I. Project Context

Country Context

The Democratic Republic of Congo (DRC) is one of Africa’s most rapidly growing economies with impressive potential. Since 2010 economic growth has exceeded the average for Sub-Saharan Africa by 2 percentage points. Real GDP growth has averaged more than 7 percent from 2010-2012 and is projected to reach 7.3 percent between 2013 and 2015. The implementation of sound macroeconomic policies and significant progress in restoring security in most of its territory has enabled this economic growth trajectory. DRC’s large (71 million) and young population, its vast natural resources and large agricultural potential position it well for continued growth. Given DRC’s strategic location in the Great Lakes Region bordering nine countries, the country’s development trajectory could have a positive impact on the entire sub-region.

DRC’s economic growth potential rests on an important pillar -- human development -- which is
lagging. The recent growth trajectory has not translated into improvements in human development. The country ranks last on the Human Development Index in 2013. Seventy-one percent of its population lives on less than US$1.25 per day. Poverty is gender biased: 28 percent of women have never gone to school, compared to 14 percent for men, women’s participation in the workforce is at 55 percent compared to 85 percent for men. Almost half (43 percent) of children under 5 years are chronically malnourished. At 2.8 percent per year, the DRC has one of the highest population growth rates in Africa.

In order to translate economic growth into human development, and thus generate further growth, DRC requires strong institutions and systems. Four decades of conflicts and mismanagement has severely weakened the country’s institutions. Despite recent progress, improving public sector capacity and efficiency is one of the country’s key challenges. Even some of the basic systems building blocks – such as a recent population and household census, a functioning civil registry, comprehensive inventories of physical infrastructure and robust human resource management systems – do not exist. These system weaknesses pose a risk to the sustainability of gains achieved so far. Sustainable poverty reduction and shared prosperity will heavily depend on improvements in state effectiveness.

**Sectoral and institutional Context**

Despite improvements in some human development indicators, considerable challenges remain. DRC is not on track to achieve any of the Millennium Development Goals (MDGs). The education system has seen some significant improvements, but access and quality are still major challenges and the system is managed using incomplete and very slow moving information. The free primary education policy, introduced gradually since 2010 and reaching fifth grade in 2012, has not been fully effective. Households continue to pay school fees to complement teacher salaries and cover administrative expenses, which limits access for the poor. The information system that is used to manage this complex architecture of education service delivery is outdated (e.g. still paper based) and does not provide timely and comprehensive information for decision-makers to steer resources where they are most needed while drawing lessons from better performing areas.

The health system has achieved some good service delivery results in areas where donor financing has been available, but the coverage and quality of interventions remain insufficient and the systems weak. Some of the building blocks for a strong health system are in place, e.g., good progress has been made on reaching consensus on a health sector strategy and technical guidelines. Other foundational elements of a system are being developed, e.g., a comprehensive health financing strategy for universal health coverage. However, considerable challenges remain in key areas such as infrastructure and human resource management and in ensuring access to safe and effective essential medicines.

Current social protection programs, including safety nets, have low coverage, are fragmented and inefficient, and do not meet the needs of the poor and most vulnerable. Although the PRSP specifically addresses social protection, DRC does not have a comprehensive up-to-date social protection strategy. Social transfers are irregular and unpredictable. Systems for employment are weak and focused primarily on the small formal sector. The limited social protection services are concentrated in the most important cities and are offered primarily by faith-based organizations and NGOs. The services offered by public actors are marginal and of poor quality due to lack of human and financial resources.
Human development is a priority for the current government and a reasonably good policy framework is in place for education and health, less so for social protection. The “concertations nationales” (national political consultations) held in September-October 2013 reconfirmed the government’s commitment to reforms and highlighted human development as a priority area. In the education sector, the government has developed an Interim Education Plan in 2012 and a three-year joint government-development partner work plan to track progress on a program of systems reforms. In health, the government produced the 2006 Health System Strengthening Strategy, which focuses on the development of integrated primary health care services; the 2010 National Plan for Health Development provides the framework for future directions. The social protection sector is not as advanced in having developed a national strategy but high level officials in the Ministries concerned have expressed an interest in doing so.

The country receives support of a relatively large number of multilateral, bilateral and civil society partners in human development, but significant financing and knowledge gaps remain. Most of the technical and financial assistance provided to the social sectors in recent years, including from the World Bank, has been focused on increasing front-line coverage of services. Disproportionately little assistance has been given to the building blocks of sustainable government systems. The attention of several of the donors is now turning to systems strengthening.

However, DRC still invests much too little on human development. While the share of the government budget that is allocated to education increased from 9.5 percent in 2010 to 13 percent in 2012, it still falls short of the average of 20 percent for Africa. Government allocations for health (4.6 percent of the budget) and social protection (1 percent) are much too low. Budget execution in the country, including in the social sectors, is very low.

The government systems that deliver services to build human capital currently do not have a strong focus on efficiency. DRC does not have an effective system of data collection and management to enable decisions that are timely and data-driven, which is the foundation for increasing efficiency in the social sectors. There are no robust information systems in the sectors that manage services for human development, yet these are essential for improving the efficiency of investments in physical infrastructure (e.g. new constructions and repairs/maintenance), in human resources and in materials (e.g. textbooks and pharmaceutical products). None of the Ministries targeted by this proposed project has a reliable system to manage its physical infrastructure.

Each sector, in addition to cross-cutting challenges like information systems, has its own particular systems weaknesses. A particularly high priority problem is the weak regulatory and supply system of essential medicines which restricts the quality of services. A national pharmaceutical policy, strategic plan, and a national essential medicines list have been developed. Several donors and implementing partners support the system and a vast network of nongovernmental and faith-based organizations deliver primary health care services which includes the provision of essential medicines. Following the collapse of the previous system, a national not-for-profit pharmaceutical supply system – known under the French abbreviation SNAME was designed and established in 2002 (see diagram in Annex 7). However, several development partners have preferred to develop their own supply system. There are large differences in revolving funds and turnover between CDRs. One of the key challenges facing the supply system is the financial viability of the CDRs; most do not have sufficient cost recovery capacity. In the absence of a public supply system, a relatively strong not-for-profit private sector has been established. This system includes national
and international NGOs as well as church-related institutions and their international partners. Concurrently, a large but fragmented for profit private pharmaceuticals sector has emerged, which is under-regulated. A few manufacturers are supplying drugs of questionable or unproven quality. While nationally representative data on the quality and availability of essential medicines in the markets are not available, large parts of the country (which do not benefit from donor financing) have very irregular supply of essential medicines through the public sector health facilities. Anecdotal evidence suggests that fake, substandard or counterfeit medicines are sold in the markets.

II. Proposed Development Objectives
The proposed project development objective is to strengthen select management systems for education and health services in targeted geographic areas.

III. Project Description
Component Name
Component 1: Information Systems
Comments (optional)
The overall objective of this component is to enable data-driven decision making, leading to more efficient use of resources and improved human development outcomes.

Component Name
Component 2: Systems for Safe Essential Medicines
Comments (optional)
The overall objective of this component is to enhance the capacity of the system that provides safe and effective essential medicines.

Component Name
Component 3: Analytical Products / Project Management
Comments (optional)
The objective is to ensure access to high quality analytical products, enable learning, and iii) ensure good coordination and management of the project.

IV. Financing (in USD Million)

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Project Cost</td>
<td>15.00</td>
</tr>
<tr>
<td>Total Bank Financing</td>
<td>15.00</td>
</tr>
<tr>
<td>Financing Gap</td>
<td>0.00</td>
</tr>
<tr>
<td>For Loans/Credits/Others</td>
<td></td>
</tr>
<tr>
<td>BORROWER/RECIPIENT</td>
<td>0.00</td>
</tr>
<tr>
<td>IDA Grant</td>
<td>15.00</td>
</tr>
<tr>
<td>Total</td>
<td>15.00</td>
</tr>
</tbody>
</table>

V. Implementation
While the Ministry of Finance will ensure the overall project oversight through the Cellule de gestion des Financements des Etats Fragiles (CFEF), the implementation of the project components will be the responsibility of the designated sector ministries, which are the Ministry of Primary, Secondary and Professional Education, the Ministry of Public Health, the Ministry of Social Affairs and the Ministry of Labor, Employment and Social Insurance. To address the issue of the weak capacity of national institutions, the following arrangements will be established:
Steering Committee. A high level Steering Committee will be officially established with a modification to an existing ordinance signed by the Minister of Finance. The Steering Committee will be chaired by the Minister of Finance or his representative and composed of representatives from relevant ministries.

Coordination of the Project. The CFEF under the Ministry of Finance will be responsible for the overall coordination of the administrative and fiduciary aspects of the project, mainly tracking and reporting of results, procurement and financial management. The project components will be executed by technical services of sectoral ministries, specifically the Ministry of Primary, Secondary and Professional Education, the Ministry of Public Health, the Ministry of Social Affairs and the Ministry of Labor, Employment and Social Insurance. The procurement actions will be executed by the sectoral Ministries, except for activities that involve more than one Ministry (e.g. Service Delivery Surveys) for which the procurement will be executed by the CFEF. The payments for all activities will be made by the CFEF.

VI. Safeguard Policies (including public consultation)

<table>
<thead>
<tr>
<th>Safeguard Policies Triggered by the Project</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Assessment OP/BP 4.01</td>
<td></td>
<td>✗</td>
</tr>
<tr>
<td>Natural Habitats OP/BP 4.04</td>
<td></td>
<td>✗</td>
</tr>
<tr>
<td>Forests OP/BP 4.36</td>
<td></td>
<td>✗</td>
</tr>
<tr>
<td>Pest Management OP 4.09</td>
<td></td>
<td>✗</td>
</tr>
<tr>
<td>Physical Cultural Resources OP/BP 4.11</td>
<td></td>
<td>✗</td>
</tr>
<tr>
<td>Indigenous Peoples OP/BP 4.10</td>
<td></td>
<td>✗</td>
</tr>
<tr>
<td>Involuntary Resettlement OP/BP 4.12</td>
<td></td>
<td>✗</td>
</tr>
<tr>
<td>Safety of Dams OP/BP 4.37</td>
<td></td>
<td>✗</td>
</tr>
<tr>
<td>Projects on International Waterways OP/BP 7.50</td>
<td></td>
<td>✗</td>
</tr>
<tr>
<td>Projects in Disputed Areas OP/BP 7.60</td>
<td></td>
<td>✗</td>
</tr>
</tbody>
</table>

Comments (optional)

VII. Contact point

World Bank
Contact: Luc Laviolette
Title: Sector Leader
Tel: 5377+3045 /
Email: llaviolette@worldbank.org

Borrower/Client/Recipient
Name: Ministry of Finance
Contact: Patrice Kitebi
Title: Minister of Finance
Tel: 243-81811-6565
Email: minfinrdc@micronet.cd

Implementing Agencies
Name: Ministry of Primary, Secondary and Professional Education
Contact: Maker Mwangu Famba
Title: Minister
Tel: 243 081 99 08 976
Email: info@eduquepsp.cd

Name: Ministry of Social Affairs
Contact: Charles Naweji Mundele
Title: Minister of Social Affairs and Minister of Social Affairs
Tel: 0817125551
Email: charlesnaweji@hotmail.com

Name: Ministry of Public Health
Contact: Felix Kabange Numbi
Title: Minister of Public Health
Tel: 243818000006
Email: felixkabange@yahoo.fr

Name: Ministry of Labour, Employment and Social Insurrance
Contact: Modeste Bahati Lukwebo
Title: Minister, Labour, Employment and Social Insurance
Tel:
Email:

VIII. For more information contact:
The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Web: http://www.worldbank.org/infoshop