AFRICAN DEVELOPMENT BANK
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DEMOCRATIC REPUBLIC OF CONGO

ECONOMIC AND SECTOR WORK
REGIONAL ECONOMIC DEVELOPMENT IN BAS CONGO
IN THE CONTEXT OF DECENTRALIZATION
IN THE DEMOCRATIC REPUBLIC OF CONGO (DRC)

COUNTRY Operations DEPARTMENT
CENTRE REGION (ORCE)  

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CURRENCY EQUIVALENTS
(September 2009)
Currency Unit = Congolese Franc (CDF)
UA 1 = SDR 1 = CDF1200.50
UA 1 = USD 1.57
USD 1 = CDF 766.57

FISCAL YEAR
1 January – 31 December

ACRONYMS AND ABBREVIATIONS
AGI Global and Inclusive Agreement
ANAPI National Investments Promotion Agency
RPA Rwandan Patriotic Army
CNP National Equalization Fund
CODEMBAC Bas Congo Mining Development Cooperative
COOPEC Savings and Loans Cooperatives
CPC Production and Trade Cooperatives
CTB Belgian Technical Cooperation
DGI General Taxation Directorate
DGRAD Directorate General of Administrative, Judicial, Lands and Participation Revenue
PRGSP Poverty Reduction and Growth Strategy Paper
EAD Decentralized Administrative Entities
ETD Decentralized Territorial Entities
USA United States of America
TOT Turn-Over Tax
HDI Human Development Index
INS National Institute of Statistics
Km Kilometre
MW Megawatt
MWH Megawatt/hour
NEPAD New Partnership for Africa’s Development
OFIDA Customs and Excise Department
MDGs Millennium Development Goals
NGO Non-Governmental Organization
NGDO Non-Governmental Development Organization
UNO United Nations Organization
FO Farmers’ Organization
PADDL Decentralization and Local Development Support Programme
PAIDECO Community Development Initiatives Support Programme
PEMARCO Congo Maritime Fishery
GDP Gross Domestic Product
SME Small- and Medium-sized Enterprise
UNDP United Nations Development Programme
CAR Central African Republic
RCD Congolese Movement for Democracy (Rassemblement congolais pour la démocratie)
DRC Democratic Republic of the Congo
REGIDESO Water Authority
REPERE Provincial Guidance and Revenue Collection Authority
SAESSCAM Small-scale Mining
SNSA National Agricultural Statistics Service
UMHK Upper Katanga Mining Union
USSR Union of Soviet Socialist Republics
HIV/AIDS Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
ZOFI Inga Free Trade Zone
1. **Introduction**

In order to establish lasting and stable peace in the country, the Democratic Republic of the Congo (DRC) has resolutely embarked on a national reconciliation process which, in December 2002, culminated in the Global and Inclusive Agreement (AGI), the signing of which allowed for the setting up of transitional institutions and the advent of the Third Republic founded on the constitution adopted by referendum on 18 February 2006. This constitution enshrines the unequivocal resolve of the Congolese people to make decentralization a concrete reality. Therefore, decentralization is part the quest for a new national balance and consensus which provides for more consensual resource sharing, while preserving the country’s territorial integrity. In addition, the current study which began in 2008, is part of reflections conducted with a view to better defining the decentralization implementation process. The Bank, in conjunction with other donors and State facilities involved in decentralization, and in a bid to rationalize the use of resources, has elected to use the Bas Congo Province for purposes of demonstration of its reflection on the implementation of decentralization. Such a choice is predicated on the Bank’s prior involvement in (agriculture, water and energy) projects in the said province. An in-depth knowledge of the constraints and assets of the provincial government would enable the speedy implementation of projects and scale up their impact on poverty reduction. It further enables the proper design of future policies and strategies in the region.

2. **The Issue of Decentralization in the DRC**

Situated in the heart of Africa, the DRC has a land area of 2,345,000 Km², which ranks it the third largest country in Africa, after Algeria and Sudan. It shares 9,165 km-long boundaries with the Central African Republic (CAR) and Sudan to the north, Zambia and Angola to the south, Uganda, Rwanda, Burundi, Tanzania and Zambia to the east, and the Republic of Congo (Brazzaville) to the west, Angola’s Cabinda enclave and a 40 km narrow strip on the Atlantic coast. The DRC is both equatorial and tropical and has a wide range of local ecology and climates. Three quarters (¾) of its territory is covered by a wide variety of forests, which constitute the natural habitat of a rich flora and teeming wildlife. The DRC is ranked the first African country in terms of the vast expanse of its forests and the conservation of the global environment. Furthermore, at the geological level, the DRC has one of the richest sub-soils in Africa, and abounds in highly coveted natural resources such as copper, cobalt, silver, gold, tin, columbite-tantalite (coltan), bauxite, iron, manganese, coal, oil, methane gas and oil shale. Finally, the 4,320 Km-long Congo River, the largest river in the continent in terms of discharge, flows right across the country and provides it with an exceptional river network, which gives it a hydroelectric power potential estimated at about 106,000 MW (i.e. equivalent to 66 million tonnes of oil per year or again 13% of global potential for electricity), 42 % of which is concentrated in Inga.

However, chronic instability has impeded the development process of this great country, which is potentially one of the richest in Africa. In 2008, with a Present Human Development Index of 0.361, the DRC ranked 177 out of 179 countries. Abject poverty intensified over the past three decades and currently affects more than 70% of the population. Per capita income plummeted from USD 380 in 1960 to USD 224 in 1990 and stood at about USD 150 in 2008. One of the responses recommended by the Congolese people is
decentralization which was predominantly considered not only as the best means of improving governance in the country as well as the population’s standard of living, but also and most especially as a crucial process to ensure the country’s unity in diversity.

3. **Decentralization Stemming from the 2006 Constitution**

The hallmark of the Constitution of the Third Republic, adopted by referendum on 18 February 2006, is that it enshrines the decentralized organization of institutions. The country is sub-divided into 25 provinces, in addition to the City of Kinshasa. The province is a political and administrative component of the DRC territory, recognized as a legal entity and managed by local authorities. The Provincial Assembly is the legislative body, elected by direct universal suffrage for a 5-year term. The Provincial Government is the executive body. The Governor and Vice-Governor shall be elected for a 5-year term renewable once by Provincial Members of Parliament within or outside of the Provincial Assembly, and shall be appointed by order of the President of the Republic. It is a skilful blend, a clever compromise between two approaches through the establishment of political regionalism sanctioned by the creation of new provinces, and decentralization within the provinces with the creation of new decentralized territorial entities such as the city, communes, sector and the “chefléri” (chiefdom). The transfer of authority enshrined in the constitution finds concrete expression in financial arrangements through the “transfer” of part of national revenue.

4. **Local Development in the Bas Congo Province**

Bas Congo Province, which covers a surface area of 53 920 km², i.e. 1/44 of the DRC’s surface area, is the smallest province of the country, with the exception of the City of Kinshasa. It is bordered to the south by Angola, to the east by the City of Kinshasa and Bandundu Province, to the west by the Atlantic Ocean and the Cabinda Enclave and to the north by the Republic of Congo. With a population estimated at 2 833 168, Bas Congo has a forest potential comprising various exploitable forest species, in addition to huge mineral resource deposits. Furthermore, Bas Congo has a dense river network whose major great rivers flow into the Congo River which is navigable from Matadi to Boma. Hence, the province has a very huge hydroelectric power potential, particularly with the Inga site, two of whose phases are currently operational. Finally, the only three ports of the country (Matadi, Banana and Boma) are found within the province and there is a railway linking Matadi to Kinshasa. In spite of its huge electricity production potential, local energy consumption is low: it hardly stands at 380 706.2 MWH per year. Some of the causes for such low consumption are essentially the disrepair and inadequacy of distribution equipment (transformers, cables, meters, poles, etc.).

Bas Congo is *par excellence* an agro-pastoral province, conducive to the development of graminæ, legumes and various crops used in cattle feed, including maize, soy beans, groundnut, sesame and oil palm. However, agriculture which employs almost 70% of the population of the Province is little developed and reduced to subsistence level. Moreover, following the collapse of the Congo Maritime Fishery (PEMARCO), fishing has been reduced basically to a small-scale activity, undertaken by a few fishermen whose annual catch is less than 1 000 tonnes. With respect to the secondary sector, Bas Congo has a huge industrial potential comprising sawing, drying, peeling, slicing, joinery and cabinetwork equipment. Nevertheless, since the late 80s, forestry production (undressed timber, sawing, veneering) has recorded a sharp drop due to overexploitation. Bas Congo is rich in mineral
resource deposits (phosphate, rock salt, oil shale, manganese, marble, alluvium, etc.), although only limestone and bauxite are being exploited. In addition, Bas Congo is blessed with proven oil reserves to the tune of 3.0 billion barrels and 1 billion barrels of probable reserves. The manufacturing industry comprises 281 units, essentially food and agricultural, building material production, oil and energy industries. The absence of business databanks makes the gathering of reliable relevant statistics difficult. Nevertheless, non-agriculture activities globally employ about 2.7% of the active population. Finally, the province has transport infrastructure of higher quality than that of the rest of the country, including a road network of 4 372.8 km, a huge stretch of which is degraded and even impassable, a railway line between Matadi and Kinshasa, an air transport network and the country’s 3 seaports (Matadi, Boma and Banana).

These assets notwithstanding, poverty is still widespread in the province, with a poverty rate close to 70%. Education is characterized by low primary and secondary enrolment rates, infrastructure in a very advanced state of dilapidation and disrepair and often deplorable working conditions for both students and teachers. Conversely, with respect to health, the Bas Congo is amongst the most privileged provinces in terms of social and health facilities, and enjoys fairly good health coverage. Finally, despite the existence of a wide river network, Bas Congo is facing difficulties having access to drinking water, especially in rural areas. The average baseline servicing rate stands at only 36.5% and access to water is still an ordeal for women and young girls bound to cover long distances.

5. **Implementation of Decentralization in Bas Congo**

While awaiting the full implementation of the constitution, the structuring of the province is governed by Executive Order No. 81 of 2 July 1998: Territorial and Administrative Organization of the DRC. The province comprises 3 districts (Bas-Fleuve with headquarters at Tshela, Cataractes with headquarters at Mabanza-Ngungu and Lukaya with headquarters at Inkisi), 2 towns (Matadi and Boma), 10 territories and 17 cities. It further comprises 55 sectors, 366 “groupements” and 6 communes (3 for Boma and 3 for Matadi). Provincial elections were held in Bas Congo on 27 January 2007. They helped to put in place the Governor and Vice-Governor, the Provincial Assembly and the Government. By contrast, Decentralized Administrative Entities (EAD) are yet to start functioning in accordance with the principles governing decentralization.

A consideration of the principal missions of provinces reveals that their regional jurisdiction in terms of expenditure covers most items relating to nursery, primary and secondary education, regional public service, key aspects of health service supplies management, and other numerous State obligations. Accordingly, the provincial government formulated a development programme for Bas Congo province approved by the Provincial Assembly on 16 May 2007. This programme, covering the period 2007-2011, and based on the provincial PRGSP, is the roadmap for provincial ministers. The programme’s overall objective is to create conditions to speed up economic growth, the sole solution to poverty which is almost universal in the province.

Given the dilapidated state of economic and social infrastructure and the slump in production, the much sought-after growth will be underpinned essentially by investment. In addition, the provincial programme lays special emphasis on actions likely to create recovery and investment-friendly conditions, with a view to providing job-creating and self-employment incentives. To achieve this, four fundamental components have been outlined
as follows: (i) creating conducive conditions for promoting private initiative and developing natural resources in the province; (ii) reviving agriculture which employs over 60% of the population by rehabilitating farm-to-market roads; (iii) maximizing the revenue of the Province to obtain the required resources for economic and social infrastructure financing; and (iv) promoting distributive justice by streamlining public expenditure to enable the gains of growth to really benefit all segments of the population and help alleviate poverty in the Province. The programme comprises interventions in the following four sectors: political sector, economic and financial sector, infrastructure sector and social and cultural sector.

The overall programme cost stands at USD 1,683,571,678. According to Government estimates, the Province’s own-revenue and the resource transferred projected over the five-year period are estimated at USD 2,618,151,632. Hence, in theory, the programme’s financing may be covered by the entire resources of the Province.

However, the Provincial Government risks not being able to fully implement this programme, given that its own resources are highly limited for the moment (for instance, own-resources accounted for 6% of the Province’s total revenue over the period 2004-2007), thus revealing clearly that the Province derives most of its resources from effective transfers from the Central Government. It is worth noting, however, that such resources are uncertain and depend on the country’s cash-flow position, given the donor-recommended prudential requirements. Hence, it is obvious that such a backdrop of resource unpredictability is not conducive to sound planning and budgeting at the decentralized level. Furthermore, the Province is characterized by low management capacity, stemming from the fragility of the central government which also lacks the necessary capacity.

6. **Conclusion and Recommendations**

To put an end to recurrent political and military conflicts that have marked its history, and especially to extricate itself from the recent civil war which resulted in millions of deaths and refugees, the DRC adopted by referendum, a new constitution which unequivocally opted for decentralization as a local management method. The said constitution gives concrete expression to a consensual vision of the major political forces relevant to the method of managing the country’s political affairs: the objective here is to consolidate national unity undermined by successive wars and to create grassroots impetus and development centres, that would enable the country to embark on a genuine development process and significantly reduce poverty which currently exceeds 70%. The aim of the current study is to help the Bas Congo Provincial Government to implement its five-year development plan for 2007-2011, by identifying the strengths and weaknesses of the decentralization process. To that end, and given the complexity and scope of the subject, such a study might be followed by other ones centred on issues to be specified subsequently.

For the Provincial Government to create conditions conducive to economic growth, the sole solution for poverty reduction, it should, pursuant to the recommendations below, strengthen the management and planning capacity of the Province, improve its local resource mobilization framework, foster a sustained mainstreaming of its activities into the primary (agriculture, fishing, etc.), secondary (crafts, local produce processing, etc.) and tertiary sectors (trade, transport, provision of services in general), and scale up the synergy between the private sector and local government authorities in developing the Province’s potential.
Recommendations

To the Central Government

In the short term:

(i) Enforce the legislation on the implementation of decentralization;

(ii) Fill the legal void by setting up the new judicial institutions provided for by the Constitution (Court of Appeal, Council of State and Constitutional Court);

(iii) Finalize the public service reform (amend staff rules and regulations, redeploy staff to the provinces and ETDs);

(iv) Create the Equalization Fund.

(v) Explore the possibilities of public-private partnership in the provision of infrastructure and public utilities in the provinces.

To the Bas Congo Government

In the short term:

(i) Prepare a large-scale outreach campaign, with a view to disseminating rights and obligations of economic stakeholders;

(ii) Establish ETDs and ensure that they function in accordance with principles governing decentralization;

(iii) Institute, with the help of the State, a single-window procedure to promote investments;

(iv) Conduct the studies needed for the incorporation of a provincial development Bank, a provincial mortgage bank, a provincial housing agency and agricultural development fund;

(v) Boost savings and loans cooperatives;

(vi) Strengthen the revenue administration, so as to ensure effective collection of all taxes and duties falling under the ambit of tax classification contained in the legal and regulatory instruments in force;

(vii) Study the informal sector tax assessment mechanisms;

(viii) Update the feasibility study for the Inga Free-Trade Zone (ZOFI) Project;

(ix) Rehabilitate the Matadi-Kinshasa railway line.
In the medium and long term:

- Carry out traditional land law reform.

**To Technical and Financial Partners**

In the short and medium term

(i) Conduct studies on the creation of a one-stop widow to promote investment;

(ii) Strengthen the capacity of the provincial offices of the National Institute of Statistics (INS) and the National Agricultural Statistics Service (SNSA);

(iii) Assist Bas Congo in fostering mining activities by organizing information and awareness campaigns for prospective investors;

(iv) Strengthen the capacity of the tax administration;

(v) Assist Bas Congo in studying informal sector tax assessment mechanisms;

(vi) Participate in updating feasibility studies on the Inga Free Trade Zone (ZOFI) project;

(vii) Explore possibilities of public-private partnership in providing infrastructure and public utilities in the provinces; and

(viii) Promote technical education and vocational training.

In the medium and long term:

- Help to implement traditional land law reform.
I. INTRODUCTION

1.1 How can lasting and stable peace be established in the Democratic Republic of the Congo (DRC)? This question is all the more important, given that since its accession to independence on 30 June 1960, the DRC has faced recurrent political and military crises, one of the root causes of which is the questioned legitimacy of institutions and their leadership. Such chronic instability has hindered the development process of this great country, potentially one of the richest of the Continent, which is continually marked by the profound sequels of numerous civil wars. Consequently, in 2008, the DRC, with a Present Human Development Index (HDI) of 0.361, ranked 177th out of 179 countries. Besides, the value of this indicator has been trending negatively for more than a decade, from 0.431 in 1985 to 0.391 in 2006. Furthermore, the DRC has been described as a "geological scandal", given that, despite its huge and varied resources, it remains one of the poorest countries in Africa: life expectancy at birth stands at 42 years whereas the average in Africa is 51 years, the adult literacy rate (15 years and above) stands at 34.7% and poverty is widespread, affecting more than 70% of the population which live below the poverty line. Under such conditions, without strong and accelerated economic growth, the DRC risks not achieving most of its Millennium Development Goals (MDG).

1.2 To emerge from such a situation, especially with the civil war toll (200,000 foreign refugees on Congolese soil, 380,000 Congolese refugees abroad, 2.4 million internally displaced persons fleeing conflicts zones and between 1.5 and 3 million dead), the DRC embarked on a national peace and reconciliation process, which, in December 2002, culminated in the signing of the Global and Inclusive Agreement (GIA). Such an agreement enabled the setting-up of transitional institutions and the advent of the Third Republic founded on the constitution adopted by referendum on 18 February 2006. This constitution enshrines the unequivocal resolve of the Congolese people to make decentralization a concrete reality: the Congolese people have resolutely opted for decentralization as a method of local affairs management, after several decades of centralization of absolute power in Kinshasa. The malfunction of both devolved and decentralized territorial administration, for several years running, has ultimately convinced the Congolese people that it was impossible to implement a good governance policy from the capital: the distrust of the powers-that-be by the population, the climate of insecurity stemming from failure to mete out sanctions against defaulting managers and lack of accountability of elected and/or appointed administrative officials buttressed such a choice.

1.3 Hence, decentralization in the DRC is essentially a political process which is part of the global peace and reconciliation process. Under such circumstances, decentralization is part of the quest for a new national balance and consensus that provides for more consensual resources sharing, while preserving the country’s unity and territorial integrity.

1.4 The current study is part of reflections led by the donor community to support government efforts in implementing the decentralization process. To that end, the World Bank, the European Union and UNDP are conducting a series of diagnostic and prospective studies on provinces and Decentralized Territorial Entities (DTE) in the DRC, whose overall objectives is to consider the viability of the new local government authorities emanating from the territorial division scheduled for 2009. Indeed, Law No. 8/012 of 31 July 2008 to set forth basic principles relating to the free administration of provinces ratifies the creation of 26 provinces compared to the existing 11. Moreover, in consultation with state structures involved in decentralization and other development partners, it was agreed that the current
study should dwell on Bas Congo Province, with a view to rationalizing the use of resources. Such a choice is predicated on the Bank’s prior involvement in (agriculture, water and energy) projects in the said province. An in-depth knowledge of the constraints and assets of the provincial government would enable the speedy implementation of projects and scale up their impact on poverty reduction. Hence, the study specifically concerns Bas Congo Province and aims to contribute to seeking actions to be undertaken with regard to (institutional, financial and economic) capacity building, as well as the improvement and/or procurement of resources that could enable the province to further exploit its resource potential for the purpose of speeding up its self-development.

1.5 To achieve this, the study intends to: (i) conduct a diagnosis of decentralization and local governance in Bas Congo Province, with a view to identifying its institutional strengths and weaknesses; (ii) analyse and assess the Province’s financial resource mobilization and development framework; (iii) analyse the local economy and identify the role of stakeholders, particularly the private sector, in view of local economic development and improvement in the provision of infrastructure and services. The institutional analysis of decentralization is conducted on the basis of knowledge gathered from several studies and technical briefs on decentralization and local finance in the DRC. Information provided by such documents were supplemented and updated through working sessions with the principal stakeholders responsible for decentralization (administrative structures, local government authorities, development partners), both in Kinshasa and Matadi (capital of Bas Congo Province).

1.6 Financial analysis is essentially based on aggregated budget execution statements of the Province which are annexed to the general State Budget. The analysis of constraints and potentials of the local economy is drawn from two major sources: Poverty Reduction and Growth Strategy Paper (PRGSP) of Bas Congo and the Bas Congo Provincial Government Programme. The mission conducted in Kinshasa and Matadi from 3 to 26 September 2008, faced some technical difficulties, especially the unavailability of detailed budget data, hence the delay observed in finalizing this study.

1.7 The study comprises six chapters: after this introduction (I), Chapter II raises the issue of decentralization, considered in DRC as the best means of maintaining the country’s unity. Chapter III presents the decentralization system chosen by the Congolese people in 2006, at the end of the civil war. Chapter IV justifies the Bank’s choice of Bas Congo Province and presents the Province’s potential and challenges that it faces. Chapter V analyses the manner in which the constitution is implemented in Bas Congo, while laying emphasis on the inadequacies of the process, and seeking ways and means of helping the province to better tap its potential. Finally, Chapter VI draws the conclusion and makes recommendations.

II. THE ISSUE OF DECENTRALIZATION IN DRC

2.1 General Characteristics of the DRC

2.1.1 Geographical Characteristics: Situated in the heart of Africa, the DRC has a land area of 2,345,000 Km², which makes it the third largest country in Africa, after Algeria and Sudan. It shares 9,165 km-long boundaries with the Central African Republic (CAR) and Sudan to the north, Zambia and Angola to the south, Uganda, Rwanda, Burundi, Tanzania and Zambia to the east, and the Republic of Congo (Brazzaville) to the west, Angola’s
The DRC is classified under Central Africa and forms part of both the Congo Basin and the Nile Basin. The DRC is both equatorial and tropical and has a diversity of local ecology and climates due to a combination of several factors: physiography, temperature, rain fall, duration of seasons, impact of human activities on the natural environment and its position bestriding the Equator. Annual rain fall ranges from 800 mm along the Atlantic coast through 2,200 mm in the central basin to 2,500 mm in the mountainous regions east of the country where it may even exceed 3,000 mm. Furthermore, three-quarters (¾) of the territory is covered by a wide variety of forests, which constitute the natural habitat of rich flora and teeming wildlife: the DRC is ranked the first African country in terms of the vast expanse of its forests and conservation of the global environment.

2.1.2 At the geological level, the DRC has one of the richest sub-soils in Africa, and abounds in highly coveted natural resources such as: copper, cobalt, silver, gold, tin, columbite-tantalite (coltan), bauxite, iron, manganese, coal, oil, methane gas and oil shale. This is borne out by the fact that the country has 2/3 of the world’s cobalt reserves, 10% of copper, 1/3 of silver and a huge potential for uranium, manganese and gold. Moreover, the 4,320 km-long Congo River, the most voluminous in the continent in terms of discharge, flows right across the country and provides it with an exceptional river network, giving it a hydroelectric power potential estimated at about 106,000 MW (i.e. equivalent to 66 million tonnes of oil per year or 13% of the global electricity potential), 42% of which is concentrated in Inga.

2.1.3 The DRC is one of the most multi-ethnic countries of the continent, with a population of 55.3 million inhabitants in 2005, distributed amongst 250 ethnic groups and broken down into several sub-groups. On account of its extensive surface area, tremendous wealth and huge population, the DRC is widely considered as one of the “giants” of Africa.

2.1.4 Economic and Social Characteristics: The Congolese economy, in crisis since the late 80s, has embarked on a recovery process thanks to the efforts – strongly supported by the international community – to keep the political transition process on track. During the 2001-2005 period, real GDP gradually rose from -2% in 2001 to 6.1% in 2008. The containment of money supply growth through the application of prudent monetary policy has helped to check hyperinflation (a drastic drop from 511% in 2000 to 4.4% in 2003). However, the slackening of reform efforts and macroeconomic policies observed during the 2005/2006 election period undermined progress achieved in stabilization and impeded investment efforts in the public and private sectors. The unprogrammed increase in public expenditure and the wage bill during this period contributed to renewed inflation which stood at 21% in 2005. Nevertheless, the overall favourable developments on the international scene in 2007 offered glimpses of encouraging economic prospects for the country. Real GDP growth rate, which stood at 6.3% in 2007, was projected to stand at 10% in 2008. However, during the second quarter of 2008, the global financial crisis and its adverse impact on economic activities in major industrialized and emerging countries, coupled with the resurgence of conflicts in the Eastern part of the country slowed down economic activities, rendering public finance management difficult. Hence, the growth rate is projected to stand at 2.7% in 2009.
2.1.5 The level of poverty in DRC is particularly high. According to available data, absolute poverty increased over the past three decades and currently affects more than 70% of the population. Per capital income fell sharply from USD 380 in 1960 to USD 224 in 1990 and stood at about USD 150 in 2008. Such high poverty incidence is mainly caused by poor governance, absence of appropriate social policies and the weakness of the State. The household consumption structure shows that poverty indiscriminately affects all social classes, albeit at varying degrees. Consequently, poverty in DRC is a truly massive phenomenon nationwide, both in rural and urban areas. The recent development of urban poverty stemmed from massive population movements towards major centres in the wake of the crisis, looting and the 1996 and 1998 wars. The malfunction of both devolved and decentralized territorial administration, for several years running, has had multifaceted consequences on governance: distrust of the powers-that-be by the population, climate of insecurity stemming from failure to mete out sanctions against defaulting managers and lack of accountability of elected and/or appointed administrative officials.

2.1.6 This situation is extremely disturbing, especially as widespread poverty is still a major risk factor for the country’s economic recovery. Indeed, whereas progress in politics and economic reforms has produced obvious results, the social situation is still marked by stagnation. Many Congolese are obliged to be self-sufficient, due to transportation system failure and compounded insecurity in some parts of the country. Numerous communities are confined to abject poverty for want of access to markets for the procurement of supplies and inputs and the marketing of their produce. Hence, in order to create a formal framework for efficient poverty reduction, the Congolese people adopted, in July 2006, the Poverty Reduction and Growth Strategy Paper (PRGSP) whose guidelines form the basis of Government’s programme for 2007-2011.

2.1.7 This programme is supported by key development partners (Bank, World Bank, European Union and bilateral partners). The PRGSP priority actions are based on the following 5 strategic pillars: (i) good governance promotion and peace consolidation; (ii) consolidation of macroeconomic stabilization and growth; (iii) increased access to social amenities and reduction of vulnerability; (iv) HIV/AIDS control; and (v) support to the vibrancy of local government authorities and local initiatives. The above-mentioned pillars are closely interrelated and interdependent, as borne out by the linkage between the effective implementation of the decentralization process, one of the major challenges of pillar 1, and local and regional economic development through the promotion of local governance, which is one of the challenges of pillar 5.

2.2 Chronic Instability in the DRC

2.2.1 The country’s history since independence is marked by incessant rebellions and wars. In July 1960, shortly after independence proclaimed on 30 June, a mutiny broke out in military barracks, followed by the fleeing of colonists, deadly violence in the country and a period of great upheaval which culminated in the secession of Katanga. This region, situated in south-eastern Congo and 1500 km from Kinshasa, is the mining province par excellence. It is rich in copper, cobalt, uranium, zinc, manganese, gold, etc. Katanga was one of the country’s economic strongholds during the colonial period, so much so that secession was a devastating blow to the country’s independence. Government forces under the aegis of the United Nations led a 2-year campaign to reintegrate Katanga into the rest of Congo, sanctioned by a national reconciliation plan in January 1963.

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1 According to data from the PRGSP finalized in July 2006
2.2.2 After 32 years in power, President Mobutu’s regime was militarily defeated in 1997 at the end of a military campaign begun in the eastern part of the country under the leadership of Laurent-Désiré Kabila. The ensuing situation deteriorated rapidly, given that in 1998, a rebellion broke out in the eastern and northern parts of Congo. This marked the beginning of a new war which quickly spread region-wide, and transformed the DRC into one of Africa’s most complex geopolitical knots.

2.2.3 President Laurent-Désiré Kabila was assassinated on 16 January 2001 and replaced by his son, Joseph Kabila. The new president inherited a giant divided into 3 occupied zones where the State no longer existed, except in Kinshasa, the capital, situated in the western end of the country. A peace agreement was signed in 2002 in Lusaka, among the various warring parties. This agreement allowed for the formation of a government of national unity on 30 June 2003 comprising members of the belligerent parties, the unarmed political opposition and civil society. To put an end to chronic political instability that has dogged the DRC since independence, this government drafted a constitution one of whose pillars is decentralization. Indeed, in the course of the preparatory consultations of the new constitution, decentralization stood out, not only as the best means of improving governance in the country, but also and most especially as the only way of averting the country’s disintegration.

III. DECENTRALIZATION STEMMING FROM THE 2006 CONSTITUTION

3.1 Twin Pillars of Decentralization Policy in the DRC

3.1.1 Political Consensus: Decentralization in the DRC is underpinned by two fundamental pillars: political consensus and division of power between the central Government and the provinces. With respect to political consensus, the Third Republic Constitution adopted by referendum on 18 February 2006, stands out by the option to decentralize the organization of institutions. It gives expression to the consensual vision espoused by the principal political forces regarding management of the country’s public affairs. It unequivocally opted for decentralization as a way of managing local affairs, after several decades of centralization of absolute power in Kinshasa, as clearly stipulated in the explanatory statement, as follows: “In a bid to consolidate national unity, eroded by successive wars, and to create impetus and development centres at the grassroots, the constituent assembly structured the Congolese State into 25 administrative provinces, in addition to the City of Kinshasa, with status of legal entities and having proximity jurisdiction as stipulated in the current constitution”. Indeed, the 18 February 2006 Constitution is a skilful blend, a clever compromise between two approaches through the establishment of political regionalism sanctioned by the creation of new provinces, and decentralization within the provinces with the creation of new Decentralized Territorial Entities (DTE) such as the city, commune, sector and “chefferie”. It also institutes two levels at which State authority is exercised, namely: central State authority and the province within which DTEs operate.

3.1.2 The constituent assembly empowered the lawmaker to organize the division of power through an organic law governing the power division in various areas amongst the different levels of authority: national, provincial and local. The same holds true for the various types and organization of relations between the central Government and the provinces, and between the provinces and DTEs. As regards the division of power between the central level and the province, law No. 8/012 of 31 July 2008 set forth the basic
principles relating to the free administration of the provinces. It defines the province as “a political and administrative component of the territory of the DRC, with legal personality and managed by local bodies”. In addition, this law lays down the rules governing the autonomous management of human, economic, financial and technical resources, while specifying that the status, organization and functioning of the province stem from constitutional provisions instituting political regionalism in the DRC. Concerning DTEs, they are entitled to free administration and autonomous management of their economic, human, financial and technical resources. The composition, organization and functioning of DTEs, as well as their relations with the State and provinces are laid down by organic law.

3.1.3 Division of Power: Furthermore, articles 201 to 205 of the constitution lay down the key jurisdictions of the State and provinces in accordance with three principles: (i) exclusive jurisdictions of the State, (ii) concurrent jurisdictions of the central State authority and provinces; and (iii) exclusive jurisdictions of provinces. The Provincial Assembly is empowered to lay down, by edict, rules and regulations concerning: (1) provincial development plan; (2) provincial local public service; (3) provincial public debt; (4) provincial public finance; (5) internal loans for the needs for the province; (6) public works and procurements of interest to the province; (7) nursery, primary, secondary, vocational and national education as well as the literacy of citizens in accordance with standards set by the central authority; (8) the imposition of fines or prison sentences with a view to enforcing compliance with edicts pursuant to national law; (9) provincial and local taxes and duties, including rental income tax and taxes on self-propelled vehicles; (10) water production for the needs of the province; and (11) provincial planning.

3.1.4 The province may also legislate by edict, concurrently with the National Parliament, on: (i) the implementation of mechanisms for upholding and safeguarding human rights and fundamental freedom enshrined in the constitution; (ii) civil and customary laws; (iii) institution of taxes, including excise duty and consumer tax, excluding taxes assessed at the national level; (iv) scientific and technological research as well as scholarship for studies, fellowships and research incentives; (v) print media, radio, television, cinema industry; (vi) civil defence; (vii) land tenure and mining rights, territorial development, water and forest systems; (viii) regulation on energy, agricultural and forest systems, stock breeding, foodstuff of animal and plant origin; (x) creation of primary, secondary, tertiary institutions and universities; (xi) medical and philanthropic institutions; (xii) energy production, transportation, utilization and exploitation; (xii) the protection of vulnerable persons; (xiv) environmental, natural sites and landscape protection and site conservation; and (xv) road traffic, automobile traffic, construction and maintenance of roads of national interest, toll collection and distribution for the use of national roads, toll collection and distribution for the use of roads constructed by the central authority and/or the province.

3.1.5 The Provincial Assembly elected by direct universal suffrage for a five-year term shall be the legislative body. One-tenth of its members may be co-opted. It shall legislate, by edicts, in the areas of jurisdiction reserved for the province and controls the Provincial Government, as well as local and provincial public services. The Provincial Government is the executive body. The Governor and Vice-Governor are elected for a five-year term, renewable once, by provincial Members of Parliament, within or outside the Provincial Assembly, and shall be appointed by order of the President of the Republic. Ministers of the Provincial Government shall be appointed by the Governor from within or outside the Provincial Assembly; the number of Provincial Ministers shall not exceed ten.
3.1.6 The Provincial Assembly shall legislate by edicts, in areas of jurisdiction reserved for the province and shall control the Provincial Government as well as provincial and local services. It shall legislate in areas falling under the exclusive jurisdiction of the province, but may legislate on matters falling under the concurrent jurisdiction of the central authority and the province. In the latter case, any edict incompatible with national laws and regulations shall be null and void and repealed as a matter of right. The Provincial Government, under the leadership of the Governor, shall be the executive body. The provincial public administration shall be placed at its disposal, and as such, all national public services in the province shall be placed under its authority. It shall represent the Central Government in the province and in matters falling under the exclusive jurisdiction of the central State authority. It shall coordinate and supervise services placed under the central State authority. Whenever acting in the latter case, it shall assume the status of a devolved administrative authority subjected to hierarchy. Edicts enacted by the Provincial Assembly shall be enforceable, as long as they are not repugnant to national laws. In case of conflict between a province and the central State, the Constitutional Court shall have sole jurisdiction to settle such dispute.

3.1.7 The transfer of jurisdiction stipulated by the constitution is expressed by financial arrangements in the form of “transfers” of part of national revenue. Hence, pursuant to article 54 of the law to lay down the fundamental principles relating to the free administration of provinces: “The proportion of national revenue appropriated to provinces shall stand at 40%. It shall be deducted at source. Deduction at source shall be done through the automatic payment of 40% into the province’s account and 60% into the Treasury’s general account. This mechanism shall be operated by the Central Bank of Congo in accordance with finance law”. An equalization fund shall be incorporated with a view to seeking balanced development between poor regions and the others. Such fund shall be supplied by 10% of the revenue withheld at the central level. Hence, it seems in reality that revenue shall be distributed in accordance with the following formula: “50%, 40% and 10%”, with 50% of the generated revenue remaining at the central level, 40% to be transferred directly to the provinces (based on calculations made “at source”) and 10% intended for the equalization fund.

3.2 Territorial Organization in the DRC

3.2.1 The general structure of DRC’s current territorial organization dates back to the 1933 administrative reform. Indeed, the Royal Order of 29 June 1933 had already divided the colony into provinces which were themselves sub-divided into districts, in turn split into territories. Later, the decree of 10 May 1957 divided the territory into indigenous constituencies: centres, sectors and/or “chefferies” (chiefdoms). Similarly, provinces also comprised cities sub-divided into communes. Furthermore, on the eve of its independence, the Congo was divided into provinces, while the provinces were sub-divided into districts and cities, the districts themselves into territories, and the cities into communes, the territories into centres, sectors and “chefferies”. In spite of numerous reforms undertaken since independence, it is obvious that this general territorial structure still remains, as revealed by the organization chart below, representing the current structure of decentralization in DRC.
3.2.2 The territorial structure stemming from the constitution adopted in February 2006 globally comprises two levels, the province and decentralized territorial entities (ETD), as shown in the organization chart above. The laws relating to the: (i) creation, organization and functioning of ETDs within provinces; and (ii) setting-up of the Governors’ Conference (a body intended to facilitate consultation between provinces and the central authority) were enacted in October 2008. These laws strengthen the autonomy and prerogatives of provinces and territories with regard to the management of affairs falling under the jurisdiction of the province.

3.3 Challenges

3.3.1 The provincial elections held in 2006 made for the establishment of provincial assemblies and elected governors. However, they were held only in the currently existing 11 provinces, namely Kinshasa, Bas Congo, Bandundu, Equator, Western Kasaï, Eastern Kasaï, Katanga, Maniema, North Kivu, Oriental Province and South Kivu. Nevertheless, Law No. 8/012 of 31 July 2008 ratifies the division of the DRC into 26 provinces (25 provinces in addition to the city of Kinshasa). The transition from 11 to 26 provinces scheduled to take place prior to the end of 2009 is a challenge to be met.
3.3.2 The legal mechanism for decentralization is still incomplete. The organic law relating to the finance law, the law to lay down local revenue classification and method of distribution and the law governing the organization and functioning of the National Equalization Fund have not yet been enacted. This situation is all the more a serious cause for concern, given that article 45 of the law to lay down fundamental principles relating to the free administration of provinces stipulates that ETD budgets shall be integrated, in revenue and expenditure, into the province’s budget pursuant to the provisions of the financial law which is yet to be enacted. In order to fill the legal void whose impact is beginning to be felt, it should also be mandatory to: (i) put in place the new legal institutions provided for by the constitution (Court of Appeal, Council of State and Constitutional Court); (ii) finalize public service reform (amendment of staff rules and regulations, staff redeployment for provinces and ETDs, etc.); and (iii) enact a law on customary authorities to ensure greater synergy with other authorities.

3.3.3 In addition, the election of provincial assemblies and governors of provinces has highlighted the need to implement the constitution forthwith, and compounded the problems inherent in the uncompleted legal framework. Indeed, the definition of jurisdiction and levels of transfer, coupled with lack of clarity on transitional modalities and aspects relating to supervision and coordination between levels of government, may be sources of future tension. This situation has already prompted the central administration to appropriate a fixed rate of 6 to 7% of national revenue to all provinces during the first half of 2007, instead of 20% as was generally the case prior to elections. The combined effect of the absence of a clear legal framework and such actions by government triggered a reaction from provincial authorities to the intent of resolving such obstacles to the decentralization process. It is clear that relations between the province and the central administration are of prime importance to the new inter-governmental structure in the DRC. It is essential that problems emanating from this situation be resolved so as to achieve the set objectives of decentralization.

3.3.4 In accordance with the constitution, regional jurisdiction pertaining to expenditure shall cover most expenditure items relating to nursery, primary and secondary education, regional public service, key aspects of health service provision management, and other numerous State obligations. However, dissociating the discussion on transfers from that on expenditure jurisdiction is obviously risky: the issue of allocating “40%” of revenue to provinces gives the false impression that the latter are endowed with tremendous resources, whereas, in reality, it is not established that the 40% of revenue thus appropriated will adequately ensure the effective fulfilment of transferred obligations. Furthermore, issues relating to resource distribution between provinces and ETDs still have to be resolved under the definition of jurisdiction of the latter which are yet to be created, thereby compounding the uncertainty surrounding the issue. Finally, in addition to the debate on jurisdiction, discussion is focused on public investment expenditure for which a separate mechanism, the National Equalization Fund (CNP), has been designed to distribute resources accounting for 10% of domestic revenue, in accordance with the constitution, as a national investment fund for provinces.

3.3.5 Moreover, the constitution provides for the creation of a provincial and local public service, as well as a detailed distribution of duties based on the concept of significant transfers to provincial and local entities. The establishment of elected governors and assemblies at the provincial level tremendously scaled up pressure for a coordinated transfer of financial and human resources. In fact, such a transfer will have a major impact on the entire public service system. By the same token, national public service reforms will also
have an impact on the provincial public service. For purposes of implementing the decentralization process, as provided for by the constitution, Government needs a workforce of able civil servants and mobilizable resources to support the exclusive jurisdiction of the province. However, for the moment, both the control and role of the provincial government public service have not been clearly defined. Finally, the decentralization process provides, among other things, for significant transfer of responsibilities in the education sector to provinces. The decentralization of education is a major challenge, given that this sector is already facing tremendous difficulties relating to the fact that it employs the greatest number of often unpaid workers.

IV. LOCAL DEVELOPMENT IN THE BAS CONGO PROVINCE

4.1 Major Characteristics of Bas Congo Province

4.1.1 Bas Congo Province, which covers a surface area of 53,920 km², i.e. 1/44 of DRC’s surface area, is the smallest province of the country, with the exception of the City of Kinshasa. It is bordered to the south by Angola, to the east by the City of Kinshasa and Bandundu Province, to the west by the Atlantic Ocean and the Cabinda Enclave and to the north by the Republic of Congo. With a population estimated at 2,833,168 inhabitants, Bas Congo, which has hosted several waves of refugees, is one of the most densely populated provinces of the country. Consequently, as opposed to the eastern part of the country marked by armed conflicts, the absence of peace experienced by the Bas Congo population is reflected especially by recurrent land disputes. It is essentially an agricultural province with a sudanian tropical climate characterized by a 4-month dry season (mid-May to mid-September) and a long rainy season interrupted in February by a small dry season. The Bas Congo also has a forest potential of more than 520,000 hectares, comprising various exploitable forest species (51 species), belonging to 4 groups of timber (red timber, white timber, black timber and various woods), whereas its sub-soil abounds in huge mineral resource deposits (phosphate, bauxite, rock salt, limestone, oil shale, manganese, marble, alluvium, etc.).

4.1.2 Furthermore, Bas Congo has a dense river network whose key rivers (Kuilu, Inkisi, Lukunga and Mpozo) flow into the Congo River, navigable from Matadi (capital of Bas Congo) to Boma, whereas the others flow into River Shiloango. Hence, the province has a very huge hydroelectric power potential, particularly with the Inga site, two phases of which are currently operational and supply 4,551,768.36 MWH per year, in addition to 527,500 MWH produced by another dam built on Inkisi (Zongo). Lastly, the country’s only three ports (Matadi, Banana and Boma) are found within the province. There is also a railway linking Matadi to Kinshasa. In spite of its huge electricity production potential, local energy consumption is low: it stands at a paltry 380,706.2 MWH per year. Some of the causes for such low consumption are essentially the disrepair and inadequacy of distribution equipment (transformers, cables, meters, poles, etc.).

4.2 Provincial Local Economy

4.2.1 Primary Sector: Bas Congo is par excellence an agro-pastoral province, conducive to the development of graminæ, legumes and various crops used in cattle feed, including maize, soy bean, groundnut, sesame, oil palm, etc. However, agriculture, which employs almost 70% of the population of the Province, is little developed and reduced to a self-subsistence activity characterized by falling production (about 60% of the active population
practise subsistence agriculture), leading to a 15,560-tonne shortfall in animal production, a daily diet below 1765 Kcal for 89.6% of the population and an increase in food imports. The slump in provincial agricultural production is linked to various factors, particularly the deterioration of the road network which makes access to production sites difficult, the absence of seed and agricultural produce preservation facilities, as well as difficulties in the supply of improved genetic material. In addition to the above factors, there is the loss of agricultural labour caused by rural exodus and the tendency for educated youth to migrate to Kinshasa. Furthermore, in the wake of the collapse of PEMARCO (Congo Maritime Fishery), fishing has been reduced essentially to a small-scale activity, carried out by a few fishermen whose annual catch is less than 1,000 tonnes.

4.2.2 Secondary Sector: On account of its tremendous forest capital, Bas Congo has a huge industrial potential comprising sawing, drying, peeling, slicing, joinery and cabinetwork equipment. Nevertheless, since the late 1980s, forestry production (undressed timber, sawing, veneering) has recorded a sharp drop due to overexploitation (a deforestation rate of 0.6% per annum, i.e. 3 times higher than the national average of 0.2%). This situation has led to the relocation of several forestry companies (the case of Agrifor to Bas-Fleuve).

4.2.3 The Bas Congo sub-soil abounds in huge mineral resource deposits (phosphate, bauxite, rock salt, limestone, oil shale, manganese, marble, alluvium, etc.), although only limestone and bauxite are being exploited. The under-exploitation of the other mineral resources is due to inadequate mining and geological prospecting studies, the absence of appropriate investments and equipment, inefficient negotiation of operating agreements, and the absence of a real mining policy. Precious metals such as gold and diamond are strewn over territories of Cataractes and Bas-Fleuve districts where they are exploited on a small scale with low outputs. Finally, Bas Congo is endowed with proven oil reserves to the tune of 3.0 billion barrels and 1 billion barrels of probable reserves.

4.2.4 The manufacturing industry comprises 281 units, essentially food and agricultural, building material production, oil and energy industries. The absence of business databanks makes the gathering of reliable relevant statistics difficult. Nevertheless, this sector’s activities employ about 2.7% of the active population. Bas Congo’s low industrial productivity is explained by its technological backwardness (absence of complete industrial processing cycle) and the under-utilization of its installed production capacity. Moreover, the high cost of production factors, including the non-supply of high-tension electric power from Inga to several industrial and economic sites, renders the industry less competitive.

4.2.5 Infrastructure: Bas Congo Province has transport infrastructure of higher quality than that of the rest of the country. The province has a 14,372.8 km road network (including 1,380 km of national roads). This road network is the supply route for bringing foodstuff and manufactured products to Kinshasa. Furthermore, opening up the province to the Republic of Congo and Angola, grants it access to prospective growth-sustaining demand for its products. However, a huge stretch of the road network is still much degraded and even impassable at times, particularly in the rainy season: only 623 km out of 1,307 Km of national roads are in good state of repair. Furthermore, Bas Congo has a railway linking Matadi to Kinshasa which supplements National Road No. 1, an air transport network comprising a military airport (Kitona), 4 aerodromes (Boma, Tshimpi, Muanda and Inga) and 16 emergency strips spread across the Province, as well as a sea and river transport network with 2 navigable waterways (Banana – Matadi and Mpio – Kinganga), 3 seaports (Matadi, Boma and Banana) and 3 private ferry docks (Ango-Ango, SEP-CONGO and SOCOPE). However, aviation
infrastructure is dilapidated and under-equipped, whereas very aged aircraft which often fall below international standards, are the only means of transportation available for several destinations. This advanced state of degradation of the entire transport infrastructure is the combination of several factors, including the absence of a harmonized and consistent maintenance programme.

4.3 **Social Sectors**

4.3.1 **Communal Dynamics**: In the face of the harsh crisis affecting every area of life, the Bas Congo population have embarked on several creative activities that have enabled them to develop means of subsistence. Such dynamism is borne out by the development of micro-businesses that has revived traditional mutual assistance initiatives, the maintenance of a few local infrastructure, the development of the cooperative spirit, especially in the agricultural sector, the development of local associations and the conservation of nature and local heritage. In this process, local communities remotely benefit from the assistance of some formal guidance and support structures including: 311 Non-Governmental Organizations (NGO), 410 Farmers’ Organizations (FO) or Associations, 108 Production and Trade Cooperatives (CPC), Savings and Loans Cooperatives (COOPEC), inter-NGO consultation platforms, as well as several churches. However, this communal dynamics receives little guidance from public authorities. Furthermore, it has been undermined by land disputes, irrational environmental management, traditional farming techniques/methods, the absence of rural credit, as well as seed degeneration.

4.3.2 **Education**: According to various indicators, the state of education in Bas Congo is a cause for concern. It denotes, among other things, a low primary and secondary enrolment rate. Indeed, indicators for primary school reveal: a net enrolment rate of 64.7 %, a net admission rate of 54 % into first year primary school, a completion rate of 51.4 % and a girl/boy ratio of 83.4 %. For secondary education, the net enrolment rate is 27.4 %, the completion rate is 18.6 % and the girl/boy ratio stands at 69.8 %. Generally, school infrastructure is in a very advanced state of dilapidation and disrepair. In some areas, schools are in complete ruins. Working conditions for both teachers and pupils are often deplorable: inadequacy or even the lack of benches, desks and textbooks. This deplorable situation is further compounded by long distances to schools which oblige pupils to walk for up to 16 kilometres in some parts of the province. Secondary education is challenged by the lack of qualified teachers in some disciplines, marginalization of technical and vocational education to the advantage of general education (thus entailing the lack of laboratories, equipment and operating resources), high education cost and low access to education by girls.

4.3.3 **Health**: Bas Congo is amongst the most privileged provinces in terms of social and health facilities, and has fairly good health coverage. The 31 health zones provided for are operational with 31 general hospitals, 96 health centres, 665 health posts, 42 technical medical institutes and 219 physicians. In spite of these data, a significant proportion of the population does not have access to quality health care due to the degradation of infrastructure and their under-equipment. In addition, the absence of an efficient system to supply health facilities with essential drugs and the high cost of primary health care and pharmaceuticals against a backdrop of near-widespread poverty find concrete expression in the high prevalence of malaria, tuberculosis and HIV/AIDS (whose prevalence rates rose from 5.7% in 2003 to 6.2% in 2005), the resurgence of certain diseases such as meningitis or diarrhoeal diseases.
4.3.4 **Water and Sanitation:** Despite the existence of a wide river network, Bas Congo still faces difficulties having access to drinking water, especially in rural areas. The average baseline servicing rate only stands at 36.5% and access to water remains an ordeal for women and young girls who have to walk long distances in search of drinking water. In the process, they are exposed to several risks (rape, theft, crimes, etc.). Such situation is explained particularly by the absence of a provincial drinking water servicing plan. The production and distribution equipment of REGIDESO, a monopoly, are not only dilapidated, but are also out-capacitated. Poor hygiene is almost widespread in both urban and rural areas, due to the inability of households to have access to a proper solid and liquid waste disposal system: only 26.8% of the population use of hygienic toilets.

4.3.5 **Poverty:** Surveys conducted during the preparation of the PRGSP put the poverty threshold in Bas Congo at an estimated CDF 123 070, i.e. equivalent to USD 277. Accordingly, the incidence of poverty stands at almost 70%, which is equivalent to the national average. There is little difference not only between the urban (70.49%) and rural areas (69.64%), but also among territories, probably on account of the equitable distribution of potential wealth and economic activities throughout the province. However, it is worth noting that the absence of separate data places a limitation on the analysis of the sector. Besides poor governance, poverty benchmark analysis lays emphasis on the following explanatory factors: family structure, level of education and type of employment.

4.3.6 Regarding the family structure, the surveys carried out reveal that it negatively impacts the living standards of households. The greater an individual’s means, the heavier the family burden on him. This situation is aggravated by the abuse of matrilineal relations whereby the matrilineal uncle, who may be fairly well-off, is compelled to bear the weight of the extended family alone. With an average household size of 6.7 persons, Bas Congo comes second after Kinshasa. It is one of the provinces where the extension or maintenance of the sociological family, through solidarity, remains outstanding. As for employment, in general, households whose heads are employed in the formal sector are poorer than those in the informal sector (customs agencies, car sales, biloko\(^2\) trade, small auto-repair business, petty trading, etc.). Moreover, access to gainful and productive employment in the formal or informal sector is generally precarious and difficult. This paradox explains why a high level of education that generally leads to working in the formal sector fetches lower incomes (civil servants or unemployed), which is discouraging.

V. **IMPLEMENTATION OF DECENTRALIZATION IN BAS CONGO**

5.1 **Legal and Institutional Framework**

5.1.1 Pending the full implementation of the constitutional provisions, including the division of the country into 26 provinces, the structure of the province was determined by Executive Order No. 81 of 2 July 1998 relating to the territorial and administrative organization of the DRC. It includes two types of administration: the devolved provincial administration of central services and the decentralized territorial administration which comprises the decentralized administrative entities (towns and territories) and the devolved administrative entities (districts, communes, cities, sectors and “groupements”). On this basis, the Province comprises 3 districts (Bas-Fleuve [Lower River] with headquarters at

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2 Imported items illegally transported in containers of declared goods.
Tshela, Cataractes with headquarters at Mbanza-Ngungu and Lukaya with headquarters at Inkisi), two towns (Matadi and Boma), 10 territories, and 17 cities. It also comprises 55 sectors, 366 “groupements”, and 6 communes (3 for Boma and 3 for Matadi).

5.1.2 After the 2006 general elections, provincial elections were held in Bas Congo on 27 January 2007 leading to the installation of the Governor, the Vice-Governor, and the Provincial Assembly, as well as a cabinet of 10 ministers. In contrast, decentralized administrative entities (EAD) are yet to begin operating on the basis of decentralization principles. Therefore, pending the full establishment of the institutional mechanisms, they continue to function as devolved entities, headed by appointed officials and devoid of an elected legislative body.

5.2 Provincial Government Programme

5.2.1 The main functions of the province are outlined in paragraphs 3.1.3 to 3.1.6. These provisions clearly state that the regional jurisdiction, in respect of expenditure, covers most of the items relating to preschool, primary, and secondary education, the regional civil service, key aspects of the management of health services delivery, as well as many other State obligations. On this basis, the provincial government has designed a programme for the development of Bas Congo Province, which was approved by the Provincial Assembly on 16 May 2007. This programme, which covers the period 2007-2011 and serves as the roadmap for provincial ministers, was developed by the Provincial DSCRIP. It clearly shows that decentralization is an asset to the province since, from all indications, only elected officials can prepare such a programme for their province.

5.2.2 The overall objective of this programme is to create conditions conducive for accelerating growth - the only solution to widespread poverty in the province. Given the poor state of economic and social infrastructure and the collapse of the production network from which no province in the country has been immune, this growth will be driven primarily by investment. Therefore, the programme lays special emphasis on activities that create conditions for reviving and facilitating investment in order to generate jobs and create self-employment opportunities. To that end, the programme consists of four main areas: (i) creating conditions conducive to promoting private initiative and the development of natural resources in the province; (ii) reviving agriculture, which employs over 60% of the population, by rehabilitating farm-to-market roads; (iii) maximizing the revenue of the province in order to have the resources required to finance economic and social infrastructure; and (iv) promoting distributive justice by streamlining public expenditure so that the gains of growth may really benefit all segments of the population and help alleviate poverty in the province. This programme focuses on four areas: the political sector, the economic and financial sector, the infrastructure sector, and the social and cultural sector.

5.2.3 Political and Administrative Sector: In order to usher in lasting civil and social peace, the government aims to stabilize the political and security environment, while providing the resources for the effective administration of the province. In this regard, the main activities envisaged are centred, inter alia, on establishing civil peace, combating corruption, establishing a community-oriented public service and revitalizing the provincial statistics service, reforming the property law, and transferring the capital from Matadi to Songololo. Regarding the establishment of civil and social peace, the government intends to set up a permanent framework for consultation with the representatives of all the stakeholders of the province. This framework would help identify any frustrations likely to disrupt civil
and social peace and to address them with the support of all parties concerned. Prevention will thus be at the heart of government action in this regard. The government will also seek to increase the strength of the national police force throughout the province and will provide proper logistics for the discharge of their duties.

5.2.4 As part of the effort to combat corruption and promote good governance, the Government will ensure that the armed forces, the forces of law and order, and the intelligence services operating in the province do not deviate from their role of protecting people and their property. To this end, it will establish a permanent framework for consultation with economic operators assigned the threefold mission of (i) enabling economic operators to report to the Provincial Authority all cases of administrative harassment and corruption victimizing them; (ii) proposing practical solutions aimed at significantly improving the business environment; and (iii) informing traders of their legal obligations towards the State. This framework will be supplemented by setting up, with the support of ANAPI, a one-stop window to help businessmen establish their companies within reasonable timeframes.

5.2.5 In keeping with its responsibilities, the Government plans to establish a community- and development-oriented public service. To that end, it will retire civil servants who have reached retirement age and recruit young graduates to replace them. In addition, given the need for reliable statistics for planning and monitoring activities, it intends to equip the provincial offices of the National Institute of Statistics (INS) and the National Agricultural Statistics Service (SNSA) whose staff will be given the necessary incentives to carry out their tasks.

5.2.6 The local tradition, that is, the Kongo conception of land, often leads to farmland being left unused in order to preserve the resource. This tradition is an obstacle to the revival of agriculture. Therefore, the Government plans to reform the traditional land law so that land may actually benefit the community and its customary owners, and not continue to be an unproductive property, benefitting nobody, not even those who claim to own it. It also plans to streamline the management of land matters - which is plagued by conflicts due to breach of the law, among other causes – by carrying out the following activities (i) disseminating the land law among all stakeholders (officials, traditional chiefs, and holders of customary rights); (ii) computerizing land management; (iii) updating the cadastral plans of cities and towns; (iv) recovering occupied land that is not developed in accordance with the law and, where necessary, decommissioning some of the land under public ownership subject to prior arrangement with the rightful claimants; and (v) carrying out landed property inventories and collecting all annual dues outstanding from the time of acquisition of such property.

5.2.7 Finally, the option of transferring the capital of Matadi Province to Songololo, which had already been envisaged since the colonial period, is back on the agenda. The Government intends to expedite feasibility studies to ascertain the cost of the operation and work out a realistic schedule for its implementation. Concurrently, studies will be conducted with a view to preserving the economic importance of Matadi and developing new business activities that may offset the shortfall resulting from the loss of its administrative status.

5.2.8 Economic and Financial Sector: The Government aims to create, within the next 5 years, a "middle class" comprising up to 30% of the population by promoting proactive activities such as granting loans. In this regard, the main activities envisaged include: (i) creating a provincial development bank to form a class of local entrepreneurs, following the
example of the “crédit au colonat” which enabled Belgium to develop the immense Congo region; (ii) establishing a provincial mortgage bank and a provincial housing authority to facilitate access by the greatest number to more low-cost housing; (iii) establishing a fund to restore the agricultural production capacity of farmers that has plummeted with time; (iv) promoting savings and loans cooperatives to give the masses access to consumer and production loans.

5.2.9 Similarly, the government will implement the measures necessary to develop mining production, thereby breaking with DRC’s traditional policy of limiting mining activities mainly to Katanga and Kasai, leaving Bas Congo to serve as a strategic reserve. In that regard, the following activities will be undertaken: (i) making electricity available in areas with high mining potential by studying the electricity transmission paths from the various electricity production sites, essentially from Inga; (ii) creating conditions to encourage viable private investors - domestic and foreign - to exploit local mineral resources; (iii) ensuring better supervision of small-scale miners through Small-scale Mining (SAESSCAM) and non-governmental development organizations (NGDOs) operating in this sector, such as the Bas Congo Mining Development Cooperative (CODEMBAC).

5.2.10 During the “Zairianization” era, there were 255 companies in the Province, of which only 55 are actually still operational, albeit at only 20% of their capacity. These companies mainly exported agricultural products such as bananas, coffee, cocoa, palm oil, palm kernel oil, rubber, and ruwolphia Urena (“Punga” fiber), which have now completely disappeared from the country’s list of exports. The Government intends to rehabilitate these companies throughout the province in an effort to give it a new lease of life. To attain this objective, it plans to conduct, with the help of specialized consultants and consultancy firms, a general audit of the production units at the time they stopped operations to determine the ways and means of rehabilitating and reviving them. Moreover, to take advantage of the high global demand for biofuels, the government will activate the biofuel sector in the province by capitalizing on the favourable climate, the availability of large swaths of unused land, and the proximity of seaports for export purposes. In this regard, the farming and industrial use of oleaginous plants (oil palm, jatropha, soy, sunflower, and rapeseed), sugar-containing plants (sugar cane), tubers (cassava), and grains (maize) for the production of biofuels (ethanol, methanol and bio-diesel) mainly for export, will be considered.

5.2.11 The government estimates that 75% of State revenue does not enter the public treasury. To remedy this situation, it plans to (i) grant autonomous status to the brigade in charge of collecting duties and taxes intended for the province and equip it with modern facilities for effectively combating fraud and tax evasion; (ii) effectively collect all taxes and duties falling under the classification contained in the legal and statutory instruments in force, with a view to broadening the tax base; (iii) establish mechanisms for securing and maximizing the revenue of the province; (iv) establish mechanisms for taxing the informal sector which currently accounts for over 80% of economic activity and is thus an important public revenue reserve for the province that remains completely untapped. To this end, special attention will be directed towards the informal marketing of petroleum products, which is an activity likely to generate significant resources for the province; and (v) set up Finance Inspectorate offices in the provinces to ensure the proper use of public resources. The government has committed itself to streamlining budgeting procedures by organizing annual seminars to coach all officers of the province involved in the preparation of various budgets to comply strictly with the expenditure chain whose network will be gradually computerized.
5.2.12 Finally, the Inga Free Trade Zone (ZOFIA) project concerns energy-intensive and
export-oriented industries such as aluminum works sustained by the local bauxite and the
nitrogenous fertilizers production plant. The project will be revived and made operational as
soon as possible.

5.2.13 **Infrastructure Sector:** The Government intends to strengthen the comparative
advantage which the province enjoys over the rest of the country by modernizing the existing
infrastructure, through adjustments in favour of territories and sectors that are not adequately
endowed, in an effort to provide the province with a solid development base. To that end, the
government will not rely only on public resources, but will also use private capital within the
framework of “public-private partnerships” and concession contracts. The main activities
planned include: (i) drawing up a comprehensive inventory of and gradually rehabilitating the
housing stock of the province (administrative buildings, residential houses, apartments and
compounds); (ii) rehabilitating provincial roads with a view to moving from dirt roads to
durable roads using the most appropriate technology; (iii) establishing an inventory of all
roads, ferry crossings and road structures of the province in order to schedule maintenance,
repair, reconstruction and modernization operations in the short, medium and long terms; (iv)
rehabilitating roads and waterways of agricultural importance; and (v) strengthening the
response capacity of the Highway Authority and the Roads and Drainage Authority by
providing them with material, equipment and tools required for the effective performance of
their tasks, including units for paving, concreting, crushing and the prefabrication of such
structures as culverts and curbs.

5.2.14 Bas Congo Province abounds in tourist sites that need to be upgraded. The
government intends to promote this sector - which may be a source of new wealth that can
create numerous jobs – by carrying out the following specific activities: (i) rehabilitating
access roads to a number of tourist sites, including the Zongo Falls, the Caves of Mbanza
Ngungu and the “Monument aux Porteurs” [Porter’s Monument]; (ii) developing certain
tourist sites, such as Stanley’s Cottage, the Chief of Maduda’s Monument, the former Slave
Market in Nsiamfumu, the Carnival Route (route Lutendele); and (iii) supporting economic
operators wishing to invest in this sector.

5.2.15 Lastly, the provincial government plans to invest in the construction of the Banana
deep seaport. The provincial government will make every effort, with the assistance of
central government, to ensure the speedy materialization of the intention of a number of
international donors, private and public, who have already expressed an interest in financing
the construction of this port. The provincial government will also endeavour, still with the
assistance of the central government, to rehabilitate the Kinshasa-Matadi railway - the real
backbone of the province – by encouraging "public-private partnerships."

5.2.16 **Social and Cultural Sector:** On the social front, the government intends to
implement a policy of distributive justice and solidarity among all segments of the
population, so that the fruits of economic growth and the increased budget resources may
benefit everybody. To this end, the government will carry out the following specific
activities, among others, beside those listed in the PRGSP: (i) disseminating renewable
energy; (ii) facilitating the access of the population to quality healthcare and protect the latter
against epidemics; (iii) promote appropriate technologies benefiting women; (iv)
rehabilitating schools; and (v) rehabilitating the Kongo culture.
5.2.17 Regarding renewable energy, the Government is contemplating the extension and production of solar energy, biofuels, marine current and wind, to facilitate access of the population, particularly the rural population, to water and electricity. In the health sphere, the Government intends to promote health cooperatives, in an effort to make better health care accessible to the greatest number, including civil servants and other employees of the province, and strengthen the activities of the Matadi and Kisantu central supply stations. Major medical units will be provided with ambulances for the proper evacuation of patients, while ways will be sought to set up a provincial pharmaceutical industry to produce low-cost quality medicines. Lastly, the government intends to build slaughterhouses and quarantine stations to guarantee the meat quality and the fight against epidemics of animal origin.

5.2.18 The government intends to promote women-friendly technology, especially in rural areas where women make greater contributions than men to meeting the needs of the family. To ease women’s chores, the government will support initiatives mainly in respect of such post-harvest activities as food processing and farm-to-village transportation, as well as provide water and electricity in rural areas.

5.2.19 The government will rehabilitate secondary schools that have brought honour to Bas Congo Province and trained its elite. It will also promote technical and vocational education in order to provide the province, in adequate quantity, with a workforce that is diversified and skilled in the various trades essential for reconstruction, including electricians, mechanics, masons, painters, carpenters, joiners and plumbers. To strengthen its effort, the government will work in partnership with SMEs specialized in these trades, which would provide such assistance as guidance and practical training to unemployed youth, in an attempt to rescue and integrate them into the socio-economic system. Finally, the government will allocate part of the capital and operating budget to support institutions of higher learning in the province that are viable in view of the academic criteria, regardless of whether they are public, private or community institutions. This budget support will concern such areas as building construction, payment of salaries and operating costs. It will also create a scientific research fund to supplement the budget for scientific and technological research, especially research geared toward the development of the natural resources of the province.

5.2.20 The Government intends to be involved in an active policy aimed at promoting the Kongo culture which will include the following activities: (i) establishing a Kongo culture academy to promote knowledge of the culture, language and history of the Kongo people, and closer ties with the Kongo diasporas in Africa and the Americas; (ii) rehabilitating and building halls for shows and cultural events in all cities, and in all headquarters of all territories and sectors of the province; (iii) building a provincial museum at Boma by rehabilitating the residence of the first Belgian governor; and (iv) rehabilitating and maintaining historical sites and monuments.

5.2.21 Programme Cost: The overall programme cost stands at USD 1 683 571 678. According to Government estimates, the Province’s own revenue and the transfers planned for the five-year period are estimated at USD 2 618 151 632.
5.3 Government Programme Analysis with Respect to the Resources of the Province

5.3.1 Resources of the Province: Does Bas Congo have the means to carry out this ambitious programme? Prior to the adoption of the 2006 Constitution, the central government identified three categories of resources: (i) the resources withheld by the central government for itself, namely customs duties, scheduled income tax, turnover tax, excise duties and administrative and judicial fees (including stamp duties), State property and share charges; (ii) resources transferred by the central government to decentralized entities, such as property tax, taxes on the rental income of individuals and non-commercial entities, mining and oil concessions, vehicles tax (sticker), road tax, beer and tobacco tax; and (iii) resources transferred by the central government and listed exhaustively in an executive order of 1998. This administrative classification may technically be reduced to two categories: the Province’s own resources and the resources transferred by the State.

5.3.2 The new Constitution and the law on basic principles relating to the free administration of provinces have reorganized this system, making it easier to clearly distinguish the Province’s own resources from those transferred from the resources of a national character. The Province’s own resources and those of decentralized territorial entities (ETD) include provincial and local taxes and duties, and revenue from equity investments. Duties and taxes are: (i) taxes of common interest shared between the province and the ETDS following a formula determined by the legislation establishing those taxes; (ii) special road traffic tax; (iii) annual business licence tax; (iv) consumer taxes on beer, liquor, spirits and tobacco; (v) surface area tax on mining concessions, tax on sales of precious materials from small-scale production; (vi) all other taxes levied by the central government and accrued in full or in part to the provinces under the law; and (vii) taxes specific to each province, whether of a fiscal nature or for services rendered. Revenue from equity investments includes income from shares or dividends and income from investments such as deposits, securities and bonds.

5.3.3 As indicated in paragraph 3.1.7, the constitution provides that revenue will be shared on a “50%, 40% and 10%,” basis, with 50% of the revenue collected remaining in the central government coffers, while 40% is transferred to the provinces (based on calculations done “at the source”) and 10% retained by the central government to replenish the equalization fund. Resource allocation depends, however, on methods of collection and transfer arrangements. Regarding the methods of collection, four different entities collect taxes in the DRC: (i) the Customs and Excise Board (OFIDA) is responsible for the management, collection and control of customs duties, turnover tax, import tax and excise duties; (ii) the General Taxation Directorate (DGI) is responsible for the management, collection and control of scheduled taxes, turnover tax, actual taxes (tax on developed and undeveloped property, vehicles, mining concessions and oil); (iii) the Directorate General of Administrative, Judicial, State Land and Share Charges (DGRAD) is responsible for the management, collection and control of taxes and various fees; and (iv) all revenue is paid into private banks. Revenue “of a national nature” is not determined in advance; it is currently transferred on the basis of 35% of the revenue collected after deduction of the 10% transferred to tax assessment services and the DGRAD. Regarding mining and timber royalties, 40% are already shared on the basis of 25% for the province and 15% for the entity where the operation is taking place.
5.3.4 As for the transfer procedure, the 2006 Constitution does not provide a framework for implementing the 40% mechanism in respect of the transfers to the provinces. This leaves room for many, and sometimes conflicting, interpretations. Given the fact that the country, to date, has no institution that can arbitrate (the Constitutional Court has not yet been installed), nothing compels the central government to respect the instruments. Therefore, it actually reduced transfers in the first half of 2007, granting the provinces a fixed rate of 6 to 7% of the national revenue, instead of the 20% generally offered prior to elections. The combined effect of the lack of a well defined legal framework and the unilateral action of the central government has led to a crisis of trust between the central and provincial authorities. In fact, the transfer is haphazard, always less than the amounts due or announced. Transfers to the provinces are very arbitrary, especially as they are based on non-transparent and unpredictable factors. Beyond the battle of figures, it is clear that the situation is neither satisfactory nor appropriate. The monthly transfer seems to be determined by the cash-flow situation of the country, given the donor-recommended prudential requirements. It is thus obvious that this unpredictability of resources is not conducive to sound planning and budgeting.

5.3.5 Whatever the debate surrounding transfers, it is and will remain for a number of years the main resource of the province, accounting for an average annual contribution of 717 Congolese francs per capita. They represented, on average, 67% of the total revenue of Bas Congo Province for 2004-2007. An analysis of the Province’s own-resources shows that own-revenue averaged 6% of total revenue during the 2004-2007 period, thus clearly confirming the weight of transfers. In these circumstances, the government runs the risk of not having the resources needed to carry out its programme. More generally, the success of the decentralization policy in Bas Congo depends on how this crucial issue will be resolved.

5.3.6 **Weak Management and Revenue Mobilization Capacity**: In addition to the lack of resources, the province is characterized by weak management capacity, stemming from the fragile nature of the central government which also lacks the necessary capacity. The weak management capacity of the province is also due to the fact that up to the 2006 constitution, the province functioned as a decentralized entity of the central government, without any human resources of its own. Moreover, the budgeting process, based on an annual circular issued by the Ministry of the Budget, with the assistance of the Ministry of the Interior, has become obsolete, but there has been no new instruments. Up to June 2006, these issues were debated in a committee comprising State and EAD representatives. The committee was tasked with resolving any discrepancies between the State budget and the EAD budgets. This instrument which determined the rate of the transfers, the allocation of staff, operating and capital expenditures, as well as the internal allocations to sub-provincial entities, is no longer valid because it does not take into account the initiatives of the provinces in these areas that are not yet covered by the law. Furthermore, to increase its resources, Bas Congo has established its own revenue service. It has set up the Provincial Guidance and Revenue Collection Authority (REPERE). This structure not only collects revenue owed to the province, but also manages revenue collected at provincial level. In other words, it monitors, on behalf of the province, the activities of the decentralized services of State finance offices. REPERE is in charge of the transferred taxes, tax revenue and administrative taxes, specific taxes (compensatory and fiscal taxes) and revenue windfalls. Thus, it further increases the number of offices that taxpayers have to deal with, thereby complicating the business environment and creating a conflict of jurisdiction between traditional and provincial structures.
5.3.7 **Low Budget Execution Rate**: The budget execution process is generally divided into four stages: commitment, validation, authorization and payment, but this process is not always applied. The emergency procedure seems to prevail. It consists in using anticipated disbursements, often in cash, to meet urgent unforeseen expenses. The urgency is often real, but it is increasingly used as an excuse and seems to have become the rule. This shows that traditional procedures are inappropriate. In addition, both human and material resources are largely inadequate. Thus, budget execution has become chaotic: cash-flow problems are such that budget execution has little to do with budget "estimates" and relates, on average, to only 27.8% of the transferred revenue.

5.3.8 Lastly, it is worth noting that the final version of the provincial PRGSP was validated in June 2008, while the government’s five-year programme dates from May 2007 and the national PRGSP, which is supposed to emanate from the provincial PRGSPs, was finalized in July 2007. This anachronism in the strategy drafting process shows that the participatory approach was not used, besides the fact that the various programmes may be inconsistent on some points. However, a number of activities relating to the participatory approach were carried out, albeit on a very small scale, through the Community Development Initiatives Support Programme (PAIDECO) of the Belgian Technical Cooperation (CTB) which operates in eight provinces. UNDP and UNCDF have established a sub-programme of the good governance programme known as Decentralization and Local Development Support Programme (PADDL), with a total budget of USD 88275000, currently funded only to the tune of USD 21975000. Under this project, UNCDF brings to bear its experience in local planning and decentralization financing. Various donors are interested in this project.

5.4 **Major Challenges facing the Province**

5.4.1 The “transfer” debate is crucial because of its financial, economic and political implications for the province. The provincial governor, like other governors, demanded, from the 2007 fiscal year, the transfer of the tax revenue allocated to the province under the constitution. In response to the demand, the central government said that it was impossible to implement the transfer without fulfilling a number of preconditions, including the adoption of a framework law on decentralization and its implementation measures. In addition to these legislative pre-requisites, the central government argued that the immediate implementation, without corrections, of the 40% rule would lead to significant irregularities and inequalities among the provinces. A substantial part of the tax revenue is actually generated by the transit of goods and export duties, the collection of which is concentrated geographically at such key transit points as the Matadi port and the Kasumbalesa border station in Katanga. If a satisfactory solution is not provided to the issue of transfer, the great hopes raised by decentralization will be dashed, which could further exacerbate political tension.

5.4.2 In principle, coordination and consistency thus existed between the state budget and the budgets of lower structures. Now, the budget prepared by the governor is voted by the newly elected assembly under circumstances characterized by the low technical capacity of the financial services. Some budgets look more like cost estimates than forecasting and appropriation documents, besides being unrealistic and wanting in stringency. In addition, budget execution documents are seldom available, which means that accountability is not always respected. In cases where records are available, it is obvious that the rate of forecast implementation is low, reflecting serious weaknesses in revenue and expenditure
programming. If the Bas Congo local authorities aim to boost their economy under the new decentralized system, they must first shore up their credibility by developing budget planning and programming capacity, while ensuring accountability.

5.4.3 Given the dearth of local (human and technical) resources and the fact that the legal framework remains incomplete, the success of the decentralization process hinges on the availability of a critical mass of technical and managerial capacity at all levels and in all structures, as that will make it possible to formulate and give effect to instruments of implementation, prepare planning and budgeting benchmarks and exercise the transferred jurisdiction. In that regard, a capacity-building programme for the actors of decentralization and provincial decentralized training facilities should be developed to back up the establishment of the decentralized territorial entities (ETD).

VI. CONCLUSION AND RECOMMENDATIONS

6.1 Conclusion

6.1.1 To ensure the country's unity in diversity and put an end to conflicts, the DRC adopted a new constitution by referendum, which unequivocally opted for decentralization as a method of managing local affairs. This constitution reflects a consensus among the main political forces on the method of running the country’s public affairs. The idea is to consolidate national unity and establish grassroots impetus and development centres to enable the country to embark on a genuine development process and significantly reduce the rate of poverty which currently exceeds 70%. The aim of this study is to help the Provincial government of Bas Congo to implement its five-year programme for 2007-2011 by identifying the strengths and weaknesses of the decentralization process. To that end, and given the complexity and scope of the subject, the study might be followed by other studies centred on other issues identified here.

6.1.2 For the provincial government to create conditions that can foster economic growth, the sole solution to poverty, it should, as recommended below, strengthen the management and planning capacity of the Province, improve its local resource mobilization framework, foster a sustained mainstreaming of its activities into the primary (agriculture, fishing, etc.) secondary (crafts, local produce processing, etc.) and tertiary sectors (trade, transport, provision of services in general), and scale up the synergy between the private sector and local authorities in the development of the Province’s potential.

6.2 Recommendations

6.2.1 To the Central Government

In the short term:

(vi) Enforce the legislation on the implementation of decentralization;

(vii) Fill the legal void by setting up the new judicial institutions provided for by the constitution (Court of Appeal, Council of State and Constitutional Court)

(viii) Finalize the public service reform (amend staff rules and regulations, redeploy staff to the provinces and ETDs);
(ix) Create the Equalization Fund.

(x) Explore the possibilities of public-private partnership in the provision of infrastructure and public utilities in the provinces.

6.2.2 To the Bas Congo Government

In the short term:

(i) Prepare an extensive outreach campaign to inform economic operators of their rights and obligations;

(ii) Set up decentralized territorial entities (ETD) and run them according to the principles governing decentralization;

(iii) Establish, with State assistance, a one-stop window to promote investments;

(iv) Conduct the necessary studies for the creation of a provincial development bank, a provincial mortgage bank, a provincial housing agency and an agricultural development fund;

(v) Promote savings and loan cooperatives;

(vi) Strengthen tax administration so as to ensure the effective collection of all taxes and duties falling under the ambit of the classification contained in the legal and statutory instruments in force;

(vii) Study the mechanisms for taxing the informal sector;

(viii) Update the feasibility studies on the proposed Inga Free Trade Zone (ZOFI) project;

(ix) Rehabilitate the Matadi-Kinshasa rail link.

In the medium and long term:

- Carry out traditional land law reform

6.2.3 To technical and financial partners

In the short and medium term

(ix) Conduct studies on the creation of a one-stop widow to promote investment;

(x) Strengthen the capacity of the provincial offices of the National Institute of Statistics (INS) and the National Agricultural Statistics Service (SNSA);

(xi) Assist Bas Congo in promoting mining activities by organizing information and awareness campaigns for prospective investors;
(xii) Strengthen the capacity of the tax administration;

(xiii) Assist Bas Congo in studying informal sector tax assessment mechanisms;

(xiv) Participate in updating feasibility studies on the Inga Free Trade Zone (ZOFI) project;

(xv) Study possibilities of public-private partnership in providing infrastructure and public utilities in the provinces; and

(xvi) Promote technical education and vocational training.

Medium and long term

- Help to implement traditional land reform.
Annex 1

Administrative Map of the DRC
## Bas Congo: 2007 Budget Expenditure in Detail

### Lower-Congo Budget Expenditure 2007

<table>
<thead>
<tr>
<th>Public Capital Debt</th>
<th>2007 Budget Expenditure</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Internal Debt</strong></td>
<td>259,569,268</td>
<td>3.03%</td>
</tr>
<tr>
<td>Arrears on staff expenses in local currency</td>
<td>98,409,168</td>
<td>1.15%</td>
</tr>
<tr>
<td>Suppliers of goods and services</td>
<td>107,007,100</td>
<td>1.25%</td>
</tr>
<tr>
<td>Public works contractors</td>
<td>60,153,000</td>
<td>0.70%</td>
</tr>
<tr>
<td>Court conviction and compensation arrears</td>
<td>417,157,290</td>
<td>15.15%</td>
</tr>
</tbody>
</table>

| **2. Financial expenses** | 9,463,389 | 0.11% |
| Bank Commissions | 9,463,389 | 0.11% |

| **3. Staff expenses** | 2,201,540,532 | 25.71% |
| Basic Salary of permanent staff | 1,297,157,290 | 15.15% |
| Basic salary of contract staff | 119,593,000 | 1.40% |
| Bonuses and allowances | 257,667,030 | 3.01% |
| Housing allowance | 170,078,500 | 1.99% |
| Transport allowance | 140,873,320 | 1.64% |
| Bonuses and occasional allowances, (incentives) | 39,760,761 | 0.46% |
| Outing allowances | 54,735,200 | 0.64% |

| **4. Goods and Equipment** | 532,904,416 | 6.22% |
| Office supplies and small equipment | 23,419,700 | 0.27% |
| Books, subscription and library | 23,540,400 | 0.27% |
| Miscellaneous articles and products for maintenance | 15,252,959 | 0.18% |
| Spare parts for rolling stock | 41,862,584 | 0.49% |
| Spare parts for other equipment | 10,860,000 | 0.13% |
| Fuel and lubricants, firewood | 246,554,510 | 2.88% |
| Seeds | 144,762,663 | 1.69% |

| **5. Service delivery expenses** | 2,092,612,601 | 24.44% |
| Communication and telecommunications | 135,240,100 | 1.58% |
| Post and correspondence | 1,883,305 | 0.02% |
| Water | - |
| Electricity | - |
| Printing, Reduction, Binding, Conservation | 17,157,400 | 0.20% |
| Domestic travel expenses | 86,007,090 | 1.00% |
| Foreign travel expenses | 4,499,460 | 0.05% |
| Charters and of Means of Transport rentals | 63,587,165 | 0.74% |
| Transport expenses for service errands | 15,393,600 | 0.18% |
| property rental | - |
| Accommodation expenses | 281,660,637 | 3.29% |
| Rental of equipment and material | 27,745,000 | 0.32% |
| Maintenance and repairs of furnishings and office equipment | 3,085,340 | 0.04% |
| Maintenance and repairs of general equipment | 24,219,330 | 0.28% |
| Miscellaneous care and environmental protection | 13,229,500 | 0.15% |
| Maintenance, repairs and decoration of buildings | 10,574,663 | 0.12% |
| Maintenance of roads, waterworks and airports | 16,500,000 | 0.19% |
| Domestic mission expenses | 206,133,169 | 2.41% |
| Foreign mission expenses | 16,922,820 | 0.20% |
| Confidential research expenses | 1,104,933,207 | 12.90% |

| **7. Construction, repairs, rehabilitation, addition of structure and buildings** | 98,731,905 | 1.15% |
| Procurement of surgical equipment | 24,406,325 | 0.28% |
| Procurement of educational, cultural, and sports equipment | 39,575,000 | 0.46% |
| Procurement of Agro-forestry-pastoral and industrial equipment | - |
| Procurement of building equipment | 21,415,000 | 0.25% |
| Procurement of other transport equipment | - |
| Procurement of Radio-TV (RTNC/B-C) communication equipment | 8,087,580 | 0.09% |
| Consultancy contract | 1,500,000 | 0.02% |
| Monitoring and evaluation | 3,754,000 | 0.04% |

| **8. Construction of Buildings** | 614,041,323 | 7.17% |
| Construction of buildings | 45,476,620 | 0.53% |
| Construction of hydraulic structures | 19,258,000 | 0.22% |
| Construction of power lines | - |
| Miscellaneous construction | 4,499,000 | 0.05% |
| Rehabilitation, renovation, and addition of structures and buildings | 188,619,713 | 2.24% |
| Rehabilitation, repair of roads, tracks, rails, bridges and ports | 338,936,960 | 3.96% |
| Rehabilitation of power, telephone and telegraph lines | 17,230,030 | 0.20% |
| Procurement of buildings | - |

| TOTAL 7B+8 | 712,773,228 | 8.32% |
| GRAND TOTAL | 8,563,836,545 | 100.00% |
### Comparison of Transfers to Provinces

#### (Absolute value in million Congolese francs, Per Capita in Congolese francs)

<table>
<thead>
<tr>
<th>Province</th>
<th>Population</th>
<th>Average</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2004 Per Capita</th>
<th>2005 Per Capita</th>
<th>2006 Per Capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>KINSHASA</td>
<td>7,500,001</td>
<td></td>
<td>1,140</td>
<td>1,52</td>
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#### State/Province

- **KINSHASA**: 7,500,001
- **BAS-CONGO**: 2,835,000
- **BADUNU**: 5,201,000
- **EQUATOR**: 7,391,000
- **NORTH KIVU**: 3,564,434
- **MANIEMA**: 1,246,787
- **SOUTH KIVU**: 2,837,779
- **KATANGA**: 8,167,240
- **WEST KASAI**: 3,337,000
- **EAST KASAI**: 3,330,000
- **TOTAL provinces**: 51,476,323

#### State

- **State**: 1,183

#### Average

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<th>Absolute value</th>
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#### Notes

- The table includes data for 2004, 2005, and 2006 for each province.
- The table compares absolute values and per capita values for transfers to each province.
- The ER column represents the percentage change from the previous year.
- The table includes a total row for all provinces.
- The table includes a grand total row for all provinces and states.
## Comparison of the Operating Expenditure of Provinces

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<th>Absolute value Per Capita</th>
<th>ER</th>
<th>Absolute value Per Capita</th>
<th>ER</th>
<th>Absolute value Per Capita</th>
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**Sources:**
- Population/Wikipedia
- Author’s calculation from DPSB data
## Annex 5

### List of Persons and Bodies Met

<table>
<thead>
<tr>
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<th>Title/Position</th>
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<tr>
<td>Adolphe Muzito</td>
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</tr>
<tr>
<td>André Shikayi</td>
<td>DSCRIP Process Piloting Unit</td>
</tr>
<tr>
<td>Brian Ames</td>
<td>IMF</td>
</tr>
<tr>
<td>César Lubampa Nginbi</td>
<td>Vice-Minister of Finance</td>
</tr>
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<td>David Kuku Di Mayeye</td>
<td>Vice-Minister of Finance, Bas Congo</td>
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<tr>
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<td>Reform Monitoring Technical Committee</td>
</tr>
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<td>DGI</td>
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<td>Elongo Ongono</td>
<td>DGRAD General Manager</td>
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<tr>
<td>Jeroen Willems</td>
<td>European Commission</td>
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<td>Lutombo Aman</td>
<td>DGRAD Bas Congo</td>
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<td>Makolo Jibikilay</td>
<td>Decentralization Technical Support Unit</td>
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<tr>
<td>Maud Ropars</td>
<td>Monuc</td>
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<td>Mosango E. Lolo</td>
<td>DGI Bas Congo</td>
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<td>Ngolé Georges</td>
<td>Ministry of the Interior</td>
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<tr>
<td>Paul Lambertes</td>
<td>CTB</td>
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<td>René Kalala Masimango</td>
<td>OFIDA Bas Congo</td>
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<tr>
<td>Roger S. Runika</td>
<td>Reform Monitoring Technical Committee</td>
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<tr>
<td>Stéphane Muninda</td>
<td>World Bank</td>
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<tr>
<td>Teressa Polara</td>
<td>European Commission</td>
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LIST OF DOCUMENTS CONSULTED

1. 2006 Constitution
4. 2007 Budget Implementation Report, Bas Congo Province, March 2008
5. Draft Letter of the Ministry of Interior concerning transitional measures for managing public finances and human resources in the provinces
6. Draft law concerning the modalities for the organization and operation of the Conference of Provincial Governors, July 2008
7. Draft organic law concerning the composition, organization and operation of decentralized entities and their relationship with the State and the Provinces, July 2008
8. Ministerial Circular of 2 February on the Method of Debt Payment to the State
9. Les dynamiques de la décentralisation en RDC (The Dynamics of Decentralization in DRC) by N. Yambayamba Shuku, Consultant, September 2005
10. Edict No. 08/012 of 31 July 2008 establishing the basic principles guiding the free administration of provinces
12. Decentralization in Service of Peace, Development and National Unity, UNDP, DRC
13. Expenditure Chains, Bas Congo Province, September 2008
14. Mécanisme de répartition des recettes à caractère national entre les provinces (Mechanism for National Income Distribution among Provinces)
20. La mobilisation de ressources propres locales en Afrique (Mobilizing Own Resources in Africa), UNDESA, June 2007