

PROGRAMME COMPLETION REPORT (PCR)

A. PROGRAMME DATA AND KEY DATES

I. BASIC INFORMATION

PROGRAMME REFERENCE: P-CD-K00-005	PROGRAMME NAME: EMERGENCY PROGRAMME TO MITIGATE THE IMPACTS OF THE FINANCIAL CRISIS (PUAICF)	COUNTRY: DEMOCRATIC REPUBLIC OF CONGO - DRC
LENDING INSTRUMENT(S): ADF GRANT AGREEMENT No. 2100155015323		SECTOR: MULTISECTOR
ORIGINAL COMMITMENT: UA 65 MILLION		ENVIRONMENTAL CATEGORY 3 100%
AMOUNT TO BE CANCELLED: 0		

TRANCHE STRUCTURE:

SINGLE TRANCHE (BALANCE OF PAYMENTS SUPPORT) SEVERAL DISBURSEMENTS FOR TARGETED BUDGET SUPPORT

BORROWER: GOVERNMENT OF THE DEMOCRATIC REPUBLIC OF CONGO - DRC

EXECUTING AGENCY

PROGRAMME COORDINATION UNIT (PCU) under the oversight of the Ministry of Planning.

CO-FINANCERS AND OTHER EXTERNAL PARTNERS: NA

II. KEY DATES

PROGRAMME CONCEPT NOTE APPROVED BY OPS. COM.: N.A	APPRAISAL REPORT APPROVED: 13/04/2009	BOARD APPROVAL: 6/05/2009
--	--	----------------------------------

Restructuring(s) : NA

	Original Date	Actual Date	Difference in Months [Actual-Original Date]
EFFECTIVENESS	13/05/09	13/05/09	0
MID-TERM REVIEW	17 to 29/11/ 2009	23/11/09	0
CLOSING	31/07/10	31/12/10	5
	Estimated Disbursement Date DD/MM/YY	Actual Disbursement Date DD/MM/YY	Condition Waivers DD/MM/YY
TRANCHE 1:	23/07/09	03/08/09	
TRANCHE 2			
TRANCHE 3			

III. RATING SUMMARY

Insert the scores from the relevant tables in the different sections of the PCR, for example insert the average scores from the Table in Section D I 'Achievement of Outputs'.

CRITERIA	SUB-CRITERIA	RATING
PROGRAMME IMPLEMENTATION	Achievement of Outputs (cf. Section D.I. score)	4
	Outcomes (cf. score Section D.II score)	3
	Timeliness (cf. Section F.4 score)	4
	OVERALLOUTPUT SCORE (average scores)	4
BANK PERFORMANCE	Design and Readiness (cf. Section I.I score)	3
	Supervision (Section I.I score)	3
	OVERALL BANK PERFORMANCE (average scores)	3

BORROWER PERFORMANCE	Design and Readiness (cf. Section I.I score)		3
	Implementation (cf. Section I.I score)		3
	OVERALL BORROWER PERFORMANCE (average scores)		3
IV. RESPONSIBLE BANK STAFF			
POSITIONS	AT APPROVAL		AT COMPLETION
Regional Director	J. M. Gharbi, Director,	ORCE	M. Kanga, Director ORCE
Sector Director	G. Negatu, Director,	OSGE	Mr. Lobe, Director, OSGE
Sector Division Manager	M. Kanga, Division Manager,	OSGE.2	Mr. Charles Muthuthi, Ag. Division Manager, OSGE2
Task Manager	Mr. H. Kouassi, Chief Macroeconomist,	OSGE.2	H. Kouassi, Chief Macroeconomist OSGE.2
PCR Team Leader			H. Kouassi, Chief Macroeconomist OSGE.2
PCR Team Members			H. Kouassi, Chief Macroeconomist OSGE.2; Albert Dweme, Long-Term Consultant CDFO

B. PROGRAMME CONTEXT

Summarize the rationale for Bank Assistance. State:

- the development challenge posed by the programme,
- the Borrower's overall strategy to meet this challenge,
- Bank activities in this country (ies) and sector over the past year and how they performed, and
- ongoing Bank and other externally financed activities that complement, overlap with or relate to this programme.

Please cite relevant sources. Comment on the strength and coherence of the rationale. [300 words maximum. Any additional narrative about the programme's origin and background, if needed, must be placed in Annex 6: Programme Narrative]

Programme Development Challenge. During the 2008 international financial crisis, the Government's challenge was to mitigate the impacts of the crisis and speed up attainment of the Enhanced HIPC Completion Point. It was apparent that, if the Bank did not provide DRC with emergency aid, the country's economic and social situation could deteriorate.

Borrower's Overall Strategy to address this challenge. The Government Policy Letter to mitigate the impact of the international financial crisis indicates that the Government intended to intervene in the short term through budgetary and monetary policies. The three objectives of budgetary policy were to: (i) contribute to macroeconomic stability without resorting to monetary financing; (ii) ensure debt servicing; and (iii) ensure delivery of social services, including in the water, electricity, education and transport sectors. Budget management was based on the strict harmonization of the implementation of the Treasury and Commitment Plans. With regard to monetary policy, the Central Bank of the Congo had taken measures to control liquidity in the economy in order to ease inflationary pressures. This policy aimed to provide the country with a regular and stable supply of imported products, such as oil products, construction materials, and food products necessary to revive economic activity and enhance the population's well-being. The Government was in a transitional period during which it was in negotiation with the IMF for the rapid signing of a PRGF-supported programme to allow access to other donors' resources. A vast structural reform programme was defined. The Government intended to take all appropriate measures to reach the enhanced HIPC completion point by end 2009 in order to benefit from substantial external public debt relief.

Bank activities in this country (ies) and sector over the past year and how they performed. At the time of PUAICF formulation and appraisal, there had been no ongoing multi-sector project since completion of the Economic Recovery Support Project, ERSP (programme component) in 2007.

Ongoing Bank and other externally financed activities that complement this programme. The PUAICF was part of a coordinated effort by DRC's development partners to assist the Government during the crisis period. Indeed, in February 2009, the World Bank concluded an Emergency Project to Mitigate the Impacts of the Financial Crisis for an amount of US\$100 million. This programme comprised three components: (i) financing of import of critical goods and commodities; (ii) payment of primary and secondary school teachers' salaries; and (iii) the financing of arrears on the Government's water and electricity bills. This operation was partially disbursed. The Bank operation aimed to strengthen component (i) of the World Bank's project and extend the support in components (ii) and (iii). In March 2009, the IMF also approved assistance under the Exogenous Shocks Facility for an amount of US\$ 195 million. The financing was fully disbursed in March 2009. The Government and IMF also negotiated a PRGF-supported programme to be signed in June 2009. By contributing to macroeconomic and social stability, the PUAICF aimed to facilitate the approval of such a programme. The European Commission (EC) planned to provide emergency assistance of EUR 48 million in the second half of 2009. Food security financing was the priority for this EC assistance.

C. PROGRAMME OBJECTIVE AND LOGICAL FRAMEWORK

1. State the Programme Development Objective(s) (as set out in the Appraisal Report)

This was a targeted balance of payments (BoP) support programme, coupled with the Government's commitment to use fore exchange counterpart funds in support of the 2009 budget. Its ultimate goal is to maintain the country's economic and so stability. Its specific objective is to mitigate, in the short term, the impacts of the international financial crisis on the the Congole economy. It has two operational objectives: (i) facilitate the supply of critical imported goods and commodities; and (ii) facilitate financing of urgent targeted public expenditures.

2. Describe the key programme components and indicate how each will contribute to achieving the Programme Development Objectives

Component 1: FACILITATE THE SUPPLY OF CRITICAL IMPORTED GOODS AND COMMODITIES

The aim was to provide support towards ensuring: (i) an increase in DRC's international reserves, (ii) an improvement in the supply of foreign exchange on the foreign exchange market, (iii) easing of the pressure on the foreign exchange and inflation rates, and (v) the availability of commodities.

Component 2: FACILITATE THE FINANCING OF URGENT TARGETED PUBLIC EXPENDITURES OF THE 2009 BUDGET.

The aim of this component was to support the Government in the use of counterpart funds to fill the Treasury Plan deficit by financing well-targeted expenditure. It comprised sub-components 2A concerning financing for the establishment of benchmarks for reaching the enhanced HIPC1, and 2B concerning the financing of urgent targeted public services.

3. Provide a brief assessment (up to two sentences) of the programme objectives along the following 3 dimensions. Insert a working score, using the scoring scale provided in Appendix 1.

PROGRAMME OBJECTIVES DIMENSIONS		ASSESSMENT	WORKING SCORE
RELEVANT	a) Relevant to the country's development priorities.	The programme's specific objective is relevant in relation to the Government's challenges above and the priorities of its emergency programme.	3
ACHIEVABLE	b) Objectives could in principle be achieved with the programme inputs and in the expected timeframe.	The specific objective is realistic in relation to the expected contributions and timeframes. The estimated 12-month period from start-up was based on the urgency of the operation. This timeframe did not prevent the objective from being achieved.	4
CONSISTENT	c) Consistent with the Bank's country or regional strategy.	The programme's specific objective is aligned on the Government's Emergency Programme to Mitigate the Impacts of the Crisis and is also in keeping with the five provisions of the February 2009 Guidelines concerning the 'African Development Bank Group Response to the Economic Impact of the Financial Crisis'.	4

4. Present the log frame. Please indicate the <u>expected outputs and outcomes</u> for each activity, and indicators for measuring progress. Insert additional rows if needed.			
COMPONENTS	EXPECTED OUTPUTS	EXPECTED OUTCOMES/EFFECTS	INDICATORS TO BE MEASURED
Component 1 Supply of Critical Goods and Commodities.	<p>(i) The estimated foreign exchange resources are transferred to BCC to replenish its reserves</p> <p>(ii) Auctioning of foreign exchange on the foreign exchange market increases</p>	The BCC's international reserves are strengthened and critical imported goods available.	<p><u>Output Indicators:</u></p> <p>(i) % of foreign exchange resources transferred to BCC to replenish its reserves.</p> <p>(ii) Change in monthly volume of foreign exchange auctions on the foreign exchange market.</p> <p><u>Effect Indicators:</u> Gross official reserves in months of imports Import growth rate</p>
Component 2 : Assistance for financing urgent targeted public expenditure.			
2.1 HIPCI Completion Point Benchmarks	The activities required to establish the benchmarks for reaching the enhanced HIPCI are financed	The 2 benchmarks (PRGSP and delivery of services in priority sectors) backed by the Programme are established at end 2009 making it possible to reach the enhanced HIPCI completion point by end 2009.	<p><u>Output Indicators:</u></p> <p>IOT and IEAT for 2005 (baseline year), 2006 2007 and 2008; price index reports for 2008 and 2009; 2008 monitoring report on implementation of pro-poor expenditure (health, education, rural development and infrastructure sectors); 2008 assessment report of beneficiaries and service providers</p> <p><u>Effect Indicators:</u></p> <p>Establishment of 2 benchmarks backed by the programme and reaching of completion point.</p>
2.2 Financing of the SNCC Crisis Exit Emergency Plan	The SNCC Crisis Exit Emergency Plan is financed in 2009	The resumption of work and activities at SNCC is effective from June 2009	<p><u>Output Indicators</u></p> <p>Number of months of salary arrears and regularity of payment of salaries from June 2009 ; value of fuel and</p>

			<p>lubricants purchased; value of operating materials and consumables procured</p> <p><u>Effect Indicators:</u></p> <p>The resumption of work at SNCC and resumption of SNCC's activities</p>
2.3 Payment of Teachers' Salaries	Salaries of eligible teachers are reimbursed to the Government for the months of December 2008, January 2009 and February 2009.	Primary and secondary school teachers are paid regularly throughout the second half of 2009. The start of the 2009-2010 school year is effective.	<p><u>Output Indicator</u></p> <p>The months for which the salaries of eligible teachers are reimbursed to the Government</p> <p><u>Effect Indicator</u></p> <p>Number of months in 2009 when teachers' salaries are paid</p>
2.4 Payment of Water and Electricity Bills of Public Entities	Funding for the water and electricity bills of public entities from June to July 2009 are allocated to the Government	(v) REGIDESCO and SNEL water and electricity bills are paid from July to October 2009	<p><u>Output Indicator</u></p> <p>The months for which the water and electricity bills are paid</p> <p><u>Effect Indicator</u></p> <p>Number of months in 2009 when the bills are paid</p>
2.5 Strengthening of Financial and Customs Authorities	<p>A Pilot Tax Centre (CDI) is established in Goma. It is equipped and staff trained in 2010. The Lower Congo and Eastern Province CDIs are equipped and staff trained in 2010</p> <p>The Kasumbalesa one-stop border post is strengthened in 2010</p>	Customs and tax receipts collected in the CDIs and at the one-stop border post increase in 2010	<p><u>Output Indicator</u></p> <p>Number of buildings, number of batches of IT and VSAT equipment procured. Number of people trained, amount of communication equipment (VSAT) procured.</p> <p>Road works, concrete surfacing of parking area; construction of fencing and installation of lighting for one-stop border post completed.</p> <p><u>Effect Indicator</u></p> <p>Rate of increase of receipts collected</p>

5. For each dimension of the log. frame, provide a brief assessment (up to two sentences) of the extent to which the log. frame achieved the following objectives. Insert a working score, using the scoring scale provided in Appendix 1. If no log. frame exists, score this section as 1 (one).

LOG FRAME DIMENSIONS		ASSESSMENT	WORKING SCORE
LOGICAL	a) Presents a logical causal chain for achieving programme development objectives.	There is a vertical causal chain between the outputs (ST outcomes), the effects or outcomes (MT outcomes) and the impacts (long-term outcomes or development objective). There is also a vertical causal chain between the outputs, effects and impacts and their respective outcome indicators.	3
MEASURABLE	b) Expresses objectives and outcomes in a way that is measurable and quantifiable.	On the whole, the outcome indicators are measurable and quantifiable.	4
THOROUGH	c) States the risks and key assumptions.	The risks and key assumptions relating to the programme's implementation and effects are identified and appropriate mitigative measures proposed.	3

D. OUTPUTS AND OUTCOMES

I. ACHIEVEMENT OF OUTPUTS

In the Table below, assess the achievement of expected vs. actual outputs for each major activity on the basis of the log. frame in Section C. Score the extent to which the expected outputs were achieved. Override the auto-calculated score, if desired, and provide justification.

MAJOR REFORM MEASURES

Components	Expected Outputs	Actual Outputs	WORKING SCORE
Component 1 : Supply of Critical Goods and Commodities.	<p>i) 100% of resources transferred to BCC to replenish its reserves between May 2009 and December 2009</p> <p>(ii) The monthly volume of foreign exchange market auctions increases from US\$ 6.5 million to US\$ 8 million between May 2009 and December 2009.</p>	<p>(i) UA 65 million transferred to BCC in August 2009 to replenish its reserves.</p> <p>(ii) The monthly volume of foreign exchange market auctions up from US\$ 6.5 million to US\$ 9 million between May and December 2009</p>	4
Component 2: Financing of Urgent Targeted Public Expenditures			
2.1 HIPC Completion Point Benchmarks			
a) PRGSP	The eight accounts (Input-Output Table (IOT) and Integrated Economic Accounts Table (IEAT) for 2005 (baseline year) and	The IOTs and IEATs are already produced for 2005, 2006, 2007 and 2008. Work on the preparation of these accounts for 2009 is ongoing.	3

	projections for 2006 and 2007 and 2008 in compliance with the 1993 SNA are produced in 2009		
	The consumer price indices for 2008 and 2009 are produced	The price indices for 2008 and 2009 were produced in 2009 and 2010	4
b) Governance and Service Delivery in the Priority Sectors	The monitoring reports on the implementation of expenditure in the health, education and rural development and infrastructure sectors for the 2008 financial year are produced.	The monitoring reports on the implementation of expenditure in the health, education and rural development and infrastructure sectors for the 2008 financial year are available.	4
	The assessment report on the appreciation by the beneficiaries of the quality of services delivered in 2008 is produced in 2009.	The assessment report on the appreciation by the beneficiaries of the quality of services delivered in 2008 is available	4
	The assessment report on constraints on effective and efficient production of services encountered by service providers for 2008 is produced in 2009.	The assessment report on constraints on effective and efficient production of services encountered by service providers for 2008 is available	4
2.2 Facilitation of Financing of Urgent Targeted Expenditures			
Financing of the SNCC Crisis Exit Emergency Plan	1.5 months of salary arrears are paid, and salaries paid regularly as from June 2009; US\$ 4 million for fuel and lubricants are paid in May 2009; US\$ 2.2 million in operating materials and consumables are purchased in June 2009; and 3 locomotives leased in 2009.	1.5 months of salary arrears are paid ; payment of 8 months of salaries in 2009; US\$ 4.8 million for fuel and lubricants purchased in May 2009; US\$ 2 million for consumables purchased in 2009; SNCC's work and activities have effectively resumed since September 2009 ; and 3 locomotives have been leased for US\$ 1.5 million.	4
Payment of Eligible Primary and Secondary School Teachers' Salaries	The salaries of eligible teachers are reimbursed for the months of December 2008, January 2009 and February 2009.	The salaries for the months of December 2008, January 2009 and February 2009 were paid in 2009.	4
Payment of Water and Electricity Bills of Public Entities	The funding for the payment of water and electricity bills of public entities is allocated to the Government for the months of July to October in 2009.	The funding for the payment of water and electricity bills of public entities was allocated to the Government in 2009 and 2010 following verification	3
Strengthening of Tax and Customs Authorities	Rehabilitation of Goma CDI; purchase of 300 batches of computer equipment ; installation of 5 VSAT and training of 50 employees in 2010	Rehabilitation of CDIs in North Kivu (Goma) not yet completed. The works will be completed in March 2011. The equipment has already been procured. . Training of employees not carried out.	3

	<p>Purchase of 200 batches of computer equipment for the Lower Congo and Eastern Province CDIs; installation of 5 VSAT and training of 50 employees in 2010</p> <p>Strengthening of the Kasumbalesa one-stop border post: completion of roadworks, concrete surfacing of main parking area, construction of fence and installation of lighting on the one-stop border post site.</p>	<p>Actual purchase of 200 batches of computer equipment for the Lower Congo and Eastern Province CDIs; effective installation of 5 VSAT and effective training of 50 employees in 2009 and 2010</p> <p>Works completed in May 2010, One-stop border post strengthened.</p>	
OVERALL OUTPUT SCORE [score is calculated as the sum of the weighted scores]			4
		Check here to override the auto-calculated score	
Provide justification for overriding the auto-calculated score			
Insert the new score or re-enter the auto-calculated score			4
II. ACHIEVEMENT OF OUTCOMES			
1. Using available monitoring data, assess the achievement of <u>expected outcomes</u> . Import the expected outcomes from the log frame in Section C. Score the extent to which the expected outcomes were achieved. The overall outcome score will be auto-calculated as an average of the working scores. Override the auto-calculated score, if desired, and provide justification.			
OUTCOMES			Working Score
Expected	Actual		
Component 1 : Supply of Critical Goods and Commodities			
Gross official reserves in months of imports rose from 0.1 week in March 2009 to 2.6 weeks in December 2009 and 3.2 weeks in 2010	The respective increases in international reserves were as follows: end July 2009 : US\$ 119 million, i.e. 1.19 weeks of imports end December 2010 : US\$ 1303 million, i.e. 7.76 months of imports		4
The import growth rate is up from 12.1% in 2008 to 13.9% in 2009 and 11.4% in 2010	In 2009, the BCC sold US\$ 124.65 million, including US\$ 49.25 million over the period August to December 2009, i.e. a growth rate of 11.9%.		4
Component 2: Financing of Urgent Targeted Public Expenditures.			
2.1 EHIPC Completion Point Benchmarks			
The 2 benchmarks (PRGSP and governance	The 2 benchmarks (PRGSP and governance and provision of services in the priority sectors) backed by the Programme are achieved in 2010 and		4

and delivery of services in the priority sectors) backed by the Programme are achieved by end 2009 and the enhanced HIPC completion point reached end 2009.	the enhanced HIPC completion point reached on 1 July 2010.	
Component 2: Financing of Urgent Targeted Public Expenditures.		
2.2 Support to the SNCC Crisis Exit Emergency Plan		
Resumption of work at SNCC and its activities is effective by June 2009.	<p>Improved passenger and goods traffic in 2009: return to service of high power locomotives No. 146/1463 and 50 goods carriages; end of fuel stock outages: from virtually zero in April 2009 to 17 days as at 31 December 2009 with a peak of 32 days at end September 2009; return to service of 5 interregional trains: 'Serpent de rail' (Kalemie-Kindu), 'Lukuga' (Kalemie-Kongolo), 'Sankai' (Ilebo-Kananga), 'Jubilé' (Ilebo-Mwene Ditu) and 'Ya Lisano' (Kolwezi-Dilolo). 2,531 passengers in May compared to 6,913 in April 2010. Tonnage carried: 21,247 tonnes (May 2009) compared to 53,377 (April 2010) and expected to increase further due to traffic via the South Corridor, and the increase in the tractive power of 2 locomotives since July 2009.</p> <p>Creation of a calm social climate in 2009: payment of 5 salaries in 7 months between June and December 2009, i.e. one payment every 45 days compared to one every 90 days; financed in 2009: significant improvement in turnover from 2.1 million in May 2009 to 4.7 million in December 2009. Ending of strikes in the second half of 2009.</p>	4
Component 2: Financing of Urgent Targeted Expenditures.		
2.3 Assistance for Payment of Primary and Secondary School Teachers' Salaries		
Primary and secondary school teachers are paid regularly throughout the second half of 2009; the start of the 2009-2010 school year is ensured.	The EPSP teachers were paid regularly throughout the second half of 2009. This facilitated the start of the 2009-2010 school year.	4
Component 2: Financing of Urgent Targeted Public Expenditures.		
2.4 Assistance for Payment of Water and Electricity Bills of Public Entities.		
The water and electricity bills of public entities are paid for the months of July to October 2009.	The water and electricity bills of public entities for the months of July and August were paid in 2009. Payments for September and October 2009 were made in 2010 following audits carried out by the Ministries of Finance and Energy and PCU at SNEL and REGIDESO on the use of previous PUAICF resources.	4

Component 2: Financing of Urgent Targeted Public Expenditures.		
2.5 Assistance for Strengthening Tax and Customs Authorities		
The tax receipts of the North Kivu, Lower Congo and Eastern Province CDIs are up by at least 25% in 2010	The tax receipts of North Kivu, Lower Congo and Eastern Province CDIs were up by 28% in 2010. The rehabilitation of the North Kivu CDI was not completed.	4
The customs receipts collected by the Kasumbalesa one-stop border post are up by at least 25% in 2010	The customs receipts collected by the Kasumbalesa one-stop border post were up by 100% between June and December 2010.	
OVERALL OUTCOME SCORE [Score is calculated as an average of the working scores]		4
X		Check here to override the calculated score
Provide justification for overriding the auto-calculated score.		
Insert the new score or re-enter the auto calculated score		4
2. <u>Impacts on poverty and the social situation:</u> Comment on the Programme's expected and actual impacts on poverty, gender, access to public services, integration of disadvantaged groups and any other significant social aspects.		
<p>The ultimate programme beneficiary is the entire population of Congo, including the female population which represents about 52% of the total population, and the intermediate beneficiaries are the private sector and Congolese public administration.</p> <p>Impact 1: Injection of funds to the BCC has resulted in an improvement in the supply of foreign currency on the foreign exchange market, the regular payment of debt service, and the population has access to critical commodities.</p> <p>Impact 2: By reaching the enhanced HIPC1 completion point on 1 July 2010, the country has been able to benefit from significant amounts of external debt relief, thereby releasing budget savings to increase pro-poor spending in compliance with the PRSP priorities.</p> <p>Impact 3: Women are active in the business environment, especially in the import-export sector; goods were supplied satisfactorily under the Programme due to the import growth rates observed.</p> <p>Impact 4: Primary and secondary school teachers were regularly paid during the second half of 2009 with women strongly represented in this group. There has been a significant impact on the incomes of the teaching profession, and the social climate has calmed down in the absence of strikes. The quality of service delivery has improved (communication and transmittal of documents, etc.) and the procurement of transport equipment for inspections has ensured the timely resolution of many problems.</p> <p>Impact 5: Support to the payment of the water and electricity bills of public entities has helped control consumption by public entities and rationalize their expenditure.</p>		

Impact 6: Support to the SNCC emergency crisis exit plan has contributed significantly to improving the social climate (payment of 8 months salaries in 2008) in the enterprise and return of its clients. The enterprise has been able to resume its activities in rural areas alongside the SNCC network. The other impacts are: facilitation of the transition for the implementation of the multimodal transport project, improved supply of food products in the country's interior (price stability), increase in tonnage carried (passengers and goods), rationalization of the fuel oil supply policy and restoration of client and supplier confidence. The failure to conclude negotiations on the Multimodal Transport Project with the World Bank in early 2010 has prevented the impacts of the assistance to SNCC from being stronger and sustainable.

Impact 7: The Programme has contributed to private sector development by ensuring availability of the necessary foreign exchange for imports.

3. Risks to sustained achievement of outcomes. State the factors that affect, or could affect, the long-term or sustained achievement of programme outcomes. Describe the macroeconomic framework, which will be presented in greater detail in Annex 3. Indicate if any new activity or operation is recommended to help sustain outcomes.

The Congolese economy remains highly vulnerable to external shocks and subject to both internal and external risks which could potentially threaten the sustainability of the programme outcomes. The government is no longer able to meet the programme's recurrent costs. With regard to SNCC, as already mentioned, the failure to conclude negotiations on the Multimodal Transport Project with the World Bank in early 2010 has prevented the impacts of the assistance to SNCC from being stronger and sustainable.

From a socio-political standpoint, the DRC is still faced with security problems, especially in the eastern provinces where acts of violence continue to be perpetrated on the civilian population by armed rebel groups living on Congolese territory. The humanitarian situation in the East of the country remains volatile because of fighting between the armed forces of the DRC (FARDC) and the rebels of the Democratic Forces for the Liberation of Rwanda (FDLR). This situation also constitutes a risk for the sustainability of programme impacts.

E. PROGRAMME DESIGN AND READINESS FOR IMPLEMENTATION

1. **State the extent to which the Bank and the Borrower ensured the programme was commensurate with the Borrower's capacity to design it appropriately and by putting in place the necessary implementation arrangements. Consider all major design aspects (inputs) and actual outcomes. Design aspects include: extent to which programme design took account of the lessons learned from previous PCRs in the sector or the country (please cite key PCRs); whether the programme was informed by robust analytical work (please cite key documents); how well Bank and Borrower assessed the capacity of the executing agencies and Programme Implementation Unit; level of consultation and partnerships, economic justification and provisions made for technical assistance.**

[250 words maximum. Any additional narrative about implementation should be included in Annex 6: Programme Narrative]

Lessons learned from previous PCRs in the sector or the country (please cite key PCRs). At the programme design stage, as mentioned above, only the ERSP had been completed since 2007. This project was not an emergency operation as such. Consequently, the programme design drew on the World Bank's ongoing PUAICF at that time. The main lessons to be learned from the World Bank PUAICF were reflected in the Programme's guiding principles, namely: (i) focus on urgent priority operations to ease constraints on the Government's emergency programme; (ii) possibility of obtaining rapid results (simplicity of design and use of existing structures for implementation); (iii) achieving a balance between flexibility and risk reduction; and (iv) the need to implement the emergency programme within a maximum one-year period.

Is the programme informed by robust analytical work (please cite key documents). The following are some of the analytical works consulted during programme appraisal: (i) 'Government Policy Letter to Mitigate the Impacts of the International Financial Crisis' (Government, 2009); 'African Development Bank Group's Response to the Economic Impact of the Financial Crisis' (ADB, 2009); 'Assistance Programme under the Exogenous Shocks Facility' (IMF, 2009); Emergency Project to Mitigate the Impacts of the Financial Crisis (World Bank, 2009); 'Study on Commercial Practices of the Private Sector in DRC as regards imports' (World Bank, 2009)

How well did the Bank and Borrower assess the capacity of the executing agencies and Programme Implementation Unit? Given the urgency of the operation and the need to rapidly obtain results, the Programme used the same Executing Agency as the World Bank's PUAICF, namely PCU. Furthermore, this unit had accumulated relevant experience in the satisfactory management of similar World Bank-financed operations. The PCU has sufficient staff whose qualifications and experience are considered satisfactory, as well as a credible financial management and procurement system. The usual procedures for assessing the capacities of the Executing Agency were not used. This risk was mitigated by the fact that the World Bank carried out an assessment of the PCU's capacities during the preparation of its project. This approach is compliant with the provisions of the Paris Declaration on Aid Effectiveness.

Level of consultation and partnership approach, programme economic justification and provisions made for technical assistance. The programme design was well coordinated with the partners, namely the IMF, World Bank and EU. The PUAICF took their operations into consideration. The PUAICF contributed to the financing of the BoP deficit and the Treasury Plan, thereby facilitating the signing of the 2009-2012 programme supported by the IMF PRGF. By financing imports of critical commodities, teachers' salaries and the Government's water and electricity bills, the programme took over from similar projects implemented by the World Bank and heightened their impacts. The Bank's assistance was justified as a necessary complement to the other emergency operations in 2009. Furthermore, it was apparent that if the Bank had not provided the country with emergency aid, the shortage of international reserves would have seriously restricted the private sector's import capacities with the ensuing risk of a shortage of essential imported goods, increased inflationary pressures and deterioration of the population's living conditions. The steady decline in fiscal revenue could have increased the already tangible pressure on public spending and limited the Government's capacity to ensure delivery of some key public services. This situation would, in turn, have impacted negatively on the

country's growth prospects, worsened the social and financial impacts of the crisis, and delayed the signing of a medium-term programme with the IMF as well as the attainment of the enhanced HIPC completion point. The PAUICF must be considered as a bridging operation aimed at economic, financial and social stabilization with a view to the implementation of on-going operations and the approval of future reform programmes.

2. For each dimension of programme design and readiness for implementation, provide a brief assessment (up to two sentences). Insert a working score, using the scoring scale provided in Appendix 1.

PROGRAMME DESIGN AND READINESS FOR IMPLEMENTATION DIMENSIONS		ASSESSMENT	Working Score	
REALISM	a) Programme complexity is matched with country capacity and political commitment	In its design, the programme was achievable, and a comprehensive analysis of the limitations of the Government's ability to implement some complex reforms was conducted and institutional support envisaged to assist with their implementation.	4	
RISK ASSESSMENT AND MITIGATION	b) Programme design includes adequate risk analysis	On the whole, the programme risks were correctly analyzed and mitigation measures fairly well identified. However, in the case of an emergency operation, these risks were compared with the risk of not providing assistance to the country in this difficult situation.	4	
USE COUNTRY SYSTEMS	c) Programme procurement, financial management, monitoring and/or other systems are based on those already in use by government and/or partners	Given the weakness of the national system, all procurements are made in compliance with the Bank's rules and procedures.	1	
For the following dimensions, provide separate working scores for Bank performance and Borrower performance:			Working Score	
			Bank	Borrower
CLARITY	d) Responsibilities for programme implementation are clearly defined	There was no overlapping of responsibilities either at Bank or Borrower level. At Bank level, the guidelines of the Delegation of Authority Manual were complied with during implementation and regarding the validation of supervision and completion reports. At country level, the responsibilities of the Inter-Ministerial Steering Committee, PCU, and beneficiaries within the technical coordination unit were clearly defined for the implementation of the programme.	4	4
MONITORING READINESS	f) Monitoring indicators and plan are adopted.	Programme implementation was accompanied by a results-based logical framework with baseline monitoring indicators.	4	4
BASELINE DATA	h) Baseline data are available or are being collected.	The collection of baseline data ended with the 100% disbursement rate of the BoP support component and 98% of programme's targeted support component.	3	3

F. IMPLEMENTATION

1. **State the major characteristics of programme implementation with reference to the following aspects: adherence to any disbursement schedules; waivers to conditions and triggers; effectiveness of Bank supervision; participation of the Bank's Office in continuing supervision/in aid coordination/ in reform dialogue; and effectiveness of Borrower oversight. Comment on the justification of any waivers to disbursement conditions.**

[300 words maximum. [Any additional narrative about implementation should be included in Annex 6: Programme Narrative].

Adherence to Disbursement Schedules. The programme was implemented within a very reasonable timeframe in compliance with emergency standards. Its implementation rate was satisfactory. The Grant Agreement between the Government and the African Development Bank was signed on 13 May 2009, and disbursement of the grant amount in a single tranche in support of the BoP was made on 3 August 2009; i.e. 3 months after the estimated date. Disbursements for the targeted budget support were made in 2009 and 2010. The effective start-up of certain activities was subject to the submission of action plans by the different beneficiaries to PCU in order to prepare the technical specifications for the envisaged procurements. Foreign exchange losses incurred required adjustments to the financing of most activities.

Waivers to Conditions and Triggers. There were no waivers to the Grant conditions. The programme implementation period was, however, extended by 6 months in order to finalize ongoing procurement activities and deliver equipment to the different beneficiaries.

Effectiveness of Bank Supervision. The PUAICF was the subject of two supervision missions in accordance with Bank rules. The first mission was fielded in November 2009 with the objective of conducting the Programme Mid-Term Review. The second was conducted from 11 June to 15 July 2010 with the objective of preparing the Programme's completion, and comprised two stages, namely (i) a field visit to Lubumbashi from 4 to 11 July 2010, and (ii) a review of the implementation of the Programme's components. These two missions were followed by the action plan to solve the problems encountered. The measures stemming from these plans were on the whole correctly implemented. The skill mix was, however, unsatisfactory.

Participation of the Bank's Office in continuing supervision/in aid coordination/ in reform dialogue. The Office participated in the preparation of the PCR through the Consultant recruited by OSGE and based at CDFO. The supervision mission aide-memoires were shared with the Office.

Effectiveness of Borrower Oversight. An Inter-Ministerial Programme Steering Committee, chaired by the Minister of Finance, was established to oversee PCU activities with special attention paid to effectiveness and transparency. This Committee met on several occasions to guide the programme's implementation and oversee the activities of PCU, the executing agency. The conduct of periodic internal controls of PCU's activities by staff seconded from an international audit firm represented locally enabled the Borrower to closely monitor the programme's management.

2. **Comment on the roles of other partners (donors, NGOs, contractors, etc.). Assess the effectiveness of co-financing arrangements and donor coordination, if applicable.**

There was no co-financing, but coordinated action to mitigate the impacts of the financial crisis. Consultations were held with the IMF, World Bank and EU. The PUAICF took their operations into consideration. The PUAICF contributed, for example, to the finalization of the 2009-2012 Programme supported by the IMF PRGF. By financing imports of critical commodities, teachers' salaries and the Government's water and electricity bills, the Programme took over from similar operations implemented by the World Bank and heightened their impacts. The other partners effectively played their roles. Coordination was fairly effective.

3. Harmonization. State whether the Bank specifically made efforts to harmonize instruments, systems and/or approaches with the other partners.

As previously mentioned, the PUAICF is part of a coordinated effort by the DRC's development partners (IMF, World Bank and EU) to assist the Government in the period of crisis. The formulation of the PUAICF drew on the formulation of the World Bank's PUAICF. The approaches were harmonized. Both programmes referred to the same Government Policy Letter. The World Bank study on commercial practices was also used. The two programmes used the same executing agency, namely PCU.

4. For each dimension of programme implementation, assess the extent to which the programme achieved the following objectives. Provide a brief assessment (up to two sentences) and insert a working score, using the scoring scale provided in Appendix 1.

PROGRAMME IMPLEMENTATION DIMENSIONS		ASSESSMENT		Working Score
TIMELINESS	a) Adherence to original closing date. If the number on the right is below 12, score 4, between 12.1 and 24, score 3 between 24.1 and 36, score 22, above 36.1, score 1	Difference in months between original closing date and actual closing date or date of achievement of 98% disbursement rate		4
		5		
BANK PERFORMANCE	b) Bank complied with:			
	Environmental safeguards	There were no environmental problems during implementation. The programme was classified in Category 3		NA
	Fiduciary Requirements	This was a balance of payments support and the procurement arrangements were complied with, and the single disbursement was linked to the satisfactory fulfillment of certain conditions precedent.		3
	Programme Covenants	The Bank's performance was satisfactory regarding the programme covenants, which did not raise any particular problems.		3
	c) Bank provided quality supervision in terms of skills mix and practicality of solutions	The Bank worked as a partner in the programme, and the Borrower remained open to discussions during implementation while complying with the recommendations. The institutional arrangements were made with a view to supervision.		3
	d) Bank provided quality management oversight.	Through its Field Office in DRC, programme management oversight was fairly regular and a specialized unit maintained permanent contact with the Bank for exchanges on the programme. The Bank's management was satisfactory.		3

BORROWER PERFORMANCE	e) Borrower complied with:		
	Environmental safeguards	This category of loan has no special environmental provisions.	NA
	Fiduciary Requirements	The procurement of goods and services, and financial management complied with Bank rules of procedure	4
	Programme Covenants	Disbursement conditions were fulfilled	4
	f) Borrower was responsive to Bank supervision findings and recommendations	The arrangements made by PCU for the implementation and monitoring of the programme enabled the beneficiaries to take into consideration the Bank's recommendations formulated during the supervision missions. These missions were followed up by action plans to improve programme implementation.	3
g) Borrower collected and used monitoring information for decision making.	The arrangements made by PCU for the implementation and monitoring of the programme enabled beneficiaries to collect and use monitoring information for decision making.	3	

G. COMPLETION

1. Was the PCR delivered on time in accordance with Bank policy?

Date 98% disbursement is achieved (or closing date, if applicable)	Date PCR mailed to pcr@afdb.org	Difference in months	WORKING SCORE (auto-calculated) If the difference is equal to or less than 6 months, the score is 4. If the difference is greater than 6 months, the score is 1.
31/12/2010	31/01/2011	0	4

Briefly describe the PCR process. Describe the Borrower's and cofinancier's involvement in producing the document. Highlight any major discrepancies concerning the assessments made in this PCR. Describe the team composition and confirm whether a site mission was undertaken. Mention any major collaboration with other development partners. State the extent of field office involvement in producing the report. Indicate whether comments from peer reviewers were received on time (provides names and positions of peer reviewers

[150 words maximum]

The PCR was scheduled for end 2010. The preparation mission could not be undertaken because of the Task Manager's workload. It was finally undertaken from 5 to 17 January 2010 with the organization of workshops in Kinshasa and trips to Katanga (Lubumbashi and Kasumbalesa) and North Kivu (Goma). The Government prepared a completion report. This mission culminated in an aide-memoire. The mission team comprised Mr.Kouassi and two consultants, one of whom worked at CDFO. The PCR was submitted to ORQR on 1 January 2011.

H. LESSONS LEARNED FROM THE EVALUATION

Summarize key lessons for the Bank and Borrower suggested by the programme's outcomes.

[300 word maximum. Any additional narrative about lessons learned, if needed, must be placed in Annex 6: Programme Narrative]

The PUAICF achieved its key objectives. The PCU's performance is deemed satisfactory. It was deemed important to pursue and consolidate the achievements of this operation. It should, however, be noted that the use of counterpart funds in local currency for the budget support was affected by exchange rate losses, which led to a revision of the amounts allocated to certain activities.

In order to ensure sustainability of the programme achievements, it is important that special attention be paid by the government to financing the maintenance of equipment and rolling stock procured under the programme. The coupling of a balance of payments support operation (with a list of eligible imports) with a targeted budget support operation (with a list of eligible expenditure) seemed an appropriate solution to address the emergency-related needs and reaffirm that the local currency resources would be used for the envisaged activities. The grant's disbursement in a single tranche enabled the Bank to contribute immediately to financing the budget deficit and the Central Bank of Congo to have adequate reserves to intervene on the foreign exchange market. The allocation of local currency counterpart funds to urgent targeted activities produced tangible outcomes and measurable impacts. This operation could be modeled and replicated in other Fragile States with weak public financial management capacities.

I. PROGRAMME RATINGS SUMMARY

All working scores are auto-calculated by the computer from the relevant section of the PCR.

CRITERIA	SUB-CRITERIA	Working Score
PROGRAMME OUTCOME	Achievement of outputs (<i>cf. Section D.1 score</i>)	4
	Achievement of outcomes (<i>cf. Section D.1 score</i>)	4
	Timeliness (<i>cf. Section F.4 score</i>)	3
	OVERALL PROGRAMME OUTCOME SCORE	4
BANK PERFORMANCE	Design and readiness	
	Programme objectives are relevant to country development priorities (<i>cf. Section C.3 score</i>)	3
	Programme objectives could in principle be achieved with the programme inputs and in the expected time frame (<i>cf. Section C.3 score</i>)	4
	Programme objectives are consistent with the Bank's country or regional strategies (<i>cf. Section C.3 score</i>)	4
	The log. frame presents a logical causal chain for achieving the programme development objectives. (<i>cf. Section C.5 score</i>)	4
	The log. frame expresses objectives and outcomes in a way that is measurable and quantifiable (<i>cf. Section C.5 score</i>)	3
	The log. frame states the risks and key assumptions(<i>cf. Section C.5 score</i>)	3
	Programme complexity is matched with country capacity and political commitment (<i>cf. Section E.2 score</i>)	4
	Programme design includes adequate risk analysis (<i>cf. Section E.2 score</i>)	4
	Programme procurement, financial management, monitoring and/or other systems are based on those already in use by government and/or other partners. (<i>cf. Section E.2 score</i>)	1
	Responsibilities for programme implementation are clearly defined (<i>cf. Section E.2 score</i>)	4
	Documents required for implementation (e.g. specifications, design and procurement documents) are ready at appraisal (<i>cf. Section E.2 score</i>)	4
	Monitoring indicators and monitoring plan are adopted (<i>cf. Section E.2 score</i>)	4
	Baseline data are available or are being collected (<i>cf. Section E.2 score</i>)	4
	PROGRAMME DESIGN AND READINESS SUB-SCORE (average of working scores)	4
	Supervision:	
	Bank complied with:	
Environmental safeguards (<i>cf. Section F.4 score</i>)	N.A.	
Fiduciary requirements (<i>cf. Section F.4 score</i>)	3	

	Programme Covenants (conditions and triggers) (cf. Section F.4 score)	3
	Bank provides quality supervision in terms of skills mix and practicality of solutions (cf. Section F.4 score)	3
	Bank provided quality management oversight (cf. Section F.4 score)	3
	PCR was available on time (cf. Section G score)	3
	SUPERVISION SUB-SCORE	3
	OVERALL BANK PERFORMANCE SCORE	3
BORROWER PERFORMANCE	Design and readiness	
	Responsibilities for programme implementation are clearly defined	4
	Documents required for implementation (e.g. specifications, design and procurement documents) are ready at appraisal	NA
	Monitoring indicators and monitoring plan are adopted, and baseline data are available or are being collected	4
	PROGRAMME DESIGN AND READINESS SCORE	3
	Implementation	
	Borrower complied with:	
	Environmental safeguards (cf. Section F.4 score)	NA
	Fiduciary requirements (cf. Section F.4 score)	4
	Programme covenants (conditions and triggers) (cf. Section F.4 score)	4
	Borrower was responsive to Bank supervision findings and recommendations (cf. Section F.4 score)	3
	Borrower collected and used monitoring information for decision making (cf. Section F.4 score)	3
	IMPLEMENTATION SUB-SCORE	3
	OVERALL BORROWER PERFORMANCE SCORE	3

J. PROCESSING		
STEP	SIGNATURE AND COMMENTS	DATE
Sector Manager Clearance	Charles Muthuthi	31-01-2011
Regional Director Clearance	Marlène Kanga	31-01-2011
Sector Director Approval	Isaac Lobe Ndoumbe	31-01-2011

1.1 PROGRAMME EXPENDITURE SCHEDULE

Focus Areas	Main Activities	Amount	%
Completion Point Triggers	1. Formulation, monitoring and evaluation of PRGSP II	5 000 000	5.1
	2. Governance and provision of services in priority sectors	1 200 000	1.2
	Sub-total	6 200 000	6.4
Delivery of Urgent Public Services	3. SNCC Emergency Plan	14 200 000	14.6
	4. Primary and secondary school teachers' salaries	48 000 000	49.3
	5. Payment of REGIDESO bills	9 231 000	9.5
	6. Payment of SNEL bills	8 769 000	9.0
DGI Strengthening Procedures	7. DGI	4 480 000	4.6
	8. OFIDA	3 487 000	3.6
Programme Management	9. Implementation monitoring	3 000 000	3.1
Grand Total		97 367 000	100.0

1.2 FINANCIAL IMPLEMENTATION AS AT END NOVEMBER 2010

Focus Areas	Main Activities	Amount allocated	Re-	Amount Disbursed	Balance
Completion Point Triggers	1. Formulation, monitoring and evaluation of PRGSP II	6,176,902.00		6,045,252.00	131,650.00
	2. Governance and provision of services in priority sectors				
Delivery of Urgent Public Services	3. SNCC Emergency Plan	15,470,531.00		15,390,415.00	80,116.00
	4. Primary and secondary school teachers' salaries	47,448,160.00		46,153,167.00	1,294,993.00
	5. Payment of REGIDESO bills	9,231,000.00		9,230,940.00	60.00
	6. Payment of SNEL bills	8,769,000.00		8,768,950.00	50.00
Strengthening of DGI Procedures	7. DGI	4,480,000.00		3,795,836.00	684,164.00
	8. DGDA	4,088,577.00		4,049,633.00	38,944.00
	9. CTR	352,420.00		188,223.00	164,197.00
	10. Court of Auditors	183,062.00		186,223.00	- 3,169.00
	11. OGEDEP	170,000.00		153,135.00	16,865.00
	12. Ministry of Finance	1,419,472.00		756,753.00	662,719.00
	13 Ministry of Budget	176,667.00		61,458.00	115,209.00
Programme Management	14. Implementation Monitoring	3,000,000.00		2,495,699.00	504,301.00
Grand Total		100,965,791.00		97,275,693.00	3,690,098.00

1.3 PROCUREMENT/PUAICF-ADB

<u>1.3 PROCUREMENT/PUAICF-ADB</u>		
57 contracts awarded with 11 contracts cancelled due to resource depletion, 32 contracts completed, and 14 ongoing contracts,		
DESCRIPTION	US\$ COST	STATUS
SNCC : SUPPLIES		
Supply of carrying cable, contact wire, bare copper wire for 25 Kv -50hz catenary	306,000.00	Completed
Supply of parts to ensure reliability of electric traction substations and catenaries	64,000.00	Completed
Supply of 2450 m3 of fuel oil	2,688,509.00	Completed
Purchase of a Toyota Prado Jeep	38,500.00	Completed
Purchase of 3 Nissan Pick-Ups	76,500.00	Completed
Purchase of lighting materials for Lubumbashi workshops, depots and station	X	Cancelled
Purchase of 10 petrol engines with mechanisms for the rehabilitation of rail track saws and drillers	X	Cancelled
Purchase of plates and rods	X	Cancelled
Purchase of 250 m of Armco culverts	X	Cancelled
Purchase of spare parts for GENERAL ELECTRIC diesel and electric locomotive.	X	Cancelled
Purchase of riveting and rivet equipment for trials	X	Cancelled
Purchase of spare parts for HURE milling machine	X	Cancelled
Purchase of spare parts for VOITH-CERTOMATICPST2 transmission	X	Cancelled
Purchase of spare parts for maintenance of the 3CDCU mixed generator.	X	Cancelled
Supply of 5000 concrete sleepers	X	Cancelled
Purchase of 200 aluminium thermal welding kits for rail track	X	Cancelled
SECOPE : SUPPLIES		
Supply and installation of VSAT + computer equipment/29 sites	1,410,679.00	Ongoing
Purchase of 4 TOYOTA Prado jeeps	150,000.00	Completed
Purchase of a CIVILIAN 26-seater bus	64,800	Completed
Purchase of 600 YAMAHA DT 125 motorbikes	2,130,000.00	Completed
Purchase of 58 NISSAN pick-up trucks	1,508,000.00	Completed
Purchase of a Toyota Land cruiser -LC 200 jeep	79,830.00	Completed
DGI : SUPPLIES		
Supply and installation of electric generators	177 328.00	Ongoing
Supply and installation of VSATs	398 680.20	Ongoing
Supply and installation of computer equipment	797 959.00	Ongoing
Network cabling and materials	300 286.00	Ongoing
Equipment for DPI-GOMA offices		Contract Ongoing

Purchase of 3 NISSAN pick-ups	76,500.00	Completed
Purchase of 21 YAMAHA-DT 125 motorcycles	75,600.00	Completed
SERVICES		
Technical audit (VSAT+ Computer equipment)	90,000.00	Ongoing
Works control and supervision mission /DPI headquarters –Goma	30,000.00	Ongoing
WORKS		
Completion of construction work on DPI-GOMA headquarters	390,000.00	Ongoing
INS : SUPPLIES		
Purchase of computer equipment	30,000.00	Completed
Purchase of one 80 KVA electric generator	27,020.00	Ongoing
Internet connection	10,000.00	Ongoing
Purchase of 2 Nissan pick-ups	49,000.00	Ongoing
Purchase of a Toyota Prado jeep	37,500.00	Completed
MINISTRY OF PLANNING : SUPPLIES		
Purchase of a one-storey building for UPPE	900,000.00	Completed
Purchase of 6 TOYOTA Prado jeeps	225,000.00	Completed
Purchase of 3 Nissan 15-seater minibuses	138,000.00	Completed
Purchase of 4 Nissan pick-ups	98,000.00	Completed
Purchase of a Toyota Land Cruiser LC 200 jeep	79,830.00	Completed
Purchase of a CIVILIAN 26-seater bus	64,800.00	Completed
MINISTRY OF FINANCE : SUPPLIES		
Supply of one Toyota Land Cruiser-LC 200 jeep/Minifin	79,830.00	Completed
Supply of 2 Toyota Prado-TX jeeps	114,000.00	Completed
Supply of two Toyota YARRIS cars. Minifin	48,200.00	Completed
Supply of Toyota Prado jeep/CTR	37,500.00	Completed
Supply of NISSAN PATROL jeep/CTR	57,300	Completed
Supply of two Sunny cars/CTR	39,600	Completed
Supply of a Nissan pick-up/OGEDP	24,500.00	Completed
Supply of computer equipment/ DTO & OGEDP	85,000.00	Ongoing
DGDE : WORKS		
Completion work on Kasumbalesa one-stop border post	3, 400,000.00	Completed
MINISTRY OF BUDGET : SUPPLIES		
Internet connection/DEP	2,525.00	Completed
Office furniture	17,550.00	Completed
Computer equipment	15,945.00	Completed
Fitting out of offices	150,000.00	Ongoing
Purchase of binding machines	518.00	Completed
Total	15, 708,495.00	

2. Bank Contributions

2.1 MISSIONS UNDERTAKEN BY ADB EXPERTS

Mission	Number of Missions	Number of People	Composition
1. Preparation	1		
2. Supervision	2		H. Kouassi, Chief Macroeconomist, OSGE2
3. Appraisal	1	3	Mrs. Marlène Kanga, Division Manager, OSGE.2; H. Kouassi, Chief Macroeconomist, OSGE2; S. Nguessan Chief procurement Expert, OSGE.1
4. Completion Report	1	2	H. Kouassi, Chief Macroeconomist OSGE.2; Gerard BIZIMANA, Consultant, OSGE 2
Total	6		

2.2 PUAICF Completion Report Preparation Mission (people met)

DATE	FIRST AND FAMILY NAMES	POSITION	ORGANIZATION	PLACE
07 to 08.01.11	Mr. Tobie CHALONDAWA KALESHI	PCU Coordinator	PCU	At closing workshop
	Mr. François KABUYA KALALA	CTR Coordinator	CTR	At closing workshop
	Mr. Musa GALU	BCC Deputy-Director	BCC	At closing workshop
	Mr. Dieudonné Manu ESSIMBO	UPPE Coordinator	UPPE-Ministry of Planning	At closing workshop
	Mr. Delon KAMPAY	SECOPE Director	Ministry of EPSP	At closing workshop
	Mr. Vincent TSHIONGO	Chief Technology Officer/SNCC	SNCC	SNCC Headquarters Lubumbashi/ KATANGA province
	Mrs Patricia NZONDJOU	Procurement Director SNCC	SNCC	At closing workshop/ SNCC headquarters Lubumbashi
	Mr. Omandji LOKONDE	DGI Inspector	Ministry of Finance	At closing workshop
	Mr. Jacques Mwema MUKALAY	Chairman and Managing Director of REGIDESO	Ministry of Energy/REGIDESO	At closing workshop
	Mr. Honore TSHIYOYO	Advisor	Ministry of Finance	At closing workshop
10 to 12.01.11	Mr. Feller RUTAYISIRWA	Deputy Governor of North-Kivu	North Kivu Province	GOMA/North-Kivu provincial headquarters
	Mr. RUYANGE	Ministry of Finance, North Kivu	North Kivu Province	GOMA/North Kivu provincial headquarters
14 to 16.01.11	Mr. Olivier KAMITATU	Ministry of Planning	Ministry of Planning (KINSHASA)	LUBUMBASHI/when he was on working mission
	Mr. Monga NUMBI	DGDA Deputy Director	DGDA	Kasumbalesa/LUBUMBASHI/ KATANGA province

3. Review of Macroeconomic Progress

DRCs' economic outlook has considerably deteriorated since September 2008. The economy has been shaken by two major shocks: the international financial crisis and worsening of the conflict in certain eastern provinces of the country. The gross domestic product (GDP) growth rate slowed down considerably between 2008 and 2009, dropping from 6.2% to 2.9%. The main causes of this economic slowdown were falling mining revenues and foreign direct investment. In the Katanga mining areas, the closure of small mines and a decrease in the output of the major mining companies had an immediate negative impact on employment with about 200000 jobs lost and 1 million indirectly affected persons.

Following the negative impacts of successive financial crises (financial, oil and food) on the real economy in 2009, the year 2010 witnessed the consolidation of DRC's recovery. It was also the year when all records were broken. This recovery is confirmed by an estimated growth rate of 6.1% on the basis of actual output at the end of October compared to 2.9% in 2009.

Real GDP Projections for 2011 are 6.8%. This strong performance is due to success of activities in the mining and hydrocarbon (+5.42%), manufacturing (+2.27%) and construction (+3.02%) sectors. There has also been an overall increase of 0.06% in the agriculture, transport and communications, as well as service sectors. On the other hand, the energy sector has continued to slow down economic activity with a 1.15% decline over the same period.

The inflation rate in 2010 was contained and the year ended with a single digit inflation rate of 9.62 % compared to 53.1% in 2009. "This performance is outstanding and highly significant. It should be noted that the country has, on several occasions, achieved very low inflation rates in 2003 with 4.4%, in 2004 with 9.2% and in 2007 with 9.9%'

With regard to the external sector, the currency remained stable in 2010: indeed, the strong stability of the national currency was a gauge of the health of the Congolese franc in 2010. 'The annual depreciation of the national currency on the three segments of the foreign exchange market (official, free and parallel markets), was less than 1.5%. The indicative exchange rate rose from CDF 902.7 against the dollar end 2009 to CDF 915.1 against the dollar at 29 December 2010. This is yet another performance".

In order to contribute to the stabilization of the Congolese franc exchange rate, the Central Bank of Congo (BCC) intervened for the second time in the same month by auctioning an amount of US\$ 50 million (two tranches) to commercial banks.

With Regard to the Monetary Market, it should be noted "that the annual level of liquidity injections to the banking sector induced by public expenditure of the Treasury and Central Bank refinancing is undoubtedly important but largely sterilized by Treasury Bill (TB) auctions to the tune of CDF 78.35 billion and by CDF reserve requirements of 24.6 billion as at 22 December 2010'. On the money market, there has been a steady decline from 70%/year end 2009 to US\$ 22 as inflation has been controlled and contained. However, the reserve requirement rate has remained at 7%. 'Now the base rate shows a positive bias against the inflation rate of only 12.38 points. This bias could be lower in 2011.'

With Regard to the Treasury Plan, Central government budget surpluses are about CDF 125 billion and the deficit on the Central Bank's operations is within government-authorized limits of CDF 104

billion. *"These highly encouraging results were achieved through implementation of credible macroeconomic policies as attested by inter-institutional cooperation and coordinated management of economic, financial, monetary foreign exchange and fiscal policies.*

Budget management remains controlled, the financing of Treasury operations by the Central Bank has been limited, and the country's external position strengthened. Gross international reserves currently stand at US\$ 1.2 billion, i.e. the equivalent of about eight weeks of imports of goods and services. This is fairly high compared to the lowest level of US\$ 30 million in the first half of 2009. These performances are due to the recovery of mining activities and debt relief under the enhanced Heavily Indebted Poor Countries Initiative (HIPC-I) and the Multilateral Debt Relief Initiative (MDRI).

Cooperation between **DRC and external financial partners**: Since it has met seven triggers, DRC was able to reach the **completion points of the HIPC Initiative** and Multilateral Debt Relief (MDRI) on 1 July 2010, thereby fulfilling the conditions set by the IMF and World Bank. Consequently, there was a reduction in the nominal external debt stock from US\$ 13.7 billion to US\$ 2.9 billion, i.e. a cancellation of US\$ 10.8 billion.

Reaching the completion point has the following major implications for DRC: First, " with the current level of external debt, the debt burden has become sustainable with the new stock of US\$ 2.9 billion which only represents 24% of GDP compared to 125% previously, i.e. over one year of wealth production. *Second* "the significant reduction in debt servicing has created savings and fiscal space for expenditure to be allocated to poverty reduction". *Third*, "with regard to the level of international reserves, the drop in debt servicing should consolidate their level. These reserves will enable the Mint to intervene on the foreign exchange market in the event of internal and external shocks to maintain the stability of the macroeconomic framework". *Fourth*, "with regard to debts other than those owed to the Paris Club, in particular, the London or Kinshasa Club, or even domestic debt, the Government tried to obtain the same debt relief terms as for the Paris Club."

Regarding the **Bretton Woods Institutions**, an IMF mission visited Kinshasa from 6 to 16 September 2010 in order to assess the implementation of the Government's economic programme supported by the Extended Credit Facility (ECF). The IMF mission confirmed that the short-term economic outlook had improved significantly, despite a difficult international economic environment and fragile security situation.

In June 2010, the IMF and the World Bank considered that DRC had fulfilled the conditions for reaching the HIPC-I completion point and was eligible for additional debt relief under the MDRI. This debt relief, of about US\$ 12.3 billion, will considerably reduce the burden of the country's debt on its budget revenue and foreign exchange reserves, thereby allowing sufficient budgetary leeway for poverty reduction programmes. In this context, the members of the Paris Club and Brazil recently decided at their meeting on 17 December to cancel US\$ 7.35 billion (EUR 5.4 billion) of DRC's debts. The creditors did, however, express their concerns regarding the business climate, and have asked DRC 'to implement new reforms to further enhance governance, the rule of law, and fight against corruption'.

However, there are still some challenges to consolidating this progress, in particular strengthening the rule of law, improving governance, especially in the mining and oil sectors, and improvement of the business climate. To this end, several working sessions between the representatives of the Diplomatic Corps accredited to DRC and the representatives of bilateral and multilateral organizations (ADB, World Bank, IMF and the European Union) have been held regularly to focus on the pressing need to initiate improvements in economic governance.

DRC: KEY MACROECONOMIC INDICATORS: RECENT TRENDS AND OUTLOOK

	2006	2007	2008		2009	2010
		Est.	Rev. SMP	Est.	Projections	
	(Percentage change unless otherwise indicated)					
Production and Prices						
Real GDP	5.6	6.3	10.0	8.2	4.4	6.4
GDP Deflator	13.6	17.9	17.4	19.7	11.5	15.4
Consumer prices, annual average	13.2	16.7	17.5	18.0	16.4	11.8
Consumer prices, end-of-period	18.2	10.0	23.5	27.6	12.0	11.5
External Sector						
Exports, fob (US dollar)	41.5	109.6	35.1	11.3	-46.8	13.7
Imports, fob (US dollar)	16.9	81.8	29.7	27.6	-19.9	14.4
Export Volume	28.3	72.7	23.1	-0.2	-25.3	5.8
Import Volume	15.0	69.9	15.2	12.1	-13.9	11.4
Terms of Trade	8.5	13.4	-2.6	-2.1	-23.5	4.6
Nominal Effective Exchange Rate 1/	1.3	-15.5	...	-11.0
Real Effective Exchange Rate	11.6	2.6	...	0.8
	(Annual change in percentage of beginning-of-period broad money, unless otherwise indicated)					
Money and Credit						
Broad Money	60.4	49.5	30.2	54.9	16.4	...
Net Foreign Assets	-11.5	30.8	14.9	-5.5	-9.3	...
Net Domestic Assets	72.6	20.2	16.4	64.6	26.7	...
Of which:						
Net Credit to Government	17.8	10.3	-7.9	10.4	0.0	...
Credit to the Private Sector (annual percent change)	78.4	73.6	73.0	144.8	26.2	...
	(In % of GDP)					
Central Government Finance						
Total Revenue	12.9	14.8	16.3	18.1	17.9	18.4
Grants	8.0	3.5	4.5	3.6	7.5	7.4
Total Expenditure 2/	21.5	18.8	19.2	22.2	29.0	35.0
Underlying Fiscal Balance (on a cash basis)	0.5	0.8	1.9	0.8	0.2	-0.5
Overall Balance (payment order basis, including grants)	-0.7	-0.6	1.6	-0.4	-3.6	-9.2
Overall Balance (cash basis including grants) 3/	-0.8	-1.2	1.0	-1.2	-4.2	-9.3
Investment and Savings						
Gross Domestic Savings	11.2	16.7	15.2	10.5	2.8	8.1
Government	-0.4	-1.1	2.7	-0.5	-1.2	-1.3
Non-Government	11.6	17.8	12.5	11.0	4.1	9.4
Gross Investment	13.3	18.2	20.4	22.8	26.7	35.9
Government 4/	3.3	2.3	3.4	3.6	9.6	17.7

Non-Government	10.0	15.9	17.0	19.2	17.1	18.1
Balance of Payments						
Exports of Goods and Services	37.8	65.4	49.2	62.1	37.9	39.5
Imports of Goods and Services	42.6	68.8	53.4	74.8	65.4	68.7
External current account, including grants	-2.1	-1.5	-5.2	-12.3	-23.9	-27.8
Current account, excluding grants	-9.9	-8.9	-7.7	-21.0	-32.5	-34.6
Gross Official Reserves (end-of-period)						
In million US dollars	154.5	180.6	200.0	83.0	270.0	416.0
Gross Official Reserves(end-of period) in						
Weeks of imports of goods and services	1.5	1.5	1.1	0.9	2.6	3.2
	(Millions of US dollars, unless otherwise indicated)					
External Public Debt						
Total including IMF 5/	10,813	10,524	10,353	10,353	10,172	2,685
Net Present Value 6/	7,831	7,986	7,856	7,856	7,719	1,758
Net Present Value (in % of exports)						
Of goods and services 6/	339.4	195.2	166.0	136.9	27.6	32.3
Debt Service	251.6	370.5	291.4	291.4	257.3	154.5
In % of exports of goods and services	7.6	5.7	4.6	4.0	6.1	3.3
In % of government revenue	13.7	20.3	11.0	11.3	9.1	5.0
Exchange Rate						
Average	468.3	516.0	...	563.2
End-of-Period	503.4	503.0	...	639.3
Memorandum item						
Nominal GDP (billions of Congolese francs)	4.114	5.153	6.942	6.671	7.764	9.528
Sources: Data communicated by the Congolese authorities and IMF staff estimates and projections.						
1/ Change in annual average. Minus sign indicates depreciation						
2/ Includes interest due before debt relief and expenditure financed by HIPC resources.						
3/ Cash basis after debt relief on interest payments						
4/ Includes investment financed by resources released under the HIPC-I						
5/ Excludes most of London Club debts (US\$ 1.0 billion in 2007) which is expected to be bought back with deep discount on IDA resources but includes accumulated arrears and reflects the arrears clearance arrangements concluded at completion point						
6/Estimates and projections based on debt viability analysis end 2007 and after HIPC interim relief under Cologne terms. Includes assistance beyond the HIPC Initiative granted by some Paris Club creditors. Exports are calculated on the basis of a three-year moving average.						

4. List of Supporting Documents

INFORMATION SOURCES

Doc No	Document Title	Sources
1	Identification Report	ADB/ADF
2	Programme Appraisal Report	ADB
3	Loan Agreement	ADB
4	Disbursement Table	ADB/RCD /PCU
5	Programme Completion Reports	PCU
6	Bank Mission Aide-mémoires	ADB/ADF
7	Supervision Mission Reports	ADB