

**AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND**



REPUBLIC OF CONGO

**RESULTS-BASED COUNTRY STRATEGY PAPER
(RBCSP 2008-2012)**

NB : This document contains errata or corrigenda (see Annexes)

**COUNTRY OPERATIONS DEPARTMENT
CENTRAL REGION**

MAY 2008

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Currency Equivalents (June 2008)

UA 1	=	CFAF 685.521
UA 1	=	USD 1.62069
UA 1	=	EURO 1.04507
USD 1	=	CFAF 422.981
EUR 1	=	CFAF 655.957

Fiscal Year : 1 January – 31 December

ACRONYMS AND ABBREVIATIONS

ACBF	: African Capacity Building Foundation
ADB	: African Development Bank
ADF	: African Development Fund
AFD	: French Development Agency
ATC	: Agence transcongolaise (de transport) (Congolesse Transport Agency)
AWF	: African Water Facility
BEAC	: Bank of Central African States
BWI	: Bretton Woods Institution
CAR	: Central African Republic
CARPE	: Central Africa Region Program for Environment
CEMAC	: Economic and Monetary Community of Central Africa
CET	: Common External Tariff
CFAA	: Country Financial Accountability Assessment
CFAF	: CFA Franc
CFCO	: Congo-Ocean Railway Corporation
CGGL	: International Conference of Great Lakes Countries
CGP	: Country Governance Profile
CNCCF	: National Commission for the Fight against Corruption, Concussion and Fraud
CNLP	: National Poverty Reduction Committee
CNLS	: National AIDS Control Centre
CNR	: National resistance Council
CNSEE	: National Centre for Statistics and Economic Studies
COMIFAC	: Central African Forestry Commission
CORAF	: Congolaise de Raffinage
CPA	: Country Performance Assessment
CPAR	: Country Procurement Assessment Report
CSO	: Civil Society Organization
CW	: Civil Works
DDR	: Demobilization, Disarmament and Reintegration
DRC	: Democratic Republic of Congo
DWSS	: Drinking Water Supply and Sanitation
ECCAS	: Economic Community of Central African States
ECOM 2005	: Congolese Household Survey (conducted in 2005 and published in 2006)
EIMP	: Environmental Information Management Programme
EITI	: Extractive Industries Transparency Initiative
EMSP	: Economic Management Support Project
EU	: European Union
FAO	: Food and Agriculture Organization
FPCC	: Facility for Post-Conflict Countries
GDP	: Gross Domestic Product
GER	: Gross Enrolment Rate
GER	: Gross Enrolment Rate

GNP	: Gross National Product
HDI	: Human Development Index
HIPC	: Heavily Indebted Poor Countries
I- PRSP	: Interim Poverty Reduction Strategy Paper
ICP	: International Comparison Programme
IFAD	: International Fund for Agricultural Development
ILO	: International Labor Organization
IMCD	: Integrated Management of Childhood Diseases
IMF	: International Monetary Fund
IWRM	: Integrated Water Resources Management
LI	: Labor Intensive
MDG	: Millennium Development Goals
ME/PME	: Micro-Enterprise/Small and Medium-size Enterprise
MTEF	: Medium-Term Expenditure Framework
NEPAD	: New Partnership for Africa's Development
NGO	: Non-Governmental Organization
NPV	: Net Present Value
OECD	: Organization for Economic Cooperation and Development
OHADA	: Organization for Harmonization of Business Law in Africa
PACDIP	: Expenditure System and Poverty Indicators Improvement Support Project
PARE	: Economic Reform Support Programme
PARSEG	: Socio-economic Reintegration of Disadvantaged Groups Support Project
PLWH	: People Living with HIV
PNDS	: National Health Development Plan
PRGF	: Poverty Reduction and Growth Facility
PRSA	: Regional Food Security Programme
PRSP	: Poverty Reduction Strategy Paper
PSFE	: Forestry Environment Sector Programme
RBCSP	: Results-Based Country Strategy Paper
RDWSI	: Rural Drinking Water and Sanitation Initiative
SAP	: Structural Adjustment Programme
SDR	: Special Drawing Rights
SME/SMI	: Small and Medium-size Enterprises/ Small and Medium-size Industries
SNDE	: National Water Corporation
SNE	: National Electricity Corporation (Congo Brazza)
SNEL	: National Electricity Corporation (DRC)
SNPC	: National Petroleum Corporation
STI	: Sexually Transmitted Infection
STP	: Permanent Technical Secretariat of CNLP
UA	: Unit of Account of the African Development Bank
UAM	: Million Units of Account
UNDP	: United Nations Development Programme
UNICEF	: United Nations Children's Fund
VAT	: Value-Added Tax
WEO	: World Economic Outlook
WHO	: World Health Organization

EXECUTIVE SUMMARY

1. This Results-Based Country Strategy Paper (RBCSP) was prepared using a participatory approach that involved representatives of the Government, civil society, the private sector and the key development partners of Congo. It is intended to produce a reference framework for the Bank Group strategy in Congo for the 2008-2012 period. The RBCSP analyses recent socio-economic developments in Congo, the opportunities and key development challenges, and presents the areas of intervention of the Bank. The country context is still marked by the three civil wars of the 1990s, which caused severe damage for the population and destroyed infrastructures. The socio-political climate has returned to normal since the end of the wars in 1999, thanks to peace efforts and the pursuance of demobilization, disarmament and reintegration (DDR) of ex-combatants.

2. From the economic standpoint, the GDP, stimulated by soaring oil prices, recorded a real growth rate of 4% on average over the 2004-2007 period, representing a 1.5% increase in income per capita over the period. The economy remains dominated by oil, which represented more than 60% of the nominal GDP, 85% of exports and 75% of tax revenue over the period. The favorable oil trading conditions allowed for consolidation of the current account and primary budget balance, which posted a huge surplus over the period, as well as a significant accumulation of external reserves equivalent to more than 12 months of imports. However, the public debt remains at an unsustainable level despite attainment of the HIPC-I decision point in March 2006. The budget deficits, excluding oil resources, range between 25% and 40 % of non-oil GDP. Furthermore, there are still problems of budget discipline, notably weakness of the expenditure preparation, implementation and control chain, and inefficiency of the public procurement system.

3. The economy's sensitivity to external shocks is heightened by the predominance of the outward-oriented oil sector. Its limited integration into the rest of the national economy does not offer sufficient job creation opportunities to combat poverty. Furthermore, the Congolese economy is not competitive, and the country's immense potential and the Government's efforts to attract private investments into the non-oil sectors are yet to yield the expected results. The business environment, marked by extensive nationalization of the economy inherited from the socialist State period, the destruction of the productive apparatus during the conflicts and the decline in labor force quality remains unattractive. Efforts have been made as regards transparency in the oil sector (auditing of the accounts of oil companies, EITI initiative) and the fight against corruption (setting up of an anti-corruption observatory), where previously excesses were rife. However, there are still weaknesses as regards accountability and the judicial system, which is indispensable for guaranteeing business rights.

4. At the social level, poverty was exacerbated during the 90s with the proportion of the poor estimated at 50.7 % of the total population (ECOM 2005). Social inclusion remains weak, despite efforts made since the end of the conflicts. Women's advancement, equity in public resources management, development of the human capital and improvement of the living environment remain major causes for concern. Significant inequalities remain within the population according to type of activity undertaken, educational level and sex. The substantial income level differentials between rural areas and urban areas (where there is better redistribution of the oil surplus), but also the internal conflicts which have made the hinterland less secure, largely account for the significant internal migration to Brazzaville and Pointe-Noire. These two cities have witnessed accelerated urbanization, thus exerting much pressure on the water, sanitation and electricity infrastructures which no longer exist in several places.

5. In order to fight more effectively against poverty whose incidence was exacerbated by the conflicts, the Government in September 2004 adopted the interim PRSP, and in March 2008 adopted its full-fledged PRSP for the 2008-2010 period. The PRSP, which falls within the

country's post-conflict situation, lays emphasis on peace, stability, the promotion of good governance and the search for sources of strong and sustainable economic growth capable of improving access to the basic social services. The Government's ultimate goal is to reduce poverty by half by 2015 and make progress towards achieving the other MDGs. The return to normal socio-political life, the country's favorable oil situation, prospects of reaching the HIPC-I completion point and the natural resources potential now afford Congo a unique opportunity to successfully implement its medium-term development programme. However, the fact remains that major constraints still weigh on the achievement of economic and social progress by the Government, notably: (i) the limited capacity of the State in general to provide public utilities which were severely damaged by the internal wars that caused the departure of many qualified senior staff; (ii) weakness of the physical capital owing to the destruction of the productive apparatus; (iii) degeneration of the private sector, which remains the only viable alternative to oil; and (iv) accelerated urbanization of Brazzaville and Pointe-Noire, which poses serious problems of the health and well-being of the population .

6. Following the conflicts that have severely undermined the capacity of the State and the populations, it is thus necessary to support the institutions and the administration, and to contribute to the return to normal living conditions in the urban environment, where the impacts of the conflicts were most significant. The strategy of the Bank's 2008-2012 RBCSP logically underscores the following two areas: (i) infrastructure development to support growth and improve the living environment; and (ii) promotion of macroeconomic stability and growth. The first pillar aims at increasing the proportion of the population with sustainable access to basic infrastructures in the drinking water, sanitation and electricity sectors. The Bank's entry point under ADF XI will be a water and sanitation project. In case of additional resources resulting from the reallocation of ADF XI resources, these will be geared primarily towards rural electrification. The pillar will also be supported, under ADF XII, by assistance to the transport sector focused on the development of regional corridors and rural roads. Under the second pillar, Bank assistance will contribute to the creation of institutional conditions conducive to sustainable and equitable growth that can reduce poverty. It will consist in building capacities for effective allocation of resources to priority sectors and in supporting reform required for greater transparency of public procurement and the business climate. This pillar will be backed by an operation in the form of institutional support to facilitate the implementation of reform through capacity building, and subsequently a policy-based lending programme under ADF XII. The two intervention areas of the RBCSP, resulting from consultations of Congolese stakeholders in October 2007 and March 2008, will also benefit from the interventions that the Bank plans to undertake through the private sector window, with a view to diversifying the productive base.

Recommendations

7. The Boards of Directors are invited to approve the activities programme of this RBCSP and the operations proposed for Congo for the 2008-2012 period, on the basis of an allocation of ADF XI resources not exceeding UA 17.06 million in the form of a grant. The amount of this allocation was determined on the basis of the country's performance in 2007. It will evolve according to the country's performance within the CPIA framework.

I. INTRODUCTION

1.1 The Country Strategy Paper (RBCSP 2005-2007) for Congo was approved by the Boards of the Bank in February 2006 (ADF/BD/WP/2006/01). This strategy of re-engagement of the Bank in Congo fell within the scope of post-conflict efforts aimed at creating the prerequisites for economic growth capable of sustainably reducing poverty whose incidence was exacerbated by the three civil wars of the 90s. The strategy was based on two pillars, namely: (i) capacity building in economic management; and (ii) socio-economic integration to improve access to basic social services. The completion report of the 2005-2007 RBCSP (ref. ADB/BD/IF/2008/22), described the progress made regarding the strategic objectives, even though the short period of effective implementation (less than 2 years) of the CSP does not produce significant impact in terms of development.

GNP p c (2006)	US\$ 950
Area	342 000 km ²
No. of <i>Dpts</i>	11
Coastline	176 Km
Pop (2006)	3.551 Million
Pop ≤ 15 yrs	47.4%
Official Language	French
Life exp.	53 years

1.2 This RBCSP for 2008-2012 proposes a new reference framework for Bank operations in Congo during the cycles of ADF XI (2008-2010) and part of ADF XII (2010-2012), taking into account the country's post-conflict and fragile status. It is based on data and information collected during the preparation mission to Brazzaville in October 2007 and the dialogue mission of October 2008, following a broad consultation of the stakeholders within the participatory framework of workshops organized by the Congolese authorities. The starting point of the RBCSP is the 2008-2010 PRSP, recent reports provided by the authorities and the other development partners, the Bank's internal sector documents, as well as the study on sustainable growth and poverty reduction conducted by the Bank in August 2007. The RBCSP makes use of the results of the Congolese households survey (ECOM 2005) and the social health survey (EDS 2006) published in 2006. However, the non-existence of a survey similar to ECOM 2005, which constitutes the only reliable poverty measurement point in Congo, limits the inter-temporal analysis of poverty even though certain sector programs, formulated by the Government in support of the 2008-2010 PRSP, provide quantitative targets in the medium and long term.



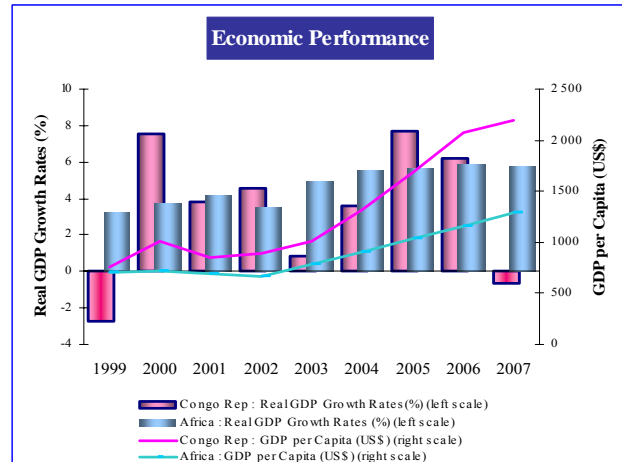
II. COUNTRY CONTEXT AND PROSPECTS

2.1 **Political and Economic Context**

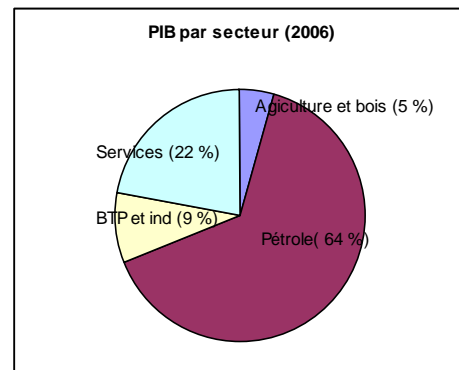
2.1.1 **The political situation** is still marked by the consolidation of peace after the three conflicts (1993, 1997 and 1998/1999). The democratic institutions provided for by the January 2002 Constitution have been put in place, but their weak capacities and non-observance of the balance of power constitute a major constraint. The electoral calendar has been followed, notably with the renewal of half of the seats of the Senate in October 2005 and the organization of legislative elections in June and August 2007, which saw the re-election of Presidential majority (125 seats out of 136), were marked by many irregularities, thus highlighting administrative dysfunctions and the weakness of political governance in Congo. The electoral calendar envisages the Presidential election in 2009, which will be a decisive stage in Congolese democracy. Although the process of emergence from conflict is generally completed, with the transformation into a political party of the National Resistance

Council (CNR), the main armed rebellion in the country, which is based in Pool Department (south of Brazzaville), it remains to be consolidated further. Indeed, the ineffective socio-professional reintegration of ex-combatants, illegal detention and the circulation of weapons, and the presence of inadequately trained persons within the ranks the police force are all issues of concern.

2.1.2 Oil activity remains the main engine of growth of the economy, which is benefiting from its soaring prices (see box 1). The approximately 4% average real GDP growth rate over the 2004-2007 period remains slightly below the sub-Saharan average of 5.5% for that period. Activity slowed down in 2007 with the maturation of some deposits and the interruption of pumping on the Nkossa platform following a technical accident. Domestic demand, boosted by the oil revenues, has sustained the non-oil sector, which is catching up with an average growth of 5.7% as a result of resumption of commercial activities and the reconstruction of the country. Growth, which should stand at an average rate of 8.1 % over the 2008-2011 period, depends on exogenous factors, particularly the price of oil.



2.1.3 Consequently, the productive structure is still marked by the juxtaposition of two sectors one modern, competitive and export-oriented, consisting of oil activities, and the other composed of traditional agriculture, local processing units and more or less informal services. The links between these two sectors are weak, and this disarticulation constitutes a serious obstacle to sustainable and job-generating growth. On account of its components, this growth offers few opportunities for employment and improvement of labor quality. Moreover, the oil sector surplus, which is relatively better redistributed in urban than rural areas is at the root of rural migration that has led to the deterioration of the other sectors, notably agriculture. This internal migration largely accounts for the accelerated urbanization of Brazzaville and Pointe Noire, which are now home to nearly 2/3 of the total population.



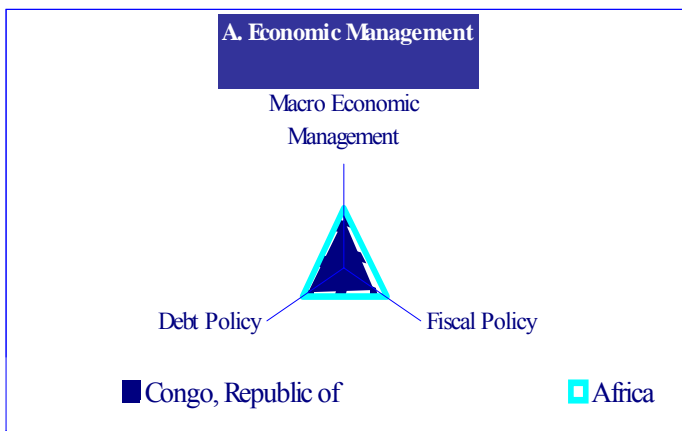
Box 1
Heavy oil dependency

Over the 2004-2007 period, oil production represented on average 60% of the nominal GDP, 85 % of exports and 75% of tax revenue. The country today ranks fifth among sub-Saharan African oil producers. Its annual production is approximately 96 million barrels for proven reserves estimated at 1.5 billion barrels, which represents about fifteen years of exploitation. The major oil operators are the SNPC and multinational companies operating according to a production-sharing contract with the Government based on oil profit (quantity of production less exploitation costs). The share of the Government, which ranges between 40% and 60% of the oil profit according to its value, is marketed by the SNPC, which is also in charge of the concession and exploration of oil fields. Since 1975, the intensification of oil exploitation has brought about profound changes in the country's productive structure. In addition to the macro-economic spin-offs, the oil resources have facilitated current repayments of the foreign debt on a regular basis, reduction of domestic arrears, and increased expenditure on the priority sectors of the I-PRSP. In spite of the sustained price hikes, the Government has since 2004 been preparing its budgets on the basis of a prudence factor that reduces predictable world price levels by US\$ 10/barrel to determine oil revenues. The Government has, on the advice of the IMF, established an oil reserve fund for the management of oil surpluses in a separate account opened at the Central Bank (BEAC) and known as the "Oil Reserves Fund", which is intended to receive the unbudgeted surpluses resulting from the rise in oil prices. Within this framework, Government deposits in BEAC reached the equivalent of 16% of GDP at the end of 2007. The Government is finalizing its medium-term expenditure framework (MTEF) for the use of this surplus under a new PRSP. The predominance of oil, whose spin-offs are relatively more visible in Brazzaville and Pointe Noire, accounts for the significant internal migration of the population towards the two cities, and therefore for the decline of agriculture. The rapid urbanization of these two cities, in particular Pointe Noire whose population has doubled in less than 10 years, exerts considerable demographic pressure on the social and health infrastructures and poses serious problems of hygiene and sanitation, development of economic activities as well as protection of the environment and resources.

2.1.4 Regarding macroeconomic management, over the 2004-2006 period, the favorable oil situation consolidated the current account and primary budget balance, both of which posted surpluses of over 10% of the GDP, and a high accumulation of external reserves equivalent to more than 12 months of imports. The impact of the increased reserves on money supply is neutralized by the combined effect of State divestiture from the financial system (repayment of bank loans) and the increase in public deposits, particularly the "stabilizing" role played by the separate account opened at BEAC (see Box 1) . On

the other hand, although monetary inflation has thus been brought under control, *there* were periodic *inflationary trends*, particularly in 2005 and 2006 (3.1% and 8.1%) due mainly to frequent supply disruptions between Brazzaville and Pointe Noire following recurrent railway traffic (CFCO) problems between these two major cities of the country and the tensions in Pool Department.

However, the oil revenue conceals macroeconomic imbalances and major structural dysfunctions: (i) *the external public debt* at the end of December 2005 stood at US\$ 8.5 billion at nominal value (US\$ 8.4 billion at NPV). In terms of NPV, that represented 806% of the country's budget revenue, 338% of its exports and 235% of its GDP. Since reaching the decision point of the HIPC Initiative in March 2006, the country has enjoyed temporary debt relief from certain donors. The Government is pursuing its efforts, which have enabled it to normalize relations with the Paris Club and recently to conclude an agreement with the London Club (see Annex. III) and the vulture funds; (ii) *the primary budget deficit excluding oil resources* ranges between 25% and 40% of the non-oil GDP over

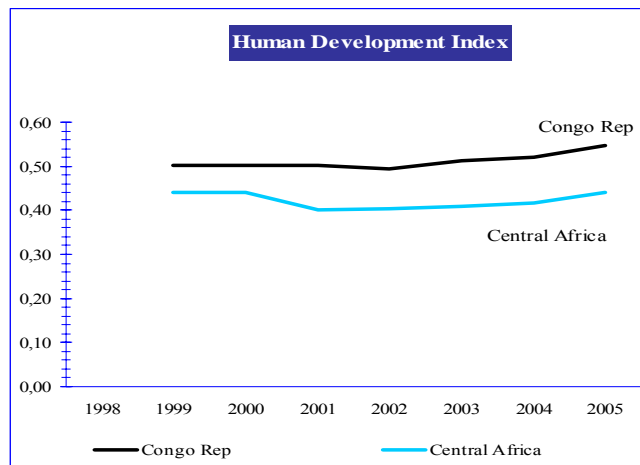


2.1.5 However, the oil revenue conceals macroeconomic imbalances and major structural dysfunctions: (i) *the external public debt* at the end of December 2005 stood at US\$ 8.5 billion at nominal value (US\$ 8.4 billion at NPV). In terms of NPV, that represented 806% of the country's budget revenue, 338% of its exports and 235% of its GDP. Since reaching the decision point of the HIPC Initiative in March 2006, the country has enjoyed temporary debt relief from certain donors. The Government is pursuing its efforts, which have enabled it to normalize relations with the Paris Club and recently to conclude an agreement with the London Club (see Annex. III) and the vulture funds; (ii) *the primary budget deficit excluding oil resources* ranges between 25% and 40% of the non-oil GDP over

the 5 last years (see Annex II-A); and, (iii) the weaknesses of the public expenditure implementation chain, in which the internal and external audits are inoperative, the procurement system in which the practice of direct negotiation remains very widespread, as well as the significant proportion of extra-budgetary expenditures (see Appraisal Report of PACDIP-ADF/BD/WP/2006/50). The results of ECOM 2005 show that about half of the households (49.3%) believe that poverty is due to "bad management of public property". The improvement of economic governance, particularly public procurement reforms, and the strengthening of budgetary management and control seem to be priority areas for equitable pro-poor allocation of resources.

2.1.6 **As regards the competitiveness of the factors of production, the quantitative and qualitative weakness of the physical and human capital and the policy of extensive nationalization of the past are taking a heavy toll on economic growth and poverty reduction in Congo.** A study conducted by the Bank (ref ADB/BD/IF/2007/215) showed that labor productivity (real GDP per worker) is generally low, including the non-oil sectors which are however more labor-intensive. In general, the labor market situation is characterized by a relatively high cost of skilled labor, an almost permanent mismatch between jobseekers who lack the required qualifications and the needs of the productive sectors in terms of skilled labor. The quality and quantity of the human capital were severely affected by the departure of many qualified senior staff, following the conflicts and abandonment of vocational training structures. The country, which ranked 109th in 1985 according to the human development index of the United Nations (HDI 0.556), ranked 139th in the world (HDI 0.499) in 2006

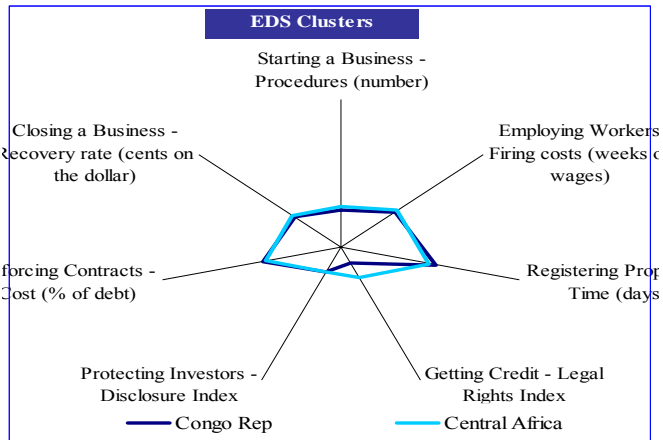
2.1.7 As for the physical capital, the degradation of the port, railway and road infrastructures rendered almost inoperative the country's main link-up route between Brazzaville and Pointe Noire. The cost of electricity remains high compared to neighboring countries; national production is insufficient compared to demand that is satisfied partly by imports from DRC. Despite the energy potential estimated at 2500 MW in hydroelectricity (of which only 89 MW is developed), 1.5 billion barrels of crude oil reserves, 391 billion m³ of gas reserves and a very good level of sunshine, access by the populations to electricity is 5.6% in rural areas and 44.6% in urban areas, representing a national average of 27.7% (ECOM 2005). The degradation of roads (especially farm-to-market roads) and the destruction of water supply infrastructure weigh heavily on the national economy's competitiveness on account of the crosscutting role of these factors of production, and considerably limit domestic production. The privatization programme for transport companies considered strategic, in particular "Chemin de fer Congo Ocean" (CFCO) and Pointe Noire seaport, is far behind schedule. The considerable State control over economic activity (granting of monopolies, fixing of prices, rigid regulation of employment, restrictions on the level of foreign trade, creation of public companies, etc.) was not conducive to competitiveness. Lastly, the recurrent inflationary cost pressures due to excessive domestic demand during the oil booms have led to real appreciation of the currency (increase in the



effective real exchange rate). This appreciation has created distortions to the detriment of domestic production by reducing the competitiveness of domestic goods compared to imports, including foodstuffs whose imports are equivalent to 27% of tax revenue.

2.1.8 As regards the business environment, the extensive nationalization of the Congolese economy during the years of centralized planning, created major distortions in the structure of incentives and led to lethargy of the private sector.

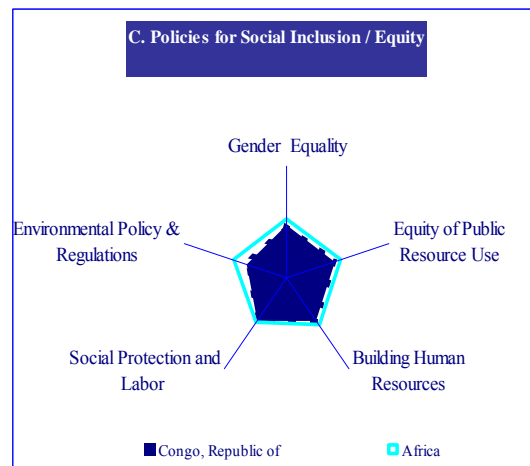
More specifically, besides the deterioration of infrastructures and the weakness of the human capital already underscored, the constraints on the business climate in Congo concern at least four areas. First, there is the small number of national formal private sector companies that are inexperienced and lack the culture of industrial and partnership investments. Indeed, more than 90% of the sector is composed of micro, small and



medium-size enterprises concentrated in Brazzaville and Pointe-Noire. Second, there is the inefficient legal framework that does not take into account the concerns of certain professions, including craftsmen and self-employed workers, who account for 70% of the employed working population and have a very high proportion of the poor (75%) according to ECOM 2005. According to the Doing Business Report 2007, Congo ranks 171st in the world (among 177 countries) as regards business climate due mainly to: (i) the rigidity of the Labor Code, partly as a result of the predominance of the public service in the formal labor market; and (ii) legal difficulties in providing guarantees to cover risks. Third, there is no mutual guarantee company and the difficulties of access to credit, especially for investments, discourage any enterprise initiative. **Lastly**, corruption, which is rampant in the administrative sector according to a survey by the State Control indicating that in 2003, 97% of the people interviewed acknowledged its existence and that no branch of industry is free from the plague, the most affected being revenue offices, the police force and the courts.

2.1.9 As regards social inclusion and equity policies, and in spite of the efforts made

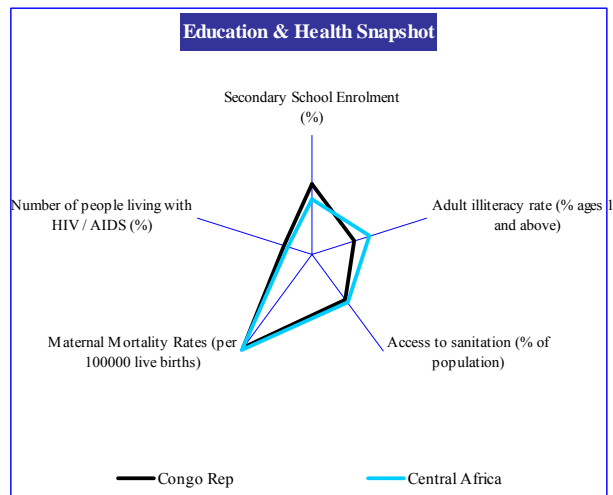
since the end of the conflicts, the advancement of women, equity in public resources management, development of the human capital, and improvement of the living environment are still major causes for concern. National texts formally recognize the principle of gender equality even though women are still under-represented in strategic decision-making institutions. Out of every 100 girls that complete primary education, 58% go to secondary schools and only 6% get to the university. Women thus have a relatively weaker human capital, and are often victims of discrimination on the credit and labour markets. Poverty is higher among households headed by women (58.2%) than those headed by men (48.8%). The Government has prepared an action



plan for improving women's status, and a gender information system has been put in place, including capacity building actions for structures working for gender promotion. *As regards equity*, ECOM 2005 indicated that 25% of the well-to-do earn an average income 6 times higher than the average income earned by the poorest 25%. The rate of unemployment is high, particularly in Brazzaville, where it is about 20%. Social security, which is limited only to employed persons, is provided by two public social security structures that are in a chronic deficit.

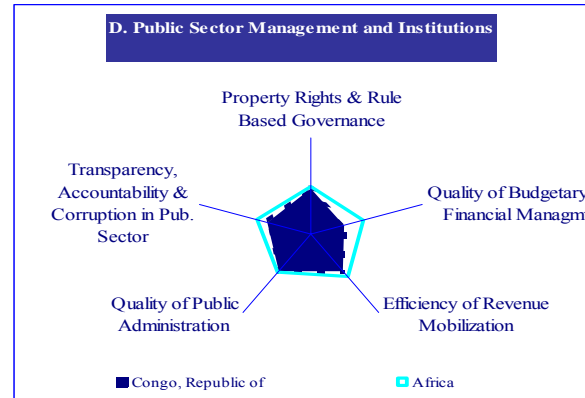
2.1.10 Furthermore, the substantial income level differentials between urban and rural areas account to a large extent for the significant internal migration to Brazzaville and Pointe-Noire, which are witnessing accelerated urbanization with negative consequences in terms of access **to drinking water and sanitation**. In urban areas, the drinking water coverage rate is around 40% as against 10% in rural areas. In peri-urban areas, the uncontrolled urbanization of towns has not been accompanied by a policy for providing basic social services infrastructure, due to lack of adequate investments. The Government considers it an absolute priority to provide sanitation facilities in Brazzaville and Pointe –Noire, where insalubrity is a major threat to the environment and public health.

2.1.11 **The full-fledged PRSP lays emphasis on education, which the Government considers as an essential factor for sustainable social inclusion of the poor** insofar as all the levels of education continue to face problems, notably concerning the shortage of teachers and the destruction of infrastructure. Enrolment rates remain low at the pre-school level (GER of 12% in 2005), in secondary education (61% in colleges and 19 % in high schools). On the other hand, the girls/boys parity index is 0.93 in primary schools, 0.87 in secondary schools, 0.65 in high schools and 0.58 at university. **Access to health services** has been reduced considerably by the crises, as a result of the destruction of more than 80% of the basic infrastructures and the poor supply and distribution of essential drugs, whose costs constitute a factor of exclusion. There is also an outbreak of epidemics, in particular the cyclic appearance of water-borne diseases (cholera), hemorrhagic fevers with the Ebola virus, the Buruli Ulcer, as well as STI and AIDS, whose HIV prevalence rate is evaluated at 4.2 %, with a rate of 7.5% among pregnant women. The Government has adopted a national health development plan (PNDS) 2006-2010 which is aimed at reducing maternal and infant mortality and supplying health services on the basis of public-private-local communities partnership.

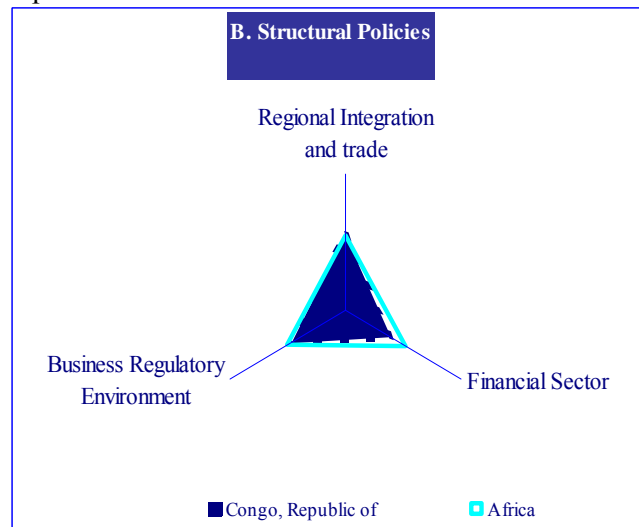


2.1.12 **As regards governance**, efforts have been made with respect to *transparency* in the oil sector, which had been source of many slippages in the past (annual audits of oil costs for fiscal 2002 to 2005 and the conduct of a diagnostic study on the marketing of oil by SNPC). National committees, including members of the civil society, were set up in September 2007 under the EITI, and an action plan for the implementation of this initiative in Congo was prepared. Congo joined the Kimberley process for diamond certification in

October 2007. In order to effectively combat fraud and *corruption*, the Government set up the National Commission for the Fight against Corruption, Misappropriation and Fraud (CNCCF) in September 2005, and passed the June 2007 law establishing the Corruption Observatory. *In terms of participation*, the principle of devolution and decentralization is enshrined in the Constitution, but the transfer of the required resources to the local authorities remains a case for concern. The improvement of access by the public to information and capacity building for Civil Society Organizations (CSO) are actions that need to be undertaken to ensure better participation. *Judicial and legal reforms* face problems due to uncompleted instruments and weak institutional capacities of the judicial system.



2.1.13 With regard to economic integration, Congo is an active member of sub-regional integration organizations, in particular CEMAC and ECCAS. Because of its geographical position, Congo plays a key role in the conservation and sustainable management of the Central African forest ecosystems of the Congo Basin within the framework of COMIFAC. Integration within CEMAC is far advanced in the field of coordination of macroeconomic policies (common currency, harmonized exchange regulations, multilateral convergence frameworks). On the other hand, commercial integration attempts have made little progress. Less than 1% of the exports (7% of exports excluding oil) of Congo are intended



for the other five CEMAC countries, which represent approximately 3.5% of the overall imports of Congo. The poor communication infrastructures, difficulties of implementation of sub-regional trade agreements, the business climate and the multiplicity of armed conflicts account for the limited integration within ECCAS. Because of its proximity to DRC, Congo is a major transit point for trade within ECCAS. Under its PRSP 2008-2010, the country intends to resume its role of transit zone for the landlocked countries of CEMAC by prioritizing projects with high integration potential such as the Ouesso (Congo)-Sangmelima (Cameroon) road, as well as the improvement of the navigability of the River Congo Oubangui for connection with CAR and North DRC. The development of these regional infrastructures should contribute to opening up the country's hinterland. It will strengthen environmental governance, which is facilitated by access to and management of the current protected areas (10% of the national territory). The Bank will lend its support, through its regional strategy, through actions aimed protecting the biodiversity of the forest ecosystems of the Congo Basin within the framework of COMIFAC.

2.1.14 In general, **the current situation of the environment** established in 1992, highlighted the weaknesses due to: (i) the irrational exploitation of natural resources; (ii) high air pollution; (iii) the destruction of water fauna and coastal ecosystems; and (iv) the release of pungent odors and proliferation of insects. Conscious of the environmental problems of the country, the Government has prepared a National Environmental Action Plan (PNAE) and a Biodiversity Action Plan to ensure environmental protection through biodiversity rehabilitation and conservation, improvement of the living environment of the rural and urban populations, and the promotion of sustainable development. With respect to oil, the regulatory framework envisages the implementation of an emergency intervention plan in the event of pollution for each operating company, and an anti-pollution unit has been established within the Office of the Minister responsible for Hydrocarbons.

Box 2 Growth vs poverty reduction
<p>Despite the long-term trends of the Congolese economy marked by oil price fluctuations and conflicts, the country recorded an annual average GDP per capita growth rate of 1.48% from 1960 to 2005, which is above the sub-Saharan average of 1% over the same period. This strong economic growth, driven primarily by the outward-oriented oil sector, has not translated into significant improvement of the key social indicators. According to the results of ECOM 2005, monetary poverty (proportion of people who live on less than US\$ 2 a day) affects 50.7% of the total population. Its scale is very pronounced in semi-urban areas (55.1%) and rural areas (49.2%). The poorest households are identified in informal activities (notably agriculture, building and construction, mining and small processing industries), which are unprofitable and which represent 77% of national poverty. The heads of households working in the public sector (poverty rate of 6%) seem to be better off than those carrying out their activities in the formal private sector (poverty rate of 11%), the latter being better off than those in the informal sector (poverty rate of 75%). The areas most affected by poverty are the semi-urban areas (67.4%) and the rural areas (64.8%). Poverty is higher among households headed by women (58.2% as against 48.8% for those headed by men) due to the fact that women have a weaker human capital and are often victims of discrimination on the labor and credit markets. The incidence of poverty is 69% for households headed by uneducated persons, 61% for those with a primary education level, 50.2% for those with a secondary education level, and only 30% for households headed by those with a higher educational level. In terms of perception, 62.2% of the people interviewed consider themselves as poor. Approximately 85.6% of the households feel that unemployment is the main cause of poverty and about half of the households (49.3%) also believe that poverty is due to "poor management of public property".</p>

2.2 Strategic Options of the Government

In order to fight more effectively against poverty whose incidence was exacerbated by the conflicts, the Government in March 2008 adopted a full-fledged PRSP for the 2008-2010 period. The PRSP, which falls within the country's post-conflict situation, lays emphasis on peace, stability, the promotion of good governance and the search for sources of strong and sustainable economic growth. The selection of strategic actions for the PRSP is based on about 26 sector studies (which were used in preparing sector guidelines and strategies), quantitative and qualitative surveys (ECOM and EDS), as well as sector and thematic consultations of stakeholders. From this viewpoint, the final PRSP differs from the intermediate PRSP 2005-2007 in that it responds to the weaknesses recorded in the I-PRSP, namely the lack of reliable statistical data, the lack of sector strategies, the limited consultation with development partners, and weak internal ownership of the preparation procedure. The Government's ultimate goal is to reduce poverty by half by 2015 and to make progress towards attainment of the other MDGs. Table 1 below summarizes the key development challenges facing Congo, the strategic areas of the PRSP 2008-2010, and the key components of the Government's development programme.

Table 1 : Development Strategy: Constraints and Challenges

Challenges and Constraints	Government's Strategic Areas in PRSP 2008-2010	Government's Medium-term Development Programme
<ul style="list-style-type: none"> ☐ Recurrent political and social instability during the 1990s, weaknesses in governance, fight against corruption, and internal ownership of essential reforms; ☐ Heavy dependence on the oil sector, and therefore deterioration of non-oil (private) sector which has suffered from policies of extensive nationalization of the economy inherited the socialist State; ☐ Destruction of more than 80% of the productive apparatus and socio-economic infrastructures (water, sanitation, transport and electricity) following the conflicts and limited access by the majority of the population to the basic social services with an HDI of 0.499 in 2007 corresponding to the 139th position in the world ranking; ☐ Significant internal migration leading to very rapid urbanization exerting strong pressure on health infrastructures and posing serious problems of hygiene, health and the environment 	<ul style="list-style-type: none"> ☐ Improvement of governance and consolidation of peace and security; ☐ Promotion of growth and macroeconomic stability; ☐ Improvement of access by the populations to basic social services; ☐ Improvement of the social environment and integration of vulnerable groups; ☐ HIV/AIDS control. 	<p>ONGOING REFORMS (Triggers of the point HPIC-I completion) ;</p> <ul style="list-style-type: none"> ☐ Maintain macroeconomic stability through the satisfactory GPRF reviews; ☐ Set up structures to fight against corruption; ☐ Strengthen transparency in the management of the oil sector, the forest sector, and the public procurement system; <p>PUBLIC INVESTMENT</p> <p>Infrastructures</p> <ul style="list-style-type: none"> ☐ Improve access to drinking water and sanitation infrastructures ☐ Guarantee the movement of goods and people throughout the national territory to contribute to strong and sustainable growth; ☐ Rehabilitate energy infrastructures and promote the distribution of energy throughout the territory; <p>Human Capital</p> <ul style="list-style-type: none"> ☐ Increase the net enrolment rate from 72% in 2005 to 90% in 2011 so as to improve the quality of human resources; ☐ Increase the national offer of quality care services coverage and intensify HIV/AIDS prevention and patient management activities, and strengthen epidemiological surveillance ☐ Strengthen administrative and institutional human capacities

2.2.1 Key Challenges, Weaknesses and Risks of the Country

In general, the economic and political situation of Congo has improved over the past five years thanks to peace efforts and high oil prices. However, poverty remains widespread, and the human development indicators are among the weakest in Africa with too many people having limited access to basic services. In addition, the country's debt weighs so heavily on the national economy that it paralyses its development. The key challenge facing the country is to come out of the transitional period in order to promote sustainable growth capable of reducing poverty and rehabilitating the destroyed infrastructures. These challenges constitute development constraints, which may be divided into three levels:

- (i) **The first level concerns the strengthening of economic governance and the institutional framework.** The Government's capacity to provide public services in general, and to implement macroeconomic policies in particular, was seriously affected by the internal armed conflicts that caused the departure of many qualified senior staff. There are still major weaknesses at the level of the oil resources allocation system, the programming and implementation of public investments, as well as the public procurement mechanism. The sectoral poverty reduction programmes lack synergy in their action plans.
- (ii) **The second level highlights the weakness of the physical and human capital that constitutes a major constraint on economic growth and poverty reduction.** The weakness of the human capital, exacerbated by the decline in the general level of knowledge, the degradation of health and education infrastructures, as well as the absence of training structures pose a serious challenge in terms of internal ownership of indispensable reform. The degradation of the port, railway and road infrastructures as a result of the conflicts has rendered almost inoperative the highway linking Brazzaville to Pointe-Noire. The cost of electricity remains high, national production is insufficient compared to demand which is satisfied partly by imports from DRC, and the degradation of roads (especially farm-to-market roads), as well as the destruction of water supply infrastructures weigh heavily on the national economy's competitiveness on account of the cross-cutting role of these factors of production; and
- (iii) **The third level is of a structural nature and concerns** the transformation of an oil-dependent economy, marked by inadequate or even lack of alternative structures of production. The predominance of the outward-oriented oil sector heightens the economy's sensitivity to external shocks, whereas its limited integration into the rest of the economy provides only few job creation opportunities, with a high level of unemployment, particularly in Brazzaville (ECOM 2005), and difficult access to the basic social services for the majority of the population.

2.2.2 Assets and Opportunities

The consolidation of the socio-political situation, the re-engagement of key partners, ongoing efforts to reach the HIPC-I completion point in order to reduce the debt burden which absorbs more than 50% of budget surpluses, and the particularly favorable oil situation today offer Congo a real and unique opportunity to create the conditions necessary for sustainable development within the framework of the PRSP cycle and beyond, so as to make progress towards achievement of the MDGs.

The Government has undertaken to transform the oil-dependent economy by putting in place competitive infrastructures within the framework of a private-public partnership (PPP) and to improve macroeconomic management for the development of non-oil activities. To that end, projects such as the priority investment program for the Pointe-Noire Port Authority, the rehabilitation of Congo-Ocean Railway and the improvement of navigation on the Congo-Oubangui River are major assets to render profitable the sub- regional corridor to Brazzaville, Kinshasa, the CAR and even Chad, and to obtain substantial economies of scale from the various investments. Table 2 below summarizes the investment assets and opportunities in Congo in the medium and long term.

Table 2: Comparative Advantages and Potential Sources of Growth in Congo

Why invest in the Republic of Congo...	And in which sectors?
<p>Comparative Advantages of the Country</p> <p><u>Good macroeconomic performance</u></p> <ul style="list-style-type: none"> - Strong economic growth, substantial financial reserves, - Prospects of reaching the HIPC-I completion point <p><u>Abundance of natural resources</u></p> <ul style="list-style-type: none"> - Approximately 1.5 billion barrels of crude oil reserves and 391 billion Sm³ of reserves of gas and other resources (diamond and potassium), - Very high hydroelectric energy potential estimated at 2500 MW of which only 89 MW are developed. - Enormous livestock and plant production potential with 10 million ha of arable lands and diversified fishery resources - Immense natural forests of 22.5 million hectares covering 65% of the national territory. - Abundant and diversified fauna and flora. - Significant ecotourism potential with savannahs (Niari), mountains (Chaillu and Mayombe), and highlands (Batéké), <p><u>Comfortable geographical position</u></p> <ul style="list-style-type: none"> - Point-Noire deep-water port, with more satisfactory nautical characteristics than those of the other countries of the sub-region; - -transit country for CAR and Chad, but also the northern part of DRC thanks to the maritime -CFCO-river transport chain 	<p>Key Sources of Growth in the Private Sector</p> <ul style="list-style-type: none"> <input type="checkbox"/> The agro-food industry (market to be developed with Government support) for the supply of dairy and fish products, sugar, rice, flour, fruit juice etc.) for which there is high domestic demand. <input type="checkbox"/> Wood processing (sawing, plywood, etc.) <input type="checkbox"/> Oil by-products (lubricants, gas, agricultural produce, chemicals, etc.); <input type="checkbox"/> Industrial products (building materials, metallurgy etc.) to meet the pressing equipment needs of households and companies; <input type="checkbox"/> Exploitation of natural resources (Potassium diamond, gas, etc.) <p><u>Infrastructure</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Production and distribution of water and electricity <input type="checkbox"/> Rehabilitation and construction of transport networks <input type="checkbox"/> Use of port infrastructures, in particular Pointe-Noire Port Authority and secondary ports . Enormous ecotourism potential.

2.3 Positioning of the Bank and interventions of other partners in Congo

2.3.1 Development aid in Congo has always been weak, with annual average disbursements hardly exceeding CFAF 15 billion, that is USD 9 per capita per year.

Table 3:
Tentative level of Official Development Aid commitments for 2001 à 2006 (in UA million)

KEY DONORS	<i>Agri-culture</i>	<i>Gover-nance</i>	<i>Macro-eco-stability</i>	<i>Social</i>	<i>Infra-structure</i>	<i>DDR</i>	Total	As %
WB		7.0	41.0	39.0		17.0	104.0	20.5%
IMF			86.4	0.0			86.4	17.0%
EU		6.2	43.3	12.7	65.0	14.4	141.7	27.9%
UNDP		8.7		1.2	1.6		11.4	2.3%
ADB		4.8	62.9	23.3			90.9	17.9%
AFD (France)		9.7	34.7	9.2			53.6	10.6%
IFAD	13.0							2.6%
ABEDA				6.4				1.3%
Total	13	36.4	268.4	91.7	66.6	31.4	507.5	100%
As %	2.6%	7.2%	52.9%	18.1%	13.1%	6.2%	100.0%	

2.3.2 The armed conflicts and some problems of governance rendered co-operation between Congo and its key partners almost inactive. The resumption of relations since the end of the conflicts is in two phases, namely: the series of interventions from 2001 to 2006 to meet urgent needs resulting from the conflicts, and the new partnership frameworks covering the period 2008-2010 and geared more towards development issues. Table 3 above summarizes the key sectors of focus of the partners during the first period.

2.3.3 Although Congo has not yet adhered to the Paris Declaration on the harmonization of aid, all the donors present in Brazzaville consult regularly and have all aligned their interventions on the priorities of the PRSP 2008-2010. Thus, as regards ongoing commitments covering the period 2008-2010, the interventions of the World Bank, estimated at USD 115 million dollars (as grants), will be geared towards the sectors of health, agriculture and urban poverty reduction. The European Commission will support Congo under the 10th EDF for an amount of approximately Euro 77 million allocated to the transport sector, economic governance and business environment. China is supporting the construction of a hydroelectric dam, a gas power station, the modernization of the Brazzaville airport, road transport and drinking water in Brazzaville. Under the cooperation agreement signed in March 2007 with the French Government, AFD interventions are geared towards biodiversity and environmental protection (including sanitation), education, training and health. **The ADB Group**, following the arrears clearance operation in which UA 33.3 million were cancelled, supported the 2004-2007 reform program with an assistance of UA 7 million. In addition, there is an ongoing portfolio of UA 19.17 million intended for the improvement of public finance management, socio-economic reintegration (see section 3.4) and the DWSS study. A review of future areas of focus of the various partners shows inadequate re-engagement in most sectors, particularly in the improvement of the living environment (sanitation, drinking water), capacity building and private sector development.

Box 3
Overview of Donor Interventions from 2001 to 2006

Within the framework of emergency post-conflict interventions (2001 to 2007), efforts by the authorities between 2003 and 2004 under staff-monitored programs enabled the country to conclude an agreement with **the International Monetary Fund (IMF)** under the PRGF of an amount of SDR 55 million in December 2004. In the same vein, Congo reached the decision point of the HIPC Initiative in March 2006. However, since October 2006, the results of the program fall short of the Government's commitments. The PRGF was suspended and replaced by a staff-monitored program whose review in October 2007 still highlighted recurrent budgetary control weaknesses. Between 2002 and 2006, **The World Bank financed**, as part of its transitional strategies, five projects representing a total volume of commitments of USD 104 million (with 69 million in the form of grants). The projects are geared towards capacity building in transparency and governance, revitalization and support for disadvantaged communities, HIV/AIDS control, basic education and the DDR program. ABEDA is supporting the rehabilitation of Blanche Gomes Hospital (USD 6 million). Besides assisting the transitional Parliament, **UNDP** supported the Government over the 2004-2007 period in the areas of governance, poverty reduction, the environment, HIV/AIDS and girls reintegration for a total amount of approximately USD 11 million. IFAD is supporting food security for an amount of USD 13 million in the northern rural development project. The other specialized agencies of the United Nations (UNICEF, UNFPA, UNAIDS, WHO) as well as ACBF are also present in Congo and assist the Government in their respective fields of competence. The European Commission committed, for the period 2002-2007 under EDF (6, 7, 8 and 9), approximately Euro 92.5 million, allocated to institution building, health, micro-projects, civil society, transport between Brazzaville and Pointe Noire, and repayment of Congo's arrears to the EIB. Approximately Euro 10 M (excluding EDF) were allocated to the consolidation of peace (DDR and disarmament in Pool Department). **China** is intervening in the sectors of infrastructure (Imboulou and Moukoukoulou dam, the Loutété cement factory), and drinking water supply (Brazzaville, Mossaka and Sibi), and in rehabilitations (Loandji hospital, Massamba-Debat stadium, and Parliament building). There is no direct financial co-operation between **the United States of America** and Congo. However, USAID intervenes indirectly in Congo through the CARPE Program (Central Africa Regional Program for the Environment) within the framework of Partnership for the Congo Basin. **The French Co-operation**, besides contributing to the clearance of Congo's arrears to the ADB, financed cultural and capacity building activities (public service, municipality, micro-projects, criminal investigation, public investment, etc) over the 2001-2006 period for a total amount of approximately Euros 15.8 million.

2.3.4 A review of the strategies of the other partners brings out three essential lessons. First, in order to cope with the weak capacities of the national administration, projects are managed either directly by the donors themselves (bilateral donors and the United Nations system) or entrusted to NGOs and/or a service centre put in place by the UNDP (World Bank, European Union). In the latter case, the World Bank has set up management structures for each of its projects. Secondly, in order to avoid delays and the designation of officers that do not always have the required qualifications, the donors recruit national senior staff through competitive selection. These teams are reinforced by technical assistants who provide key support for the implementation of activities. Thirdly, on account of the Government's financial room for manoeuvre within in a favorable oil context, the donors agree with the Government on co-financing arrangements of up to 50% of project costs. The Bank intends to draw on relevant lessons from these three types of experience for the implementation of the strategy for RBCSP 2008-2012. Furthermore, where a government service or NGO could be used as executing agency for some projects of this strategy, the issue of their capacity will be considered on a case-by-case basis.

III BANK GROUP ASSISTANCE STRATEGY

3.1 Rationale and Targeted Results of Bank intervention

3.1.1 To cope with the challenges resulting from the conflicts, and in particular to reduce poverty (see Table 1 page 8), Congo has successively adopted the "new hope" program and an interim PRSP. The full-fledged PRSP, adopted in March 2008 by the Government, comes at a time full of promise and opportunities, and posing major challenges and constraints. The prospects for accelerated and more widely shared development have never been so bright. The country's development partners have demonstrated their commitment to significantly increase their support, and the presence of new high capacity actors is increasingly felt at the national level (see § 2.3.2). However, despite the progress

made in previous programs, the challenge of self-sustained growth and equitable development in Congo is, to a great extent, yet to be met. The level of poverty (ECOM 2005) is one of highest in Africa, and the development indicators remain among the weakest, notably limited access to drinking water, sanitation, energy and efficient public services (see Box 2). The preparation of the PRSP showed clearly that institutional capacity weaknesses and the extent of degradation of infrastructures following the conflicts require the financial support and expertise of development partners to enable Congo to make progress towards achieving the MDGs by the target date of 2015.

3.1.2 The African Development Bank Group can, in close collaboration with the other partners that support the PRSP, contribute more substantially and more effectively towards helping Congo to meet its major challenges. To that end, the Bank's assistance strategy for the 2008-2012 period aims at contributing to poverty reduction and attainment of the MDGs through two key intervention areas: (i) infrastructure development to support growth and improve the living environment; and (ii) promotion of macroeconomic stability and growth. There are many synergies between the Bank's two areas of intervention. By laying emphasis on improved access to basic infrastructures (drinking water, sanitation and electricity), the first intervention area is crucial for growth, private sector development, broadening of access to basic services, and job creation. The second intervention area, centred on improvement of public resource management and the business climate, aims at creating an environment for improved economic governance and the fight against corruption so as to attract national and international investments, guarantee growth and foster access by the poorest population to basic services.

3.1.3 These two areas, which are the outcomes of broad consultations between the Government and Congolese stakeholders, are also based on the results of studies on growth and poverty reduction conducted by the Bank and those conducted by the other development partners. They are fully consistent with the national priorities, in particular strategic area No. 3 of the PRSP 2008-2010 and strategic area No. 2 of the PRSP, with which the second pillar of the RBCSP is also fully consistent. The Bank's choices were also guided by the need for complementarity with the areas of focus of the various development partners that demonstrate inadequate re-engagement in the rehabilitation of socio-economic infrastructures and support for private sector development. It will be necessary to intensify coordination with ongoing and programmed interventions of the AFD (sanitation), EU (transport and business climate) and China (energy and road transport) to mention but a few, so as to strengthen synergy, reduce duplication and increase efficiency of the resources committed. These choices are consistent with the operational priorities of ADF XI, which lay emphasis on infrastructures, governance and regional integration. They ensure continuity of the two operations of the active portfolio (PARSEG and PACDIP). Lastly, the resources allocated to Congo have been taken into account, notably the indicative country allocation level of UA 17.06 million under ADF XI for the year 2008, as well as the possibility of co-financing with the Congolese Government, in view of its improved budgetary situation (see Annex II (c)).

□ **Intervention Area I : Infrastructure development to support growth and improve the living environment**

3.1.4 The objective of this pillar is to increase the proportion of the population with sustainable access to a drinking water source and better sanitation system, as well as to contribute to the rehabilitation of electricity infrastructures. The deficiency of these public services is a major constraint for the poor populations, who are often subjected to awful living conditions. The Bank's entry point in this pillar will be a water and sanitation project for an amount of up to UA 14 million under ADF-XI.

3.1.5 Access to drinking water and sanitation has improved. Despite the significant water supply potential, the drinking water coverage rate does not exceed 40% at the national level. According to ECOM 2005, 10% of households take at least one hour to reach a drinking water source and, in general, this chore is performed by children and women. Similarly, access by the populations to individual or collective sanitation in urban and rural areas is almost non-existent, the coverage rate of appropriate individual sanitation (toilets with flushing systems and latrines with ventilated improved pits) is about 10.5%, and the rest of the infrastructures, that is 89.5%, consist of non-conventional latrines. This is a threat for the environment because the non-treatment of waste water and the lack of landfills leading to the dumping of refuse on waste land, back streets or around market places contribute to the production of offensive odors and proliferation of insects that are vectors of epidemics. Congo has subscribed to International Treaties guaranteeing the availability of water resources and access to drinking water for all people without discrimination. To that end, the Government in January 2007 prepared a sector policy letter defining the targets to be attained, in particular drinking water supply and better sanitation system in all chief-towns of the Departments (12). The objective is to increase the water coverage rate in urban areas to 90% and in rural areas to 75% by 2015, as well as to increase the proportion of the population with access to better sanitation system to 44.9 %. The Bank is already intervening in this sector through the emergency post-conflict project (PARSEG) of which one component aims at providing sanitation services to the three peripheral districts of Brazzaville. The objective is to improve the living environment and ensure the socio-economic reintegration of the poorest populations through labor-intensive works. The intervention under the present RBCSP will be based on the results of the ongoing study, financed by the African Water Facility (AWF), which is aimed at conducting a comprehensive diagnosis of the sector so as to determine the major constraints, and ways and means of mitigating them. The study will provide detailed priority projects to resolve problems relating to the treatment of domestic wastewater and storm water in Brazzaville and Pointe-Noire, and acute problems of headwater erosion threatening the immediate environs of the city of Brazzaville. In addition to capacity building for the intervention structures of the sector and the construction of structures, the Bank's intervention will also help to establish a permanent household refuse collection and treatment system through the promotion of participatory methods and dissemination of suitable and cost-effective faeces management techniques.

3.1.6 Access to electricity and transport infrastructures has improved. On account of the cross-cutting role of these infrastructures, their destruction severely affected the quality of basic social services and reduced the productivity of sectors likely to promote strong and sustainable pro-poor economic growth. Bank support will help to improve access by the poorest populations to reliable and environment-friendly power supply to boost productivity and improve the quality of life. The Government, with Chinese funding, has embarked on the construction of a 120-MW hydro-electric dam and a 300-MW gas power station. These facilities are scheduled to become operational in 2009 and 2010. **In case of additional resources under ADF XI**, the Bank will support the electricity distribution project for rural areas and centres in order to meet the lighting needs of community social centres and households, provide electricity, and facilitate the processing and conservation of agricultural and fish products. **Under ADF XII**, the Bank will support the Government's efforts aimed at improving transport by giving priority to regional corridors so as to strengthen regional integration and provide access to rural areas through the rehabilitation of feeder roads and road infrastructures for the direct benefit of rural communities. The selectivity of interventions in the transport sector will be considered during the RBCSP review in 2010. It will take into account the results of the studies programmed under this CSP, as well as the indicative amount of resources that can be mobilized from the regional allocation for integration road projects in Congo. Concerning the agricultural development objective to reduce the country's food dependency and support trade, the Bank's interventions will lay emphasis on the promotion of public-private partnership based on the various ongoing studies so as to

better target priority segments with high integration potential among those for which the Government has requested Bank intervention, in particular: (i) the Ouessou – Ketta – Sembe – Souanké – Cameroon Border link-up road; (ii) the construction of the Brazzaville-Kinshasa railway bridge (iii) the integrated regional corridor development project combining the improvement of the Port of Pointe-Noire, the rehabilitation of the Congo-Océan Railway and the improvement of navigability on the Rivers Congo and Oubangui, in coordination with the other partners involved, notably the European Union and AFD.

Intervention Area II : Promotion of macroeconomic stability and growth

3.1.7 Intervention area II will support strategic area No. 6 of the PRSP aimed at creating conditions required for equitable growth and poverty reduction. This entails ensuring stability of the macroeconomic framework by strengthening the resource allocation system so that the current growth, which is driven by oil, should be beneficial to many people, and by improving the business environment in order to stimulate investments and private initiative, and guarantee broad-based growth conducive to employment. Bank intervention to support this second pillar will be in the form of institutional support for at least UA 2 million under ADF XI. The choice of this instrument is justified by Congo's administrative and institutional weaknesses that require targeted capacity building actions for structures responsible for implementing reforms. These will be identified in co-operation with the authorities, while seeking synergy with the operations of the other donors, notably the European Union. In addition to ADF XI resources intended for the public sector, the Bank also plans to support the economic development of Congo through its window specialized in operations with the private sector. Bank assistance could be provided in the form of advisory services, financial support to enterprises, and promotion of effective partnership.

3.1.8 Macroeconomic stability is achieved to ensure better resource allocation to the pro-poor sectors. The balance of Congo's macroeconomic accounts depends exclusively on oil resources, which represent nearly $\frac{3}{4}$ of the Government's tax revenues. This therefore makes the State budget the key instrument for ensuring equitable distribution of the said resources for the benefit of the entire population. However, one of the major weaknesses of Congo's macroeconomic management is the public expenditure implementation system as indicated in several specialized studies. Accordingly, the Bank supported the Government through the PARE which helped to secure tax resources, and the ongoing PACDIP which is aimed at reinforcing control of the expenditure system. To pursue these efforts in economic governance, the Bank intends to extend the scope of its intervention to the crucial issue of public procurement, which is a source of corruption and waste, leading to frequent budgetary slippages. As regards triggers of the HIPC-I completion point, the Government has undertaken to establish a new procurement system that complies with best international practices, and fosters transparency and competition. A Public Procurement Reform Commission was set up in July 2006, and a draft procurement code is being finalized with World Bank assistance. The Bank's institutional support will help to: (i) put in place and specify the responsibilities of independent procurement, control and arbitration bodies; (ii) provide support to structures for the preparation, evaluation and monitoring of bidding documents; and, (iii) provide capacity building for Government project executing agencies and for public and semi-public enterprises to improve their efficiency in the purchase of capital goods and/or supplies financed by the Bank and donors. The capacity building will make it possible for the Bank to envisage providing support to the Government's reform efforts during the CSP review in 2010 so as promote good governance through ADF XII over the 2011-2012 period.

3.1.9 The business environment is improved to stimulate sustainable and equitable growth. The weak and slow administrative and judicial services, as well as difficult access to credit discourage national and foreign companies from supporting development in Congo. The Government is aware of the fact that stimulating private investments is essential for ensuring pro-poor growth and promoting

governance. Apart from the issue of transparency of the public procurement system which will facilitate access by SMEs and SMIs to the opportunities offered by public investments, the Bank intends to pursue its economic governance actions within the framework of institutional support by extending them to cover issues relating to the improvement of the business environment. This intervention is in conformity with the Bank's private sector strategy (ADB/BD/IFS/2007/149) and is aimed at supporting the Government's efforts, notably through: (i) capacity building and clear definition of the responsibilities of key private sector stakeholders, notably employers' unions, professional associations, specialized NGOs and women's organizations; (ii) institutionalization of a mechanism for dialogue between public sector and private sector stakeholders so as to promote responsibility, transparency and accountability; (iii) improvement of the legal and regulatory framework, and reinforcement of judicial structures to guarantee the right of ownership and build on the various actions already undertaken by the Government, in particular, the incorporation of OHADA treaty provisions in national instruments.

3.1.10 The productive base is diversified through support to the development of private companies. In synergy with reform relating to the improvement of the business climate aimed at removing obstacles to equitable growth and encouraging national and foreign companies to support diversification, the Bank will pursue the identification of private sector projects to build a high-output portfolio. In accordance with its private sector strategy, the strategic priorities will be centred on: (i) support for private companies and financial institutions (lines of credit, capacity building, direct support, potentially effective partnerships, etc); and (ii) development of public-private partnership for the establishment of competitive infrastructure to improve the supply and quality of services in the energy, transport, water and telecommunications sectors. The diagnosis to be provided by the sector studies envisaged under this strategy and the investment promotion seminar that the Bank intends to organize in Congo will help to limit the scope of interventions to relatively fewer projects offering the best strategic choice. Special emphasis will be laid on support for actions by business women who are organized within structured associations and represented through joint security groups and co-operatives.

3.1.11 The Bank is already preparing to play a catalytic role by providing direct support, in partnership with other financial institutions and within the framework of the Potash exploitation (fertilizers) project in the brine fields of Mengo (Pointe Noire). The Kouilou project which is targeting an annual production of 580 000 tonnes of potash takes into account major concerns regarding local development, environmental protection and local labor, particularly through: (i) the creation of jobs during construction, and permanent local employment during the operation phase which will go along with training schemes; (ii) the creation of new SMEs in the project area and subcontracting to local and regional companies; (iii) improvement of the local infrastructures, notably through the Pointe-Noire Port expansion project; and, (iv) improvement of the environment and atmospheric pollution by using the natural gas currently burned and released into the air in Congo.

3.1.12 Similarly, in accordance with its policy of development of a national financial sector capable of mobilizing the resources required for financing priority investments, the Bank will explore the possibility of an intervention through equity participation in the "Banque de l' habitat du Congo" (BHC), which is being established. The objective is to respond to the housing problem caused by excessive urbanization of the country, which has led to the widespread development of peripheral districts where the majority of households live in unhealthy makeshift dwellings.

Table 4
ADF-XI Results and Lending Programme Framework

INTERVENTION AREAS	SECTOR OF ACTIVITY	RESULTS INDICATORS
Intervention area No. 1 : Infrastructure and living environment	1.1 Water and sanitation	<ul style="list-style-type: none"> <input type="checkbox"/> The proportion of the population with access to better sanitation system rises from 10.2 % in 2006 to 44.9 % in 2012 <input type="checkbox"/> Headwater erosion in the districts of Brazzaville are treated by 2010 <input type="checkbox"/> The proportion of the population with access to drinking water rises from 48.5 % in 2006 to 74.3 % in 2012 <input type="checkbox"/> The prevalence rate of sanitation-related diseases such as water-borne diseases (malaria, diarrhoeas, cholera and typhoid) is reduced <input type="checkbox"/> The mortality rate of children under-five drops from 75⁰ / 00 in 2006 to 56.3⁰ / 00 in 2012 • Reduction of time for access to a drinking water source
Intervention area No. 2 : Pro-poor growth and macroeconomic stability	2.1 Macroeconomic stability	<ul style="list-style-type: none"> <input type="checkbox"/> The proportion of expenditure allocated to the PRSP priority sectors represents at least 30% of overall primary expenditures over the 2008-2012 period. <input type="checkbox"/> The new procurement code, which complies with best international practices, is adopted and implemented no later than 2010 <input type="checkbox"/> Procurement bodies and structures are put in place <input type="checkbox"/> The rationalized public expenditures system is functional in 2009 <input type="checkbox"/> Budget implementation and the internal and external control system for expenditures are improved
	2.2 Business environment and diversification	<ul style="list-style-type: none"> <input type="checkbox"/> The OHADA texts are incorporated and harmonized with national instruments and reforms. The judicial system reform is finalized by 2010 <input type="checkbox"/> Private sector stakeholder capacities are strengthened with special emphasis on women's economic empowerment. <input type="checkbox"/> The guarantee fund implementation mechanism is operational <input type="checkbox"/> The proportion of the non-oil sector in GDP drops from 64% in 2006 to less than 50 % in 2012

3.2 Non-project Activities

The Bank will reinforce its analysis work through economic and sector studies (ESS) that provide an information base to better target its interventions during subsequent RBCSP cycles on the Congo's two priority areas, namely: rehabilitation of infrastructures and boosting of key sectors for sustainable and equitable growth. The Bank will launch an *agricultural* study to better determine the constraints and potential of this sector, and thereby contribute to reducing the country's food dependency, while ensuring environmental protection and safeguarding natural resources. A review of the transport, a study on the Brazzaville-Kinshasa railway bridge within the regional framework, and the ongoing governance profile will also serve as knowledge base to guide interventions during ADF XII. The Bank will provide assistance within the framework of debt relief at the completion point of the HIPC Initiative. It will, in particular, monitor the management of related resources for the priority sectors. Lastly, training will be organized to upgrade the skills of project managers and national officers responsible for the procurement of goods and services, and disbursements.

3.3 Resource Allocation based on CSP Performance and Monitoring

3.3.1 The overall allocation includes the resources which will be granted to Congo under ADF XI (2008-2010) whose indicative amount is UA 17.06 million in 2008 and part of ADF XII (2011-2012) resources. Two projects and two sector studies will be financed under ADF XI, namely: (i) the

Brazzaville and Pointe-Noire drinking water supply and sanitation project (UA 14 million); the business environment improvement support project (UA 2 million); and, (ii) sector studies relating to transport and agriculture respectively (UA 1 million). In the event of allocation of additional resources during ADF XI, they will be directed in priority to rural electrification. Two operations will be financed by ADF XII resources, namely: (i) a transport project; (ii) a policy-based lending program concerning governance and the rural electrification program, if it is not financed under ADF XI. The indicators agreed upon with the authorities to improve the country's performance within the framework of CPIA, and increase its future allocations are shown in the table below.

Table 5
Reference Framework for Performance Measurement

Policies to be implemented	Situation in base year (2008)	Objectives pursued not later than in 2010	2012 Targets
Economic management policies			
Macro-economic and public finance management policies (means of verification: review reports of IMF- supported reform programs)	Ongoing staff-monitored program.	Return to a PRGF program in 2008 and satisfactory last review of the program in 2010	Conclusion of a subsequent three-year program with the IMF
Policies conducive to social inclusion and equity			
Equity policies in the use of public resources (means of verification: review reports of BWI-supported reform programs and PACDIP review reports)	Implementation rate of priority public expenditures is 55%	Implementation rate of priority public expenditures is more than 70%	Implementation rate of priority expenditures of the PRSP is 90 %
Public sector and institutions management policies			
Transparency, accountability and corruption in the public sector (means of verification: reports/reviews of PACDIP and reports/reviews of reform programs supported by BWIs)	The legislative and regulatory framework of public procurement is not revised	The legislative and regulatory framework of public procurement is revised	The legislative and regulatory framework of public procurement complies with international good practices, and the related documents are complete.
Portfolio performance (means of verification: supervision and portfolio review)	- Rate of projects at risk: 0%.	Rate of projects at risk maintained at 0%.	Rate of projects at risk: maintained at 0%.

3.3.2 **The implementation of the strategy** will be monitored within the national institutional coordination framework for the implementation of the PRSP and other donor-financed programs, notably the joint reviews with the BWIs. The Directorate-General for Planning and Development (DGPD) and the National Centre for Statistics and Economic Surveys (CNSEE) responsible for PRSP monitoring and evaluation will produce annual reports on the CSP indicators. Under the EMSP (DGPD) and PACDIP (CNSEE) projects, the Bank is supporting the Government's Multi-year Statistical Development Programme (PPDS) to update ECOM and EDS results by 2010. The surveys will provide the raw data bases for the construction of socio-economic indicators, living environment indicators and governance indicators for monitoring the PRSP and CSP. In order to measure Bank performance, the sector reviews, supervisions and portfolio reviews will be geared towards results. At mid-term of the Strategy, i.e. in 2010, a report will present a detailed assessment of the results and determine if they are still consistent with the longer-term objectives in the country's current situation. The specific activities and results to be achieved in projects financed with ADF XII resources will also be determined, and the monitoring framework adjusted accordingly.

3.3.3 The other issues in dialogue with the Government during the implementation of the strategy include: (i) the policy of social inclusion and equity, in particular adequate allocation and satisfactory implementation of expenditures for the pro-poor sectors of the PRSP; and, (ii) the progress made in the implementation of reform concerning cross-cutting issues, notably the fight against corruption, transparency in the extractive industries, gender policy, environmental protection, and regional integration efforts.

3.4 Portfolio Status

The Bank's portfolio in Congo has been under reconstruction since the normalization of relations with the country at the end of 2004. To date, it comprises three (3) active operations, one (Economic Management Support Project (EMSP)) of which will be completed at the end of June 2008. The total amount of the active operations stands at UA 19.17 million, but the disbursement rate remains weak at 7% at the end of May 2008 (see Annex. I-A and I-B). The expenditure system and poverty monitoring improvement support project (PACDIP), which was approved in December 2006, has started and has not encountered any difficulty with respect to the Bank and the Government. The Multi-sector Support Project for the Socio-economic Reintegration of Disadvantaged Groups (PARSEGD) aims at: (i) diversifying and reinforcing training opportunities for employment, and (ii) providing support for socio-economic reintegration (sanitation, health). Approved since March 2006, the start-up of this project has encountered problems due in part to the need to initiate the Congolese counterparts, as well as coordination difficulties between the Government departments concerned. Lastly, the study on drinking water supply and sanitation for Brazzaville and Pointe-Noire for an amount of about UA 1.32 million is under way. The key lesson from the current active projects is that the long period without projects (between 1994 and 2002) has seriously eroded the memory and capacities of the administration to manage ADB projects. That is why a sub-regional training workshop, which was attended by representatives of Congo Brazzaville, was organized in July 2007 in Kinshasa. Under the current strategy, in addition to project supervision missions which will be regular, a portfolio monitoring mission will be undertaken in 2008, and a portfolio review is scheduled for 2009. Furthermore, the Bank's office in DRC, which covers Congo Brazzaville, plays a fundamental role in improving the portfolio quality, including regular monitoring of project authorities.

3.5 Risk Management

3.5.1 The Bank's strategy could face risks concerning: (i) internal political and social stability; (ii) weak institutional capacities; and (iii) fluctuations of oil resources.

3.5.2 *Continued political and social stability is subject to* endogenous risks, in particular the failure of the national reconciliation policy and the DDR process due to difficulties of reintegration of ex-combatants. However, the Government's firm commitment, the dialogue and the political and financial support of all partners for the consolidation of democracy and promotion of good governance are likely to reduce this risk. Moreover, the amnesty granted to leading opponents and the adherence of CNR to the peace process are significant steps towards total reconciliation. As regards social demands, notably for the sharing of oil dividends, the allocation of resources to the priority sectors of the PRSP, the settlement of internal arrears (pensions, wages and scholarships) in transparency, improved access to social services (health, education, vocational training), the fight against corruption, and public procurement reforms are likely to strengthen social cohesion

3.5.3 *The risk related to weak institutional capacities* could also hamper the implementation of economic and structural reforms and pose a serious problem of ownership. This risk will be mitigated by the institutional capacity building efforts made by the various partners of Congo (including the Bank), which have all included human and institutional capacity building in their respective intervention programs.

3.5.4 *The exogenous risks* related to unfavorable flow of oil incomes could be contained if the government maintains its prudent budget policy aimed at reducing by USD10 /barrel the oil price adopted for the calculation of budget revenue and at freezing additional oil receipts in the deposit account at BEAC. Furthermore, efforts to boost the other sectors of the economy (agriculture, forestry, private sector) under the PRSP should help to control this risk. Lastly, the unsustainable level of the external public debt also constitutes a risk that could be addressed within the framework of the HIPC initiative.

IV. CONCLUSION AND RECOMMENDATIONS

4.1 Conclusion

Congo is emerging from a long period of internal armed conflicts in which it was bogged down during the 1990s. The Government has made progress in structural reforms and has a PRSP that clearly defines priorities in poverty reduction and promotion of governance, particularly transparency in the oil sector. The economic growth is due exclusively to oil, and has not yet translated into the improvement of the socio-economic indicators, some of which remain among the weakest of Africa. The country's favorable oil situation, the debt relief expected under the HIPC Initiative, and the support from development partners are serious opportunities for the Government to reduce the massive poverty. The Bank Group, in close collaboration with the other development partners, will thus continue its support for the implementation of the PRSP adopted by the Government in March 2008, particularly actions concerning the improvement of infrastructures, the living environment and the promotion of pro-poor growth. Within this context, the Bank's intervention pillars over the 2008-2012 period will focus on: (i) infrastructure development to support growth and improve the living environment; and (ii) promotion of macroeconomic stability and growth.

4.2 Recommendations

The Boards of Directors are invited to approve the activities programme of this RBCSP and the operations proposed for Congo for the 2008-2012 period, on the basis of an allocation of ADF XI resources not exceeding UA 17.06 million in the form of a grant. The amount of this allocation was determined on the basis of the country's performance in 2007. It will evolve according to the country's performance within the CPIA framework.

Annex I-A: Ongoing Bank Group operations (in UA million)

Project by sector	Window	Approval date	Signature date	Effectiveness date	Date of closure	Amount approved	Amount disbursed	Amount cancelled	Commitment net of cancellation	% disbursement
Economic Management Support Project (EMSP)	ADF	17/09/03	28/11/03	24/03/04	30/06/08	0.500	0.259	0.0	0.500	51.86
Expenditure system and poverty indicators improvement support Project (PACDIP)	ADF	20/12/06	23/04/07	23/04/07	31/12/09	2.550	0.0	0.0	2.550	0.0
Support Project for the Socio-economic Reintegration of Disadvantaged Groups (PARSEGD)	ADF	15/03/06	17/05/06	17/05/06	31/12/11	14.800	0.525	0.0	14.800	3.55
Study on drinking water supply and sanitation for Brazzaville and Pointe Noire (Euro 1.49 million)	AWF					1.32	0.70	0.0	1.32	46.81
TOTAL	-	-	-	-	-	19.17	1.40	0.0	19.17	7.3

Annex I-B: Portfolio performance indicators

Indicators	Level in 2007
Number of ongoing projects and studies	4
Average implementation period (in years)	1.5
Period from identification to entry into force (in days)	465
Percentage of problem projects	0
Percentage of projects at risk	0
Risky commitments	Nil
Total portfolio amount (in UA million)	19.17
Disbursement ratio (%)	7.3
CPPR during the year (yes/no)	No
Supervision average (No. of missions)	2
Average size of operations (in UA million)	4.79-

Annex I C: Lessons drawn from the implementation of the CSP 2005-2008

1 Lessons for the Bank

- (i) The short effective implementation period of the RBCSP (less than 2 years) and problems in collecting statistics due to Congo's post-conflict context made it difficult to obtain the results of the real impact of the Bank's strategy on the country's economic and social development;
- (ii) There is also a lag between the time when the Bank strategy was adopted under the RBCSP and the time when the projects supposed to support the strategy were launched and implemented on the ground;

2 Lessons for the Government

- (i) The existence of a single statistical survey (ECOM-EDS) dating back to 2005 made it impossible to have economic and social data to measure, in terms of quantity, the results recorded in the implementation of the RBCSP, and in particular progress made in poverty reduction.
- (ii) The lack of a formal PRSP monitoring and evaluation framework at the Governmental level also constitutes a major obstacle to the coordination and centralization of information concerning the implementation of the country's strategies. As a result, there are major difficulties in measuring the efforts actually made by the Government, as well as the contribution of development partners (including the Bank) whose actions would thus be less visible.
- (iii) The Government's political commitment to promote good governance in the country has not led to strong financial support and qualified human resources for the control bodies, namely Parliament, the Audit and Fiscal Discipline Court, as well as the General Inspectorate of Finance (IGF);
- (iv) It does not suffice to increase pro-poor budgetary appropriations to expect to combat poverty; it is also necessary to have efficient expenditure implementation structures to ensure a real impact on the target populations.

Annex II (A) - Selected key economic and financial indicators 2004-2010 ¹

	2004	2005	2006	2007	2008	2009	2010	2011	
	Current			Estim.	Projection				
	Annual percentage variation								
Production and prices									
GDP at delated prices	3.6	7.8	6.2	-1.6	9.1	12.1	10.1	1.1	
Oil	0.5	12.5	6.8	-17.2	14.6	23.3	15.4	-10.2	
Non-oil	5	5.4	5.9	6.6	6.9	7.3	7.5	7.2	
GDP at market prices	20.9	30.7	25.9	-9.4	50.7	28.4	13.2	-5.8	
GDP deflator	16.8	21.3	18.5	-7.9	38.2	14.5	2.8	-6.9	
Consumer prices (period average)	3.7	2.5	4.7	2.6	4.0	4.0	3.0	3.0	
Consumer price (end of period)	1.1	3.1	8.1	-1.7	5.0	3.0	3.0	3.0	
External sector									
Exports f.o.b (CFAF)	18.7	42.9	26.7	-12.0	59.6	35.3	12.9	-10.3	
Imports f.o.b (CFAF)	21.8	8.1	52.1	20.6	0.5	13.6	12.9	-0.9	
Exports in volume	8.4	12.5	2.5	-15.6	15.5	22.9	15.1	-9.9	
Imports in volume	17.2	-2.1	40.0	19.1	-6.7	13.7	13.3	-0.7	
Terms of exchange (deterioration)	11.7	22.8	9.4	0.1	15.5	-1.3	-1.5	-0.7	
Nominal effective exchange rate	1.8	-0.6	-0.4	5.1					
Real effective exchange rate	1.1	-0.4	1.6	3.1					
	(As percentage of money supply at beginning of period, except otherwise indicated)								
Money and credit									
Net external assets	-1.6	-82.6	-80.3	-5.4	-189.2	-309.5	.....	.....
Domestic credit	3.3	-68.3	-82.5	-3.2	-189.2	-309.5	.....	.....
Credit to the State	1.9	-70.3	-84.4	-3.9	-192	-311.8	.....	.....
Credit to the economy	1.3	0.4	1.9	1.1	2.8	2.4	.....	.....
Money supply	17.4	37.2	47.9	7.4	11.4	11.9	.....	.....
Velocity of circulation of money (excl. oil)	3.2	2.5	1.9	1.9	1.9	1.9	.....	.....
Investment and savings	(As percentage of GDP)								
Gross national savings	11.6155216284	11.2	24.5	6.9	30.2	38.4	41.1	38.0	
Gross investments, of which	22.5	21.6	22.9	26.2	18.5	16.6	16.1	17.6	
public (financed with internal resources)	5.3	5.7	5.9	6.1					
State financial operations	(As percentage of GDP)								
Total revenue (including grants), of which	21.6	67	44.4	43.1	48	53.5	52.2	52.1	
Oil revenue	25.8	92.3	37.9	35.1	41.9	47.2	44.8	42	
Non-oil revenue	14.1	6	6.6	8	6.1	6.3	7.4	10.2	
Total expenditure	8.3	13.6	27.4	32	19.6	15.9	14.7	16.3	
Current expenditure	5.3	16.1	18.4	21.4	11.9	9.1	7.9	8.5	
capital expenditure	18.5	5.9	9	10.6	7.6	6.8	6.8	7.7	
Overall balance (deficit - commitment basis) /1	3.6	15.6	17.1	11.1	28.4	37.6	37.5	35.9	
Primary balance (deficit) of which /2	9.8	20.8	21.5	13.9	30.1	37.8	36.4	33.2	
Primary balance excl. oil (as % of GDP excl. oil)	-25.9	-29.6	-51.3	-55.7	-41.8	-38.3	-34.8	-31.3	
Current account balance/3	-3.4	13.7	1.6	-19.3	11.7	21.9	25.1	20.4	
External public debt (end of period)	198.7	102.1	81.5	72.9	46.7	35.1	30	31.7	
	(As percentage of goods and services export)								
Ext. public debt service (before relief)	14.5	11.7	13.7	10.9	3.9	2.7	2.3	1.5	
External public debt	252.2	120.8	183.9	170.8	98.5	66.2	58.1	61.5	
	(As percentage of overall public income excluding grants)								
Ext. public debt service (before relief)	37.8	25.7	25.2	20.6	6.8	4.5	4	2.6	
External public debt	661.2	264.5	183.9	170.8	98.5	66.2	58.1	61.5	
	(except otherwise indicated)								
Gross external reserves	59.9	410.1	920.4	983.1	2398.1	4925.1	7791.8	10524.7	
In months of importation (f o b)	1.2	7.8	10.5	9.3	22.9	41.4	58.1	79.2	
As percentage of nominal GDP	2.4	12.8	22.8	26.8	43.4	69.5	97	139.2	
Nominal GDP	2455.8	3210.7	4042.6	3664.4	5523.7	7090.9	8029.1	7562.1	
World oil prices (in USD/barrel)	37.8	53.4	64.7	71.1	112	116.3	114	113	
Oil production (in million barrels)	82.1	92.6	98.7	81.7	93.9	115.4	133.2	119.6	
Source: Congolese authorities and estimates from IMF services									
1) Including grants									
2) Overall income (excl. grants) less current expenditure (excl. interest) less capital expenditure with own resources									
3) Including public transfers									

Annex II (B) : Balance of payments 2004 to 2011								
(In billion CFAF)								
	2004	2005	2006	2007	2008	2009	2010	2011
				Estim	Proj			
Current account	-86	439	67	-710	646	1550	2014	1545
Trade balance	1203	1927	2125	1528	3199	4601	5196	4507
Exports f.o.b.	1792	2562	3172	2791	4455	6028	6806	6103
Oil sector	1502	2282	2976	2576	4206	5702	6454	5720
Non-oil sector	290	280	196	215	249	326	352	383
Imports f.o. b.	-589	-635	-1047	-1263	-1256	-1427	-1610	-1596
Oil sector	-122	-113	-338	-465	-372	-415	-486	-339
State	-99	-116	-220	-249	-289	-330	-369	-398
Secteur privé non pétrolier	-368	-406	-489	-549	-595	-682	-755	-859
Balance of services	-711	-690	-1129	-1432	-1554	-1651	-1712	-1815
Revenues	-578	-797	-916	-795	-1000	-1422	-1493	-1173
Earnings from work	-19	-33	-31	-34	-44	-84	-95	-84
Earnings from investments	-559	-764	-885	-761	-956	-1338	-1398	-1089
Of which interest on public debt	-107,9	-39,5	-30,3	-26,9				
Current transfers (net)	0	-1	-13	-11	1	22	23	26
Private								
Public								
Compte capital	9	7	6	16	30	33	38	46
Official grants	8	6	5	15	29	32	37	45
Debts cancelled								
Other	1	1	1	1	1	1	1	1
Financial account	2	-208	-66	161	738	944	816	1142
Direct Investment (nets)	465	409	522	716	752	704	746	898
Of which, oil sector	413	369	426	438	557	617	753	659
Portfolio investments	-5	-5	-1	-1	-1	-1	-1	-1
Other investments	-458	-612	-587	-554	-13	241	71	245
Medium and long term	-232	-471	-477	-390	-332	-414	-449	-342
Public sector	-141	-336	-300	-237	-86	-83	-78	-11
Drawings	24	24	2	1	21	25	30	35
Project	24	10	2	1	21	25	30	35
Programme	0	14	0	0	0	0	0	0
Amortization	-165	-360	-302	-238	-107	-108	-108	-46
Net variation of arrears								
Reschedules debt								
Private sector	-91	-135	-177	-153	-246	-331	-371	-331
Oil sector	-84	-128	-167	-145	-236	-320	-362	-321
Non-oil sector	-7	-7	-10	-8	-10	-11	-9	-10
Short term	-226	-141	-110	-164	319	655	520	587
Errors and omissions	0	0	-350	264	0	0	0	0
Overall Balance	-73	237	351	-267	1416	2527	2869	2737
Financing	73	-237	-351	267	-1416	-2527	-2869	-2737
Variation reserves	-41	-342	-518	-61	-1416	-2527	-2869	-2737
IMF(net)	0	0	4	0	0	0	-1	-2
Achats	6	6	6	0	0	0	0	0
Rachats	-6	-6	-2	0	0	0	-1	-2
Other reserves	-41	-342	-526	-61	-1416	-2527	-2867	-2733
Exceptional financing	113		167	328	0	0	0	0
Variation of arrears (net)	-1613	10	28	-1578	0	0	0	0
Debt cancellation	809	47	78	925	0	0	0	0
Rescheduling	917	48	61	981	0	0	0	0
Financing gap	0	0	0	0	0	0	0	0
Annual variation as percentage, except otherwise indicated)								
Balance of current account			1.6	-19.3	11.7	21.9	25.1	20.4
Exports in volume			7.8	-15.6	15.5	22.9	15.1	-9.9
Imports in volume			40	19.1	-6.7	13.7	13.3	-0.7
Prices at exportation			17.5	-12	59.6	35.3	12.9	-10.3
Prices at importation			8.6	20.6	-0.5	13.6	12.9	-0.9
Terms of exchange			0.8	0.1	15.5	-1.3	-1.5	-0.7
Source: BEAC and estimates and projections of IMF services								

Annex II (C) - Consolidated State Operations 2004-2011									
(In billion CFAF)									
	2004	2005		2006	2007	2008	2009	2010	2011
	Current			Estim		Projection			
	(In billion CFAF)								
Revenues and grants	745,8	1246		1797	1579	2649	3722	4017	3650
Revenues	738	1240		1792	1564	2620	3690	3980	3605
Oil revenue	530	1020		1531	1284	2312	3346	3595	3174
Non-oil revenue	208	220		261	280	308	344	385	431
Grants	8	6		5	15	29	32	37	45
Total expenditures and net loans	656	745		1108	1172	1081	1125	1179	1230
Current expenditure of which	496	575		743	784	659	643	637	645
<i>Wage bill</i>	123	130		135	142	167	182	196	210
Other current expenditures	230	270		402	518	395	377	359	356
Goods and services	55	62		85	135	160	169	179	188
Common expenses	52	66		96	81	30	35	33	30
Transfers	123	142		221	302	205	173	147	138
Fuel	9	14		18	26	25	25	23	20
CORAF	0	31		67	115	65	30	15	8
Other transfers	102	86		136	161	115	118	109	110
Local government services	15	17		27	23	23	24	25	25
Interest	128	158	0	179	101	74	60	57	54
Domestic debt	17	30		29	17	7	4	2	0
External debt	111	128		150	84	67	56	55	54
Capital expenditure	160	170	0	360	388	422	482	542	585
Internal financing	128	154		353	372	372	425	475	505
External financing	32	16		7	16	50	57	67	80
net loans	0	0		5	0	0	0	0	0
Primary balance1/	242	669		871	509	1664	2682	2926	2509
of which: primary balance excluding	-276	-340		-651	-775	-648	-664	-669	-666
Balance, commitment basis 2/									
Excluding grants	82	494		685	393	1540	2636	2973	2667
Including grants	89	500		690	408	1569	2668	3010	2712
Of which balance excl. Oil	-428	-509		-831	-876	-743	-678	-585	-462
Variation of arrears	-1646	-57		-76	-270	-104	-92	-68	-26
External	-1613	10		12	-180	0	0	0	0
Internal	-33	-67	0	-88	-90	-104	-92	-68	-26
Balance, cash basis	-1557	443	0	614	138	1465	2576	2942	2686
Financing	1557	-443	0	-614	-138	-1465	-2576	-2942	-2686
External (net)	1584	-161	0	-165	-104	-90	-90	-79	-11
Drawings	24	24		2	1	21	25	30	35
Amortization due	-165	-307		-302	-238	-111	-115	-109	-46
Rescheduling secured	916	48		60	85	0	0	0	0
Debt cancelled (arrears)	809	47		75	48	0	0	0	0
Special assistance	0	27		0	0	0	0	0	0
Internal (net)	-28	-281		-449	-34	-1374	-2486	-2862	-2675
Banking system	1	-250		-407	-23	-1371	-2481	-2858	-2674
Non-banking system	-29	-31		-42	-11	-3	-5	-4	-1
Financing of the gap	0	0		0	0	0	0	0	0

Source: Congolese Authorities (Ministry of Finance and the Budget) and estimates of IMF services

Millennium Development Goals (MDG)

	Indicators	Achievement			Target		Likelihood of Achievement	Situation of political and institutional environment
		2006	2010	2015				
Goal 1	Eliminate extreme poverty							
	% of population living on less than USD 1	26.2%	26.7%	18.3%	Potential	Average		
	% of population living below the poverty line	50.7%	43%	35%				
	% of under-5 children who are underweight	14.40%	9.70%	5.00%				
Goal 2	Achieve universal primary education							
	Net enrolment rate	72%	87%	100%	Probable	Average		
	Completion rate	77%	83%	100%				
	Literacy rate (15 to 24 yrs)	80.4%	90.2%	100.0%				
	Gross enrolment rate	111%	109%	107%				
	Repeat rate	24%	17%	10%				
Goal 3	Promote gender equality and women's empowerment							
	Female/male ratio in primary schools	0.93	0.97	1	Unlikely	Average		
	Female/male ratio in secondary schools	0.87	0.94	1				
	Literacy rate of women aged 15 -24 years compared to men	90%	95%	100%				
	% seats occupied by women in parliament	12%	10%	30%				
Goal 4	Reduce child mortality							
	Infant mortality rate	75 ‰	56.25‰	37.5 ‰	Potential	Weak		
	Child mortality rate	117 ‰	87.75 ‰	58.5‰				
	BCG coverage rate	89.60%	94.8%	100%				
	DTC3 coverage rate	65.80%	77.9%	90%				
	Health care access rate	48.97%	61.985%	75%				
Goal 5	Improve maternal health							
	Maternal mortality rate per 1000	781	585.5	390	Potential	Weak		
	Proportion of births attended by qualified personnel	86.0%	93.0%	100%				
	VAT 2 coverage rate	64.5%	82.3%	100%				
	Rate of use of a contraceptive method	13.0%	46.5%	80%				
Goal 6	Combat HIV/AIDS, malaria and other diseases							
	HIV prevalence rate	4.2%	3.15%	2.1%	Potential	Weak		
	HIV prevalence rate among pregnant women	7.5%	5.25%	3%				
	Rate of use of contraceptives	12.70%	8.47%	4%				
	Number of AIDS orphans	84756	91989	100000				
	% of PLWH treated with ARV	2.7%	26.4%	50%				
	Malaria prevalence rate	5.6%	4.2%	3%				
	Tuberculosis prevalence rate	0.4%	0.3%	0.2%				

	Indicators	Achievement	Target		Likelihood of Achievement	Situation of political and institutional environment
		2006	2010	2015		
Goal 1	Eliminate extreme poverty					
Goal 7	Ensure environmental sustainability					
	% of households connected to the water supply network at home	26.5%	50.75%	75%	Potential	Solid
	Proportion of the population using solid fuels	81.30%	61.0%	40.7%		
	Proportion of the population with access to better sanitation system	10.2%	44.9%	100.0%		
	% of Congolese households having electricity	27.7%	38.9%	50%		
	% of households with access to drinking water	48.5%	84.3%	100%		
	% of households living in homes with durable material walls	51.2%	75.6%	100%		
	Agro-forestry tree per ha/yr	2.00%	3.50%	5.00%		
	Primary treatment of waste water	0.0%	25.0%	50%		
	Artificial fertilizer per ha/year	0.0%	5.0%	10%		
	% of households living in their own houses	59.0%	67.0%	75%		
	Agro-forestry tree per ha/yr	2.0%	11.0%	20%		
	Percentage of electricity losses	57%	29%	0%		
Objective 8	Develop a global partnership for development (3)					
	Set up an open commercial and financial multilateral system, founded on foreseeable rules and non-discriminatory					
	Meet the special needs of least developed countries					
	Meet the special needs of landlocked States and small island States					
	Deal globally with the problem of the debt of developing countries through national and international measures					

Sources: ECOM and EDS 2005, Education Yearbook 2004

(1) Likely: Achievable if ongoing efforts are pursued

(2) Potential: Achievable provided strong reforms are undertaken and the political and institutional environment improves

(3) Goal No. 8: The actions to be undertaken for this MDG depend more on the international community and are not therefore the subject of monitoring indicators at the national level.

Poverty Analysis

(Culled from the study on sustainable growth and poverty reduction conducted by the Bank in August 2007)

3.2.1 On the basis of ECOM 2005 data, the study examined the link between poverty and growth in order to estimate variations of poverty due to variations in income (economic growth) and those of the Gini index (inequality). An interesting indicator in this analysis is the *marginal substitution rate* (MSR) between growth and inequality, i.e. the percentage increase in the average income necessary for poverty not to vary following a 1% change in the Gini index. This rate measures the sensitivity of poverty to income dispersion, i.e. the relationship between the elasticity of inequality and that of income preceded by the negative sign.

Elasticity of Poverty according to zones¹

	OVERALL	BIG TOWNS	OTHER TOWNS	SEMI-URBAN	RURAL
P0	-1.21	-1.27	-1.25	-1.07	-1.1
P1	-1.59	-1.7	-1.69	-1.28	-1.64
P2	-1.83	-2.02	-1.93	-1.4	-1.94
GINI0	0.36	0.65	0.26	0.19	0.05
GINI1	0.3	0.52	0.21	0.18	0.04
GINI2	0.6	1.03	0.41	0.35	0.08
TMS 0	0.30	0.51	0.21	0.18	0.05
TMS 1	0.19	0.31	0.12	0.14	0.02
TMS 2	0.33	0.51	0.21	0.25	0.04

Source: Estimates based on individual data from ECOM 2005

3.2.3 The table above shows elasticities compared to the increase in consumption per capita (average income) and to the Gini index calculated on the basis of the poverty line (less than USD 2 per day) of the DAD software. The negative signs of poverty elasticities in relation to growth show that increase in consumption or average income is accompanied by a reduction of poverty, and that conversely a reduction in income per capita is accompanied by an increase in the poverty rate. The table also shows that growth elasticities are all higher than the unit in absolute value, except for that of the secondary sector. This means that the various poverty indices drop at a faster rate than that of economic growth. More specifically, on average, for the whole of country, a 1 % increase (or drop) in income per capita results in a 1.21 % drop (or rise) in the poverty rate (i.e. the elasticity of the poverty rate compared to the average income would be 1.21). In other words, on average, for the entire country, for example a 5% growth in income per capita would reduce the poverty rate by 6.05 % (5 X 1.21), from for instance 50% of the total population (ECOM 2005) to 47.17%. However, when one considers regions and branches of activity, the unquestionable fact is that there are very significant differences in favor of the big towns.

3.2.4 In fact, the growth of poverty elasticity (P0) is higher in urban than in rural areas. On average, a 5% increase (or drop) in income per capita results in a 6.35% drop (or rise) in urban areas, 5.35% in semi -urban areas and 5.5% in rural areas. In other words, city dwellers benefit much more from growth than non-city dwellers. This report corroborates the fact that at the present stage, the activities which drive growth boil down to oil and services, which are all located in the country's two

¹ P0, P1 and P2 are poverty indices representing the rate, depth and severity of poverty respectively.

main cities (Brazzaville and Pointe Noire). These results also show a clear difference between elasticities of the rural and semi-urban areas, reflecting greater poverty in semi-urban than rural areas. This result can be explained by the fact that the majority of the populations from rural migration that work in semi-urban areas are unskilled and thus more exposed to poverty.

3.2.5 From the perspective of branches of activity, the salient point is the weak sensitivity of the poverty of secondary sector workers to growth (P0 of 0.86, less than one). This result is related to the embryonic state of the industrial sector which is suffering from the destruction and plundering of infrastructures (transport, water, energy, and telecommunications) that occurred from 1993 to 1999. Apart from a few production units of sugar and beverages, the sector remains neglected and uncompetitive.

Poverty elasticities by sectors of production

	OVERALL	PRIMARY	SECONDARY	SERVICES
P0	-1.21	-1.18	-0.86	-1.41
P1	-1.59	-1.53	-1.28	-1.81
P2	-1.83	-1.75	-1.52	-2.11
GINI0	0.36	0.04	0.16	0.78
GINI1	0.3	0.03	0.18	0.54
GINI2	0.6	0.06	0.38	1.08
TMS 0	0.30	0.03	0.19	0.55
TMS 1	0.19	0.02	0.14	0.30
TMS 2	0.33	0.03	0.25	0.51

Source: Estimate based on ECOM data

3.2.6 **Regarding inequality**, the conclusion from the reading of the marginal substitution rate (MSR) is that urban poverty is closely linked to income dispersion. The MSR for the big cities is 0.51, virtually the double of the other towns and 10 times higher than in rural areas. In other words, for a growth of 1%, the rural areas will reduce more poverty than the urban areas. The scope of this inequality sheds light on the peculiar situation of Brazzaville, where the income dispersion is much stronger than in rural areas. When the inequality is analyzed on the basis of the Gini index, it is noted that Brazzaville and the semi-urban areas stand out with the highest Gini indices (45.2% and 48.6% respectively) far higher than that of the entire Congo (41.8%). In the other areas, the extent of inequality of income distribution is less: 39.1% for the other communes, 38.6% in Pointe-Noire and 34.8% in rural areas.

3.3.6 Furthermore, it is noted that regardless of the population segment considered, the inequality is more pronounced in the extreme income brackets compared to the intermediate sections. This conclusion applies to the analysis according to level of educational, branch of activity, and status in the activity.

Indicators of Inequality of Household Incomes

	Key indices of Income inequality				
	Gini Indices	Entropy Indices			
		GE (-1)	GE (0)	GE (1)	GE (2)
1. Poverty status					
Poor	. 199	0.093	0.074	0.065	0.066
Non-poor	0.316	0.154	0.160	0.195	0.312
2. Sex					
Male	0.407	0.352	0.280	0.302	0.465
Female	0.447	0.466	0.347	0.370	0.639
3. Place of residence					
Brazzaville	0.452	0.445	0.348	0.394	0.739
Pointe-Noire - -	0.386	0.310	0.249	0.255	
Other communes	0.391	0.328	0.263	0.286	0.440
Semi-urban	0.4136	0.5-B5	0.413	0.429	0.660
Rural	0.348	0.7240	0.203	0.205	0.255

Source: Congolese households survey (ECOM), 2005

3.3.7 An analysis by quartile shows that on the whole the urban areas are characterized by higher average annual incomes than rural zones. However, depending on the income bracket considered, this profile is quite variable. In semi-urban areas which have the highest rate of poverty, it is noted that 25% most well-to-do earn an average income 8 times higher than the average incomes of the poorest 25%. In Brazzaville, this ratio is estimated at 7 against 6 in Pointe-Noire and in the other communes and at 5 in rural areas. For the overall data, the non-poor households spend daily on average 3 times more than the poor households, which confirms the results of the analysis of the Gini index.

As regards factors of poverty in Congo: According to the results of ECOM, monetary poverty (proportion of people having less than USD 2) affects 42.3% of Congolese households, representing 50.7% of the total population. Its scope is very pronounced in semi-urban areas (55.1%) and in rural areas (49.2%). The level of poverty is overall low in urban areas, and more particularly in Pointe-Noire (23.5%).

3.3.8 The trend is slightly different as concerns the depth and severity of poverty. These indicators of extreme poverty concern the semi-urban dwellers (28.9% and 17.7%). Pointe-Noire and the other urban areas, for their part, have the lowest percentages. The result for Pointe Noire is due to the fact that it is the locality around which oil activities are carried out. The semi-urban and rural areas thus share the highest concentration of poverty. However, it is the locality of Brazzaville, which, along with semi-urban localities, presents the particularity of having the most significant levels of concentration of extreme poverty. The Brazzaville result can be explained by the presence in this city of a population of public and private sector workers who have fewer poor than the other sectors. This city is also home to populations from rural migration and living in very precarious conditions.

3.3.9 Concerning the labor market, the results bring out certain facts. The first is that access to employment is one of the barriers against poverty insofar as poverty is more pronounced among the non-working group than among the employed. The type of activity is also important in that, the poorest households are found in the informal sector (especially agriculture, civil works, mining and minor processing industries) generating low profit, and accounting for 77% of national poverty.

Table 9

Poverty indices according to certain characteristics of households and the population

	Situation <i>as concerns households</i>						Situation as concerns the overall population					
	Indices (%)			Contributions : 919			Indices (%)			Contributions (%)		
	PO	P1	P2	PD	Pt	P2	PO	P1	P2	PO	P1	P2
Brazzaville	44.9	17.3	8.8	31.1	33.2	33.7	53.4	22.0	11.6	30.8	33.7	34.9
Pointe-Noire	123.5	6.6	2.7	12.1	9.4	7.7	32.2	9.5	4.0	15.0	11.8	9.8
Other	41.5	14.6	7.2	5.5	5.4	5.3	51.2	19.0	9.6	6.0	5.9	5.9
Semi-	55.1	25.7	15.2	9.1	11.8	14.0	59.5	28.9	17.7	8.4	10.8	13.0
Rural	49.2	17.0	8.3	42.1	40.3	39.2	57.7	20.6	10.1	39.7	37.7	36.4
Overall	42.3	15.3	7.6	100.0	100.0	100.0	50.1	18.9	9.6	100.0	100.0	100.0

3.3.4 Analyses concerning the employed of the working population have brought out a clear stratification of living standards according to institutional sector of the household head. Indeed, in Congo, household heads working in the public sector (6% rate of poverty) seem better off than those belonging to the formal private sector (11% rate of poverty), the latter being better off than those of the informal sector (with a poverty rate of 75%). Informal sector incomes may be low on account of the low productivity of its activities. To better assess the factors that determine participation in the labor market, an econometric analysis was conducted. It showed that certain factors such as sex and level of education influence labor market participation. Hence, belonging to the female sex and not being educated reduces chances of finding work.

Ease of Doing Business Index for 2006

	Congo	Sub-Saharan Africa	OECD
Employing workers			
Difficulty of hiring index (0-100)	78	44.3	27.0
Rigidity of hours index (0-100)	60	52.0	45.2
Difficulty of firing index (0-100)	70	44.9	27.4
Rigidity of employment index (0-100)	69	47.1	33.3
Non-wage labor cost (% of salary)	28.8	12.7	21.4
Firing cost (Weekly salary)	41.2	71.2	31.3
Registering property			
Procedures (number)	7	7.0	4.7
Time (days)	137	109.9	31.8
Cost (% of property value)	27.2	11.6	4.3
Paying taxes			
Payment (number)	94	41.0	15.3
Time (hours)	576	336.4	202.9
Profits tax (% profits)	22.8	24.2	20.7
Taxes and fringe benefits (% of profit)	34.1	14.0	23.7
Other taxes (% of profit)	0.5	33.0	3.5
Total tax rate (% of profit)	57.3	71.2	47.8
Trading across borders			
Documents to export (number)	12	8.2	4.8
Time to export (days)	50	40.0	10.5
Cost to import (in USD per container)	1 732	1 561	811
Documents to import (number)	15	12.2	5.9
Time to import (days)	62	51.5	12.2
Cost to export (in USD per container)	2 201	1 947	883
Starting a business			
Procedures (number)	8	11.1	6.2
Time (days)	71	61.8	16.6
Cost (% income per capita)	214.8	162.8	5.3
Min. capital (% income per capita)	192.4	209.9	36.1
Dealing with licences			
Procedures (number)	15	17.7	14
Time (days)	175	230.2	149.5
Cost (% income per capita)	1 243.0	1 024.5	72
Getting credit			
	Congo	Sub-Saharan Africa	OECD
Strength of legal rights index	3	4.2	6.3
Depth of credit index	2	1.3	5
Public registry coverage (% adult)	1.4	1.5	8.4
Private bureau coverage (% adult)	0	3.8	60.8
Protecting investors			
Extent of disclosure index	4	4.4	6.3
Extent of director liability index	5	4.5	5
Ease of shareholder suits index	6	5.2	6.6
Investor protection index	5	4.7	6

Payment of taxes

Enforcing contracts

Procedures (number)	47	38.1	22.2
Time (days)	560	581.1	351.2
Cost (% of claim)	45.6	42.2	11.2

Closing a business

Time (years)	3	2.6	1.4
Cost (% of estimate)	24	16	7.1
Recovery rate (cents per dollar)	19.4	17.7	74

Sources: Tables from Doing Business Report 2007

Annex

REPUBLIC OF CONGO

RESULTS-BASED COUNTRY STRATEGY PAPER (RBCSP 2008-2012)

CORRIGENDUM

Following a review of the country allocations after distribution of this CSP to the Board, please find below a Corrigendum:

Indicative amount of allocation for Congo for 2008

Instead of: UA 17.06 million

Read: UA 14.77 million:

- on page iv section 7 (recommendation of the executive summary) ;
- on page 13 section 3.1.3 ;
- on page 17 section (3.3.1) and
- on page 20 section 4.2 (final recommendation) :

On page 13 section 3.1.4,

Instead of:

3.1.4 ... The Bank's entry point in this pillar will be a water and sanitation project for an amount of up to **UA 14 million** under ADF-XI...

Read:

3.1.4 ... The Bank's entry point in this pillar will be a water and sanitation project for an amount of up to **UA 11.77 million** under ADF-XI...

On page 17 section 3.3.1,

Instead of:

3.3.1 ... Two projects and two sector studies will be financed under ADF XI, namely: (i) the Brazzaville and Pointe-Noire drinking water supply and sanitation project (**UA 14 million**)

Read:

3.3.1 ... Two projects and two sector studies will be financed under ADF XI, namely: (i) the Brazzaville and Pointe-Noire drinking water supply and sanitation project (**UA 11.77 million**)