

**AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND**



DEMOCRATIC REPUBLIC OF CONGO

PORTFOLIO REVIEW REPORT

COUNTRY REGIONAL DEPARTMENT (ORCE)

June 2007

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ACRONYMS AND ABBREVIATIONS

| | | |
|----------|---|--|
| ADF | : | African Development Fund |
| AfDB | : | African Development Bank |
| AfDB-PIU | : | African Development Bank Project Implementation Unit |
| BCC | : | Central Bank of Congo |
| BCECO | : | Bureau Central de Coordination des projets publics (Central Coordination Office) |
| CTR | : | Technical Committee for Monitoring Reforms |
| DRC | : | Democratic Republic of Congo |
| EMRRP | : | Emergency Multisectoral Rehabilitation and Reconstruction Program), |
| FER | : | <i>Fonds d'entretien routier</i> (Road Maintenance Fund) |
| GDP | : | Gross Domestic Product |
| HIV/AIDS | : | Human Immunodeficiency Virus / Acquired Immunodeficiency Syndrome |
| INERA | : | <i>Institut National de Recherches Agronomiques</i> |
| MDG | : | Millennium Development Goals |
| MOD | : | <i>Maîtrise d'ouvrage déléguée</i> (delegated contracting authority) |
| NGO | : | Non-Governmental Organisation |
| PAIM | : | Multisector Institutional Support Project |
| PAPDDS | : | Health Project I – Eastern Province Healthcare Development Master Plan Support |
| PARER | : | Institutional Support for the Economic Revival and Reunification Support Program |
| PARSAR | : | Agricultural and Rural Sector Rehabilitation Support Project in the Bas-Congo and Bandundu Provinces |
| PASE | : | Education Sector Support Project |
| PEG | : | Government's Economic Program |
| PMURIS | : | Emergency Multisector Socio-Economic Infrastructure Rehabilitation Project |
| PRESAR | : | Agricultural and Rural Rehabilitation Support Project in the Katanga, Kasaï-East and Kasaï-West Provinces |
| PROMIDEL | : | |
| PRSP | : | Poverty Reduction Strategy Paper |
| SENAREC | : | National Capacity Building Secretariat |
| UA | : | ADB Unit of Account |
| UNDP | : | United Nations Development Programme |

CURRENCY EQUIVALENTS

(June 2007)

| | |
|---------------|-------------------------|
| Currency unit | = Congolese Franc (CDF) |
| UA | = CDF 846.589 |
| UA | = US\$ 1.51286 |

FISCAL YEAR

1 January to 31 December

EXECUTIVE SUMMARY

General context of the portfolio

1. Since the resumption of Bank Group operations in 2001, the execution of the Bank's new portfolio in the Democratic Republic of Congo has taken place in a national context that is relatively unstable on the political and socio-economic fronts. The institutional constraints of the political transition (2003-2006) affected the performance of the portfolio. Since the end of 2006, the country's political environment has undergone major changes with the election of the President of the Republic and the appointment of a new government. Prospects for the execution and improvement of the Bank's portfolio seem better with more stable political and economic visibility in the short-term, and the government's commitment to a 2007-2011 program based on a good governance contract.

2. Since 2001, the Bank has financed ten (10) public sector projects and programs for a total amount of UA 223.90 million, of which UA 112.76 million in the form of grants. The distribution of the portfolio by sector is as follows: agriculture (27.6%); transport (23.4%); social (13.5%); and multisector (35.5%). Disbursements reached a total amount of UA 57.98 million, or an overall disbursement rate of 25.9 %. As at 30 June 2007, *the Bank's active portfolio comprised nine (9) operations--eight (8) projects and one (1) study-- for a total commitment amount of UA 177.76 million. The total amount disbursed for these ongoing operations is US 11.86 million, or a disbursement rate of 6.67 %.*

Quality of the portfolio

3. The average age of the current portfolio is three years. However, two (2) emergency first generation operations are more than 4 years old, with an execution rate of between 16% and 42 %, and whose maturity was extended to end-2007 (PALM) and end-2008 (PMURIS). The quality of the portfolio is affected by the poor performance of three problem projects (PMURIS, health project, and PARSAR) whose total financing amount represents more than one third of the portfolio (34.4%).

Quality of supervision

4. During the last two years (2005 and 2006), average supervision by project has been close to the objective of 1.5 per year. However, the quality of supervision was not satisfactory with respect to the emergency projects for the rehabilitation of socio-economic and health infrastructure (*projets d'urgence de réhabilitation des infrastructures socio-économiques et sanitaires*—PMURIS, Santé), due to the lack of inter-sectoral coordination and the frequent change of task managers. These problems have affected the performance of these projects, whose implementation rates are 1% (Health Project) and 16 % (PMURIS), respectively. Given the delays and the difficulties encountered in launching these projects, a Bank review is required in order to take the requisite corrective measures and ensure optimal use of resources.

Portfolio performance and constraints

5. This review examined nine (9) ongoing operations, including the study that was launched in June 2007. With an overall rating of 1.7 points (on a scale of 0 to 3), the performance of the portfolio is deemed unsatisfactory. As the first portfolio review since the resumption of cooperation, this assessment will serve as a reference for the next portfolio review in 2009. This rating reflects the poor implementation and disbursement rates of the projects as well as the effect on the development objectives of implementation delays. However, it should be noted that this performance is affected by the conditions for launching new projects, which represents 50.2 % of the portfolio's commitments. These projects should reach full operating speed during 2007, allowing a foreseeable improvement in overall performance during the year.

6. The main constraints on project implementation lie primarily in the difficult socio-political environment of the country, which is emerging from a long period of crisis and conflicts, in the poor implementation and management capacities of ministries, and in the government's difficulties in releasing its counterpart funding for the projects. The weak national capacities have justified the approach adopted by the Bank--entrusting the implementation of its first projects to the *Bureau central de coordination* (BCECO), a body created by the Ministry of Finance in 2002, with World Bank support. Furthermore, weaknesses in design, coordination, and monitoring within the Bank affected the performance of the two projects (PMURIS, Health), which are more than 2 years late.

Action Plan and Lessons Learned

7. Apart from the identified problem projects, whose components and/or modes of implementation require a comprehensive or partial review, the current portfolio does not have any other potential projects at risk. During this review, action plans were prepared for the oldest projects with a view to completing them during the current year or in 2008. The other recent projects are being implemented normally and should not face any major problems given that the Bank's regional office is expected to provide assistance to the executing agency, the July 2007 training on procurement and disbursement procedures, and the more qualified supervisions prepared and programmed by the Bank's head office and regional office in 2007.

8. The performance of the Bank's portfolio in DRC will be improved by the proposed measures aimed at improving the quality of operations at entry, as well as strengthening the Bank's monitoring and assistance to implementation agencies with support from the Bank's regional office. Lessons learned for the next CSP for 2008-2012 can be summarized as follows: (i) planning PPF or equivalent resources to improve the quality of preparation of projects included in the loan program; (ii) strengthening the capacity of technical ministries in the context of new projects and programs; (iii) adapting project implementation methods to the situation of the country and the intervention area; (iv) systematic programming of mid-term reviews to better focus activities on project objectives and to prevent the risks of hampering project implementation.

Conclusions

9. The DRC portfolio is still young and its performance, which is deemed unsatisfactory (overall rating of 1.7), was primarily affected by institutional implementation constraints and by the country's political transition during 2003-2006. The urgency of preparing some projects as part of the country's emergency reconstruction program also affected the quality at entry of these projects, whose implementation was completely or partially hampered by inadequate design ("PAPDDSS" health project) or inadequate identification of some components ("health infrastructure" component of the PMURIS).

10. Some measures have already been taken by the Bank during the first half of 2007 to ensure better portfolio monitoring by boosting the role of the country team. The Bank will pursue dialogue with the government to pool efforts with a view to improving portfolio quality and performance. Recommendations and a medium- and long-term action plan were prepared at the end of the review, and will be monitored by the Congolese government, with, assistance from the regional office.

I. INTRODUCTION

1.1 General Context of the Portfolio

After the resumption of Bank Group activities in the Democratic Republic of Congo in 2001, the implementation of the Bank's new portfolio took place in a national context that was still unstable on the political and socio-economic fronts, despite the economic program undertaken by the transition government established in June 2003. Between 2003 and 2006, average real GDP growth was 6.2% per year, with an inflation rate that remained under control until June 2005. Slippages in public expenditure appeared in the second half of 2005 due to the worsening of the security situation in the eastern part of the country and the functioning of transition institutions. This unfavorable environment affected the performance of the portfolio, which comprised 87 % of operations approved during the transition period (2003-2006). Since end-2006, the political environment in the country has undergone major changes with the election of the President of the Republic and the appointment of a government among the elected majority, following the general elections organized in October 2006. With these changes, prospects for implementing and improving the Bank's portfolio look more promising with more stable political and economic visibility in the medium-term, and the inception of the government's program for 2007-2011.

1.2 Scope and Composition of the Portfolio

a) Overview

1.2.1 Since the resumption of its activities in 2001, the Bank has financed ten (10) public sector operations for a total net financing amount of UA 223.90 million, of which UA 112.76 million in the form of grants. The distribution of the portfolio by sector is as follows: agriculture (27.6%); transport (23.4%); social (13.5%); multi-sector (35.5%). At end-June 2007, disbursements reached a total amount of UA 57.98 million, an overall disbursement rate of 25.89 %.

Table 1
Sector Distribution of Commitments as of 30 June 2007

| Sectors | Number of operations | Net commitment in millions of UA | % by sector | Amount disbursed in millions of UA | % disbursed |
|--------------|----------------------|----------------------------------|--------------|------------------------------------|--------------|
| Agriculture | 3 | 61.85 | 27.6 | 2.538 | 4.1 |
| Social | 2 | 30.23 | 13.5 | 2.413 | 8.0 |
| Transport | 1 | 52.45 | 23.4 | 0 | 0 |
| Multi-sector | 4 | 79.37 | 35.5 | 53.028 | 66.8 |
| TOTAL | 10 | 223.90 | 100.0 | 57.979 | 25.89 |

1.2.2 As of 30 June 2007, two (2) operations had been completed, namely the program to support reform for economic revival and reunification ("PARER"), whose loan was fully disbursed, but whose institutional component is still being implemented, and the first emergency capacity building project, whose balance was cancelled. The average age of the portfolio is 3.5 years for projects managed by the BCECO and 1.5 years for more recent operations managed by technical ministries.

b) Overview of Active Portfolio

1.2.3 As at 30 June 2007, the Bank's active portfolio comprised nine (9) operations including eight (8) projects), with PARER institutional support, and one (1) study, for a total commitment amount of UA 177.76 million. The total amount disbursed for these operations was UA 11.86 million, a disbursement rate of 6.67%. This low disbursement rate is attributable to the failure to launch the road project and the agricultural sector study. Table 2 below presents the distribution of ongoing operations by sector.

Table 2
Ongoing Bank Group Operations, as of 30 June 2007

| Sector | Number of operations | Net commitment in millions of UA | % by sector | Amount disbursed in millions of UA | % disbursed |
|--------------|----------------------|----------------------------------|--------------|------------------------------------|-------------|
| Agriculture | 3 | 61.85 | 34.8 | 2.538 | 4.10 |
| Social | 2 | 30.23 | 17.0 | 2.413 | 7.98 |
| Transport | 1 | 52.45 | 29.5 | 0 | 0 |
| Multi-sector | 3 | 33.23 | 18.7 | 6.912 | 20.8 |
| TOTAL | 9 | 177.76 | 100.0 | 11.863 | 6.67 |

1.3 Objectives of the Review and Structure of the Report

1.3.1 This review of the DRC portfolio is the first since the resumption of Bank operations in 2001. It was the purpose of a multi-sector Bank mission to DRC, and was jointly conducted with the government from March 5 to 17, 2007. This report informs Senior Management on the situation and performance of the Bank's portfolio in DRC, and proposes a short-term and medium-term action plan in order to improve the quality and general performance of the portfolio.

1.3.2 The review focused on the nine (9) ongoing operations. It assesses the status of implementation of the projects and studies while identifying constraints and specific problems, and makes recommendations on the actions proposed for each operation with a view to improving the quality and performance of the Bank's portfolio in DRC. It examines and presents solutions to institutional and management problems that limit DRC's capacity to absorb external resources and affect general portfolio performance.

1.3.3 This report is based on information gathered during the review and on progress and supervision reports prepared during the first half of 2007. The report reviews the portfolio in its entirety and successively presents: (i) portfolio performance; (ii) aid coordination; (iii) development impact; (iv) assessment of portfolio management and implementation capacities; (v) main problems and measures to be taken; and (vi) conclusions, lessons, and recommendations. The portfolio review by sector and by operation is presented in Appendixes 1 and 2.

II. PORTFOLIO PERFORMANCE

2.1 Ageing and Problem Projects

2.1.1 At end-June 2007, the average age of projects was 3 years. However, 3 out of 9 ongoing projects are more than 3 years old (3.5 to 4.5 years) and are candidates for an extension of the deadline for their last disbursement from 1 to 2 years, given the implementation rate of 16% to 40%. These projects fall under the “multi-sector” category and are related to the first operations approved by the Bank when it resumed cooperation with the DRC in 2002/2003 to meet the emergency need to build national capacities (PAIM, PARER) and to rehabilitate the socio-economic infrastructures of a post-conflict country (PMURIS). The implementation of the action plans designed during the review is expected to speed up the implementation of project activities and allow considerable improvement in disbursement rates by end 2007.

2.1.2 However, there are three problem projects, the total financing amount of which represents 34.4 % of the portfolio. The first is the “PAPDDS” health project in the Eastern province, which was approved more than three years ago (March 2004) and whose implementation rate is 1%. The execution of this project faces enormous difficulties in the field due to accessibility problems in the “Eastern province” and to the Ministry of Health’s non-involvement in the implementation of the project. A review of the project’s design and institutional management framework is both necessary and urgent to successfully relaunch activities in the field. In addition to the immediate measures taken, notably to strengthen the monitoring of the AfDB-PIU by appointing a ministry official and using a principal contractor (maîtrise d’ouvrage déléguée—MOD) to execute contracts in the field, a special mid-term review mission was conducted in June 2007 to restructure the project. The second project is the Emergency Multisector Socio-Economic Infrastructure Rehabilitation Project (PMURIS), 16% of which had been implemented by the initial closing date, i.e. end-April 2007. The third project seeks to support the rehabilitation of the agricultural and rural sector (*projet d’appui à la réhabilitation du secteur agricole et rural*—PARSAR), 6% of which had been implemented 3 years after approval.

2.2 Assessment of Supervision Frequency and Quality

Over the 2005-2006 period, average supervision per mission was close to the objective of 1.5 per year. However, the quality of supervision was not satisfactory for the emergency multi-sector projects to rehabilitate socio-economic and health infrastructures (PMURIS, health) due to inadequate inter-sectoral coordination and changes in task managers who managed the projects. These problems affected the performance of these projects that are more than 3 years old, with implementation rates of 1% (health project) and 16% (PMURIS). Given the delays and the difficulties encountered in launching these projects, the Bank should have conducted reviews in order to revise the list of goods and services and to take timely corrective measures to ensure optimal use of these projects’ resources.

2.3 Cross-Cutting Issues

2.3.1 Ongoing operations in DRC are aimed at improving the living conditions and incomes of the populations, especially those in rural areas, within a context that respects the environment. These objectives are pursued primarily through socio-economic infrastructure rehabilitation and rural development projects in five provinces, which have designed

environmental management plans and allocated resources to implement them. With the exception of the initial projects approved in a context of emergency, agricultural projects were formulated and their implementation plans prepared through a participatory process involving beneficiaries and civil society in target areas. This should translate into a better impact of the Bank's operations on poverty reduction and sustainable development in DRC, as shown in the analysis of crosscutting issues (See Annex VII).

2.3.2 Environment: Ongoing projects are generally in line with environmental standards. In the agricultural sector, operational activities seek to rehabilitate production and marketing infrastructures, to introduce more efficient production technologies, and to build the capacities of the different partners. Production infrastructure rehabilitation work is focused primarily on existing tracks. They will have a positive impact on the quality of life of the populations and will offer many benefits such as job creation, SME development, and easier access to markets and to health and education services. The production and dissemination of selected seeds will help increase productivity in a limited surface area, thus mitigating cultivation pressure on marginal zones. The organization and support of beneficiaries will strengthen the quality and sustainability of achievements and will allow better awareness of environmental protection. The development of potable water points will help reduce the incidence of water-borne diseases. The risks of disease transmission and environmental degradation stemming from infrastructure development will be mitigated by the execution of Environmental and Social Management Plans (ESMP) designed for each project, the application of strict specifications for firms, and the sensitization of beneficiaries to the importance of their role in preserving the environment. In the social sector, school and health constructions comply with the requisite hygiene and sanitation standards. In the transport sector, especially in the context of the road project (Environmental Category 2), the inherently negative environmental impact of works (expropriation, limitation of crossing areas, deforestation) will be gradually mitigated while improving accessibility for riparian populations.

2.3.3 Participatory approach: This approach is used in the preparation and implementation of agricultural projects financed on ADF IX and X resources. The participation of grassroots associations, economic interest groups (EIG), traditional chiefdoms, and NGOs has contributed to the selection of the objectives and modalities for implementing the programs slated in the areas concerned. However, given the post-conflict context of the country and the urgency of some initiatives to rehabilitate basic infrastructure, the formulation of the PMURIS and PAPDDS projects has entailed major difficulties during implementation, due to the failure to consult beneficiaries and stakeholders in the field.

2.3.4 Poverty reduction: portfolio operations seek to reduce poverty in line with the Bank's intervention strategies (CSP) for 2002-2004 and 2005-2007. These operations are focused on improving food security and economic space and ensuring access to basic social services for populations in rural areas, through support from the 2 rural development projects in the 5 provinces and the health project in the eastern province.

2.3.5 Population: Actions to support national programs aimed at combating priority diseases (HIV/AIDS, nutrition, malaria, tuberculosis) targeted in the health project seek to improve the population's social indicators. The implementation of this project should help improve the protection of mother and child health and reduce the national average of infant and maternal mortality rates in the next five years.

2.3.6 Micro-finance: To promote economic activities in rural areas, support is provided or planned under the agricultural and institutional support projects to improve IFD capacities and central bank control of these institutions, especially in rural areas. Due to the failure to launch these activities under agricultural projects, the only current impact is limited to strengthening the central bank's capacities to supervise IFDs.

2.4 Disbursements

2.4.1 From the resumption of cooperation to 30 June 2007, the total amount disbursed for projects stood at UA 57.98 million, an overall disbursement rate of 25.89 %. At 30 June 2007, two operations had been completed, namely: the Economic Recovery and Reunification Support Program (*Programme d'appui à la relance économique et à la réunification*), for which the total loan amount of UA 44.5 million was disbursed in 2005; and the Emergency Capacity Building Project (*Projet d'urgence de renforcement des capacités*), closed in June 2006. In contrast, the disbursement rate for the other ongoing projects is only 6.67%.

2.4.2 In addition to weak implementation of the three problem projects, the disbursement rate is also affected by the failure to launch the road project approved since end-2005. Furthermore, the mode of payment, by letter of credit, caused delays in some payments as local banks were unfamiliar with the Bank's letter of guarantee procedures.

2.4.3 Finally, BCECO, the main project executing agency, reported delays in payments and in the reception of AfDB ledgers and disbursement slips. The absence and/or delay of this information prevent regular update of project accounts and cause difficulties in the conduct of audits. To correct this situation, the Bank's disbursement service has taken measures to improve the information system by transmitting ledgers to executing agencies on a monthly basis, while expecting access to the intranet site for consultations as of 2008.

2.5 General Assessment of Portfolio Performance

2.5.1 With an overall rating of 1.7 points (on a scale of 0 to 3), the overall performance of the portfolio is unsatisfactory. As the first portfolio review since the resumption of cooperation in 2002, this assessment will serve as a reference for the next portfolio review in 2009. This rating reflects the poor implementation and disbursement rates of ongoing projects (average rates are less than 7%) and the impact on the achievement of development objectives of implementation delays. However, the portfolio's overall performance rating is only affected by the initial conditions of the new projects launched in 2006 and 2007, which represent 50.2 % of total portfolio resources. The implementation of these projects should reach full speed during the year, and should lead to significant improvements in overall performance by end-2007.

2.5.2 The main constraints on project implementation lie primarily in the difficult socio-political environment of the country, which is emerging from a long period of crisis and conflicts, the poor implementation and management capacities of ministries, and the government's difficulties in releasing its share of counterpart funding in projects. The weak national capacities have justified the approach adopted by the Bank, which entrusted the implementation of its first projects to the central coordination office (*Bureau central de coordination*—BCECO) created by the Ministry of Finance in 2002, with World Bank

support. Furthermore, weaknesses in project formulation, coordination and monitoring within the Bank had an impact on the performance of the two projects (PMURIS, Health) that are more than 2 years late.

2.5.3 In addition to the identified problem projects, whose components and/or modes of implementation require a comprehensive review, the current portfolio does not have any other projects at risk at this time. Action plans were prepared for the oldest projects with a view to completing them during the current year or in 2008. There are 3 operations at risk, representing one third of the portfolio. Regular monitoring of each operation at risk is necessary to ensure the implementation of the action plans and of the recommendations or supervisory missions. The Bank's monitoring role will be essential to reduce the number of operations at risk. Therefore, two supervision missions will have to be conducted each year for each operation at risk. In addition to the monitoring and the assistance to be provided to executing agencies by the office, the Bank will provide training on procurement and disbursement procedures, as well as more frequent and targeted supervisions by the head office and regional office.

Table: Projects at Risk

| Project | March 2007 Review |
|--|-------------------|
| Number of problem projects | 3 |
| in % of amount of ongoing portfolio | 34.4% |
| Number of potentially problematic projects | - |
| in % of amount of ongoing portfolio | - |
| Projects at risk | 3 |

III. COORDINATION OF AID IN DRC

3.1 Assessment of Government Capacity to Co-ordinate

In DRC, the coordination of foreign aid for public investments is usually the responsibility of the Ministry of Planning. To date, aid has been coordinated by the National Monitoring Committee of the EMRRP (Emergency Multisectoral Rehabilitation and Reconstruction Program), financed essentially by the World Bank and the AfDB since the resumption of cooperation with the country. A national "SENAREC" secretariat, which reports to the Ministry of Planning, also coordinates the national emergency program for capacity building. With respect to budget support, aid is coordinated by the Ministry of Finance, with support from the technical committee for the monitoring of reforms (*Comité technique de suivi des réformes*—CTR). However, this coordination remains inadequate and inefficient because of the weak capacities of these structures and the lack of institutional links with the main project executing body, the BCECO.

3.2 Assessment of ADB Co-ordination With Other Donors

The Bank's coordination with other donors occurs within the framework of a consultative group for the mobilization of resources in favor of the Emergency Multi-sector Programme for Infrastructure Rehabilitation and Reconstruction (*programme multisectoriel d'urgence de réhabilitation et de reconstruction des infrastructures*—PMURR) and the government's economic reform program (PEG)). This coordination is reinforced at the sectoral level by roundtable consultations, notably in the agriculture, transport, water, and education sectors, which are the key areas of the Bank Group's current and future

interventions. With the opening of the Bank's Office in Kinshasa, coordination with other development partners in the field is expected to improve and become more regular, especially through information sharing on each partner's respective strategies and portfolios.

3.3 Assessment of co-financers

During the period under review (2002-2007), two operations were co-financed with donors (UNDP and World Bank) and were fully implemented. UNDP performance in the emergency capacity building project was deemed satisfactory with respect to the timely implementation of the "assistance" component. In contrast, the release of the second tranche of the PARER was delayed by more than a year because of cross-conditionalities and delays in the execution of some program measures financed by the World Bank. For future Bank Group operations in support of reforms, it is recommended that the Bank avoid cross-conditionalities and tie its tranches to measures that depend on its own financing. With respect to projects, the Bank will continue to give preference to parallel financing while ensuring the necessary sector coordination with other donors.

IV. ASSESSMENT OF PROJECT MANAGEMENT AND IMPLEMENTATION CAPACITIES

4.1 Government Performance

4.1.1 The lack of capacities in technical ministries had led to the creation of the BCECO (central coordination office) in 2001, with support from the World Bank. This office, which reports to the Ministry of Finance, was charged with implementing the Emergency Multi-sector Programme for Infrastructure Rehabilitation and Reconstruction. In this context, the implementation of the Bank's first projects (50% of the portfolio) was entrusted to the BCECO, which includes the AfDB's Project Implementation Unit (AfDB-PIU). This unit operates with the support of BCECO structures. This institutional arrangement for the execution of Bank Group projects creates a certain amount of red tape in project management and administration due to the centralization of the BCECO. To increase implementation efficiency, procedures will be revised in 2007 following the study assessing BCECO management procedures.

4.1.2 Commitments made by the government under loan agreements and memoranda of understanding were met with regard to quarterly activity reports being regularly transmitted to the Bank. Performance is equally satisfactory with respect to the deadline for effectiveness and for the first disbursement, which was 9 months on average. Since 2005, this deadline has been reduced to 6 months for grants, as there is no ratification requirement for memoranda of understanding. In contrast, the performance of the government and of the executing agency (BCECO) was not deemed satisfactory with respect to audits, the release of counterpart funds, the fulfillment of some "other" conditions related to the adoption of laws (on seeds and privatization of some farms), and procurement (deadline > 6 months for LCB; deadline > 12 months for ICB with short listing; deadline > 13 months for consultants). These shortcomings stem from the lack of programming for the recruitment of auditors, cash flow difficulties for counterpart funds, and the context of political transition in DRC during 2003-2006, which made it difficult for Parliament to adopt some laws. On the procurement front, deadlines remain relatively long, despite the strengthening of the AfDB-PIU with an international procurement expert for a 2-year period (October 2004 to October 2006).

At present, auditors are being recruited or are in full service; this should ensure that all the remaining audits are done before the end of August 2007. The recruitment process to replace the international procurement expert is underway.

4.1.3 The capacity to absorb resources should be improved through better management of procurement and disbursement procedures, and the recourse to principal contractorship (maîtrise d'ouvrage déléguée) in difficult to access areas.

4.2 Bank Performance

4.2.1 The Bank's performance was inadequate during the whole period until 2006. Even though the 1.5 supervision standard per project per year was met, project monitoring and support were neither regular nor adequate. None of the problem projects was the subject of a mid-term review, which would have made it possible to refocus and revise in a timely manner the list of goods and services to accelerate implementation. Project implementation has been generally hampered by (i) long delays in Bank approval of documents because of work load and changes of task managers; (ii) lack of procurement details at appraisal; (iii) long delays in disbursements; (iv) problems related to the design of some "PAPDDS" projects; and (v) poor Bank coordination of the monitoring of the Emergency Multi-sector Rehabilitation Project (*Projet multisectoriel d'urgence de réhabilitation—PMURIS*).

4.2.2 To speed up project implementation, the Bank has taken immediate measures to resorb all delays on pending matters (bidding documents, contracts, requests for payment); to organize, in July 2007 in Kinshasa, a training seminar on procurement and disbursement procedures for those responsible, for project managers and officials from ministries; and, in June 2007 it undertook a mid-term review mission to restructure the "PADDS" project. Portfolio implementation will also benefit from the assistance of the Bank's Country Office in Kinshasa, which will be operational as of 2008.

V. LOAN REPAYMENTS AND ARREARS

The DRC has regularly serviced its debt to the Bank Group since it reached the HIPC Initiative decision point in July 2003. The interim period, which will end in July 2007, will be extended by one year, because of the postponement of the HIPC Initiative completion point to 2008. Since 2002, DRC has also been pursuing a policy of prudent indebtedness to ensure the sustainability of its medium and long-term debt.

VI. PROACTIVE MANAGEMENT OF PORTFOLIO

6.1 Potential Problems and Solutions

Portfolio performance may be affected by the weak capacities of ministries that will be responsible for implementing new projects. Maintaining the status quo of the current institutional framework of project implementation managed by the BCECO also presents a major risk of obstruction and slowness in the implementation of ongoing projects. Inadequate project implementation methods in areas with difficult access and delays in releasing counterpart funds may still affect portfolio performance in the short term. Solutions advocated will focus on building the capacities of ministries (technical assistance and training) to improve implementation capacity, strengthening the prerogatives of the AfDB-PIU in the management and implementation of ongoing projects, using the delegated

contracting authority approach, taking into account the context and the constraints in the field, and encouraging the government to make counterpart funds one of the priorities of the national budget cash flow.

6.2 Action Plans

An action plan and an implementation calendar have been prepared for each ongoing operation reviewed. The execution of the special measures envisaged in Annex 2, the systematization of launching missions, as well as the maintenance of a satisfactory level of supervision in 2007 and thereafter, will help improve the project implementation and disbursement rates of the active portfolio, which should reach at least 30% by end-2007.

6.3 Lessons Learned for Future Projects and Future Portfolio Reviews

6.3.1 The performance of the Bank's portfolio in DRC will be improved by the recommended measures aimed at enhancing the quality of operations at entry and assistance to executing agencies, with support from the Bank's Office in the DRC. Lessons learned for the next 2008-2012 CSP can be summarized as follows: (i) mobilizing *PPF* resources, or the equivalent, to improve the quality of preparation of projects in the loan program; (ii) strengthening the capacities of technical ministries in the context of new projects and programs; (iii) adapting project implementation methods to the circumstances of the country and area of intervention; (iv) systematizing the programming of mid-term reviews to refocus activities on project objectives and prevent the risk of hampering project implementation.

6.3.2 The next review of the portfolio in 2009 should assess and analyze differences with the benchmarks set in 2007 by project in terms of implementation and disbursement rates, and allow suitable corrective measures to achieve the project's stated objectives. Project coordinators will also be assessed based on performance contract criteria, which should be instituted as a rule for all new projects.

VII. CONCLUSIONS AND RECOMMENDATIONS

7.1 Conclusions

7.1.1 DRC's portfolio is still young and its performance, deemed unsatisfactory (overall rating of 1.7 over 3), was largely affected by institutional constraints and by the country's political transition during 2003-2006. The urgency of preparing some projects in the context of the country's emergency reconstruction program also affected the quality at entry of these projects, whose implementation was completely or partially stymied by inadequate design ("PAPDDSS" health project) or inadequate identification of some components ("health infrastructure" aspect of the PMURIS).

7.1.2 The general conditions of the agreements are by and large fulfilled by the borrower, except for the delay of some audits and the late release of national counterpart contributions. Obligations related to "other conditions" were not fully met due to the context of political transition, which was not conducive to adopting some privatization reforms, especially in the agricultural sector.

7.1.3 The Bank's performance was not adequate because of the work load and the frequent change of task managers, as well as the cumbersome procurement procedures applied to projects. The Bank has taken measures to improve portfolio monitoring and reduce delays in file processing, with the help of the country team and the Bank's Office.

7.2 Recommendations

7.2.1 The following recommendations are made to the Government and to the Bank with a view to improving the future performance of the portfolio:

7.2.2 The Government should take the following actions:

- a) Conduct a study on the management and operational procedures of the AfDB-PIU by October 2007; financing for this study is included in the PARSAR project;
- b) Establish a performance contract with each project coordinator and agree annually on benchmarks in terms of implementation and disbursement objectives as of 2007;
- c) Regularly release counterpart contributions by including them in the annual budget cash flow;
- d) Ensure the implementation of the action and improvement plan prepared for each project (Annex 2), in particular, the transmission of audits to the Bank within the requisite timeframe.

7.2.3 The Bank should implement the following measures and actions:

- Organize a training seminar on procurement and disbursement procedures in July 2007 for executing agencies;
- Conduct a mission in June 2007 to reformulate the "PAPDDS" project;
- Improve the deadlines for payments and notices of "no-objection" to the borrower on the applications and requests received;
- Submit project ledgers on a monthly basis, starting in July 2007, and provide projects with access to information on web-based disbursements, starting in 2008;
- Apply the sanctions stipulated in the Bank's Rules of Procedure in case of delay in the transmission of audits to the Bank.

7.2.4 CODE is invited to take note of these conclusions on the review of the portfolio in DRC and to adopt the above recommendations.

ANNEX 1

**SUMMARY OF BANK GROUP OPERATIONS IN DRC, at 30/06/2007
(in millions of UA)**

| NB | PROJECT BY SECTOR | Window | Date of approval | Date of signature | Date of Entry into force & duration (in months) | Date of closing | Amount approved | Amount disbursed | Amount cancelled | Undisbursed balance | Net commitment | Disbursement rate. % |
|-----------|---|-----------|------------------|-------------------|---|-----------------|-----------------|------------------|------------------|---------------------|----------------|----------------------|
| | AGRICULTURE AND RURAL DEV. | | | | | | | | | | | |
| 1 | Agricultural Sector Rehabilitation Support Project in the Bas-Congo and Bandundu Provinces (PARSAR) | ADF Grant | 19/05/2004 " | 25/05/2004 " | 04/02/2005 (8.5) | 31/03/2011 " | 18.00 7.00 | 1.239 0.358 | 0 0 | 16.761 6.642 | 18.00 7.00 | 6.8 5.1 |
| 2 | Agricultural and Rural Sector Rehabilitation Project in Katanga, Kasai-East and Kasai-West (PRESAR) | Grant | 12/12/2005 | 02/02/2006 | 02/02/2006 (1.5) | 31/01/2013 | 35.00 | 0.941 | 0 | 34.059 | 35.00 | 2.7 |
| 3 | Agricultural Sector Study | Grant | 28/06/2006 | 11/10/2006 | 11/10/2006 | 31/12/2009 | 1.85 | 0 | 0 | 1.850 | 1.85 | 0 |
| | SUB-TOTAL SECTOR | | | | | | 61.85 | 2.538 | | 59.312 | 61.85 | 4.1 |
| | TRANSPORT | | | | | | | | | | | |
| 4 | Nsele – Lufimi Et Kwango – Kenge Roads Rehabilitation Project | Grant | 19/12/2005 | 29/12/2005 | | 31/01/2010 | 52.45 | 0 | 0 | 52.450 | 52.45 | 0 |
| | SUB-TOTAL SECTOR | | | | | | 52.45 | 0 | 0 | 52.450 | 52.45 | 0 |
| | SOCIAL | | | | | | | | | | | |
| 5 | Health Project I - Eastern Province Healthcare Development Master Plan Support | ADF Grant | 17/03/2004 " | 25/05/2004 " | 16/03/2005 " (12) | 30/09/2010 " | 20.00 5.00 | 0.201 0 | 0 0 | 19.799 5.000 | 20.00 5.00 | 1.0 0 |
| 6 | Education Sector Support Project | Grant | 17/03/2004 | 25/05/2004 | 30/12/2004 (8.5) | 31/12/2009 | 5.23 | 2.212 | 0 | 3.018 | 5.23 | 42.3 |
| | SUB-TOTAL SECTOR | | | | | | 30.23 | 2.413 | 0 | 27.817 | 30.23 | 8.0 |
| | MULTISECTOR | | | | | | | | | | | |
| 7 | Emergency capacity building project | Grant | 20/06/2001 | 18/07/2001 | 18/10/2001 (4) | 30/06/2006 | 1.97 | 1.616 | 0.354 | 0 | 1.616 | 100 |
| 8 | Emergency Multi-sector Rehabilitation Project (PMURIS) | ADF | 20/12/2002 | 04/06/2003 | 03/02/2004 (13.5) | 30/04/2007 | 27.00 | 4.322 | 0 | 22.678 | 27.00 | 16.0 |
| 9 | Multisector Institutional Support Project (PAIM) | Grant | 13/11/2002 | 04/06/2003 | 01/10/2003 (10.5) | 31/12/2007 | 3.23 | 1.359 | 0 | 1.871 | 3.23 | 42.0 |
| 10 | Institutional Support for the Economic Revival and Reunification Support Program (PARER) | ADF Grant | 10/12/2003 " | 15/12/2003 " | 28/07/2004 " (7.5) | 31/12/2006 " | 44.50 3.00 | 44.50 1.231 | 0 0 | 0 1.769 | 44.50 3.00 | 100 41.0 |
| | SUB-TOTAL SECTOR | | | | | | 79.70 | 53.028 | 0.354 | 26.318 | 79.346 | 66.8 |
| 13 | OVERALL TOTAL COUNTRY | | | | | | 224.23 | 57.979 | 0.354 | 165.897 | 223.876 | 25.89 |

DRC: PORTFOLIO REVIEW
MATRIX OF ACTIONS TO IMPROVE THE PERFORMANCE OF THE ACTIVE PORTFOLIO

| OBJECTIVE | PROBLEM IDENTIFIED | ACTIONS TAKEN | ACTIONS REQUIRED | RESPONSIBLE BODY / SCHEDULE |
|---|--|---|---|--|
| <p>I. General Problems</p> <p>Project preparation and design</p> <p>2. Institutional framework for project implementation</p> <p>3. Project Management</p> | <p>Construction sites not identified, delays in decisions relating to land allocation, and delays in technical and architectural studies resulting in difficulties and delays in the construction of social infrastructure within the framework of the first generation of projects (2002-2004).</p> <p>Inadequacy of centralized mode of implementation and monitoring planned at appraisal for difficult to access areas</p> <p>Cumbersome decision-making process within BCECO due to centralization by the DG.</p> <p>Audits are not conducted on time, and BCECO does not always monitor recommendations.</p> <p>Inefficiencies of the information system on disbursements between the Bank and the country.</p> <p>Delays in payment of counterpart funds (PMURIS, 2 agriculture-related projects, PASE)</p> <p>Difficulty justifying project contribution to the AfDB-PIU- and BCECO operating budget</p> | <p>- A participatory approach is applied to new projects as of 2005.</p> <p>- The coordinator of AfDB/PIU is promoted to the rank of Director within BCECO as of 2005, but his prerogatives regarding decision-making are limited.</p> <p>- External auditors are being recruited and/or providing audit services for delayed projects.</p> <p>- FFCO will send ledgers to BCECO and to the other executing agencies on a monthly basis. TMs will also ensure the communication, through FFCO, of information on partial payments of certain requests, especially the reconstruction of the special account.</p> <p>- Ministries of Finance and Budget reminded by the mission.</p> | <p>- In the future, carry out complementary technical and architectural studies to better control project implementation costs and schedule by using the PPF.</p> <p>- Make the participatory approach systematic in the preparation of projects.</p> <p>- Decentralize and adapt the implementation method to the geographic context by having recourse to delegated contracting authorities (maîtrise d'ouvrage déléguée—MOD)</p> <p>- Carry out the study on PIU management and operating procedures and its organic links with BCECO. Financing is included under PARSAR.</p> <p>- Transmit to the Bank all late audits and 2006 audits, under penalty of suspension of disbursements</p> <p>- Operationalize the project audit recommendations monitoring system by government supervisory bodies, in collaboration with the Bank during supervision missions.</p> <p>- Allow executing agencies access to information on disbursements via Internet.</p> <p>- Disburse late counterpart funds and funds for 2007</p> <p>- Agree on criteria and the bases for contribution by projects to the BCECO budget.</p> | <p>ADB - CONTINUOUS</p> <p>ADB - CONTINUOUS</p> <p>ADB - CONTINUOUS</p> <p>BCECO – End of September 2007</p> <p>BCECO – End of April 07 (2004/2005 Audits); End of July 07 (2006 Audits)</p> <p>IGF /BANK – As of 2008</p> <p>ADB/CDFO – As of the second 2nd semester of 2007</p> <p>MINISTRY OF FINANCE AND BUDGET – July 2007</p> <p>BCECO-AfDB Immediate</p> |

| OBJECTIVE | PROBLEM IDENTIFIED | ACTIONS TAKEN | ACTIONS REQUIRED | RESPONSIBLE BODY / SCHEDULE |
|--|---|---|--|--|
| <p>4. Rules and Procedures</p> <p>5. Sustainability of Project</p> <p>6. Aid coordination</p> | <p>Delays in the procurement process due to several unsuccessful invitations to bid.</p> <p>Poor understanding by BCECO and local banks of payment procedures with the Bank's letter of guarantee.</p> <p>Failure to record operating costs of projects implemented.</p> <p>Inadequate coordination with other donors in the field.</p> | <p>- Training on rules of procedure for procurement and for disbursement is on the program of the Bank's institute for July 2007.</p> | <ul style="list-style-type: none"> - Organize training seminar in Kinshasa for executing agencies and public administrations in charge of public contracts and debts; plan for the participation of representatives of foreign services of some local banks for payment methods. - Regularly include in the national budget, recurrent charges for the maintenance of infrastructure and projects carried out. - Raise awareness of the population to participate in cost recovery; maintenance of rural roads, water points, and pick-up of solid waste. - The regional office will ensure the improvement of coordination in the field by participating in consultation and information meetings organized by donors in DRC. | <p>AfDB – July 2007</p> <p>MINISTRY OF BUDGET – From 2008 Budget</p> <p>MINISTRY/NGO – CONTINUOUS</p> <p>CDFO - CONTINUOUS</p> |
| <p>II. Specific Action Plans</p> <p>DVT RURAL SECTOR</p> <p>1 Agricultural and Rural Rehabilitation Support Project in Bas-Congo and Bandundu Provinces (PARSAR)</p> | <p>1. Lack of a manual of procedures for financial, accounting and administrative management of the project.</p> <p>2. The 2005 audit was sent to the Bank in April 2007. The 2006 audit 2006 is still being prepared.</p> <p>3. The other loan conditions have not all been fulfilled. The condition on the promulgation of the law on seedlings has not been fulfilled. In addition, proof of compliance with the condition relating to the privatization of seedling nurseries, made in 2006, has not been</p> | | <ul style="list-style-type: none"> - Launch consultations for the preparation of a manual of accounting and administrative management procedures. - Provide the Bank with the 2006 audit report within the required deadline. - The Government must do everything possible to promulgate the seedling law. To avoid the risk of suspension of disbursements and even the cancellation of the loan, the Government must submit to the Bank a request justifying the non promulgation of the law and | <p>UEP/BAD-Project Management - BCECO End of September 2007 (Report)</p> <p>UEP/ADB- Project Management- BCECO</p> <p>MINISTRY OF AGRICULTURE/MINISTRY OF FINANCE Extension Request received by the Bank. New proposed date 30/09/2007</p> |

| OBJECTIVE | PROBLEM IDENTIFIED | ACTIONS TAKEN | ACTIONS REQUIRED | RESPONSIBLE BODY / SCHEDULE |
|--|---|---------------|--|--|
| | sent to the Bank. 4. Failure to release counterpart funds for 2006 and 2007. | | proposing the postponement of the initial deadline. - Release the full counterpart funds for 2006 and 2007. | MINISTRY OF AGRICULTURE/MINISTRY OF FINANCE – August 2007 |
| 2. Agricultural and Rural Sector Rehabilitation Support Project in the Katanga, East Kasai and West Kasai Provinces (PRESAR) | 1. The other loan conditions have not all been met. 2. Delay in the payment of counterpart funds for 2006 and 2007. | | - Transmit to the Bank the performance contract of the project coordinator as well as conventions signed with implementing operators. - Release counterpart funds for 2006 and 2007 | CCP/MINISTRY OF AGRICULTURE End of April 2007 MINISTRY OF AGRICULTURE /MINISTRY OF FINANCE August 2007 |
| 3. Agricultural Sector Study | 1. Slowness in preparing study documents 2. Counterpart funds not released for the smooth operation of the study | | - Speed up the preparation of invitations to bid for the study and transmit to the Bank for a no-objection opinion. - Release counterpart funds. | CCE – Launching of study before 30/09/2007 MINISTRY OF AGRICULTURE/MINISTRY OF FINANCE – August 2007 |
| <i>SOCIAL SECTOR</i> | | | | |
| 4. Health Project I – Eastern Province Healthcare Development Master Plan Support | 1. <u>Institutional</u> Non involvement of various departments of the Ministry of Health in the monitoring of activities 2. <u>Organizational</u> Absence of a project officer within ADB- PIU, to be appointed by the Minister of Health 3. <u>Operational</u> The initial design of the project had not taken into consideration the province's global environment and the extent of the works and services envisaged Slowness on the Bank's part in reviewing detailed designs and invitation to bid documents submitted for no-objection opinion. 4. <u>Financial</u> Poor use of grant resources in the program to combat communicable diseases. | | - Formalize meetings of the Technical Steering Committee, which will validate the action plans - Transfer of a permanent senior staff of the Ministry of Health to the PIU to monitor project activities. - Mid-term review by the Bank to restructure the project. - Reorganize the monitoring of project activities at the Bank. - Identify activities to be financed within the framework of national programs to combat priority diseases (AIDS/HIV, Malnutrition, Malaria, and Tuberculosis). | Ministry of health & UEP/BAD – One meeting per quarter - Immediate Ministry of health & UEP/BAD - August 2007 AfDB– Carried out in June 2007 ADB – Immediate Ministry of Health & UEP/BAD August 2007 |

| OBJECTIVE | PROBLEM IDENTIFIED | ACTIONS TAKEN | ACTIONS REQUIRED | RESPONSIBLE BODY / SCHEDULE |
|--|---|---|--|--|
| 5. Education Sector Support Program (PASE) | <p><u>Institutional</u></p> <p>For several reasons (instability in the ministries, change of appointed senior staff, etc.), the Technical Committee charged with monitoring project activities, presided over by the Ministry of Primary, Secondary and Professional Education, set up by a ministerial order, is not functional.</p> <p>Implementation of decentralization in Kinshasa of service management by UNESCO within the framework of the 2 contracts.</p> | <p>The first and only committee meeting took place on 23/04/2007 under the effective chairmanship of the Ministry of Primary, Secondary, Technical and Professional Education</p> <p>The Bank has invited the Government to finalize the proposal with UNESCO, which will be discussed during the mid-term review of the project in August 2007</p> | <p>The Minister of Primary, Secondary, Technical and Professional Education should take all necessary measures to ensure that this Committee plays its role, which is essential for the success of the project.</p> <p>The Government and UNESCO will have to finalize the proposal to decentralize the management of services provided by UNESCO.</p> | <p>Ministry of Primary, Secondary and Professional Education Hold one meeting per quarter</p> <p>Government and UNESCO 15 August 2007, latest</p> |
| <p><i>TRANSPORTATION SECTOR</i></p> <p>6.- Nsele-Lufimi and Kwango-Kenge Roads Rehabilitation Project</p> | <p>1. Fulfillment of conditions precedent to the first disbursement.</p> <p>2. Ensuring the smooth operation of the Infrastructure Unit throughout the project period.</p> <p>3. Provisional status of the technical staff of the infrastructure unit.</p> <p>4. Delays in the payment of the government's contribution.</p> <p>5. Financing the maintenance of rehabilitated roads.</p> | <p>The government has submitted all the necessary documents.</p> <p>Operation of the unit is currently being taken care of by the Belgian (CTB) and British (DFID) cooperation agencies</p> | <p>Approval by the Bank of conditions precedent to the first disbursement.</p> <p>Assumption of responsibility for the basic functioning of the infrastructure unit for five years by the Trust Fund set up by DFID, the European Union, and the World Bank within the framework of the PRO ROUTES project.</p> <p>Confirmation of technical staff, who are key to the Unit's duties.</p> <p>Establishment by the government of a payment schedule of the counterpart fund right up to the completion of the project.</p> <p>Creation of a road maintenance fund</p> | <p>AfDB – Done.</p> <p>MITPR, Donors (DFID, World Bank, EU). August 2007</p> <p>MITPR</p> <p>MITPR, Ministry of Finance – July 2007</p> <p>Donors - End of December 2007</p> |
| <p><i>MULTISECTOR</i></p> <p>7. Emergency Multisectoral Socio Economic Infrastructure Rehabilitation Project (PMURIS)</p> | <p>Non compliance with the other condition relating to the PGES</p> <p>Need to strengthen sanitation in Matete</p> <p>Delays in Mpsa AEP works</p> | <p>Request submitted to the Bank.</p> <p>Overall revision of the list of goods</p> | <p>Complete PGES financing through the national budget.</p> <p>Review the possibility of financing the cleaning of sewage systems in the neighbourhood within the framework of the goods and services list review.</p> | <p>Ministry of the Environment – End of study August 2007</p> <p>IGIP/BCECO/ADB – Examination under way</p> |

| OBJECTIVE | PROBLEM IDENTIFIED | ACTIONS TAKEN | ACTIONS REQUIRED | RESPONSIBLE BODY / SCHEDULE |
|--|---|---|--|---|
| | <p>Need to review the list of goods and services of the project.</p> <p>Need to extend the deadline of the last disbursement, which expired on 30/04/2007</p> <p>Lack of coordination at the Bank between the project's social and infrastructure phases.</p> <p>Difficulties with payment of small contracts</p> <p>Departure of the international procurement expert since 2006</p> | <p>and services drawn up in March 2007; and the scheduling of a joint supervision mission OWAS/OSHD in July 2007.</p> <p>Payment system through the operating fund created in April 2007.</p> | <p>Drill the remaining boreholes and living quarters by ensuring compliance with accepted technical standards.</p> <p>Implement the new list of goods and services</p> <p>Review and approve requests.</p> <p>Ensure effective coordination of OWAS and OSHD units involved in the project.</p> <p>System to be applied for small contracts.</p> <p>Recruit an international procurement expert for AfDB-PIU.</p> | <p>SNHR/ADB – September 2007</p> <p>BCECO/ADB – In application</p> <p>BAD – Approved end of March 2007</p> <p>BAD – Immediate.</p> <p>BCECO/ADB – CONTINUOUS</p> <p>BCECO - Immediate</p> |
| <p>Multi-sectoral Institutional Support Project (PAIM)</p> | <p>1. Training: Delays and lack of a coherent plan and a training outline</p> <p>2. Need to extend technical assistance for the implementation of project activities</p> <p>3. Delays in signing of contracts</p> <p>4. Accumulation of document processing delays by the Bank.</p> <p>5. End of contract of the external auditor.</p> | <p>Contracts of 2 international experts in the Ministry of Planning extended on 30 March 2007</p> | <p>Prepare a training plan and an implementation plan.</p> <p>Monitor the attainment of objectives set forth in the contract.</p> <p>Speed up the signing of all contracts that have obtained the Bank's no objection opinion</p> <p>Clear outstanding documents at the Bank and reduce delays in issuing no objection opinions on new documents and in the processing of disbursement requests.</p> <p>Extend the ongoing audit contract or recruit an external auditor for the 2007 audit.</p> | <p>Technical Assistance 1st August 2007</p> <p>Ministry of Planning</p> <p>Before August 2007</p> <p>Immediate</p> <p>September 2007</p> |
| <p>9. Institutional Support for the Economic Revival and Reunification Support Program (PARER)</p> | <p>1. Unsuccessful calls for bids</p> <p>2. 2004/2005/2006 audits not yet transmitted</p> <p>4. Accumulated delays in document processing by the Bank.</p> | | <p>Relaunch invitations to bid</p> <p>Provide 2005/2006 audit for the grant, and 2004/2005 audit for the loan</p> <p>Clear outstanding documents at the Bank and reduce delays in issuing no objections for new files and the processing of disbursement requests.</p> | <p>BCECO/BAD – April 2007 ?</p> <p>BCECO – End of August 2007</p> <p>Immediate</p> |

REVIEW OF ONGOING OPERATIONS

A. AGRICULTURAL SECTOR

Overview: The Bank's participation in agricultural development financing in the DRC is significant. It finances four (4) operations in the sector, which plays an important role in the country's economy. These operations are aimed at fighting poverty by strengthening the capacities of agricultural sector support services, rehabilitating production and marketing infrastructures, organizing the populations and improving their technical skills, intensifying production in different sub-sectors (foodstuffs, livestock production, fisheries, and agro-forestry) as well as research and development. Operations financed by the Bank include: (i) the Agricultural and Rural Rehabilitation Support Project in Bas-Congo and Bandundu Provinces (PARSAR), (ii) the Agricultural and Rural Rehabilitation Support Project in the Katanga, Kasai-East and Kasai-West Provinces (PRESAR), (iii) the Agricultural Sector Study, (iv) the Multinational Project to Support the Regional Programme for the Integrated Management of Lake Tanganyika (PRODAP), which covers the 4 countries surrounding Lake Tanganyika, including DRC. Total financing for the sector stands at UA 84.85 million, including the multinational project, which has not yet been launched.

This review focuses on the three ongoing projects in DRC, with total financing in the amount of UA 61.85 million, or 27.8 % of the Bank's portfolio in DRC. The total amount disbursed stands at UA 2.538 million, a disbursement rate of 4.1%. The average age of operations in the sector is 1.3 years.

A.1 Agricultural and Rural Sector Rehabilitation Support Project in Bas-Congo and Bandundu Provinces (PARSAR)

| | | |
|--|---|--|
| Loan amount : UA 18.00 M Grant amount: UA 7.00 M. Amount cancelled: 0 | Total Cost: UA 28.01 million Sources: ADF loan: UA 18.00 M ADF grant: UA 7.00 M Govt + Benef. : UA 3.01 M | Amount disbursed: Loan: UA 1.239 M (6.8 %) Grant: 0.358 (5.1%) |
| Date of Approval: 19/05/2004 | Date of Signature: 25/05/2004 | <ul style="list-style-type: none"> • Date of effectiveness: 04/02/2005 • Date of fulfillment of conditions precedent to first disbursement: 04/02/2005 • Date of first disbursement: 01/04/2005 |
| Closing date: 31/03/2011 Number of supervision missions: 4 last supervision mission: 25/05 to 17/06/2007 | Executing agency: BCECO (Central Coordination Bureau) –AfDB-Project Implementation Unit (PIU) | |
| Auditing of accounts: 2005 and 2006 audits completed and submitted to the Bank in April 2007. | Quarterly progress reports presented to the Bank: 8 reports | |
| <p>Objective and description: The project aims to boost agricultural production in the Bas-Congo and Bandundu Provinces. Its main components are (a) strengthening production capacity; (b), rehabilitating agricultural service tracks and marketing infrastructure; and (c) project management</p> <p>Progress Report: The project implementation level is still very low (about 6%) after 3 years. Disbursement flows remain low and irregular because of delays in the award and signing of contracts relating to the project's main</p> | | |

activities. Regarding capacity building, the project has completed the process of procuring computer and office equipment as well as the recruitment of the architect who is expected to prepare invitations to bid for the rehabilitation of buildings. Activities carried out under the agricultural production development component focused on the creation of Agricultural Development and Demonstration Centres (CDDA), and the selection of agro-multipliers. In all, 17.2 tonnes of nuclear seedstock (43% of the objective), 1,375 Kml of cassava cuttings, and 200,000 banana suckers (100% of the objective) have been produced and distributed within the framework of the agreement signed with INERA to this end. Infrastructure rehabilitation works (agricultural and marketing routes) have not yet started. The disbursement of the government's counterpart funds stood at US\$229,030,90 as of end-January 2007, or 5% of total planned counterpart funds. In 2006, the government disbursed only US\$109,000, or 15.88%, of the requested US\$ 686,000. The audits for 2005 and 2006 have been completed. The Bank's recommendations on the 2005 audits have been sent to the government. The 2006 audit report has been sent to OAGL for review.

1. Fulfillment of conditions

Fulfillment of conditions precedent to the first disbursement: Conditions precedent to the first disbursement were all fulfilled and the project became effective on February 4, 2005—8 months after approval. Performance is deemed satisfactory.

Fulfillment of general conditions: Progress reports are regularly transmitted to the Bank and within deadlines. Audit reports for 2005 and 2006 have been submitted to the Bank. The quality of the reports submitted is average. The fulfillment of general conditions is not satisfactory. Performance is unsatisfactory.

Fulfillment of other conditions: Two of the other three project conditions were fulfilled with some delay (from 6 to 10 months) and the third has not yet been fulfilled (promulgation of the seedling law, which had been planned for 30/06/2005). Performance is not satisfactory.

2. Procurement Performance

There were significant delays in the procurement of goods and services under the project. This is due to the slowness in the preparation of bidding documents and to the absence of a detailed procurement plan. In general, the bidding documents prepared adhered to the relevant Bank standard documents. However, the documents, especially those on the assessment of bids, were rejected because of non-compliance with the Bank's rules of procedure. In general, the procurement of goods, works, and services is unsatisfactory.

Procurement of goods and works: The procurement of goods for the project implementation unit is under way, albeit with some delays. The multiplication and dissemination of seeds, in collaboration with INERA, started in 2006. There have been some delays in implementation because of the mobilization of funds and the vagaries of the weather, which affected production. Delivery of equipment and office supplies is underway. The invitations to bid for the procurement of vehicles will be relaunched due to lack of sufficient bids. The different rehabilitation works have not yet started. Performance is unsatisfactory.

Procurement of consultant services: The technical assistant has not yet been recruited. Only a few consultancies have been launched to conduct studies on the development of a project monitoring-evaluation and audit system. Performance is unsatisfactory.

3. Financial Performance

As of June 30, 2007, three years after loan approval, the loan disbursement rate was only 6.8%, while the grant disbursement rate stood at 5.1%. The project will be closed in four years (end of March 2011), which supposes an implementation rate of 25% per year till the end of the project.

Availability of foreign exchange: Foreign exchange expenditures are financed entirely on ADF resources. Foreign exchange financing estimates are valid and will be covered by the ADF loan and grant in line with the project financing plan. Performance is satisfactory.

Availability of local currency: The project has experienced difficulties relating to the mobilization of counterpart funds, which have been partially disbursed, with delays of several months. Performance is unsatisfactory.

Disbursement flows: Disbursements are not done regularly and flows are still low due to delays in launching essential activities in the field. To date, two requests for operating capital have been disbursed and some direct payments have been made for monitoring-evaluation, INERA, and office equipment contracts. Performance is not satisfactory.

Management / cost recovery: Project activities have just begun and cost management so far has been satisfactory.

4. Activities and Outputs

Adherence to Implementation Schedule: There were some delays with project launching and the initial implementation schedule will probably not be respected. Performance is unsatisfactory.

Performance of consultants or of technical assistants: The technical assistant's (seed expert) contract is being negotiated. Some short-term consultants have just been hired; their missions have not yet been completed and the reports on the mission have not yet been transmitted.

Performance of firms: Contracts for furniture and equipment have been satisfactorily executed.

Project Management Performance: Many delays were noted during the procurement process. In addition, the project is facing autonomy issues within the AfDB-PIU and BCECO. The monitoring of project activities in the field is not regular. The work program and the 2007 annual budget have not yet been prepared. Performance is unsatisfactory.

5. Impact on Development

The project's impact on development is not undermined by the noted delays.

Likelihood of attaining project objectives: The implementation of all planned project activities will ensure that the project attains its objectives. The likelihood of attaining objectives is affected by the current low performance of the project.

Likelihood of achieving and sustaining benefits beyond the investment phase: The sustainability of project actions will be guaranteed thanks to the involvement of partners and beneficiaries in the implementation of the project. This involvement will help strengthen

ownership and create a project investment maintenance system. Lack of continuous sensitization and support of the rural population in the project areas may affect the likelihood of sustainability.

Likely contribution of project to an increase in institutional capacity: The project will help strengthen the capacity of ministerial departments and institutions involved (Ministry of Agriculture, the Environment, Rural Development, Women's affairs, INERA, IMF, and NGOs). Performance is still low given the project's level of progress.

6. Overall Performance Assessment

| Indicators | Conditions/ commitments | Procurement Performance | Financial Performance | Activities and Outputs | Impact on development | Overall assessment |
|------------|-------------------------|-------------------------|-----------------------|------------------------|-----------------------|--------------------|
| Assessment | 1.5 | 1 | 1 | 1 | 2.5 | 1.4 |

7. Project Performance Improvement Plan

| Problem | Action required | Responsible Structure | Schedule |
|--|---|--|---|
| 1. Slowness in the procurement of goods and services process and failure to apply the Bank's rules of procedure. | Training of project staff on the Bank's rules of procedure for procurement | AfDB | Training seminar in Kinshasa in July 2007 |
| 2. Lack of a manual of procedures for the financial, accounting, and administrative management of the project. | Recruitment of a consultant to prepare a manual of procedures. | AfDB-PIU - BCECO Project Directorate | Before 30/09/2007 |
| 5. The 2005 and 2006 project audits had not yet been sent to the Bank by March 2007. | Submit 2005 and 2006 audits no later than 30/04/2007. | AfDB-PIU - BCECO Project Directorate - | Audits sent to the Bank in April 2007 |
| 6. Other loan conditions have not all been fulfilled. The condition relating to the promulgation of the seed act has not been fulfilled. Besides, proof of fulfillment of the condition relating to the privatization of seed nurseries in 2006 has not been sent to the Bank. | The government must do everything possible to promulgate the seed act. To avoid the risk of suspension of disbursements and even cancellation of the loan, the government must submit to the Bank, a request justifying the non promulgation of the law and proposing the postponement of the initial implementation deadline of this condition | Government - BCECO-AfDB-PIU - | Request for extension received in April 2007 and forwarded to GECL for April 2007 |
| 7. The Government's counterpart funds for financing the project were not mobilized on time. | The government must do everything possible to honor its financial commitments to the project. | Government - BCECO - | Before 30/09/2007 |

| AGRICULTURAL SECTOR REHABILITATION SUPPORT PROJECT IN BAS-CONGO AND BANDUNDU PROVINCES (PARSAR) | | |
|--|------------------|----------------|
| INDICATORS | Ratings | |
| | Preceding report | Current Report |
| A. PROJECT IMPLEMENTATION | | |
| 1. Fulfillment of conditions precedent to the loan's effective date | NA | 2 |
| 2. Fulfillment of general conditions | | 1 |
| 3. Fulfillment of other conditions | | 1 |
| B. PROCUREMENT PERFORMANCE | | |
| 1. Procurement of consultant services | | 1 |
| 2. Procurement of goods and works | | 1 |
| C. FINANCIAL PERFORMANCE | | |
| 1. Availability of foreign exchange | | 2 |
| 2. Availability of local currency | | 2 |
| 3. Disbursement flows | | 1 |
| 4. Management/Cost recovery | | 2 |
| 5. Performance of co-financiers (if applicable) | | - |
| D. ACTIVITIES AND ET RESULTS | | |
| 1. Adherence to implementation schedule | | 1 |
| 2. Performance of consultants and technical assistants | | - |
| 3. Performance of enterprises | | - |
| 4. Project management performance | | 1 |
| E. IMPACT ON DEVELOPMENT | | |
| 1. Likelihood of attaining project objectives | | 2 |
| 2. Likelihood that benefits will be realized and sustained beyond the project's investment phase | | 2 |
| 3. Likely contribution of project to institutional capacity building | | 3 |
| 4. Current rate of return | | 2 |
| F. OVERALL PROJECT EVALUATION | | |
| 1. Current | | 1.4 |
| 2. Future trend | | 1.8 |
| <p>Code: 3 = Highly satisfactory, no problems 2 = Satisfactory, a few problems, Bank should monitor 1 = Unsatisfactory. Problems. Bank should monitor closely, but no immediate action is required 0 = Highly unsatisfactory. Serious problems. Bank action required</p> | | |

A.2 Agricultural and rural sector Rehabilitation in the Katanga, Kasai-East and Kasai-West Provinces (PRESAR)

| | | |
|--|---|--|
| Amount approved ADF grant: UA 35.00 M Amount cancelled: 0 | Total Cost: UA 39.40 million Sources: ADF: UA 35.00 M. Gov't + Benef. : UA 4.40 M. | Amount disbursed on the grant: UA 0.941 M (2.7 %) |
| Date of approval: 12/12/2005 | Date of signature: 02/02/2006 | Date of effectiveness: 02/02/2006 Date of fulfillment of conditions precedent to first disbursement: 12/05/2006 Date of first disbursement: 31/07/2006 |
| Date of closing: 31/01/2013 Number of supervision missions: 2 Date of last supervision mission: 25/05 au 17/06/2007 | Executing agency: Ministry of Rural Development / CCP | |
| Audit of accounts: 2006 under way | Quarterly activity reports submitted to the Bank: 2 reports | |
| <p>Objective and description: The sectoral objective of the project is to strengthen food security. Specifically, the project aims to increase food production in the Kasai-East, Kasai-West, and Katanga provinces by strengthening the capacity of support services, the use of appropriate technologies, and rehabilitating marketing infrastructure. Project components include: (A): Support services capacity building; (B): Development of agricultural production; (C): Rehabilitation of rural infrastructure; and (D): Project management.</p> <p>Progress report: The project started in July 2006. Local staff in the National Coordination Office and Provincial Satellite Offices are already in place. Regarding the procurement of goods, services, and works, five invitations to bid have already been prepared and advertised with the support of BCECO: (i) purchase of vehicles, (ii) purchase of computer equipment, (iii) rehabilitation of project buildings and of the services of ministries concerned, (iv) purchase of office supply and communication equipment, and (v) international consultancies for the recruitment of a technical assistant. Bid evaluations reports for office equipment supply and vehicles have been sent to the Bank for review. Bids for other contracts are being evaluated or are expected to be submitted. At the end of March 2007, the disbursement of the government's contribution stood at UA 4.000, corresponding to the salaries of national staff during the second half of 2006.</p> | | |

1. Fulfillment of conditions

Fulfillment of conditions precedent to the first disbursement: Conditions precedent to the first disbursement were all fulfilled by 12 May 2006, or 6 months after the project was approved and 3 months after the signing of the grant agreement. Performance is satisfactory.

Fulfillment of general conditions: Progress reports are regularly transmitted to the Bank and within deadlines. The consultancy for the 2006 fiscal year audit has been launched. Performance is satisfactory.

Fulfillment of other conditions: The other two conditions of the project (the signing of agreements with operators selected for the implementation of project activities, and the signing of performance contracts between the government and the project coordinator, to be provided not later than 31/10/2006), have not yet been fulfilled. Performance is unsatisfactory.

2. Procurement Performance

The project has not yet procured goods and services. Invitations to bid have been prepared and advertised worldwide within the deadlines stipulated. In general, the prepared bidding documents comply with the Bank's relevant standard documents. However, poor

understanding of the Bank's rules of procedure has resulted in delays in launching bids for consultancies. So far, compliance with the plan for procurement of goods, works, and services is satisfactory.

Procurement of goods and works: Procurement of goods envisaged in the appraisal report to ensure the implementation of the project is underway. Three contracts have reached the bid evaluation stage, including two reports that were transmitted to the Bank in March 2007 to request approval for contract adjudication. The pending agreement with INERA on the multiplication and dissemination of seeds is awaiting signature. Performance is satisfactory.

Procurement of consultants' services: A technical assistant has not yet been recruited. Only a few short-term consultants have been hired to train accountants and prepare the specifications of invitations to bid. Consultancies for the 2006 audit are about to be launched. Performance is satisfactory.

3. **Financial Performance**

As of June 30, 2007, the grant disbursement rate stood at 2.7 %. The deadline for the last grant disbursement is 31/01/2013.

Availability of foreign exchange: Foreign exchange expenditures are financed in full on ADF resources. Estimates of foreign exchange needs remain valid and will be covered by the ADF grant in line with the project financing plan. Performance is satisfactory

Availability of local currency: The project faced difficulties with the mobilization of counterpart funds, which have been partially disbursed. Performance is unsatisfactory.

Disbursement flows: The project started in July 2006. Two operating funds have been disbursed by the Bank for the operation and launching of initial project activities, which are being implemented according to the planned schedule. Performance is relatively satisfactory.

Management / cost recovery: Project activities have just started; so far, cost management has been satisfactory.

4. **Activities and Outputs**

Adherence to implementation schedule: So far, the initial implementation plan has been respected. However, there has been a delay of about three months relating to the conclusion of the first goods and services procurement contracts. Performance is unsatisfactory.

Performance of consultants or of technical assistants: The technical assistant has not yet been hired. Some consultants have just been hired and their missions have not yet been completed.

Performance of firms: No contract has been executed.

Project management performance: Project implementation is normal. Project documents are prepared relatively on time and their quality is satisfactory. The project management team's monitoring of project activities is adequate. Performance is highly satisfactory.

5. Impact on Development

The project's impact on development is not yet measurable because activities have just begun.

Likelihood of attaining project objectives: The implementation of all planned project objectives should ensure the attainment of project objectives. Performance is satisfactory

Likelihood of achieving and sustaining benefits beyond the investment phase: The sustainability of project actions will be guaranteed through the involvement of partners and beneficiaries in the implementation of the project. The involvement will help strengthen ownership and, later, the sustainability of the project. Performance is satisfactory

Likely contribution of the project to an increase in institutional capacity: The project will help strengthen the capacity of the ministerial departments and institutions concerned (Ministry of Agriculture, the Environment, Rural development, Women's affairs, INERA, IMF, and NGOs, ...). Performance is satisfactory.

6. Overall Assessment of Performance

| Indicators | Conditions/ Commitments | Procurement Performance | Financial Performance | Activities and Achievements | Impact on development | Overall Assessment |
|------------|-------------------------|-------------------------|-----------------------|-----------------------------|-----------------------|--------------------|
| Assessment | 2 | 2.5 | 2.5 | 2.5 | 3 | 2.5 |

7. Project Performance Improvement Plan

| Problem | Actions required | Responsible body | Schedule |
|--|---|------------------|---|
| 1. Poor knowledge of the Bank's rules of procedure for procurement | Train project staff on the Bank's rules of procedure for procurement | AfDB | Training seminar in Kinshasa in July 2007. |
| 2. Other loan conditions have not all been met. | The government and CCP must do everything possible to send the coordinator's performance contract and the conventions signed with implementing operators. | Government- CCP | Draft contract transmitted and approved by the Bank in April. |
| 3. The 2006 counterpart fund was disbursed in January 2007. The funds for 2007 are pending the adoption of the 2007 government budget. | Release 2007 counterpart funds following the adoption of the 2007 State budget. | Government | Before 30/09/2007 |

| EVALUATION OF AGRICULTURAL AND RURAL SECTOR REHABILITATION PROJECT IN KATANGA, KASAI-EAST, AND KASAI-WEST (PRESAR) | | |
|--|-----------------|----------------|
| INDICATORS | RATINGS | |
| | Previous Report | Current Report |
| A. PROJECT IMPLEMENTATION | | |
| 1. Fulfillment of conditions precedent to the effective date of the loan | S.O | 3 |
| 2. Fulfillment of general conditions | | 3 |
| 3. Fulfillment of other conditions | | 1 |
| B. PROCUREMENT PERFORMANCE | | |
| 1. Procurement of consultants services | | 3 |
| 2. Procurement of goods and works | | 2 |
| C. FINANCIAL PERFORMANCE | | |
| 1. Availability of foreign exchange | | 3 |
| 2. Availability of resources in local currency | | 3 |
| 3. Disbursement flows | | 2 |
| 3. Management/Cost recovery | | 2 |
| 4. Performance of co-financiers (if applicable) | | - |
| D. ACTIVITIES AND ACHIEVEMENTS | | |
| 1. Adherence to implementation schedule | | 2 |
| 2. Performance of consultants and technical assistants | | - |
| 3. Performances of enterprises | | - |
| 4. Performance of project management | | 3 |
| E. IMPACT ON DEVELOPMENT | | |
| 1. Likelihood of attaining project objectives | | 3 |
| 2. Likelihood that benefits will be realized and sustained beyond the project's investment phase | | 3 |
| 3. Likely contribution of project to an increase in institutional capacity-building | | 3 |
| 4. Current rate of return | | - |
| F. OVERALL PROJECT ASSESSMENT | | |
| 1. Current | | 2.50 |
| 2. Future trend | | 2.80 |
| <p>Code: 3 = Highly satisfactory, no problems 2 = Satisfactory, a few problems, Bank should monitor 1 = Unsatisfactory. Problems. Bank should monitor closely, but no immediate action is required 0 = Highly unsatisfactory. Serious problems. Bank action required</p> | | |

A.3 Agricultural Sector Study

| | | |
|--|--|---|
| Grant Amount: UA 1.85 million Cancelled Amount: 0 | Total cost: UA 2.05 M Sources: ADF Grant: UA1.85 M Gov't: UA 0.20 M | Disbursed amount: 0 % |
| Date of approval: 28/06/2006 | Date of signature: 11/10/2006 | Date of effectiveness: 11/10/2006 Date of fulfillment of conditions for first disbursement: 01/02/2007 |
| Closing date: 31/12/2009 Number of supervision missions: 0 Date of last supervision mission: | Executing agency: Ministry of Agriculture – Study Coordination Unit (SCU) | |
| Audit of accounts: Not yet required | Quarterly activity report sent to the Bank: Not yet required | |
| <p>Objective and description: The sector goal of the study is to improve food security in the country. Specifically, the study aims to (i) prepare strategic guidelines for the development of the agricultural sector; (ii) design master plans for the agricultural development of the provinces (PDAP); and (iii) formulate a priority program for the development of the agricultural sector (PDSA). The study covers the following 8 provinces: Bandundu, Bas-Congo, Kasai-West, Kasai-East, Katanga, Maniema, Equator and Kinshasa. It will be implemented in three phases. The first focuses on diagnosis and strategic orientations, the second, the design of master plans for the agricultural development of the provinces (PDAP), and the third, the formulation of a priority program for the development of the agricultural sector and feasibility studies on priority operations identified in the provinces.</p> <p>Progress report: A workshop to launch the study is scheduled for June 2007. The study will commence in the second semester of 2007.</p> | | |

1. **Fulfillment of conditions**

Fulfillment of conditions precedent to the first disbursement: These conditions were fulfilled on February 1, 2007, or 7 months after project approval. Part of the study monitoring staff in the other ministries involved is not yet available. Performance is unsatisfactory

Compliance with general conditions: The study is expected to commence in the second semester of 2007.

Fulfillment of other conditions: The deadline for meeting the other conditions of the study relating to the implementation of the recommendations of the study has not been reached.

2. **Procurement Performances**

The preparation of the invitation to bid to recruit a consulting firm is behind schedule. The project has not yet procured goods and services.

Procurement of goods and services: The process for procuring goods envisaged in the appraisal report for the implementation of the study has not yet commenced. Performance is unsatisfactory.

Procurement of consultants' services: The technical assistant has not yet been recruited.

3. **Financial Performance**

There have been no disbursements to date. The deadline for the last grant disbursement is 31/12/2009.

Availability of foreign exchange: The first request for disbursement of operating funds is still being prepared. Performance is unsatisfactory.

Availability of local currency: The government's contribution for the implementation of the study has not yet been mobilized. Performance is unsatisfactory.

Disbursement flows: The study has not yet begun. The project account has not yet been opened and the work plan and annual budget have not yet been sent to the Bank for approval. Performance is unsatisfactory.

Management / cost recovery: The study has not yet been launched.

4. **Activities and Outputs**

Adherence to the implementation schedule: There could be slippages in the initial implementation schedule if the coordination unit does not start the recruitment process for a consulting firm as soon as possible. Performance is unsatisfactory.

Performance of consultants or technical assistant: The technical assistant has not yet been recruited.

Performance of firms: No contract has been awarded.

Performance of study management: Preparations for the commencement of the study are very slow. The program and the annual budget of the study have not yet been sent to the Bank. Performance is unsatisfactory.

5. **Impact on Development**

The impact on development is not yet noticeable because the study has not yet been completed.

Likelihood of attaining the objectives of the study: The implementation of all planned activities should allow the attainment of the objectives of the study.

Likelihood of achieving and sustaining benefits beyond the investment phase: The sustainability of actions will be guaranteed thanks to the political will to implement the conclusions and recommendations of the study on the financing of development projects.

Likely contribution of the project to an increase in institutional capacity: The project will help strengthen the capacity of the ministerial departments and institutions involved (Ministry of Agriculture, the Environment, Rural development, Women's affairs, INERA, IMF, and NGOs, ...), through their participation in implementing the study with experts from the consulting firm and in the monitoring and implementation of its recommendations.

6. Overall Performance Assessment

| Indicators | Conditions/ Commitments | Procurement Performance | Financial Performance | Activities and Outputs | Impact on Development | Overall Assessment |
|------------|----------------------------|----------------------------|--------------------------|---------------------------|--------------------------|-----------------------|
| Assessment | 1.5 | 1.5 | 1.5 | 1.5 | N.A | 1.5 |

7. Plan to Improve Performance of the Study

| Problem | Actions required | Responsible body | Schedule |
|--|--|---------------------|-------------------|
| 1. Slowness in preparing study documents | Coordination of the study must ensure the study starts as soon as possible | CCE | Before 30/09/2007 |
| 2. The government's counterpart funding for project financing is not mobilized for 2007. | Release of 2007 counterpart funds. | Government | Before 30/09/2007 |

B. SOCIAL SECTOR

Overview: Since the start of operations, the Bank has made the social sector one of its priorities, along with emergency interventions, in the country. In fact, as of 2002, the phase when all interventions were directed towards emergency humanitarian aid operations, two operations had been approved in the social sector. These were the (i) Health Project I – Eastern Province Healthcare Development Master Plan Support, and (ii) the Education Sector Support Project. The total amount for these two operations stands at UA 30.23 million, distributed as follows: UA 25 million for health and UA 5.23 million for education. As of June 30, 2007, the total amount disbursed for the social sector stood at UA 2.413 million, a disbursement rate of 8%. The average age of operations in the social sector is 3 years. General performance is unsatisfactory

B.1 The Health Project I - Eastern Province Healthcare Development
Master Plan Support – (PAPDDS)

| | | |
|---|---|--|
| Amount approved ADF loan: UA 20 million ADF Grant: UA 5 million Amount Cancelled: 0 | Total Cost: UA27.49 million Sources: ADF: UA 25 million Government : UA 2.49 million | Amounts disbursed ADF loan: UA 201 278 (1%) ADF grant: 0 |
| Approval Date ADF loan and grant: 17 March 2004 | Date of signature ADF loan and grant: 25 May 2004 | Date of effectiveness ADF loan and grant: 30 September 2005 Date of first disbursement: 8 June 2005 Deadline for last disbursement: 30 September 2010 |
| Date of closure: 30/09/2010 Number of supervision missions: 4 Date of last supervision mission: 04 to 22/06/2007 (mid-term review) | | Executing Agency: AfDB-PIU /BCECO |
| <u>Audit of account</u> : 2005 and 2006 audits are under way | | <u>Quarterly activity report</u> : 6 reports |
| <p>Objectives and description: The project addresses the general objective of the Health Development Master Plan to improve the health and social status of the populations and its specific objectives are in line with those pursued in the national strategy. The project's activities will be focused primarily in the Eastern Province and will seek to revitalize health zones and provide a coherent and functional world-class referral system. The project will comprise the following five components: (i) Strengthening of community mobilization in support of health; (ii) Disease control and protection of vulnerable groups; (iii) Improvement of the health infrastructure coverage; (iv) Capacity building at various levels within the Ministry of Health; and (v) Project management.</p> <p>The progress of the project is not outstanding considering that the disbursement rate is 1% three years after approval. Institutional problems affect the implementation of the project, especially the non-involvement of the Ministry of health in the implementation of project activities.</p> | | |

1. Fulfillment of conditions

Fulfillment of conditions precedent to the first disbursement: The project became effective 18 months after its approval by the Board, when all conditions precedent were deemed satisfactory. Performance is unsatisfactory

Fulfillment of general conditions: With respect to general conditions, quarterly progress reports are submitted regularly. In contrast, the first audit for 2005 and 2006 has just been launched; this is attributable to the low rate of disbursement. Performance is satisfactory.

Fulfillment of other conditions: Two of the other three conditions have not yet been met. The provision to the Bank, in the six months following the date of the first disbursement, of a copy of the ministerial instrument on the creation of new health zones in the Eastern Province; and the provision to the Bank three months prior to the invitation to bid for construction works, of evidence of the allocation of adequate land for the construction of new structures under the project. Performance is unsatisfactory.

2. Procurement Performance

The launching of the project was very slow because of the lack of experience of the AfDB/PIU in the implementation of health projects, and, in general, the prepared bidding documents were redone on the Bank's recommendation.

Procurement of goods and works: Bidding documents relative to the procurement of goods (various equipment, office supplies and equipment) have just been examined and our comments have been sent to the PIU. Concerning works, the recruitment process has just been launched. There was a delay in the launch of this activity. Performance is unsatisfactory.

Procurement of consultant services and technical assistance: The technical assistant that was planned for in the project will be replaced by a delegated contracting authority (maîtrise d'ouvrage déléguée—MOD) at the request of the government and with the approval of our Procurement Unit. Regarding the recruitment of local consultants, the process has made it possible to recruit them even though the procedures were initially not approved by the Bank. The analyses of the bids submitted by the AfDB/PIU were rejected for non-compliance with the rules of the evaluation report. Performance is unsatisfactory

3. **Financial Performance**

The delay in the commencement of project activities slowed down disbursement flows. The loan disbursement rate stands at 1%, while the grant rate is zero. No disbursement has been made since June 2005, almost 2 years ago, which qualifies the project for cancellation.

Availability of foreign exchange: The foreign costs will be covered by the loan and grant. However, needs must be re-evaluated after the restructuring of the project following the mission in June 2007. Performance is not satisfactory.

Availability of local currency: To date, there are no problems with local currency availability due to the low disbursement rates. Furthermore, despite the delay, the government has just made its contribution for 2006. Performance is satisfactory.

Disbursement flows To date, only one disbursement for the operating fund has been made. The request for the second operating fund sent to the Bank is in the process of approval. Performance is unsatisfactory.

4. **Activities and Achievements**

It seems unlikely that the implementation schedule will be adhered to given that not all project activities have started because of planned modifications in the initial project design.

Adherence to the Implementation Schedule: Despite the delay in project start-up, difficulties encountered during the launching of activities will have an impact on the implementation schedule, which will have to be reviewed during the mid-term review mission. Performance is unsatisfactory.

Performance of consultants or technical assistants: The recruitment process of the MOD who will replace the technical assistant has not yet been launched. Some local consultants are already working on the project. Performance is unsatisfactory.

Performance of firms: To date, no civil engineering contract has been awarded. Performance is unsatisfactory.

Performance of project management: The ToR of the AfDB/PIU in the management of social projects within BCECO is still to be clarified. The lack of expertise needed to support the PIU and the lack of communication with the technical ministries are factors that influence the implementation of social projects at BCECO. It is therefore very difficult to monitor project activities in the field. Performance is unsatisfactory

5. Development Objectives

Likelihood of attaining project objectives: If all planned activities are implemented, the project's impact in the Eastern Province will be noticeable, in particular, increased access to quality health care in the three health zones. Support for provincial programs to fight infectious diseases, especially HIV/AIDS, malaria, tuberculosis, and the expanded vaccination program will enhance the quality of primary health care. Performance is satisfactory.

Likelihood of achieving and sustaining benefits beyond the investment phase: The sustainability of project results will be guaranteed by the involvement of the beneficiary rural population in the implementation of the project, especially in the construction of health centers. Performance is satisfactory.

Likely contribution of project to an increase in institutional capacity: Many departments in the Health Ministry as well as the IMP in Kisangani must benefit from the project's support, which will strengthen their capacity. Performance is satisfactory.

6. Overall Assessment

| Indicators | Conditions/Commitments | Procurement Performance | Financial Performance | Activities and Outputs | Impact on Development | Overall Assessment |
|------------|------------------------|-------------------------|-----------------------|------------------------|-----------------------|--------------------|
| Assessment | 1 | 1 | 1.5 | 1 | 2 | 1.3 |

7. **Problems and Actions Required**

| Problem | Actions required | Responsible body | Schedule |
|--|--|--------------------------------------|--|
| <p><u>Institutional</u> Non-involvement of various departments of the Ministry of Health in the monitoring of activities.</p> | Formalize meetings of the Pilot Technical Committee, which will validate the action plan | Ministry of Health & AfDB /PIU | Hold one meeting per quarter |
| <p><u>Organizational</u> Absence of a project officer in the AfDB /PIU, appointed by the Ministry of Health.</p> | Formal transfer of a permanent senior staff of the Ministry of Health to the PIU to monitor project activities. | Ministry of Health & AfDB /PIU | Before 31 March 2007 |
| <p><u>Operational</u> Initial project design had not taken into consideration the overall environment of the Province, the immensity of the work, and services envisaged.</p> <p>The Bank's slowness in reviewing documents submitted by the PIU requesting a "no-objection" opinion.</p> | <p>Program a Bank mid-term review mission to restructure the project, while taking into account the physical environment of the health zones and the availability of local expertise capable of implementing the project.</p> <p>Reorganize the monitoring of project activities at the level of the Bank.</p> | <p>AfDB</p> <p>AfDB</p> | <p>Before 30 June 2007</p> <p>Done</p> |
| <p><u>Financial</u> Low rate of use of grant resources in the program to fight communicable diseases.</p> | Identify activities to be financed within the framework of national programs for the fight against priority diseases (AIDS/HIV, Malnutrition, Malaria, and Tuberculosis). | PIU/BCECO and the Ministry of Health | Before 30 June 2007 |

| <u>Evaluation of the Health Project I - Eastern Province Healthcare Development</u> <u>Master Plan Support</u> | | |
|--|-----------------|----------------|
| INDICATORS | RATINGS | |
| | Previous Report | Current Report |
| A. PROJECT IMPLEMENTATION | NA | |
| 1. Fulfillment of conditions precedent to the effective date of the loan | | 1 |
| 2. Fulfillment of general conditions | | 2 |
| 3. Fulfillment of other conditions | | 1 |
| B. PROCUREMENT PERFORMANCE | | |
| 1. Procurement of consultant services | | 1 |
| 2. Procurement of goods and works | | 1 |
| C. FINANCIAL PERFORMANCE | | |
| 1. Availability of foreign exchange | | 2 |
| 2. Availability of resources in local currency | | 2 |
| 3. Disbursement flow | | 1 |
| 4. Management/Costs recovery | | na |
| 5. Performance of co-financiers (if applicable) | | na |
| D. ACTIVITIES AND ACHIEVEMENTS | | |
| 1. Respect of implementation deadline | | 1 |
| 2. Performance of consultants and technical assistants | | 1 |
| 3. Performance of firms | | 1 |
| 4. Performance of project management | | 1 |
| E. IMPACT ON DEVELOPMENT | | |
| 1. Likelihood of attaining project objectives | | 2 |
| 2. Likelihood that benefits will be realized and sustained beyond the project's investment phase | | 2 |
| 3. Likely contribution of project to an increase in institutional capacity-building | | 3 |
| 4. Current rate of return | | na |
| F. OVERALL PROJECT ASSESSMENT | | |
| 1. Current | | 1.3 |
| 2. Future trend | | 1.8 |
| <p>Code: 3 = Highly satisfactory, no problems 2 = Satisfactory, a few problems, Bank should monitor 1 = Unsatisfactory. Problems. Bank should monitor closely, but no immediate action is required 0 = Highly unsatisfactory. Serious problems. Bank action required</p> | | |

B.2 Education Sector Support Project (ESSP)

| | | |
|--|--|---|
| Amount approved ADF grant: UA 5.23 million | Project cost: UA 5.50 million Sources: ADF: UA 5.23 M Govt: UA 0.27 M | Amount disbursed: ADF: UA 2,212 M (42.3%) ADF balance: UA 3,018 M |
| Date of approval: 17 March 2004 | Date of signature: 25 May 2004 | Date of effectiveness: 30/12/ 2004 Date of first disbursement: 9/03/2005 |
| End Date: 31/12/2009 Number of supervision missions: 6 Date of last supervision mission: 12 to 22/12/2006 | | Executing agency: BCECO |
| Audit of accounts: 2005 and 2006 Audits received | | Quarterly activity reports: 6 reports submitted |
| <p>Objectives and description of project: The project's sectoral goal is to contribute to the reconstruction of the Congolese educational system in order to attain Education For All objectives. The specific objectives are to (i) support the preparation of sectoral reforms, and (ii) strengthen institutional planning and sector management capacities. To attain these objectives, the project will be implemented through four components: (i) support for the preparation of sectoral reforms; (ii) introduction of an Education Management Information System; (iii) institutional planning, training and management capacity building and (iv) project management.</p> <p>The project's progress is satisfactory given the current commitment level of 50% after two years of activity.</p> | | |

1. **Compliance with conditions**

Fulfillment of conditions precedent to the date of effectiveness and first disbursement. The project was approved on 17/03/2004 and the memorandum of understanding signed on 25/05/2004 (date of effectiveness of the grant). Conditions for the first disbursement were met on 30/12/2004, 8.5 months after approval.

Compliance with general conditions: Since the commencement of activities, quarterly activity reports have been regularly prepared and forwarded to the Bank. In general, they are of good quality and reflect the progress of the project. Project accounts for 2005 have also been audited and forwarded to the Bank. The 2006 audit is being prepared.

Compliance with other conditions. The memorandum of understanding includes one "other condition" relating to the inclusion of resources for the maintenance of the Education Management Information System (SIGE) in the annual budget. This condition is valid as of 2008, after the establishment of SIGE.

Overall performance is satisfactory

2. **Procurement Performance**

Procurement of consultant services: The procurement of services, namely, long-term technical assistance (UNESCO for the implementation of SIGE and for various training) and consultants for various services (studies and supervision of rehabilitation works, thematic studies) was done in line with the Bank's rules of procedure contained in the appraisal report and in the memorandum of understanding. Performance is satisfactory.

Procurement of goods and works: The same is true for the procurement of goods and works. There were no modifications to the planned method of procurement. Thus, 4 vehicles were acquired through IAPSO, local competitive bidding is under way for rehabilitation work on the planning directorates of the three ministries involved, and computer and office equipment for the PIU were acquired through local shopping. Local competitive bidding for the purchase of computer equipment for SIGE and other structures has been completed.

Bidding documents and technical specifications relating to services, works and goods are well prepared. However, delays were noted in the evaluation of bids and adjudications, and the signing of contracts. No rejections of bid award proposals have been recorded so far. Overall performance is satisfactory.

3. Financial Performance

Availability of foreign exchange: The total cost of the project, excluding taxes and customs duty, is estimated at UA 5.50 million (US\$7.92 million) at the December 2003 exchange rate, of which UA 4.59 million (83.45%) in foreign exchange and UA 0.91million (16.55) in local currency. The cost is jointly financed by ADF and the government up to 95% and 5%, respectively. The full foreign exchange cost is covered by the Bank. There were no problems related to foreign exchange availability. Performance is satisfactory.

Availability of local currency: The assumption by the ADF of responsibility for part of the expenditure in local currency was appropriate because of the procurement of some works and goods that are locally produced and the need to finance some operating expenses. Local currency costs account for 16.55% of total project costs and are covered by the ADF and the government. The Bank's contribution to the operating fund is regular, in line with requests transmitted by the government, and has made available enough local currency. The government has also paid its contribution to operating costs and other categories of expenses. Performance is satisfactory.

Disbursement flows: There is a time overrun on the initial schedule. The last disbursement is planned for 31/12/2009. The disbursement rate is somewhat low (40%) after two years of implementation. This is mainly due to delays in the implementation of some planned activities because of reasons related to the national context. However, the commitment level exceeds 50%.

Management and cost recovery: There is nothing to report on this front.

Performance of co-financiers: There were no other co-financiers, with the exception of the government.

Overall performance is satisfactory

4. Activities and Outputs

Adherence to the Implementation Schedule. The 3-year project was approved in March 2004 and started operations in 2005. After more than 2 years of implementation, the disbursement rate stands at 40%. The physical implementation rate is estimated at 30%. Performance is unsatisfactory.

Performance of consultants and technical assistants: The project is benefiting from UNESCO services within the framework of the two contracts. Service delivery is satisfactory overall. However, services were affected by disruptions relating to the national context. Services delivered by the consulting firm under the framework of the 2005 audit and the preparation of architectural studies for the rehabilitation works and the ongoing thematic studies are, in general, satisfactory.

Performance of firms: There is nothing to report at this stage. These services will be provided within the framework of rehabilitation works for which local competitive bidding is underway.

Project Management Performance: Under PASE, the following positions are planned to support the PIU coordinator with project management: an administrator-manager, a training specialist, and an accountant. In general, the performance of the PIU is satisfactory. However, the administrator-manager has resigned and needs to be replaced.

5. **Impact on development**

Likelihood of attaining project objectives: The sectoral objective of the project is to contribute to the reconstruction of Congo's education system in order to attain EFA objectives. More specifically, the project aims to (i) support the preparation of sectoral reforms and (ii) strengthen institutional planning capacities and sector management. Ongoing sector studies, internal and external training for senior staff of 3 beneficiary ministries, the implementation of the Technical Unit for Educational Statistics and ongoing statistics collection activities, constitute important steps towards the achievement of these objectives. The implementation of the recommendations of the institutional audits of planning structures will increase the access of all girls and boys—of school going age, attending school, not attending school, or dropouts—to quality education in the formal or informal education system. This will be further strengthened by taking into account the conclusions of ongoing thematic studies, the strengthening of administrative and pedagogic management capacity through long training courses, the restraining of managers of central and decentralized structures of the three ministries as well as of inspectors and teachers. The project is therefore on track towards attaining its objectives despite delays at start-up.

Likelihood of attaining and sustaining benefits beyond the project's investment phase. The activities mentioned above are aimed at strengthening institutional capacity, the basis for sustainability of all future actions aimed at developing the sector. By their nature, these capacity-building activities promote the sustainability of benefits beyond the investment phase.

Likely contribution of project to strengthening of institutional capacity: This is essentially an institutional capacity building project: implementation of an Education Management Information System (SIGE); rehabilitation and equipment of planning structures of 3 sectoral ministries, implementation of thematic studies for the formulation of sectoral reforms; training of senior staff at the central and decentralized levels, in planning and school statistics; training of teaching, and management as well as pedagogic controls staff. The project's contribution to institutional capacity building is therefore effective.

6. **Overall Performance Evaluation:** Based on the assessment of indicators presented below, it can be concluded that overall performance is satisfactory (2.1).

| Indicators | Compliance with conditions | Procurement Procedures | Financial Performance | Activities and Outputs | Impact on development | Overall assessment |
|------------|----------------------------|------------------------|-----------------------|------------------------|-----------------------|--------------------|
| Assessment | 2 | 2 | 2 | 2 | 2,5 | 2,1 |

7. Problems and Actions Required

| Problem | Actions required | Responsible body/Schedule |
|--|---|---------------------------|
| For various reasons (instability at the level of ministries, change of appointed senior staff, etc.), the Technical Committee for Monitoring project activities chaired by the Minister of Primary, Secondary, and Professional Education, created by Ministerial order, is not yet operational. | Following general elections, new ministries were set up in early 2007. The Minister of Primary, Secondary, and Technical Education should convene this committee regularly. The first meeting took place on 23/04/2007. | MEPSP – 2007 |
| Proposal to decentralize the management of services offered by UNESCO under the framework of the 2 contracts. | The issue will be jointly examined by the government, UNESCO and the Bank's mid-term review, which will take place in August 2007. | August 2007 |

| <u>Education Sector Support Project (PASE)</u> | |
|---|--------|
| INDICATORS | RATING |
| A. PROJECT IMPLEMENTATION | |
| 1. Compliance with conditions precedent to loan effectiveness | 2 |
| 2. Compliance with general conditions | 2 |
| 3. Compliance with other conditions | - |
| B. PROCUREMENT PERFORMANCE | |
| 1. Procurement of consultancy Services | 2 |
| 2. Procurement of Goods and Works | 2 |
| C. FINANCIAL PERFORMANCE | |
| 1. Availability of foreign exchange | 3 |
| 2. Availability of local currency | 2 |
| 3. Disbursement flows | 2 |
| 4. Management/Cost recovery | 2 |
| 5. Performance of co-financiers (if applicable) | - |
| D. ACTIVITIES AND OUTPUTS | |
| 1. Adherence to implementation schedule | 1 |
| 2. Performance of consultants or of technical assistants | 2 |
| 3. Performance of contractors | - |
| 4. Performance of project management | 2 |
| E. IMPACT ON DEVELOPMENT | |
| 1. Likelihood of achieving project objectives | 2 |
| 2. Likelihood that benefits will be realized and sustained beyond the investment stage of the project | 2 |
| 3. Likely contribution of the project towards an increase in institutional capacity | 2 |
| 4. Current Rate of Return | 3 |
| | - |
| F. OVERALL ASSESSMENT OF PROJECT | |
| 1. Current | 2,03 |
| 2. Future trend | 2,25 |
| Code: 3 = Highly satisfactory, no problems 2 = Satisfactory, a few problems, Bank should monitor 1 = Unsatisfactory. Problems. Bank should monitor closely, but no immediate action is required 0 = Highly unsatisfactory. Serious problems. Bank action required | |

C. TRANSPORT SECTOR

General Overview. In the transport sector, there is only one ongoing project (road transport), with total Bank financing of UA 52.45 million. The project represents 23.6% of the Bank's ongoing portfolio in DRC. No disbursement has been made, but the first procurements under the project are being finalized, despite a disruption of about 6 months in the activities of the infrastructure unit in 2006. Overall, the performance of the implementing agency is deemed satisfactory. The expected disbursement rate at end-December 2007 is 20%, comprised essentially of advances for start-up in the context of awarded contracts (technical assistance, principal contractor, firms, etc.).

C.1 NSELE-LUFIMI AND KWANGO-KENGE ROADS REHABILITATION PROJECT

| | | |
|---|--|--|
| Amount of grant: UA 52,45 M Amount cancelled: 0 | Total Cost: UA 58,28 M Sources: ADF: UA 52,45 M Gvt + Beneficiary. : UA 5.83 UC | Amount disbursed: 0 |
| Date of Approval: 19/12/2005 | Date of Signature: 29/12/2005 | Date of effectiveness: 29/12/2005 Date of fulfillment of conditions precedent to first disbursement: 29 June 2007 Date of first disbursement: August 2007 (expected) |
| Date of closing: 31/01/2010 Number of supervision missions: 2 Date of last supervision mission: 10 to 15 March 2007 | Executing agency: Infrastructure Unit in the Ministry of Public Works, Infrastructure and Reconstruction | |
| Auditing of accounts: Not yet required | Quarterly status reports presented to the Bank: 1 | |
| <p>Objective and description: The objective of the project is to (i) open up the Bandundu, West Kasai, and East Kasai provinces as well as the City of Kinshasa and improve the living conditions of the populations; (ii) strengthen the technical and operational capacities of structures in charge of the road sub-sector; and (iii) Determine the optimal solution for improving the "Loange - Mbuji Mayi" road.</p> <p>The main components are (a) Rehabilitation of the Nsele-Lufimi Road (94.58 km) and Kwango-Kenge Road (72.8 km) and supervision of works as well as raising the awareness of the populations; (b) institutional support comprising technical assistance, training and equipment with office furniture; (c) Loange-Mbujimayi road (601 km) upgrading study; and (d) audit of accounts.</p> <p>Progress report: Project start-up was in June 2006 and effective launching of works is planned for the second half of 2007. By end-June 2007, the following activities had been completed:</p> <ul style="list-style-type: none"> - Publication of the AfDB General Procurement Notice for the procurement of services on January 31, 2006 - Technical assistance was recruited and started offering services on June 16, 2007. - Procurement of works <ul style="list-style-type: none"> ➤ Publication of the notice of pre-selection of firms on 16 October 2006 ➤ the Bank's "no-objection" to the list of firms selected obtained on 31 January 2007 ➤ Six enterprises were preselected. They will be consulted during the month of July 2008 after approval of the consultation file, which is currently under review. - Procurement of services for control and supervision of works <ul style="list-style-type: none"> ➤ Publication of the notice of pre-selection of offices for the control of works on 31 October 2006. ➤ The consultation of pre-qualified offices has been completed. The consultation of pre-qualified offices has been launched. Offers will be received on 31 August 2007. - Procurement of account auditing services: the consultation of short listed auditing firms will take place during July 2007. | | |

1. Compliance with conditions

Conditions precedent to the first disbursement: The conditions precedent to disbursement have all been met, namely (a) the provision to the ADF of evidence of the appointment of a Project Coordinator; and (b) the provision to the ADF of evidence that a special account has

been opened to receive counterpart funds, and that an initial payment, corresponding to a quarter of the counterpart amount for the first year, has been made into this account. However, these conditions were satisfied after more than 12 months. Because of the delay in launching the project, performance is deemed unsatisfactory.

General conditions: Since the start of the project, only one progress report has been submitted to the Bank. The quality of this report is deemed satisfactory, but report production frequency needs to be improved. The performance of this condition is unsatisfactory.

Other conditions: These conditions include the provision to the Fund, no later than 30 June 2007, of a copy of the law establishing the RMF as well as a copy of the decree relative to the application of the said law. This condition has not yet been fulfilled, even though the government recently approved, on June 12, 2007, the relevant bill. This bill was submitted for review by parliament at its extraordinary session during the month of July 2007. The performance of this condition is deemed unsatisfactory.

2. Procurement performance

Consultants' services: A technical assistant has been recruited and started delivering services in June 2007. The Bank's relevant rules of procedure were respected.

Procurement of goods and services: The list of pre-selected firms has been approved by the Bank and the contractor's shortlist file is being finalized to be launched during July 2007. The Bank's relevant rules of procedure were respected.

3. Financial performance

Availability of resources in foreign exchange and local currency (contribution of the government and of co-financiers). The provision of the special account (one quarter of the government's contribution during the first year) planned for September 2006 was only done in January 2007. The government should take the necessary measures to ensure regularity in the payment of the national counterpart funds. Performance was deemed satisfactory.

Disbursement flows: No disbursements have been made, with the exception of the first part of the counterpart funds released by the government. Performance is deemed unsatisfactory.

Cost management /Recovery (in compliance with the budget framework): the cost of the first procurement (technical assistance) is in line with the planned allocation.

Performance of co-financiers: not applicable

4. Activities and Works

Adherence to implementation schedule: There was a 6- month slippage in the projected project implementation schedule presented in the appraisal report owing to operating difficulties experienced by the infrastructure unit during the first half of 2006. Performance is not satisfactory.

Performance of consultants and of technical assistants: The technical assistance services started in June 2007. Performance will be assessed when the first activity report is submitted (end-September 2007).

Performance of firms: No contract has been awarded for works

Project management performance: the infrastructure unit, the project executing agency, provides adequate project management services. Procurement documents prepared comply with standard Bank documents and their quality is satisfactory.

5. Development objectives

Likelihood of achieving project objectives: despite the 6-month slippage, the achievement of all the components of the project should ensure the achievement of the targeted objectives.

Likelihood that benefits will be realized and sustained beyond the project. The sustainability of project actions will be guaranteed notably through the establishment of the road management fund, which will finance in an efficient and sustainable manner the maintenance of rehabilitated infrastructures.

Likely contribution of the project to capacity building. The project will help strengthen the capacity of the units in the ministry and the structures responsible for roads through the training of 90 senior staff.

Expected rate of return: the margin of economic viability of the project is not affected by the 6-month slippage in the project schedule. It is estimated that this delay can be offset given the strong management and control capacities of the infrastructure unit and the quality of the firms short listed for road works.

6. Overall assessment of project performance

| Indicator | Conditions/ Commitments | Procurement Performance | Financial Performance | Activities and outputs | Impact on Development | Overall Assessment |
|------------|----------------------------|----------------------------|--------------------------|---------------------------|--------------------------|-----------------------|
| Evaluation | 1.5 | 2 | 1.5 | 1.5 | 2.5 | 1.8 |

7. **Problems and actions required**

| Problem | Action required | Responsible body | Schedule |
|--|---|--|--|
| Ensure the functioning of the infrastructure unit during the entire project period | Responsibility for the basic operation of the infrastructure unit assumed by the Trust Fund set up by the Dfid, the EU and the World Bank for five years under the PRO ROUTES project | MITPR, donors (DFID, World Bank, EU). | August 1, 2007. Current responsibility assumed by the Belgian (CTB) and UK (DFID) cooperation agencies. |
| Provisional status of technical staff of the infrastructure unit | Confirm positions of key technical staff of the unit | MITPR, donors | July 2007 |
| Delays in the payment of national counterpart contributions | Establishment by the government of a schedule for the payment of counterpart funds until the end of the project | MITPR, Ministry of Budget, Ministry of Finance | End-July 2007 |
| Financing the maintenance of the rehabilitated roads | Establishment of the Road Maintenance Fund (<i>Fonds d'Entretien Routier</i>) | MITPR, Ministry of Finance | December 2007 |

MITPR: Ministry of Infrastructures, Public Works and Reconstruction

| ASSESSMENT OF THE NSELE – LUFIMI ET KWANGO – KENGE ROADS REHABILITATION PROJECT | | |
|---|-----------------|----------------|
| INDICATORS | RATINGS | |
| | Previous Report | Current Report |
| A. PROJECT IMPLEMENTATION | NA | |
| 1. Compliance with conditions precedent to loan effectiveness | | 1 |
| 2. Compliance with general conditions | | 2 |
| 3. Fulfillment of other conditions | | 1 |
| B. PROCUREMENT PERFORMANCE | | |
| 1. Procurement of consultancy Services | | 2 |
| 2. Procurement of goods and works | | 2 |
| C. FINANCIAL PERFORMANCE | | |
| 1. Availability of foreign exchange | | 2 |
| 2. Availability of local currency | | 2 |
| 3. Disbursement flows | | 1 |
| 4. Management/Cost recovery | | 2 |
| 5. Performance of co-financiers (if applicable) | | NA |
| D. ACTIVITIES AND OUTPUTS | | |
| 1. Adherence to implementation schedule | | 1 |
| 2. Performance of consultants or of technical assistants | | NA |
| 3. Performance of firms | | NA |
| 4. Performance project management | 2 | |
| E. IMPACT ON DEVELOPMENT | | |
| 1. Likelihood of achieving project objectives | 3 | |
| 2. Likelihood that benefits will be realized and sustained beyond the investment stage of the project | 3 | |
| 3. Likely contribution of the project towards an increase in Institutional Capacity | 3 | |
| 4. Current Rate of Return | 2 | |
| F. OVERALL ASSESSMENT OF PROJECT | | |
| 1. Current | 1.8 | |
| 2. Future trend | 2,0 | |
| <p>Code: 3 = Highly satisfactory, no problems 2 = Satisfactory, a few problems, Bank should monitor 1 = Unsatisfactory. Problems . Bank should monitor closely, but no immediate action is required 0 = Highly unsatisfactory. Serious problems. Bank action required</p> | | |

D. MULTISECTOR

D.1 INFRASTRUCTURE SECTOR

General Overview: In the multisector, a multisectoral infrastructure project is currently underway, amounting to UA 27 million, or 30.68% of the Banks' current portfolio. The PMURIS (Emergency Multisectoral Socio Economic Infrastructure Rehabilitation Project), comprises two components: the rehabilitation of water infrastructure and sanitation in Kinshasa and Boma and a social infrastructure rehabilitation component. The total amount disbursed as at 30 June 2007, stood at UA 4.32 million, or 16% of the total loan amount. This operation is more than 4 years old. Appraised in an emergency context, when the country was emerging from a crisis, without adequate preparation, the project encountered many difficulties at start-up. These difficulties included, among others, the lack of studies for some components, the impossibility of conducting field visits during appraisal because of insecurity; frequent changes of the project's task managers within the Bank. The difficulties encountered during execution led to permanent modification of its implementation, which further delayed its execution, resulting in a physical execution rate of about 16%. Nonetheless, on completion, PMURIS will have a significant impact on the health and well being of the populations in Kinshasa and around Boma.

EMERGENCY MULTISECTOR SOCIO-ECONOMIC INFRASTRUCTURE REHABILITATION PROJECT(PMURIS)

| | | |
|--|--|---|
| Loan Amount: UA 27.00 M Amount cancelled: 0 | Total Cost: UA 30.0 M Sources: AfDB: UA 27.00 M Gvt + Benef.: UA 3.0 M | Loan Amount disbursed: UA 4.322 M (16 %) Loan Balance: UA 22.678 M |
| Date of approval | Date of signature: 04/06/2003 | Date of entry into effectiveness and fulfillment of conditions for first disbursement: 03/02/2004 Date of first disbursement: 28/09/2004 |
| Closing date: 30/04/2007 extended to 31/12/2008 Number of supervision missions: 5 Date of last supervision mission: 03/03/2007 | Executing agency: BCECO – AfDB/PIU | |
| Auditing: 2004, 2005 and 2006 audits ongoing | Quarterly status reports submitted to Bank on a regular basis | |
| <p><u>Objective and description</u> The project aims to launch the economic rehabilitation and reconstruction process while ensuring long term sustainability. Its main components are: (a) rehabilitation of clean water supply systems, (b) sanitation and erosion control, (c) rehabilitation of economic and social infrastructure, and (d) project management.</p> <p><u>Progress report:</u> The overall rate of progress of the project is estimated at about 16%. The completion date has been postponed to end-2008.</p> <p>Regarding the Boma AEP, a topographical survey was conducted in the field and implementation plans are about 80% complete; the rehabilitation of offices and the stabilisation of access roads to reservoirs are underway. In M'Passa, three boreholes out of four have been completed and one living area out of four is under construction. Regarding the PNA/ACCCO component , the removal of trash in Matete is close to 80% completed, the removal of sand from alleyways has begun as well as the collection of solid waste in a pilote phase in 10 districts of Kinshasa. Regarding erosion control in Kisenso, the invitation to bid has been sent to the Bank. The study on the control of disease vectors of has been launched and surveys are 90% completed. The PNA/ACCCO training has not begun.</p> | | |

The contract for the rehabilitation of health services in Kinshasa has been awarded but execution has not begun. Regarding the rehabilitation of blood banks, the successful bidding firm is in the process of deployment. Out of a total of 6 school complexes, only one has recently been rehabilitated and invitations to bid for the other schools have been published again. Rehabilitation works for the six social action infrastructures are underway. IGIP the consultant which supervises and controls works, has been deploying with the opening of worksites and the launching of studies.

To speed up project implementation, the government requested that the Bank revise the list of goods and services in order to ensure the completion by December 2008 of the components that would have been launched. A proposed amendment of the PARISI contract to allow it to procure supplies in larger quantities in 2007 and facilitate supply of the Boma sites was made by the government to increase the project's disbursement rate.

1. Fulfillment of Conditions

Fulfillment of conditions precedent to entry into force and to first disbursement: all conditions for the entry into force and precedent to the first disbursement were fulfilled and the loan came into force and was declared effective on 03/02/2004, that is, after 14 months. The fulfillment of these conditions is deemed averagely satisfactory.

Fulfillment of general conditions: Quarterly progress reports are regularly transmitted to the Bank and within deadlines. No audit report has been submitted, since the recruitment of the auditing firm is ongoing. The preparation of the invitation to bid for the recruitment of the auditing firm was the subject of several exchanges between the Bank and the country, exchanges that lasted over a year. Compliance with this condition is deemed unsatisfactory

The other condition concerning the submission no later than 30 April 2003 of the Environmental and Social Management Plan has not yet been fulfilled. The government has been requested to fulfill this condition as quickly as possible, to avoid suspension of disbursements. The deadline for fulfilling this condition was not respected.

2. Procurement Performance

Overall, procurement performance was deemed unsatisfactory. The BCECO complies with procedures, but it needs to make improvements regarding deadlines, especially at the Bank level. It takes much too long for documents to be processed within the Bank. Procurement performance is deemed unsatisfactory.

Consultants services: Regarding the recruitment of consultants, the recruitment of the international procurement expert for the AfDB/PIU is still pending. The preparation and presentation of the call for manifestation of interest took too long, essentially because of the BCECO. Performance is deemed unsatisfactory

Procurement of goods and works: In general, procurement of goods and works experienced some difficulties at the outset because of the preparation and approval of the invitation to bid. It should also be noted that the prevailing political situation in the country in the past six months delayed the effective launching of the Boma AEP, which represents about 30% of the loan, the contract of which was signed in November 2006. Performance is deemed unsatisfactory.

3. Financial Performance

Availability of financial resources (contribution of the government and of co-financiers): In the report, UA 3 million, about US\$ 4 million is noted as the government's contribution to the project. By 30 June 2007, the state had paid US\$ 500 663,00 and a request for US\$ 1.174.000 is being processed for payment. The government's performance in terms of payment of counterpart funds is unsatisfactory.

Availability of foreign exchange resources: The loan can cover foreign exchange needs without difficulty. Performance is deemed satisfactory.

Disbursement flows: The disbursement rate is low. Project implementation analyses shows that this stems from several factors: (i) the late effectiveness of the loan, (ii) constraints encountered in implementing the project because of the failure to communicate appraisal report and field data; (iii) delays in making the AfDB-PIU operational and general bottlenecks within BCECO; and (iv) long processing delays within the Bank. Hence, tensions about financial resources persist both within the AfDB-PIU and at work sites, because of the slow rate of disbursements, attributable both to the bank (contract data not yet entered in the system, slow disbursements) and to the weaknesses of the Congolese banking system. Performance is deemed unsatisfactory.

4. Activities and works

Adherence to the implementation schedule: The project implementation schedule was not respected. The initial closure date expired at the end of April 2007, whereas the project implementation rate is below 16 %. Performance is rated highly unsatisfactory.

Performance of consultants and technical assistants: The performance of the consultant in charge of supervising and controlling works as well as that of the consultant who conducted the Kiseno anti erosion study is deemed satisfactory overall. Other consultants have not begun their work.

Performance of firms: Two government departments works on force account, the SNHR for the Mpasa AEP and the SNHR for the collection of trash in Kinshasa. Their performance is deemed unsatisfactory.

Performance of project management: The performance of the AfDB-PIU, which manages the project, is deemed weak.

5. Development objectives

Likelihood of achieving project objectives: The implementation of all project activities will result in the attainment of project objectives. In spite of the delays in project execution, the likelihood of achieving objectives remains high.

Likelihood that benefits will be achieved and sustained well beyond the project: the awareness-raising efforts that have been made will help sustain the positive impact of the project beyond the implementation phase. It is deemed acceptable.

Likely contribution of the project to institutional capacity building The project will help strengthen the capacity of PNA/ACCCO, SNHR, the Ministry of Health, national firms with regard to works, consultancies involved in conducting studies and the BCECO with regard to project management. It is deemed satisfactory.

6. Overall Performance Assessment

| Indicator | Conditions/ Commitments | Procurement Performance | Financial Performance | Activities and output | Impact on development | Overall Assessment |
|------------|----------------------------|----------------------------|--------------------------|--------------------------|--------------------------|-----------------------|
| Evaluation | 1 | 1 | 1.5 | 1.5 | 2 | 1.25 |

7. Problems and actions required

| Problem | Action required | Responsible body | Schedule |
|--|--|-----------------------------|---|
| Non fulfillment of the other condition concerning the ESMP | Ask the government to complete the funding of the ESMP | Ministry of the Environment | 15 May 2007 End of study (Not done) |
| Delay in launching the Boma worksite. | Request PARISI to start work | BCECO | 31 March 2007 (done) |
| Need to improve sanitation in Matete | Examine the possibility of financing cleaning of sewers in the neighbourhood within the framework of revising the list of goods and services | IGIP/BCECO/AfDB | 31 May 2007 (not done) |
| Delays in Mpsa AEP works | Complete remaining boreholes and living places, while ensuring respect of acceptable technical standards. | SNHR/ AfDB | September 2007 (not done) |
| Need to review the list of goods and services | Examination and approval of the request | BCECO/ AfDB | 20 March 2007 (done) |
| Deadline for last disbursement expires on 30/04/2007 | Review and approve request for extension of the deadline for the last disbursement | AfDB | 31 March 2007 (done) |
| Lack of coordination at Bank level between the social and the infrastructure aspects of the project | Effective implementation of coordination of the departments involved in the project | AfDB | Immediate Joint Supervision Mission in July 2007 |
| Difficulties in paying for small contracts | Introduction of a simple method for the payment of these contracts | AfDB | With effect from 17/04/07 (system in place) |
| Delay in recruitment of new procurement expert following departure of the first expert in October 2006 | Launch procedure to recruit an international procurement expert | BCECO | To be done before 15/06/07 (not done)) |
| Audits for 2004/2005/2006 not conducted. | Recruitment of auditor underway | BCECO | To be done before end of June 2006 (not done) |

| EMERGENCY MULTISECTOR SOCIO-ECONOMIC INFRASTRUCTURE REHABILITATION PROJECT (PMURIS) | | |
|--|-----------------|----------------|
| INDICATORS | RATINGS | |
| | Previous Report | Current Report |
| A. PROJECT IMPLEMENTATION | | |
| 1. Compliance with conditions precedent to loan effectiveness | | 2 |
| 2. Compliance with general conditions | | 1 |
| 3. Compliance with other conditions | | 1 |
| B. PROCUREMENT PERFORMANCE | | |
| 1. Procurement of Consultancy Services | | 1 |
| 2. Procurement of goods and services | | 1 |
| C. FINANCIAL PERFORMANCE | | |
| 1. Availability of foreign exchange | | 2 |
| 2. Availability of local currency | | 1 |
| 3. Disbursement flows | | 1 |
| 4. Management/cost recovery | | - |
| 5. Performance of co-financiers (if applicable) | | - |
| D. ACTIVITIES AND OUTPUTS | | |
| 1. Adherence to implementation schedule | | 1 |
| 2. Performance of Consultants or of Technical Assistants | | 2 |
| 3. Performance of Contractors | | 1,5 |
| 4. Performance of Project Management | | 1,5 |
| E. IMPACT ON DEVELOPMENT | | |
| 1. Likelihood of achieving project objectives | | 2 |
| 2. Likelihood that benefits will be realized and sustained beyond the investment stage of the project | | 2 |
| 3. Likely contribution of the project towards an increase in Institutional Capacity | | 2 |
| 4. Current Rate of Return | | - |
| F. VERALL ASSESSMENT OF PROJECT | | |
| 1. Current | | 1,25 |
| 2. Future trends | | 1,8 |
| Code: 3 = Highly satisfactory, no problems 2 = Satisfactory, a few problems, Bank should monitor 1 = Unsatisfactory. Problems . Bank should monitor closely, but no immediate action is required 0 = Highly unsatisfactory. Serious problems. Bank action required | | |

| ASSESEMNT OF THE MULTISECTOR PROJECT FOR EMERGENCY SOCIO ECONOMIC INFRASTRUCTURE REHABILITATION (PMURIS) | | |
|---|-----------------|----------------|
| INDICATORS | RATINGS | |
| | Previous Report | Current Report |
| A. PROJECT IMPLEMENTATION | | |
| 1. Compliance with conditions precedent to loan effectiveness | | 2 |
| 2. Compliance with general conditions | | 1 |
| 3. Compliance with other conditions | | 1 |
| B. PROCUREMENT PERFORMANCE | | |
| 1. Procurement of Consultancy Services | | 1 |
| 2. Contracting for goods and works | | 1 |
| C. FINANCIAL PERFORMANCE | | |
| 1. Availability of foreign exchange | | 2 |
| 2. Availability of local currency | | 1 |
| 3. Disbursement flows | | 1 |
| 4. Cost/Recovery management | | - |
| 5. Performance of co-financiers (if applicable) | | - |
| D. ACTIVITIES AND OUTPUTS | | |
| 1. Adherence to implementation schedule | | 1 |
| 2. Performance of Consultants or of Technical Assistants | | 2 |
| 3. Performance of Contractors | | 1.5 |
| 4. Performance of Project Management | | 1.5 |
| E. IMPACT ON DEVELOPMENT | | |
| 1. Likelihood of achieving project objectives | | 2 |
| 2. Likelihood that benefits will be realized and sustained beyond the investment stage of the project | | 2 |
| 3. Likely contribution of the project towards an increase in Institutional Capacity | | 2 |
| 4. Current Rate of Return | | - |
| F. OVERALL ASSESSMENT OF PROJECT | | |
| 1. Current | | 1.25 |
| 2. Future trends | | 1.8 |
| <p>Key: 3 = Highly satisfactory, no problems 2 = Satisfactory, a few problems, Bank should monitor 1 = Unsatisfactory. Problems. Bank should monitor closely, but no immediate action is required 0 = Highly unsatisfactory. Serious problems. Bank action required</p> | | |

D.2 MACRO-ECONOMIC REFORMS AND GOOD GOVERNANCE

General overview: In the area of macro economic reforms and good governance, two capacity building projects are underway (PAIM and PARER) for a total financing amount of UA 6.23 million, or 3.5% of the current portfolio. On 30 June 2007, the total amount disbursed stood at UA 2.590.616 million, a disbursement rate of 41%. The average age of projects is 3.7 years. Given the delays registered, the deadline for the last disbursement for both projects was extended by one year, that is, until 31 December 2007.

D.2.1 Multisector Institutional Support Project (PAIM)

| | | |
|--|---|--|
| Grant Amount: UA 3.230 M | Total cost: UA3.40 M Funding: <ul style="list-style-type: none"> • ADF: UA 3.230 M • Gvt: UA 0.170 M | Grant amount disbursed: UA 1.359.779,33 (42 %). Balance: UA 1.870.220,67 |
| Date of approval: 13/11/2002 | Date of signature: 4/06/2003 | Date of entry into effectiveness and fulfillment of conditions precedent to first disbursement: 01/10/2003 Date of first disbursement: 25/02/04 |
| Closing date: extended to 31/12/2007 Number of supervision missions: 5 Date of last supervision: 16 to 24 /03/07 | Executing Agency: BCECO – AfDB/PIU | |
| Audit of accounts: All audit reports received. Last audit report for 2006 received in June 2007 Report for FY 2006 forwarded to the Bank | Activity reports forwarded to the Bank: 9 reports | |
| <p><u>Objectives and description:</u> The project aims to strengthen the development management capacity of the government in the context of the implementation of a poverty reduction policy. The three components are as follows: (a) strengthen capacity to formulate, implement, and monitor macro economic and sectoral policies; (b) strengthen capacity to prepare and monitor-execute the public investment program and the implementation of the PMURIS, and; (c) improve the institutional and regulatory environment for private sector development.</p> <p><u>Status report:</u> The implementation of the project experienced delays, because of the weak capacity of the beneficiary institutions of the project to articulate training needs and draft related ToR. Due to this delay, the deadline for the last disbursement of the project was extended from 31 December 2006 to 31 December 2007. The age of the project is 3 years 6 months. A second modification was signed with BDPA to enable the assistant to continue work.</p> | | |

1. Compliance with conditions

Fulfillment of conditions precedent to effectiveness and to disbursement: the conditions have been fulfilled, but with delays.

Fulfillment of general conditions: The quarterly reports are usually of satisfactory quality and audit reports have been submitted.

Fulfillment of other conditions: Nothing to report.

2. Procurement Performance

In general, the Bank's rules of procedure were respected. However, numerous delays were noted in the preparation and processing of invitations to bid. Costs are usually overvalued and several invitations to bid are inconclusive, due in part to the information weaknesses in companies and consultancies. Several approved contracts were also signed and implemented late.

Consultants' services. International technical assistants and their counterparts have been recruited. The project experienced difficulties with the recruitment of experts for the PIP because of the scarcity of such experts on the market. A contract was signed in September 2004 with BDPA France to provide the government with two experts in project management and public investment programming for an initial 20-month period. The contract amounted to US\$ 527,124. Because of the delays in the implementation of the project, a first amendment in the amount of US\$ 124,125 was signed, with the approval of the Bank, to enable the technical assistants (two international consultants and 4 locals) to carry on their work until 31 December 2006. On 29 January 2007, the Bank received another request from the government for the signature of a second modification in the contract with BDPA to allow the technical assistants to pursue work for three additional months, and extend the contract of three of the four local consultants to the end of the project in December 2007. Because of the 2006 political schedule (various elections), which contributed to the delay in project execution, in particular, the implementation of public investment programming activities and preparation of sectoral planning policies, the Bank approved the request for amendment on 1 April 2007. The experts resumed their activities on 1 April 2007. The total duration of the second modification is 6 person months for the international consultants that the government intends to use with flexibility depending on the programming of its activities. The three consultants who are covered by counterpart funding, shall continue their activities to the end (closure of the project) . Training and workshops. Achievements are as follows: three training sessions and one trip to South Africa. Four other training sessions are planned. In general, there have been delays in training. In December 2006, the commitment rate in this area was only 22%. Since then, two other "no objection" notices have been issued for further training in information technology and for a seminar on national debt analysis and management.

Study Fund. The pre-investment fund has been used up to now to finance 3 studies (PROMIDEL feasibility study, PARSAR Environmental Management Plan, and AEPA technical studies within the framework of support to PEMERUS). A "no objection" notice was issued for the financing of an AEPA topographic study in rural and peri-urban areas, to be carried out by REGIDESO. Auditing. All planned audit missions were carried out.

Procurement of goods. Most equipment has been procured. The rest is underway. However, invitations to bid had to be published several times because local companies were slow in responding.

3. Financial performance

Availability of foreign exchange resources. It is satisfactory. To date, the Bank has disbursed a total amount of UA 1,359,779.33. The available balance amounts to UA 1,870,220.67 and should cover foreign exchange needs for the remaining activities until project completion.

Availability of resources in local currency. This is also satisfactory. The government has disbursed its contribution in full.

Disbursement flows. Disbursement is in line with the progress of the project, which is slow

Management of costs. This complies with the allocated budget, and risks of slippage are under control in spite of increases in the prices of some goods compared to appraisal. Performance is deemed averagely satisfactory.

4. **Activities and works**

Adherence to the implementation schedule. Overall, the schedule is not adhered to. The duration of the project had to be extended.

Performance of consultants and technical assistants Overall, performance is satisfactory, but it was disrupted by the electoral schedule and the resultant institutional changes.

Performance of firms. In spite of overall satisfaction, some weaknesses were noted in the supply of equipment by local companies.

Project management performance. Satisfactory, overall. However, better understanding of the Bank's rules of procedures is required.

5. **Development Objective**

Likelihood of achieving project development objectives. Likely.

Likelihood that benefits will be achieved and sustained beyond the investment stage of the project. Likely. The trained government employees will continue to do their work, especially considering the positive institutional changes in the country.

Likely contribution of the project to an increase in institutional capacity. Likely, considering the number of senior government staff trained.

6. **Overall assessment of project performance**

| Indicator | Conditions/ Commitment | Procurement Performance | Financial Performance | Activities and outputs | Impact on Development | Overall Assessment |
|------------|---------------------------|----------------------------|--------------------------|---------------------------|--------------------------|-----------------------|
| Assessment | 2 | 1.5 | 1.5 | 1.5 | 2 | 1.7 |

7. **Problems and actions required**

| Problems | Action required | Responsibility | Schedule |
|--|--|-------------------|-----------------------|
| Delays and lack of a coherent plan and training outline | Prepare a coherent training plan and outline for implementation | AfDB/PIU | August 2007 |
| End of contract for local technical assistants and consultants | Extend contract | PIU / AfDB - AfDB | Done on 30 March 2007 |
| Contracts not yet signed | Speed up procedure for signing contracts that have 'no objection' notices from the Bank. | PIU / AfDB | August 2007 |
| Multiple invitations to bid | Group the bidding documents by type of training | AfDB -PIU | August 2007 |
| Frequent use of individual consultants | Priority to consultancies and firms rather than to individual consultants | AfDB- PIU | No deadline |
| Delays in the assessment of documents by the AfDB | Improve processing of documents and notification of "no objection" | AfDB | July 2007 |
| 2007 Audit | Recruit external auditor | AfDB- PIU | September 2007 |

| ASSESSMENT OF THE MULTISECTOR INSTITUTIONAL SUPPORT PROJECT (PAIM) | | |
|---|-----------------|----------------|
| INDICATORS | RATINGS | |
| | Previous Report | Current Report |
| A. PROJECT IMPLEMENTATION | | |
| 1.Compliance with conditions precedent to loan effectiveness | | 1 |
| 2.Compliance with general conditions | | 2 |
| 3.Compliance with other conditions | | 2 |
| B. PROCUREMENT PERFORMANCE | | |
| 1.Procurement of Consultancy Services | | 1 |
| 2.Procurement of Goods and Works | | 2 |
| C. FINANCIAL PERFORMANCE | | |
| 1. Availability of foreign exchange | | 2 |
| 2. Availability of local currency | | 2 |
| 3.Disbursement flows | | 1 |
| 4.Management/Cost recovery | | 1 |
| 5.erformance of co-financiers (if applicable) | | - |
| D. ACTIVITES AND OUTPUTS | | 1 |
| 1. Adherence to implementation schedule | | 2 |
| 2. Performance of consultants or of technical Assistants | | 1 |
| 3. Performance of firms | | 1 |
| 4. Performance of project management | | - |
| E. IMPACT ON DEVELOPPEMENT | | |
| 1.ikelihood of achieving project objectives | | 2 |
| 2. Likelihood that benefits will be realized and sustained beyond the investment stage of the project | | 2 |
| 3. Likely contribution of the project towards an increase in Institutional Capacity | | 2 |
| 4. Current Rate of Return | | - |
| F. OVERALL ASSESSMENT OF PROJECT | | |
| 1. Current | | 1.7 |
| 2. Future trend | | 2.0 |
| <p>Code: 3 = Highly satisfactory, no problems 2 = Satisfactory, a few problems, Bank should monitor 1 = Unsatisfactory. Problems . Bank should monitor closely, but no immediate action is required 0 = Highly unsatisfactory. Serious problems. Bank action required</p> | | |

D.2.2 Institutional Support for the Economic Recovery and Reunification Support Program (PARER)

| | | |
|---|---|---|
| Amount of grant: UA 3.0 M | Total cost: UA 3.15 M Funding: ADF: UA 3.0 M Gvt: UA0.15 M | Grant amount disbursed: UA 1.230.836,69 (41%) Balance: UA 1.769.163,31 |
| Date of approval: 10/12/2003 | Date of signature: 15/12/2003 | Entry into effect and fulfillment of conditions precedent to first disbursement: 28/07/2004 Date of first disbursement: 4/5/2005 |
| Closing date: 31/12/2007 Number of supervision missions: 4 Date of last supervision: 16 to 24 /3/07 | Executing agency: BCECO – AfDB/PIU | |
| Audit of accounts: 2005 and 2006 Audit reports received for the grant. Audit for the 2004/2005 loan ongoing | Quarterly Progress Reports: 9 | |
| <p>Objective and description: The project aims to strengthen capacity in public finance management, the civil service, preparation of the PRGSP and the political and economic reunification of the country. The four components are as follows: (a) improve execution of budget control, (b) conduct a census of the public service workforce (c) conduct national surveys on the poverty threshold, and, (d) provide support to civil administrations and to the structures that manage the PARER.</p> <p>Progress report: The program supported by the loan was completed in 2005. The implementation of the institutional support component financed by the grant is still ongoing. Implementation of this component is satisfactory overall, in spite of some delays. Only some training activities have not yet been implemented. Because of the delays, the date of the last disbursement of the project was extended from 31 December 2006 to 31 December 2007. The age of the project is 3 years 6 months.</p> | | |

1. Fulfillment of conditions

Compliance with conditions precedent to entry into effect and to first disbursement: the conditions were fulfilled with some delay because of cross conditionalities with those in the first tranche of the loan. Performance is averagely satisfactory.

Compliance with general conditions: In general, quarterly reports are regularly transmitted to the Bank and are of satisfactory quality. Regarding audits, the 2005 report was submitted to the Bank in March 2007, while that of 2006 is ongoing. Performance is deemed averagely satisfactory.

2. Procurement performance

In general, the Bank's rules of procedure were respected. However, numerous delays were noted in the preparation and processing of invitations to bid. Procurement performance is averagely satisfactory.

Consultants services, training, and workshops. Most of the consultants for the training have been recruited. The following training contracts have been approved: Computer training, specialised computer training, as well as the popularization of the PRSP and the organization of provincial workshops. The consultant to conduct the census of the public service workforce will not be recruited since this activity has been financed by South Africa. The government would like to replace this activity with a *Study on Streamlining the Civil Service*, which will

be based on the data of the census. To avoid repeating the entire process, the government would like to negotiate directly with the consultant already retained for the census and whose profile corresponds to the work requested. However, since the institutional situation has changed with the installation of a new government, the ToR and the methodology chosen have to be reviewed and adapted to the new post-election context. This adaptation should be the condition for the Bank to agree to finance this study.

The government would also like to conduct a study on *human rights abuses* in North and South Kivu provinces (Nord et Sud Kivu), the Eastern province, Equateur, and Bandundu provinces. The government proposes that, given the sensitive nature of the issue, the study should be carried out by the *Institut de Formation et d'Etudes Politiques* (Institute for Political Training and Studies), a local NGO specialised in this type of activity in war zones. The Bank (EDRE) has issued a favorable opinion on the study plan proposed by the NGO. Regarding the change in procurement mode, ORPU's prior opinion must be sought before the "no objection" of the Bank. The government must also provide proof that the resources of the study fund are sufficient to finance this work.

Auditing. The 2005 audit report was submitted to the Bank in March 2007. Measures have to be taken to ensure that the 2006 audit is conducted as soon as possible.

Procurement of goods. All computer equipment and office furniture have been bought

3. **Financial Performance**

Availability of foreign exchange resources. All foreign exchange needs are adequately covered by the grant. Availability of resources is satisfactory.

Availability of resources in local currency This is also satisfactory. The need for local currency resources is adequately covered by the grant and counterpart funding, the disbursement of which is satisfactory.

Disbursement flows. Disbursements are in line with the progress of the project, whose rate is slow.

Cost management. This complies with the allocated budget and risks of slippage are under control in spite of the increase in the prices of some goods, compared with prices at appraisal. Performance is satisfactory

4. **Activities and works**

Adherence to the implementation schedule. Overall, the schedule it is not respected much. The duration of the project had to be extended.

Performance of consultants. On the whole, satisfactory, but was disrupted by the election schedule and institutional changes.

Performance of firms. Despite overall satisfaction, some shortcomings were noted regarding the supply of equipment by local enterprises.

Performance of project management. Overall, performance is satisfactory; however, better understanding of Bank rules of procedure is called for.

5. Development Objectives

Likelihood of achievement of project objectives: likely.

Likelihood that benefits will be realized and sustained beyond the project. Likely. Trained government employees will continue to do their jobs, and the equipment provided has contributed significantly to improving the output of the departments involved.

Likely contribution of the project to an increase in institutional capacity. Likely

6. Overall assessment of performance

| Indicators | Conditions/ Commitments | Procurement Performance | Financial Performance | Activities and outputs | Impact on development | Overall Assessment |
|------------|----------------------------|----------------------------|--------------------------|---------------------------|--------------------------|-----------------------|
| Assessment | 1.5 | 1.5 | 2 | 1.5 | 2 | 1.7 |

7. Problems and required actions

| Problem | Action required | Responsible body | Schedule |
|----------------------------------|--|---------------------|--|
| Bidding documents invalidated | To be published again | AfDB/ PIU | April 2007 |
| Delay in auditing | Submit 2006 grant audit and 2004/2005 loan audit to the Bank | BCECO | Before end-August 2007. Audit of 2006 grant received before July 2007. |
| Processing of pending documents. | Discharge outstanding documents at the Bank | PIU- AfDB / AfDB | Immediately |

| ASSESSMENT OF THE INSTITUTIONAL SUPPORT PROJECT of the support program for economic revival and reunification (PARER) | | |
|---|-----------------|----------------|
| INDICATORS | RATINGS | |
| | Previous Report | Current Report |
| A. PROJECT IMPLEMENTATION | | |
| 1. Compliance with conditions precedent to loan effectiveness | | 2 |
| 2. Compliance with general conditions | | 1 |
| 3. Compliance with other conditions | | - |
| B. PROCUREMENT PERFORMANCE | | |
| 1. Procurement of consultancy services | | 1 |
| 2. Procurement of goods and works | | 2 |
| C. FINANCIAL PERFORMANCE | | |
| 1. Availability of foreign exchange | | 2 |
| 2. Availability of local currency | | 2 |
| 3. Disbursement flows | | 1 |
| 4. Management/Cost management | | 2 |
| 5. Performance of co-financiers(if applicable) | | - |
| D. ACTIVITIES AND WORKS | | |
| 1. Adherence to implementation schedule | | 1 |
| 2. Performance of consultants or of technical assistants | | 2 |
| 3. Performance of contractors | | 1 |
| 4. Performance of project management | | 2 |
| E. IMPACT ON DEVELOPMENT | | |
| 1. Likelihood of achieving project objectives | | 2 |
| 2. Likelihood that benefits will be realized and sustained beyond the investment stage of the project | | 2 |
| 3. Likely contribution of the project towards an increase in institutional capacity | | 2 |
| 4. Current rate of return | | - |
| F. OVERALL ASSESSMENT OF PROJECT | | |
| 1. Current | | 1.7 |
| 2. Future trend | | 2.0 |
| <p>Code: 3 = Highly satisfactory, no problems 2 = Satisfactory, a few problems, Bank should monitor 1 = Unsatisfactory. Problems . Bank should monitor closely, but no immediate action is required 0 = Highly unsatisfactory. Serious problems. Bank action required</p> | | |

ANNEX 4

DRC: SUMMARY TABLE OF PERFORMANCE ASSESSMENT BY SECTOR AND PROJECT

| INDICATOR | PARSAR | PRESAR | Agricultural Study | Health I | Support for Education "PASE" | Road Project | PMURIS | PAIM | PARER | General average of portfolio |
|--|---------------|---------------|---------------------------|-----------------|-------------------------------------|---------------------|---------------|-------------|--------------|-------------------------------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | |
| Compliance with Loan Conditions | 1.5 | 2 | 2 | 1 | 2 | 1.5 | 1 | 2 | 1.5 | 1.6 |
| Procurement Performance | 1 | 2.5 | 1.5 | 1 | 2 | 2 | 1 | 1.5 | 1.5 | 1.6 |
| Financial Performance | 1 | 2.5 | 1.5 | 1.5 | 2 | 1.5 | 1.5 | 1.5 | 2 | 1.7 |
| Activities and Outputs | 1 | 2.5 | 1.5 | 1 | 2 | 1.5 | 1.5 | 1.5 | 1.5 | 1.6 |
| Impact On Development | 2.5 | 3 | - | 2 | 2.5 | 2.5 | 2 | 2 | 2 | 2.1 |
| Overall Assessment | 1.4 | 2.5 | 1.6 | 1.3 | 2.1 | 1.8 | 1.25 | 1.7 | 1.7 | 1.7 |

DRC: Matrix of Common Problems

| Common problems | PARSAR | PRESAR | Agricultural Study | Road project | Health I | Support for Education | PMURIS | PAIM | PARER |
|--|--------|--------|--------------------|--------------|----------|-----------------------|-----------|------|----------------|
| Weak adm. capacity | | | | | X | | X | | |
| Non-compliance with regulations | X | | | | | | X | | |
| Management problems | X | | | | X | | | | |
| Weak capacity of EA | X | | | | X | | X | | |
| Difficulty using technical assistance | | | | | X | | | | |
| Delay in physical implementation | X | | | X | X | | X | X | X |
| Delay in effectiveness and in 1st disbursement | | | | X | X | | X | X | |
| Activity report not submitted | | | | | | | | | |
| Audit not submitted | | | NA | N.A | | | 2005/2006 | | 2004/2005 Loan |

ANNEX 7

KEY PORTFOLIO PERFORMANCE INDICATORS

| | 2004 | 2005 | 2006 | June 2007 |
|--|--------|--------|--------|-----------|
| PERFORMANCE | | | | |
| Number of projects | 7 | 9 | 10 | 10 |
| Commitments (ADF) | 134.93 | 222.38 | 224.23 | 223.8 |
| Disbursement (ADF) | | | | 57.9 |
| Disbursement rate (ADF) | | | | 25.9 |
| Number of problem projects (PP) | | | 2 | 3 |
| Number of potentially problematic projects (PPP) | | | 1 | 0 |
| % of projects at risk | | | 34 | 34 |
| Management | | | | |
| Average supervision / projet | 1 | 1 | 1.5 | 1 |
| Number of active projects | 7 | 9 | 10 | 9 |
| Number of projects supervised | 6 | 7 | 7 | 6 |
| Number of projects deemed S or HS | 3 | 4 | 4 | 3 |
| Number of projects deemed U or HU | 3 | 4 | 4 | 6 |
| Number of projects restructured | 0 | 0 | 0 | 2 |
| Number of mid-term reviews | 0 | 0 | 0 | 1 |
| Number of projects with cancellation (full or partial) | 0 | 0 | 1 | 0 |
| Number of projects with more than two-year extension | 0 | 0 | 0 | 1 |
| | | | | |