | | | | |
| 62 | Proportion of population with access to housing that can be occupied securely | I | ECOM EDS | 5 years | . Urban/rural . Department | Yes, if EDS and/or ECOM survey conducted | | | | | |
| Social environment and mainstreaming of vulnerable groups | | | | | | | | | | | |
| 63 | Rate of social coverage of the population | R | MTESS/DEP | annual | . Gender . Urban/rural . Department . Socioeconomic categories | Yes | | | | | |
| 64 | Unemployment rate | I | ECOM or 1-2-3 Survey | 5 years | . Gender . Urban/rural . Department . Socioeconomic categories | Yes, if ECOM 2010 conducted | 33.5% (2005) | 30% | 19% | 11% | |
| 65 | Proportion of children ages 6 to 14 engaging in economic activity | I | 1-2-3 Survey | 3 years | . Gender . Urban/rural . Department | Yes, if survey conducted | | | | | |
| 66 | Number of vulnerable children cared for | R | MSASF/DEP | annual | . Public/private . Urban/rural . Department | Yes | Public: 7,843 (2007) | 10,500 | 11,000 | 12,295 | |
| 67 | Enrollment ratio of handicapped children | R | MSASF/DEP | annual | . Urban/rural . Department | Yes | | | | | |
| 68 | Enrollment ratio of indigenous children | R | MSASF/DEP | annual | National | Yes | | | | | |
| 69 | % of indigenous people benefiting from programs to establish income-generating activities | A | MSASF/DEP | annual | National | Yes | | | | | |
| Combating HIV/AIDS | | | | | | | | | | | |
| 70 | HIV/AIDS prevalence rate | I | CNLS | 5 years | . Pregnant women (ages 15 to 24) . Youths under age 25 . Adults over 24 . Department | Yes, if survey conducted | 7.5% (2005) | 6.15% | 5.7% | 5.25% | 3% |

 MDG Indicator

PIP 2009-2011
Summary of allocations by area

| | | Priority | 2009 budget forecasts | | | | | 2010 budget forecasts | | | | | 2011 budget forecasts | | | | |
|--|---|----------|-----------------------|--------------|--------------|---------------|----------------|-----------------------|--------------|--------------|---------------|----------------|-----------------------|--------------|--------------|---------------|----------------|
| | | | Domestic resources | % | Loans | Grants | TOTAL | Domestic resources | % | Loans | Grants | TOTAL | Domestic resources | % | Loans | Grants | TOTAL |
| Improving governance, and consolidating peace and security | | | 131,954 | 27.93 | 0 | 4,226 | 136,180 | 142,748 | 27.24 | 0 | 4,095 | 146,843 | 140,017 | 25.47 | 0 | 1,615 | 141,632 |
| 11 | Political governance | 1 | 26,530 | 5.62 | | | 26,530 | 27,124 | 5.18 | | | 27,124 | 18,089 | 3.29 | | | 18,089 |
| 12 | Decentralization | 1 | 800 | 0.17 | | | 800 | 565 | 0.11 | | | 565 | 500 | 0.09 | | | 500 |
| 13 | Balanced departmental and local development | 2 | 29,288 | 6.20 | | 199 | 29,487 | 32,942 | 6.29 | | | 32,942 | 38,453 | 7.00 | | | 38,453 |
| 14 | Gender | 2 | 1,000 | 0.21 | | | 1,000 | 1,150 | 0.22 | | | 1,150 | 1,250 | 0.23 | | | 1,250 |
| 15 | Environment | 2 | 8,030 | 1.70 | | | 8,030 | 7,140 | 1.36 | | | 7,140 | 6,910 | 1.26 | | | 6,910 |
| 16 | Peace and security | 1 | 41,900 | 8.87 | | 856 | 42,756 | 45,120 | 8.61 | | | 45,120 | 48,270 | 8.78 | | | 48,270 |
| 17 | Administrative and judicial governance | 1 | 15,171 | 3.21 | | 477 | 15,648 | 17,612 | 3.36 | | 477 | 18,089 | 14,980 | 2.73 | | 477 | 15,457 |
| 18 | Transparency, corruption, and fraud | 1 | 755 | 0.16 | | 1,078 | 1,833 | 1,090 | 0.21 | | 1,078 | 2,168 | 1,610 | 0.29 | | 78 | 1,688 |
| 19 | Macroeconomic and financial governance | 1 | 8,480 | 1.79 | | 1,616 | 10,096 | 10,005 | 1.91 | | 2,540 | 12,545 | 9,955 | 1.81 | | 1,060 | 11,015 |
| Promoting growth – Stability of the macroeconomic framework | | | 213,063 | 45.10 | 9,145 | 13,014 | 235,222 | 238,304 | 45.47 | 7,531 | 33,600 | 279,435 | 252,409 | 45.92 | 7,531 | 33,529 | 293,469 |
| 21 | Oil | 1 | 1,440 | 0.30 | | | 1,440 | 1,368 | 0.26 | | | 1,368 | 1,508 | 0.27 | | | 1,508 |
| 22 | Forestry | 1 | 4,580 | 0.97 | 374 | 1,498 | 6,452 | 5,440 | 1.04 | | 1,796 | 7,236 | 5,530 | 1.01 | | 2,280 | 7,810 |
| 23 | Agriculture, livestock, and fisheries | 1 | 17,850 | 3.78 | 7,531 | 817 | 26,198 | 19,950 | 3.81 | 7,531 | 1,060 | 28,541 | 21,760 | 3.96 | 7,531 | 442 | 29,733 |
| 24 | Mining | 2 | 4,000 | 0.85 | | | 4,000 | 4,450 | 0.85 | | | 4,450 | 4,800 | 0.87 | | | 4,800 |
| 25 | Tourism | 3 | 3,030 | 0.64 | | | 3,030 | 2,400 | 0.46 | | | 2,400 | 3,170 | 0.58 | | | 3,170 |
| 26 | Craft industries | 3 | 420 | 0.09 | | | 420 | 510 | 0.10 | | | 510 | 550 | 0.10 | | | 550 |
| 27 | Transportation | 1 | 138,630 | 29.34 | 1,240 | 8,019 | 147,889 | 152,281 | 29.06 | | 26,871 | 179,152 | 151,821 | 27.62 | | 28,859 | 180,680 |
| 28 | Electrical power | 1 | 21,339 | 4.52 | | | 21,339 | 28,640 | 5.46 | | | 28,640 | 38,550 | 7.01 | | | 38,550 |

| | | | | | | | | | | | | | | | | | |
|--|--|---|---------|-------|-------|--------|---------|---------|-------|-------|--------|---------|---------|-------|-------|-------|---------|
| 29 | Communications | 1 | 11,450 | 2.42 | | | 11,450 | 12,660 | 2.42 | | | 12,660 | 13,300 | 2.42 | | | 13,300 |
| 210 | Meteorology | 4 | 200 | 0.04 | | | 200 | 250 | 0.05 | | | 250 | 300 | 0.05 | | | 300 |
| 211 | Private sector | 2 | 3,265 | 0.69 | | 150 | 3,415 | 2,000 | 0.38 | | 150 | 2,150 | 2,410 | 0.44 | | | 2,410 |
| 212 | Industry | 2 | 2,200 | 0.47 | | 1,800 | 4,000 | 2,320 | 0.44 | | 2,000 | 4,320 | 2,200 | 0.40 | | 800 | 3,000 |
| 213 | Commerce | 3 | 4,059 | 0.86 | | 730 | 4,789 | 5,465 | 1.04 | | 1,723 | 7,188 | 5,910 | 1.08 | | 1,148 | 7,058 |
| 214 | Banking and finance | 2 | 100 | 0.02 | | | 100 | | | | | | | | | | |
| 215 | Subregional integration | 3 | 500 | 0.11 | | | 500 | 570 | 0.11 | | | 570 | 600 | 0.11 | | | 600 |
| Improving access to high quality basic social services by the population | | | 120,943 | 25.60 | 2,300 | 10,658 | 133,901 | 136,622 | 26.07 | 6,500 | 14,864 | 157,986 | 150,757 | 27.43 | 6,500 | 7,991 | 165,248 |
| 31 | Elementary and secondary education | 1 | 18,390 | 3.89 | | 2,083 | 20,473 | 19,976 | 3.81 | | 783 | 20,759 | 21,570 | 3.92 | | 783 | 22,353 |
| 32 | Technical and vocational training | 1 | 7,190 | 1.52 | | 1,206 | 8,396 | 7,215 | 1.38 | | 1,193 | 8,408 | 9,145 | 1.66 | | | 9,145 |
| 33 | Literacy | 2 | 220 | 0.05 | | | 220 | 720 | 0.14 | | | 720 | 775 | 0.14 | | | 775 |
| 34 | Civic instruction – Moral education | 3 | 300 | 0.06 | | | 300 | 654 | 0.12 | | | 654 | 514 | 0.09 | | | 514 |
| 35 | Higher education | 2 | 5,100 | 1.08 | | | 5,100 | 7,680 | 1.47 | | | 7,680 | 8,650 | 1.57 | | | 8,650 |
| 36 | Scientific research and technological innovation | 3 | 1,531 | 0.32 | | | 1,531 | 1,785 | 0.34 | | | 1,785 | 1,475 | 0.27 | | | 1,475 |
| 37 | Culture and the arts | 4 | 3,760 | 0.80 | | 189 | 3,949 | 4,126 | 0.79 | | 189 | 4,315 | 3,560 | 0.65 | | 189 | 3,749 |
| 38 | Sports | 4 | 4,450 | 0.94 | | | 4,450 | 4,921 | 0.94 | | | 4,921 | 5,331 | 0.97 | | | 5,331 |
| 39 | Health care | 1 | 25,316 | 5.36 | 1,500 | 3,185 | 30,001 | 31,737 | 6.06 | 1,500 | 5,847 | 39,084 | 34,463 | 6.27 | 1,500 | 4,530 | 40,493 |
| 310 | Food security | 2 | 1,489 | 0.32 | | 346 | 1,835 | 1,550 | 0.30 | | 139 | 1,689 | 1,550 | 0.28 | | 139 | 1,689 |
| 311 | Water | 1 | 26,692 | 5.65 | 800 | 936 | 28,428 | 26,873 | 5.13 | 5,000 | | 31,873 | 26,300 | 4.78 | 5,000 | | 31,300 |
| 312 | Sanitation | 1 | 6,400 | 1.35 | | 2,713 | 9,113 | 6,975 | 1.33 | | 6,713 | 13,688 | 13,674 | 2.49 | | 2,350 | 16,024 |
| 313 | Housing | 1 | 20,105 | 4.26 | | | 20,105 | 22,410 | 4.28 | | | 22,410 | 23,750 | 4.32 | | | 23,750 |
| Improving the social environment and mainstreaming of vulnerable groups | | | 5,835 | 1.24 | 0 | 1,374 | 7,209 | 5,773 | 1.10 | 0 | 908 | 6,681 | 5,816 | 1.06 | 0 | 774 | 6,590 |
| 41 | Social protection | 1 | 1,985 | 0.42 | | 774 | 2,759 | 1,928 | 0.37 | | 774 | 2,702 | 1,711 | 0.31 | | 774 | 2,485 |
| 42 | Employment and working conditions | 2 | 1,900 | 0.40 | | | 1,900 | 2,050 | 0.39 | | | 2,050 | 2,400 | 0.44 | | | 2,400 |
| 43 | Children | 1 | 500 | 0.11 | | 134 | 634 | 285 | 0.05 | | 134 | 419 | 150 | 0.03 | | | 150 |

| | | | | | | | | | | | | | | | | | |
|---------------------------|-----------------------------------|---|-----|------|---|-------|-------|-----|------|---|-------|-------|-------|------|---|-------|-------|
| 44 | Special education | 2 | 250 | 0.05 | | | 250 | 450 | 0.09 | | | 450 | 410 | 0.07 | | | 410 |
| 45 | Youth | 2 | 950 | 0.20 | | | 950 | 980 | 0.19 | | | 980 | 1,065 | 0.19 | | | 1,065 |
| 46 | Indigenous peoples and minorities | 3 | 250 | 0.05 | | 466 | 716 | 80 | 0.02 | | | 80 | 80 | 0.01 | | | 80 |
| Combating HIV/AIDS | | | 655 | 0.14 | 0 | 1,408 | 2,063 | 640 | 0.12 | 0 | 3,945 | 4,585 | 705 | 0.13 | 0 | 3,945 | 4,650 |
| 51 | HIV/AIDS | 1 | 655 | 0.14 | | 1,408 | 2,063 | 640 | 0.12 | | 3,945 | 4,585 | 705 | 0.13 | | 3,945 | |

TOTAL

472,450

11,445

30,680

514,575

524,087

14,031

57,412

595,530

549,704

14,031

47,854

Table of Government Financial Operations, summary (in billions of CFA francs)

| | Historical | | Est. | Projection | | | Average |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2010-2012 |
| 1. REVENUE AND GRANTS | 1,564.3 | 2,462.0 | 1,203.0 | 1,662.2 | 1,981.3 | 1,921.6 | 1,855.0 |
| - Own revenue | 1,564.3 | 2,462.0 | 1,203.0 | 1,662.2 | 1,981.3 | 1,921.6 | 1,855.0 |
| Oil revenue | 1,284.5 | 2,117.6 | 804.0 | 1,220.1 | 1,485.7 | 1,391.2 | 1,365.6 |
| Non-oil revenue | 279.7 | 344.4 | 399.0 | 442.1 | 495.6 | 530.4 | 489.4 |
| <i>Tax receipts</i> | 264.5 | 305.2 | 341.7 | 409.8 | 461.5 | 494.3 | 455.2 |
| <i>Nontax revenue</i> | 15.2 | 39.2 | 57.3 | 32.2 | 34.2 | 36.1 | 34.2 |
| - Grants | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2. EXPENDITURE AND NET LENDING | 1,171.4 | 1,238.0 | 1,239.0 | 1,269.2 | 1,341.0 | 1,439.1 | 1,349.8 |
| - Current expenditure | 783.7 | 784.0 | 649.0 | 632.0 | 640.0 | 668.0 | 646.7 |
| Wages and salaries | 141.9 | 166.0 | 175.0 | 186.0 | 197.0 | 208.0 | 197.0 |
| Other current expenditure (primary) | 540.9 | 468.0 | 401.0 | 375.0 | 366.0 | 382.0 | 374.3 |
| Interest on public debt | 100.9 | 150.0 | 73.0 | 71.0 | 77.0 | 78.0 | 75.3 |
| <i>Domestic interest</i> | 16.7 | 10.0 | 7.0 | 1.0 | 0.0 | 0.0 | 0.3 |
| <i>External interest</i> | 84.2 | 140.0 | 66.0 | 70.0 | 77.0 | 78.0 | 75.0 |
| - Capital expenditure | 387.7 | 454.0 | 590.0 | 637.2 | 700.9 | 771.0 | 703.0 |
| Against domestic resources | 372.0 | 390.0 | 469.0 | 570.0 | 616.5 | 680.1 | 622.2 |
| Against external resources | 15.7 | 64.0 | 121.0 | 67.2 | 84.4 | 90.9 | 80.8 |
| - Net lending | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Primary basic balance, own resources | 276.3 | 1,010.0 | -230.0 | 254.7 | 478.9 | 313.6 | 349.1 |
| Primary balance excluding oil | -1,008.2 | -1,107.6 | -1,034.0 | -965.4 | -1,006.7 | -1,077.5 | -1,016.6 |
| Overall balance (commitments basis, excluding grants) | 392.9 | 1,224.0 | -36.0 | 392.9 | 640.3 | 482.5 | 505.3 |
| Overall balance (commitments basis, including grants) | 392.9 | 1,224.0 | -36.0 | 392.9 | 640.3 | 482.5 | 505.3 |
| Changes in arrears (reduction -) | -269.8 | -1,409.0 | -124.0 | -53.0 | -47.0 | -18.0 | -39.3 |
| Domestic (principal and interest) | -89.5 | -143.0 | -124.0 | -53.0 | -47.0 | -18.0 | -39.3 |
| External (principal and interest) | -180.3 | -1,266.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Overall balance (cash basis) | 123.1 | -185.0 | -160.0 | 339.9 | 593.3 | 464.5 | 465.9 |
| 3. TOTAL FINANCING | -123.0 | 185.0 | 161.0 | -339.9 | -593.3 | -464.5 | -465.9 |
| - External | -89.5 | 832.0 | 90.0 | -104.3 | -65.1 | -51.8 | -73.8 |
| Project grants | 15.2 | 18.0 | 22.0 | 18.4 | 19.5 | 20.0 | 19.3 |
| Drawings | 0.5 | 47.0 | 99.0 | 48.8 | 64.9 | 70.9 | 61.6 |
| External debt amortization (principal) | -237.7 | -170.0 | -107.0 | -171.6 | -149.5 | -142.7 | -154.6 |
| External debt relief obtained | 132.5 | 937.0 | 76.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Secured debt, Treasury certificates and other (net) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| - Domestic | -33.5 | -647.0 | 71.0 | -235.6 | -528.2 | -412.7 | -392.2 |
| Banking system | -19.7 | -599.0 | 75.0 | -213.7 | -503.6 | -395.8 | -371.0 |
| Nonbank 2 | -13.8 | -48.0 | -4.0 | -21.9 | -24.6 | -16.9 | -21.1 |

Table of Government Financial Operations, summary (annual change, in percent)

| | Historical | | Est. | Projection | | | Average |
|---|--------------|---------------|--------------|-------------|--------------|--------------|--------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2010-2012 |
| 1. REVENUE AND GRANTS | -12.7 | 57.4 | -51.1 | 37.4 | 18.9 | -3.2 | 17.7 |
| - Own revenue | -12.7 | 57.4 | -51.1 | 37.4 | 18.9 | -3.2 | 17.7 |
| Oil revenue | -16.1 | 64.9 | -62.0 | 51.8 | 21.8 | -6.4 | 22.4 |
| Non-oil revenue | 7.2 | 23.1 | 15.9 | 8.6 | 10.7 | 6.5 | 8.6 |
| <i>Tax receipts</i> | 5.6 | 15.4 | 12.0 | 17.4 | 11.1 | 6.5 | 11.7 |
| <i>Nontax revenue</i> | 45.5 | 158.0 | 46.1 | -43.8 | 6.0 | 5.7 | -10.7 |
| - Grants | | | | | | | |
| 2. EXPENDITURE AND NET LENDING | 5.9 | 5.7 | 0.1 | 2.4 | 5.7 | 7.3 | 5.1 |
| - Current expenditure | 5.6 | 0.0 | -17.2 | -2.6 | 1.3 | 4.4 | 1.0 |
| Wages and salaries | 5.2 | 17.0 | 5.4 | 6.3 | 5.9 | 5.6 | 5.9 |
| Other current expenditure (primary) | 26.3 | -13.5 | -14.3 | -6.5 | -2.4 | 4.4 | -1.5 |
| Interest on public debt | -43.6 | 48.7 | -51.3 | -2.7 | 8.5 | 1.3 | 2.3 |
| <i>Domestic interest</i> | -41.8 | -40.1 | -30.0 | -85.7 | -100.0 | 0.0 | 0.0 |
| <i>External interest</i> | -43.9 | 66.3 | -52.9 | 6.1 | 10.0 | 1.3 | 5.8 |
| - Capital expenditure | 7.8 | 17.1 | 30.0 | 8.0 | 10.0 | 10.0 | 9.3 |
| Against domestic resources | 5.4 | 4.8 | 20.3 | 21.5 | 8.2 | 10.3 | 13.3 |
| Against external resources | 127.5 | 307.6 | 89.1 | -44.4 | 25.5 | 7.7 | -3.7 |
| - Net lending | -100.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Primary basic balance, own resources | -44.7 | 265.6 | -122.8 | -206.9 | 88.2 | -36.5 | -51.8 |
| Primary balance excluding oil | -2.2 | 9.9 | -6.6 | -5.8 | 5.0 | 7.3 | 2.2 |
| Overall balance (commitments basis, excluding grants) | -42.7 | 211.5 | -102.9 | -1166.5 | 62.5 | -25.9 | -376.6 |
| Overall balance (commitments basis, including grants) | -42.7 | 211.5 | -102.9 | -1166.5 | 62.5 | -25.9 | -376.6 |
| Changes in arrears (reduction -) | 261.2 | 422.2 | -91.2 | 384.6 | 18.4 | -32.7 | 123.4 |
| Domestic (principal and interest) | 2.2 | 59.8 | -13.3 | -4.2 | 8.2 | -3.7 | 0.1 |
| External (principal and interest) | -1,497.7 | 602.2 | -100.0 | 0.0 | 20.9 | -39.1 | 0.0 |
| Overall balance (cash basis) | -79.9 | -250.3 | -13.5 | 35.4 | -59.9 | -81.6 | -35.3 |
| 3. TOTAL FINANCING | -79.6 | -250.4 | -13.0 | 34.6 | -59.9 | -81.6 | -35.6 |
| - External | -40.4 | -1029.4 | -89.2 | -215.9 | -37.6 | -20.4 | -91.3 |
| Project grants | 204.0 | 18.4 | 22.2 | -16.4 | 5.8 | 2.5 | -2.7 |
| Drawings | -93.8 | 9,300.0 | 110.6 | -50.7 | 33.0 | 9.2 | -2.8 |
| External debt amortization (principal) | -21.3 | -28.5 | -37.1 | 60.3 | -12.9 | -4.6 | 14.3 |
| External debt relief obtained | -4.5 | 607.2 | -91.9 | -100.0 | 0.0 | 0.0 | 0.0 |
| Secured debt, Treasury certificates and other (net) | | | | | | | |
| - Domestic | -92.6 | 1,830.6 | -111.0 | 352.2 | -52.6 | -55.4 | 81.4 |
| Banking system | -95.0 | 2,938.7 | -112.5 | 357.3 | -48.5 | -52.1 | 85.6 |
| Nonbank 2 | -75.7 | 247.8 | -91.7 | 448.3 | 12.4 | -31.6 | 143.0 |

Table of Government Financial Operations, summary (in percentage of GDP)

| | Historical | | Est. | Projection | | | Average |
|---|-------------|-------------|-------------|-------------|--------------|-------------|-------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2010-2012 |
| 1. REVENUE AND GRANTS | 43.9 | 55.5 | 33.3 | 37.1 | 39.2 | 37.5 | 37.9 |
| - Own revenue | 43.9 | 55.5 | 33.3 | 37.1 | 39.2 | 37.5 | 37.9 |
| Oil revenue | 36.0 | 47.7 | 22.2 | 27.2 | 29.4 | 27.2 | 27.9 |
| Non-oil revenue | 7.8 | 7.8 | 11.0 | 9.9 | 9.8 | 10.4 | 10.0 |
| <i>Tax receipts</i> | 7.4 | 6.9 | 9.5 | 9.1 | 9.1 | 9.7 | 9.3 |
| <i>Nontax revenue</i> | 0.4 | 0.9 | 1.6 | 0.7 | 0.7 | 0.7 | 0.7 |
| - Grants | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2. EXPENDITURE AND NET LENDING | 32.9 | 27.9 | 34.3 | 28.3 | 26.5 | 28.1 | 27.6 |
| - Current expenditure | 22.0 | 17.7 | 18.0 | 14.1 | 12.7 | 13.0 | 13.3 |
| Wages and salaries | 4.0 | 3.7 | 4.8 | 4.1 | 3.9 | 4.1 | 4.0 |
| Other current expenditure (primary) | 15.2 | 10.6 | 11.1 | 8.4 | 7.2 | 7.5 | 7.7 |
| Interest on public debt | 2.8 | 3.4 | 2.0 | 1.6 | 1.5 | 1.5 | 1.5 |
| <i>Domestic interest</i> | 0.5 | 0.2 | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| <i>External interest</i> | 2.4 | 3.2 | 1.8 | 1.6 | 1.5 | 1.5 | 1.5 |
| - Capital expenditure | 10.9 | 10.2 | 16.3 | 14.2 | 13.9 | 15.1 | 14.4 |
| Against domestic resources | 10.4 | 8.8 | 13.0 | 12.7 | 12.2 | 13.3 | 12.7 |
| Against external resources | 0.4 | 1.4 | 3.3 | 1.5 | 1.7 | 1.8 | 1.6 |
| - Net lending | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Primary basic balance, own resources | 7.8 | 22.8 | -6.4 | 5.7 | 9.5 | 6.1 | 7.1 |
| Primary balance excluding oil | -28.3 | -25.0 | -28.6 | -21.5 | -19.9 | -21.0 | -20.8 |
| Overall balance (commitments basis, excluding grants) | 11.0 | 27.6 | -1.0 | 8.8 | 12.7 | 9.4 | 10.3 |
| Overall balance (commitments basis, including grants) | 11.0 | 27.6 | -1.0 | 8.8 | 12.7 | 9.4 | 10.3 |
| Changes in arrears (reduction -) | -7.6 | -31.8 | -3.4 | -1.2 | -0.9 | -0.4 | -0.8 |
| Domestic (principal and interest) | -2.5 | -3.2 | -3.4 | -1.2 | -0.9 | -0.4 | -0.8 |
| External (principal and interest) | -5.1 | -28.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Overall balance (cash basis) | 3.5 | -4.2 | -4.4 | 7.6 | 11.8 | 9.1 | 9.5 |
| 3. TOTAL FINANCING | -3.5 | 4.2 | 4.5 | -7.6 | -11.8 | -9.1 | -9.5 |
| - External | -2.5 | 18.8 | 2.5 | -2.3 | -1.3 | -1.0 | -1.5 |
| Project grants | 0.4 | 0.4 | 0.6 | 0.4 | 0.4 | 0.4 | 0.4 |
| Drawings | 0.0 | 1.1 | 2.7 | 1.1 | 1.3 | 1.4 | 1.3 |
| External debt amortization (principal) | -6.7 | -3.8 | -3.0 | -3.8 | -3.0 | -2.8 | -3.2 |
| External debt relief obtained | 3.7 | 21.1 | 2.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Secured debt, Treasury certificates and other (net) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| - Domestic | -0.9 | -14.6 | 2.0 | -5.3 | -10.5 | -8.1 | -7.9 |
| Banking system | -0.6 | -13.5 | 2.1 | -4.8 | -10.0 | -7.7 | -7.5 |
| Nonbank 2 | -0.4 | -1.1 | -0.1 | -0.5 | -0.5 | -0.3 | -0.4 |