

**AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND**



DEMOCRATIC REPUBLIC OF CONGO

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TABLE OF CONTENTS

ACRONYMS AND ABBREVIATIONS.....	i
EXECUTIVE SUMMARY	ii
I. INTRODUCTION.....	1
II. COUNTRY CONTEXT AND PROSPECTS	1
2.1 Political, Economic and Social Context	1
2.2 Strategic Options	8
2.3 Recent Developments in Aid Coordination.....	11
2.4 Bank's Positioning in DRC	11
III. BANK GROUP STRATEGY FOR 2013-2017	13
3.1 Rationale for Bank Group Involvement	13
3.2 Strategic Thrusts.....	13
3.3 CSP Objectives and Strategic Pillars.....	15
3.4 Deliverables and Targets	17
3.5 Lending Programme and Analytical and Advisory Work Support Programme	18
3.6 Results Monitoring	19
3.7 Dialogue Issues.....	19
3.8 Main Risks and Mitigation Measures	19
IV. CONCLUSION AND RECOMMENDATIONS	20
4.1 Conclusion.....	20
4.2 Recommendations	20

LIST OF ANNEXES

- Annex 1 : 2013-2017 CSP Results Matrix
- Annex 2 : DRC 2013-2017 Indicative Lending Programme
- Annex 3 : Bank's Portfolio in DRC as at 31 March 2013
- Annex 4 : Country Portfolio Performance Improvement Plan, March 2013
- Annex 5 : Sectors of Intervention of DRC's Main Development Partners
- Annex 6 : Main Operators by Province in the Sectors Covered by the CSP
- Annex 7 : CSP Preparation Process
- Annex 8 : DRC's Key Development Indicators
- Annex 9 : Progress Made Towards Achieving the MDGs
- Annex 10 : Map of the Five Priority Development Areas of the DRC Government's 2012-2016 Action Plan
- Annex 11 : Bank's Contribution to Development of the Inga Project

LIST OF FIGURES

- Figure 1: Political Context, 2011
- Figure 2: Real GDP Growth Rate
- Figure 3: Fiscal Balance (% of GDP)
- Figure 4: Revenue and Grants as a percentage of GDP
- Figure 5: Consumer Price Index, average inflation
- Figure 6: DRC Doing Business 2013 Indicators
- Figure 7: Infrastructure Index, 2008

LIST OF BOXES

- Box 1: Conclusions and Recommendations of the Study on Investment Constraints in DRC
- Box 2: Main Lessons Learnt from Implementation of the 2008-2012 CSP and March 2013 Portfolio Review
- Box 3: Justification for the Selection of the Centre Zone.

ACRONYMS AND ABBREVIATIONS

AfDB	:	African Development Bank
CBFF	:	Congo Basin Forest Fund
CDF	:	Congolese Franc
CDFO	:	Bank's Field Office in the Democratic Republic of Congo
CEDAW	:	Convention on the Elimination of All Forms of Discrimination against Women
CICOS	:	International Commission for the Congo-Oubangui-Sangha Basin
COMIDE	:	Congo Mines and Development
COMIFAC	:	Central African Forest Commission
COREF	:	Public Finance Reform Steering Committee
CSP	:	Country Strategy Paper
DGDA	:	Directorate-General of Customs and Excise
DGI	:	Directorate-General of Taxes
DGRAD	:	Directorate-General of Administrative and State Land Revenue
DRC	:	Democratic Republic of Congo
ECCAS	:	Economic Community of Central African States
EITI	:	Extractive Industries Transparency Initiative
EU	:	European Union
FIP	:	Forest Investment Programme
FONER	:	National Road Maintenance Fund
FSF	:	Fragile States Facility
GAFSP	:	Global Agriculture and Food Security Programme
GDP	:	Gross Domestic Product
GPRSP	:	Growth and Poverty Reduction Strategy Paper
HIPC	:	Heavily Indebted Poor Countries' Initiative
IMF	:	International Monetary Fund
LOFIP	:	Public Finance Framework Law
MDG	:	Millennium Development Goals
MONUSCO	:	The United Nations Stabilization Mission in the DR Congo
MSME	:	Micro-, Small- and Medium-Sized Enterprises
NSDS	:	National Statistics Development Strategy
ODA	:	Official Development Assistance
OHADA	:	Organization for the Harmonization of Business Law in Africa.
PCP	:	Partners' Coordination Group
PEASU	:	Semi-Urban Water Supply and Sanitation Project
PEFA	:	Public Expenditure and Financial Accountability
PEPUR	:	Peri-Urban and Rural Electrification Project
PFM	:	Public Finance Management
PPP	:	Public-Private Partnership
PSRFP	:	Strategic Plan for Public Finance Reform
REDD+	:	Reduction of Emissions from Deforestation and Forest Degradation
RGPH	:	General Population and Housing Census
RISP	:	Regional Integration Strategy Paper
SADC	:	Southern African Development Community
SME	:	Small- and Medium-Sized Enterprise
SMI	:	Small- and Medium-Sized Industry
SNEL	:	National Electricity Company
TFP	:	Technical and Financial Partner
UA	:	Unit of Account
UN System	:	United Nations System
UNDP	:	United Nations Development Programme
VSE	:	Very Small Enterprise
WB	:	World Bank
WDR	:	World Development Report

EXECUTIVE SUMMARY

Country Context

1. The positive trend towards political stability in DRC since the 2000s as well as the implementation by the Government of economic and structural reforms backed by the development partners have contributed to the gradual consolidation of the country's macro-economic framework. However, this positive trend of the macro-economic aggregates has not been accompanied by an improvement in the country's social indicators, since economic growth has been driven by a very small number of areas of activity in sectors with little job creation. The DRC is also faced with the episodic and recurrent resurgence of political and security tensions that are sources of vulnerability. This situation underscores the fragility of this Central African giant and the need for the country's authorities to speed up institutional, economic and social reforms with a view to creating the necessary conditions for lasting peace and sustained and inclusive economic growth.

Development Challenges

2. Therefore, the main challenge for the DRC authorities and population is to lift the country out of its fragile situation and raise it to a new level of development commensurate with its potential. Indeed, despite significant natural resources and a geo-strategic position conducive to regional integration benefits, the DRC has not yet succeeded in engaging in a development process allowing it to achieve a decisive and lasting transformation of its economy. The main constraints on this process are: (i) a lack of infrastructure services; (ii) weak governance and inadequate institutional capacity; and (iii) an unconducive business environment.

Country's Strategic Framework

3. DRC's Growth and Poverty Reduction Strategy Paper (2011-2015 GPRSP) is focused on four main thrusts: (i) strengthening of governance and consolidation of peace; (ii) economic diversification, acceleration of growth and employment promotion; (iii) improved access to basic social services and building human capital; and (iv) environmental protection and climate change control. This strategy aims to improve the population's living conditions by laying strong foundations for the diversification of the economy by strengthening infrastructure, improving governance and institutional capacity, and ensuring the rapid development of a greater contribution by the private sector to economic growth. Given the country's geographic area, the action plan for implementation of the PRGSP, set out in the Government's programme for the 2012-2016 period, adopts a spatial approach around five priority development zones to ensure the accelerated and coordinated realization of their economic potential, mainly as a result of increased private sector mobilization in the productive sectors.

Bank's 2013-2017 Strategy

4. *The main objective of the Bank's operations strategy* is to help to lift DRC out of its fragile situation by creating the conditions for strong and inclusive growth induced by the increased momentum of the economy's productive sectors. Closely aligned on the PRGSP objectives and taking into account the Bank's comparative advantages, the CSP adopts a spatial approach focused on support to one of the Government's five priority development

zones. The Bank's approach aims to ensure the efficient use of available resources and maximization of its interventions through the implementation of integrated operations. The CSP also takes into account the thrusts of the Bank's new 2013-2022 Strategy, those of the 2011-2015 Regional Integration Strategy Paper (RISP) for Central Africa and those of the Bank's Strategy for Enhanced Engagement in Fragile States.

5. *At the national level*, priority will be given to sustainable infrastructure development likely to boost economic growth such as energy, transport and rural tracks in the Central Zone around the Ilebo-Tshikapa-Kananga-Mbuji-Mayi area, by paying close attention to the effective contribution of such infrastructure to strengthening the community fabric and development of local enterprises. The infrastructure to be created will be designed to be resilient to climate change and variability, and also to build the population's capacity to adapt to these phenomena.

6. However, the spatial approach proposed will only produce effective results if it is accompanied by the removal of the other major constraints on the economy as a whole, in particular governance and weak institutional capacity. Consequently, the CSP will also provide support to the pursuit of appropriate reforms aimed at improving central and sector governance, improving the business climate with a view to enhancing the overall performance of the economy and building the public administration's capacity to steer the economy and induce increased private sector investment in wealth and job creation.

7. *On the regional front*, the CSP's strategic options are guided by DRC's privileged location in Central Africa, especially its size, its common borders with nine other countries and its huge natural potential. This position offers exceptional regional integration-related benefits, especially in terms of commercial exchanges with the other countries of the region, which must be revitalized and intensified.

8. Therefore, the CSP is organized around the following two complementary pillars: (i) *development of private investment and regional integration support infrastructure*; and (ii) *building central government's capacity to increase public revenue and create an enabling framework for private investment*. The actions planned under these pillars have been designed to be mutually strengthening and enhance the leveraging effect of the Bank's assistance. The infrastructure pillar will be implemented to provide a spin-off effect on the growth of private investment in the productive sectors of the economy, while Pillar 2 will be dedicated to building central government's capacity to provide stronger economic governance more conducive to private investment. This relationship between the two CSP pillars will be supported by PPP pilot projects in the productive sectors, especially in the agricultural sector.

Results Monitoring

9. The Bank will prepare a mid-term review report in 2015 on the Strategy to assess the progress made towards achieving the CSP outcomes. In view of the lack of statistical data in DRC, the envisaged statistical support will serve to develop databases that will provide input to the operations monitoring frameworks.

I. INTRODUCTION

1.1 The specific characteristics of the Democratic Republic of Congo (DRC) provide it with both challenges and opportunities that determine its long-term development path. With an area of 2.34 million square kilometres and a population of about 71 million inhabitants, the DRC has the continent's fourth largest population and is the second biggest in terms of area. Located at the crossroads of the continent, it shares common borders with nine other countries. It has significant natural resources and has some of the largest reserves in sub-Saharan Africa. However, DRC remains a fragile country that is slowly recovering from over two decades of political and economic instability. It continues to face rebellions threatening to its institutions and the population's security. The country's specificities provide it with unrivalled economic and social development opportunities, but also entail enormous challenges in terms of security and peace, central government's capacity and authority, decentralization and political/economic governance. The 2011-2015 Growth and Poverty Reduction Strategy Paper (GPRSP) adopted by the Government in November 2011 recognizes these challenges and aims to lift the country out of its fragile situations and ensure it is firmly anchored on a path towards development, commensurate with its potential.

1.2 This Country Strategy Paper (CSP), covering the 2013-2017 period, summarizes the Bank's strategic approach in support of the PRGSP. It draws on the achievements of the previous 2008-2012 CSP (ADB/BD/WP/2008/142.corr.1) and on the lessons learned from its implementation. More specifically, the CSP aims to contribute to lifting the country out of its fragile situation and help to lay strong foundations for sustained and inclusive development.

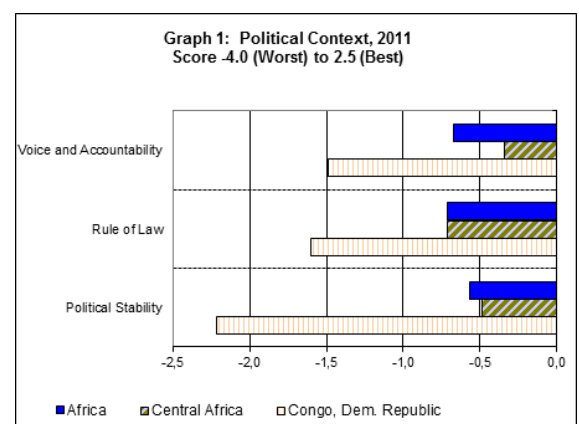
II. COUNTRY CONTEXT AND PROSPECTS

2.1 Political, Economic and Social Context

Political Context

2.1.1 Given its situation in the wake of the armed conflicts of the 1996-2000 period, DRC has made significant strides towards political stability and reconciliation. The signing of the Global and All-Inclusive Agreement in 2002 led to the gradual restoration of peace, followed by the adoption of a new Constitution by referendum in December 2005. Since then, the country has organized two presidential and legislative elections. However, the re-election of the out-going President in November 2011 was disputed by the opposition and led to temporary violence. To improve the electoral system's credibility, the electoral law was amended to ensure better representation of all stakeholders on the Electoral Commission.

2.1.2 Further progress is required in other areas of political governance. DRC's governance indicators remain below the average for sub-Saharan Africa (Figure 1). DRC is respectively ranked in the 5th and 10th percentile of the categories 'control of corruption' and 'voice and accountability' according to the World Bank's 2011 ranking. These weaknesses undermine the Government's effectiveness and confidence in the institutions. Furthermore, although the 2006 Constitution makes



Source: ADB's Statistics Department using 2012 WEF Data

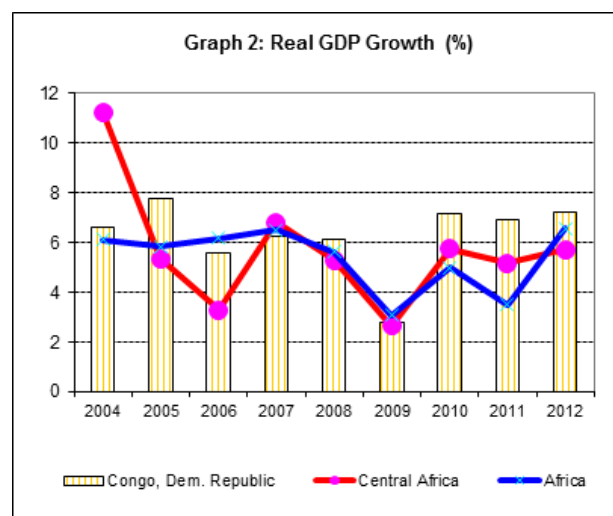
provision for decentralization and the transfer of significant competencies and resources to the provinces¹, the lack of clear mechanisms for the delegation of authority has prevented the effective implementation of the Government's financial decentralization policy.

2.1.3 Since March 2012, the country has also experienced a resurgence of tension, mostly in the East, due to demands of the M23 rebel group, which considers it was unfairly treated in the implementation of the Peace Agreement signed on 23 March 2009 between the Government and rebel movements in that part of the country. This conflict is a source of insecurity and sporadic violence which fuels suspicion between the DRC and certain neighbouring countries. However, following facilitation by the countries of the region and the close involvement of international institutions, the country engaged in dialogue with M23 in Kampala in December 2012. However, these negotiations have slowed down due to an internal split within M23. Meanwhile, initiatives are being pursued that will contribute to the stabilization of the East, in particular: (i) the transfer of one of M23's faction leaders to the ICC; (ii) the signature of a Framework Agreement for Peace, Security and Cooperation between the DRC and 11 countries of the region on 24 February 2013 in Addis Ababa, which provides for the establishment of a regional monitoring mechanism to stabilize eastern DRC; and (iii) the setting up of an intervention brigade with an extended mandate within MONUSCO. The Bank's current portfolio includes regional operations, implementation of which should consolidate cooperation in the sub-region. The pipeline of new regional projects should also strengthen this cooperation platform, especially in the Energy Sector.

Economic Context

2.1.4 Economic Growth and its Drivers:

Following a decade of contraction, economic growth in DRC has revived since 2002, reaching an average of 5.8% (Figure 2). This exceeds the average for the other sub-Saharan countries over the last three years by two percentage points. It has been driven by the recovery of activities in the wake of the gradual improvement in the political and security situation, and the hike in world prices of the main export products, especially copper and cobalt. The main growth drivers have been private investment in the mining and trade sectors as well as an increase in public investment, especially in construction.



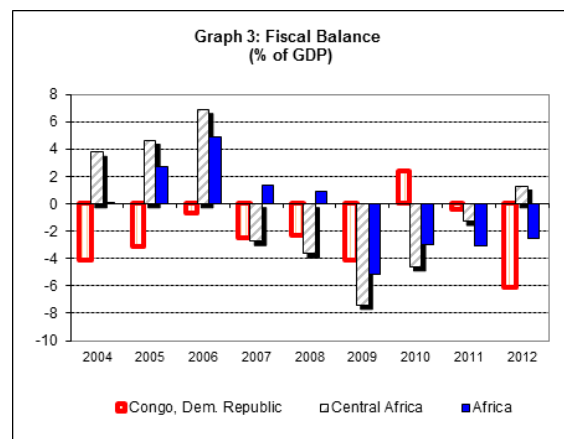
Source : ADB Statistics Department, PEA March 2013

2.1.5 The sources of growth remain little diversified and the structural distribution of GDP has continued unchanged over the last decade. Alongside agriculture which employs about 70% of the population and produces 40% of GDP, the most important sectors are trade (22%) and the mining sector (12%). The manufacturing industry only represents 5% of GDP and construction 6%. Despite the unreliability of statistics, it is worth mentioning: (i) the high degree of informality of the economy; (ii) the very small number of enterprises (9000, 80% of which are SMEs), concentrated in Kinshasa and in the other urban centres; and (iii) the predominance of mining companies in the composition of the private sector. Industry is in fact handicapped by the

¹ Under the Constitution, 40% of national revenue must be transferred to the provinces. In practice, however, this transfer is not fully effective and remains governed by informal and temporary political agreements. The Constitution also provides for an increase in the number of provinces from 11 to 26, but the high cost relating to the creation of the 15 provinces has blocked the process.

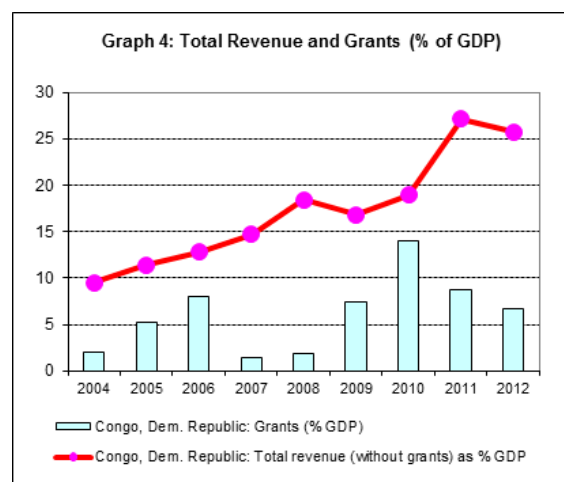
significant shortfall in energy supply, the obsolete production apparatus, the labour force's lack of technical qualifications and the weak competitiveness of local production.

2.1.6 *Fiscal Policy:* Over several decades, DRC has experienced chronic public finance deficits. However, the tightening of fiscal discipline and the benefits of debt relief following its reaching the HIPC completion point enabled it to close the fiscal year in 2010 for the first time in a decade with a positive balance of 3.7% of GDP. The amount of grants also reached a record level of 14.1% of GDP in 2010 compared to 7.5% in 2009 and 8.5% in 2011 and 2012, respectively (Figure 3). This decline in external support, combined with strong pressure on expenditure related to the elections, explains the widening of the budget deficit in 2011-2012 (Figure 4).



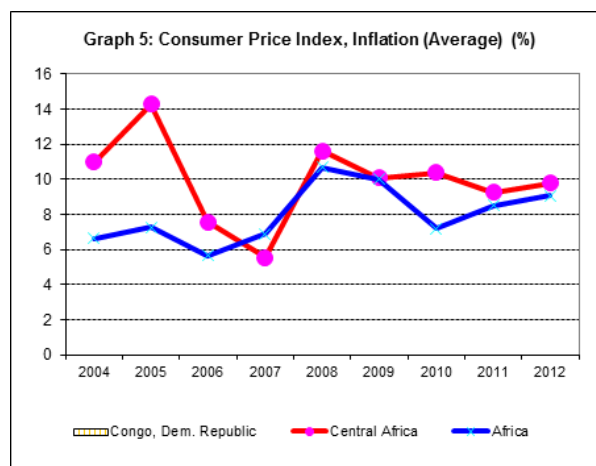
Source: ADB Statistics Department, March 2013 PEA

2.1.7 *Monetary Policy and Inflation:* Due to the tightening of monetary policy and a prudent fiscal policy, inflation dropped sharply from almost 500% in 2000 to 15.4% in 2011 (Figure 5). The downward trend of inflation is expected to continue as a result of prudent fiscal and monetary policies.



Source: ADB Statistics Department, March 2013 PEA

2.1.8 *Debt Sustainability:* In July 2010, DRC benefited from external debt relief of USD 10.8 billion under the HIPC Initiative. The public debt/GDP ratio was brought down from 127% in 2009 to 25% in 2012. However, the update of the debt sustainability analysis carried out in 2010 shows that the country remains exposed to a risk of over-indebtedness. In the baseline scenario, the debt/GDP ratio in net present value terms exceeds the reference threshold by 30% in the medium term. Moreover, the guarantee on future production of minerals given by the Congolese government as part of the financial package for the Sino-Congolese Cooperation Agreement makes the DRC's public debt highly vulnerable².



Source: ADB Statistics Department, March 2013 PEA

2.1.9 *Economic Prospects:* According to IMF forecasts, GDP growth should reach about 8.2% in 2013 and 6.4% in 2014, mainly as a result of the start-up of new mining projects and the revival of agriculture. However, three major risks remain: (i) weakening demand for, and falling world prices, of raw materials; (ii)

² In 2008, the Government signed a partnership agreement of the 'minerals-for-infrastructure' type with a Chinese company under which it provided a USD 9 billion guarantee, subsequently reduced to USD 6 billion in 2009. This commitment remains high but enabled the country to reach the completion point in July 2010.

continuing security instability; and (iii) slackening of the implementation of sound macroeconomic policies and rigorous structural reforms. Hence, the negotiation of a new programme with the IMF is essential³.

Governance

2.1.10 DRC has made significant, but insufficient, progress in the different governance areas

Combating Corruption: With a corruption perceptions index score of 21 out of 100, DRC is ranked 160th out of 176 countries according to the 2012 Transparency International Report. The Government has tried to implement a zero tolerance strategy on corruption but the results obtained remain unsatisfactory. This situation is due to weaknesses in the justice system, especially partiality, and the poor functioning of the system. This is exacerbated by the low level of basic public sector remuneration⁴ and the absence of effective control and accountability mechanisms.

Public Finance Management: Since 2008, DRC has embarked on public finance management reform which led to the adoption of a Strategic Plan for Public Finance Reform, the establishment of a Public Finance Reform Steering Committee (COREF) and the adoption, in July 2011, of a Public Finance Framework Law (LOFIP) introducing the Results-Based Budget. However, the assessment of the public finance management systems carried out on the basis of the PEFA methodology and the Bank's fiduciary risk assessment in 2012 reveals continuing weaknesses that make budget management inefficient. These include the repeated use of exceptional procedures for expenditure, the virtual non-existence of the accounting function, weakness of internal and external controls, the discretionary nature of cash flow management, delays observed regarding the implementation of decentralization and, lastly, glaring and persistent domestic resource mobilization weaknesses.

Natural Resource Management: Natural resource management transparency has considerably improved, especially from a regulatory standpoint, with: (i) the preparation of legal texts regulating the oil sector; (ii) the strengthening of regulation on forest sector concessions, an area in which irregularities are still denounced; (iii) the requirement under law to publish all mining contracts within 60-days of their approval; and (iv) the regular publication of reports on revenue from the exploitation of natural resources. But this progress concerning texts, which remain largely unenforced, did not prevent the EITI's Executive Committee from suspending the DRC for one year as from 18 April 2013, due to the untraceability of certain revenue from mining industries. Moreover, decentralization of natural resource management provided for by law remains ineffective and the participation of local communities in decision-making in that area is insignificant. The governance problems in the mining sector that led to the non-extension of the IMF-supported economic programme give some indication of further efforts required in this area.

Business Environment and Private Sector Development

2.1.11 Despite some progress, major constraints remain to increased private sector investment in the productive sectors. Procedures and transaction costs have been simplified

³ The last IMF-supported programme was suspended in December 2012. Discussions on a new programme remain subject to the fulfilment of a prior condition relating to the publication of one of the 135 mining contracts concerned in 2012.

⁴ The average monthly salary of 965,000 civil servants, police and soldiers paid from the Government budget is CDF 55,000 (i.e. USD 60) even though in some cases, these salaries are higher due to a variety of bonuses.

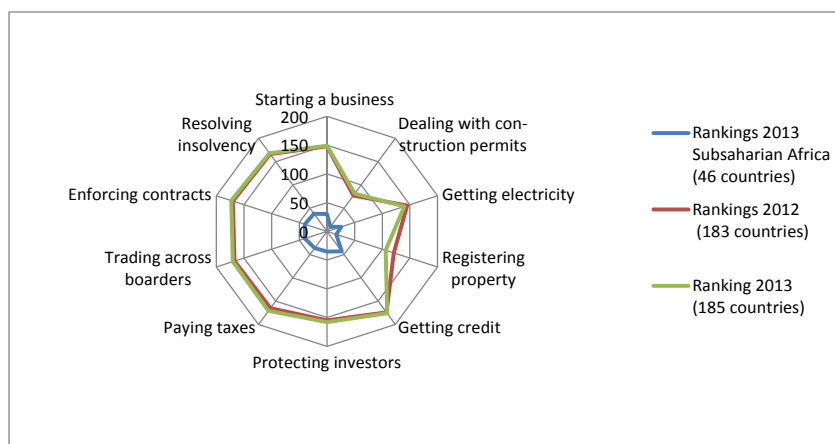
through: (i) reduction in the time taken to start a business and dealing with construction permits; (ii) the establishment of a one-stop-shop for customs formalities; (iii) a reduction in the number of taxes on companies from 118 to 30; and (iv) operationalization of commercial courts to simplify the execution of contracts and the settlement of trade disputes. In July 2012, DRC also completed its accession to OHADA, an important step towards ensuring greater protection for investors. However, the business environment provides few incentives as clearly confirmed in the Study on Investment Constraints in DRC, conducted by the Bank in 2012 (Box 1).

Box 1: Conclusions and Recommendations of the Study on Investment Constraints in DRC

The study on '*Investment Constraints in the Democratic Republic of Congo*' conducted by the Bank in 2012 explains the reasons for the low level of private investment by: (i) the absence of a conducive environment for private initiatives especially taxation, legal insecurity and relative quality of labour and SME financing; (ii) the huge infrastructure gap (transport and energy) and inefficiency of logistic services result in major additional economic costs; (iii) the weakness of public governance; and (iv) the weakness of private sector promotion and public-private dialogue. To remove these constraints, the study states that the upgrading of infrastructure and improvement of its management, the strengthening of vocational training, improved SME financing and the deepening and institutionalization of dialogue between government and private sector representatives will be crucial. The strategic options of this CSP are based on these proposals.

Figure 6: DRC Doing Business Indicators

2.1.12 These constraints explain the country's low ranking in Doing Business 2013 (44th out of 46 countries in sub-Saharan Africa, and, overall, 181st out of 185, compared to 178th out of 183 in 2012 and 176th out of 183 in 2011), as well as the absence of a buoyant SME sector, which only comprises 9000 formally-established



enterprises. Among its neighbours, only Chad and the Central African Republic performed worse than DRC.

Financial Sector and Dollarization of the Economy

2.1.13 **Despite the development of banking activities over the last few years, DRC's financial sector remains embryonic.** It mainly comprises 20 commercial banks (only 11 in 2008) offering a limited range of financial instruments. The sector's assets only amount to USD 2.6 billion and barely 1% of the population has access to banking services compared to an average of 6% in Central Africa. This figure is rising rapidly due to the number of civil servants with bank accounts, the expansion of branch networks in towns and the introduction of on-line banking services. The average equity capital per establishment does not exceed USD 12 million. Against this backdrop, access to financing remains difficult, in particular for SMEs. Commercial bank credit represents 7% of GDP, one of the world's lowest rates. These banks pursue an extremely prudent policy and bad debts only represent 3% of outstanding claims on the private sector despite the difficult environment. Moreover, credits granted are dominated by short-term loans which represent 66%, with sight deposits in foreign exchange accounting for 70% of commitments. Therefore, it is not possible to satisfactorily renew and expand the productive apparatus under these conditions. Micro-finance institutions are developing rapidly.

2.1.14 The main feature of the Congolese economy remains the dominance of the American dollar as a measuring instrument, means of payment and as a store of value. According to the Central Bank, almost 90% of bank deposits are denominated in American dollars, while at least 95% of credits are granted in the same currency. The Government has already taken measures to 'de-dollarize' the economy, especially by issuing new bank notes with a high face value and the requirement to show prices in local currency. Also, the payment of taxes in CDF is encouraged by the tax services.

Regional Integration and Trade

2.1.15 Despite its central geostrategic positioning in the region, the country has not yet been able to take advantage of the benefits of regional integration. DRC has a major role to play in the region because of its geostrategic position with 9 neighbouring countries, and its membership of four regional economic communities. Despite the advantages of this positioning and the increased liberalization of international trade, the country's trade integration performance remains weak, with Africa's share in DRC exports representing less than 10% of the country's total trade in terms of value. The poor state of port, electricity and road interconnection infrastructure, the inefficiency and high cost of transport services and vast amount of red-tape and levies imposed by a plethora of institutions prevent the realization of the benefits of regional integration. These obstacles to cross-border trade have made these exchanges the slowest, costliest and riskiest on the continent. On average, cross-border procedures take 44 days for exports and 63 days for imports, i.e. respectively 12 and 15 days longer than the average for the other sub-Saharan African countries. The average costs by container are about USD 3,500 - well above the average for the other countries of the continent.

Climate Change and the Green Economy

2.1.16 DRC's climate is characterized by abundant rainfall (between 2400mm and 900mm/year depending on the area) and a mean annual temperature of between 24 and 26 °C. The trends observed over the last few decades show some rise in temperature, confirmed by the projections that anticipate a slight increase in rainfall and a gradual rise in temperature over the next few decades. Although favourable to agriculture, this climate is beginning to record extreme events, especially floods. As such, special attention must be paid to analysing recent climatic developments and building the adaptation capacity of the economy, infrastructure and population to these phenomena. DRC is endowed with great renewable natural resource potential, especially forest and hydro. The estimated forest potential is 145 million hectares of tropical forest or about 60% of the Congo Basin Forests. DRC's water resource potential is 19,967 m³/yr./inhabitant (in 2008), and its navigable river network extends over about 12,700km. The country's hydro-power potential is estimated at 100,000 MW, only 2.5% of which has been developed to-date. The rational exploitation of these resources represents an exceptionally high quality platform for sustainable development and the promotion of green growth

2.1.17 In 2002, DRC began to modernize the legal framework of the forest, environment and tourism sector with the adoption of a new Forest Code mainstreaming sustainable development. A large number of illegal forest concessions have also been terminated but sustainable forest resource management remains a challenge since DRC has the highest deforestation rate in the Congo Basin (0.2% per year). The country is also developing a REDD+ national process aimed at establishing a national measurement, reporting and verification system of carbon stocks and flows. DRC has been selected as one of the eight pilot countries for the Forest Investment Programme (FIP). It also benefits from the Congo Basin Forest Fund (CBFF).

Social Context

2.1.18 While progress has been made on the economic front, it is not reflected in a significant improvement in the population's living conditions. Although growth has been positive since 2002, per capita income, estimated at USD 180 in 2011, is below the late 1980s' level. With a development index score of 0.304, the country is ranked lowest in the 2013 United Nations Human Development Report. Current trends show that DRC will not achieve most of the MDGs. For instance, 71% of the population continues to live below the poverty threshold. With regard to basic education, some strides have been made insofar as the primary gross enrolment ratio reached 93.7% in 2011; but the quality and efficiency of the educational system have remained very low with only 18% of pupils advancing to the secondary cycle. Moreover, despite some improvement in recent years, infant/child and maternal mortality rates remain among the highest in the world, respectively at 148 per 100 000 and 549 per 100 000. Malaria is also a leading cause of morbidity and almost 10% of the sexually active population is living with HIV/AIDS. Armed conflicts have led to the internal displacement of about 2 million people and heightened food insecurity which now affects about 75% of the population. Lastly, despite abundant water resources, the drinking water access rate of 26% remains low compared to the African average of 60%

Inclusion and Gender

2.1.19 The growth achieved in DRC in recent years has not been accompanied by a significant increase in employment, especially for women and young people. There are wide disparities in the labour market with women and young people particularly disadvantaged. In the absence of recent data, the 2005 household survey estimates the youth unemployment rate (15-24 years of age) at 32.2%, i.e. almost double the national average in urban centres (17.8%). This situation confirms the extraordinary challenges facing DRC's authorities in initiating and sustaining an inclusive development model.

2.1.20 Gender equality is enshrined in the Constitution but wide gender disparities remain. DRC has ratified most of the international conventions on the advancement of women's rights, in particular, the Convention on the Elimination of all types of Discrimination against Women (CEDAW). In April 2011, a bill on gender parity was approved by Parliament. Nevertheless, despite these strides, the DRC Family Code still discriminates against women. This limits women's economic and social opportunities as shown in the country's gender inequality index score of 0.681 that ranks it 144th out of 148 countries according to the UNDP 2013 Human Development Report. The primary gross enrolment ratio for girls is 87% compared to a national average of 93.7%. Thus the objective of parity in primary and secondary education by 2015 will not be achieved. Moreover, women are more affected by illiteracy, which concerns 41.4 % among them, compared to 14.8% for men. Despite the adoption of the national action plan to implement United Nations Resolution 1325 on Women, Peace and Security, and a National Strategy to Eliminate Gender-Based Violence, DRC still has one of the highest rates of sexual violence in the world. On the economic front, significant inequalities remain in terms of employment where the proportion of women occupying salaried positions in the formal sector averages 30%. On the political front, women's representation remains low since less than 20% of members of the current parliament are women and there are only 5 women among the 36 members of Government.

2.2 Strategic Options

Challenges and Weaknesses

2.2.1 DRC is still facing major challenges of fragility, poverty reduction and the acceleration of sustained and inclusive growth. To address them, the country must overcome the following obstacles:

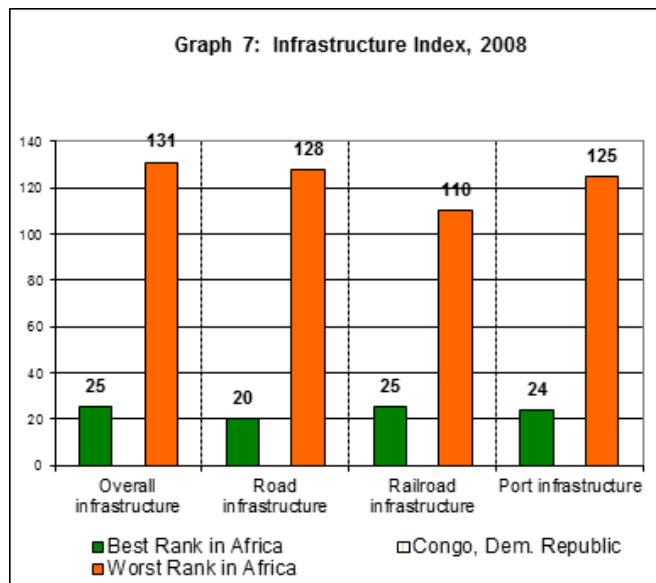
Security Instability and Socio-Economic Fragility: Despite the country's stabilization process since 2005, the strengthening of security throughout the national territory and enhancement of political dialogue remain major challenges. This situation has weakened institutions, impacted negatively on economic recovery, sapped the confidence of the population, investors and development partners and is a stumbling block to increased private sector participation in economic development. According to AfDB's 2012 analysis, DRC is ranked among the most fragile African States. This fragility is characterized by: (i) the lack of legitimacy of State institutions as a result of the uncompleted electoral process, especially at the level of local elections, and the challenging of their results by part of the population; (ii) the State's lack of authority, which prevents it from assuming its core governmental functions mainly regarding security and enforcement of the rule of law throughout the national territory, as a result of rebellions; and (iii) the population's lack of access to infrastructure services. Furthermore, DRC is suffering the consequences of the fragility of some neighbouring countries, which adds a regional dimension to its own fragility.

Weak Governance and Central Government Capacity: Despite improvements over the past decade, governance and the administration's capacity must be significantly improved at the central, provincial and sector levels. The gradual establishment of strong, legitimate institutions and a fully restructured and competent administration represents a challenge requiring sustained political commitment backed by all the TFPs, if it is to be properly addressed. Urgent new reforms are required to: (i) mobilize more domestic resources; (ii) improve public resource management and build the administration's capacity; (iii) build capacity in terms of the provision of services and management of national institutions with mandates in the major infrastructure sectors, particularly with a view to improving the population's quality of life and promoting increased private investment in the productive sectors of the economy; and (iv) strengthen internal and external audit structures as well as those involved in combating corruption, and CSOs able to promote overall demand for good governance.

Weakness of Infrastructure Services

Energy: Despite considerable hydro-power potential estimated at about 100,000 MW, the installed rated capacity is 2400 MW, i.e. almost 2.5% of the potential. Fewer than 10% of households have access to electricity, i.e. one of the lowest rates in sub-Saharan Africa where the average is 30%. The majority of small-sized enterprises consider the lack of electricity as a major obstacle to the sustainability of their operating balance. The sector's main constraints remain: (i) the dilapidated state of infrastructure as a result of the war, lack of maintenance of installations and lack of renewal and expansion investments; and (ii) weak governance in the electricity sub-sector.

Transport: A major part of the road network is not operational with only 2% of the national network paved and 11% of the rural feeder road network in good or acceptable condition. The rail network is barely operational, depriving the country of a key element of a multi-modal system. The Congo River and its tributaries offer potential for a natural and green transport system, but the existing network can only be used by day due to the lack of maintenance and marking of waterways (rivers and lakes). Lastly, the institutional arrangements and capacity to provide high quality maintenance and service delivery are weak. Figure 7 underscores DRC's low ranking in Africa in terms of infrastructure endowment.



Source: AfDB's Statistics Department using 2011 WEF Data

Water and Sanitation: Despite abundant water resources, the water and sanitation sector is characterized by very low access rates and wide disparities between urban and rural areas, i.e. 39% and 20%. The sector is also affected by poor service quality, low recovery rates and weak governance in the sub-sector. Lastly, there are weaknesses in the sub-sector's institutional framework due to the unfinished decentralization process that make it more difficult to take into account the requirements of the provinces and grass-roots communities.

An uncondusive business environment: The business environment is particularly unattractive for private investment. There are many persisting constraints, especially the infrastructure gap, corruption, a complex and mostly unstable administrative and regulatory environment, legal insecurity, a complex and opaque tax system, slow development of the financial sector and weak capacity of public administration to manage the implementation of reforms. The Government is aware of the structural constraints impeding private sector development and has adopted an action plan to improve the business environment. The main challenge remains its satisfactory implementation.

Scarce and Unreliable Statistics: Despite the existence of regulatory texts governing the organization and functioning of the national statistics system, the DRC's statistical machinery is unable to produce reliable, up-to-date information or to provide information on the needs and performance of the different sectors of the economy. This weakness regarding the production of statistics is compounded by weak analysis. To address these weaknesses, DRC, with Bank support, has adopted a National Statistics Development Strategy (NSDS) for 2012-2017, implementation of which must be pursued.

Strengths and Opportunities

2.2.2 DRC has strengths and opportunities that could allow it to make significant and lasting improvements in its population's living conditions. These include:

Considerable potential for diversifying the economy: The country has outstanding agricultural potential and favourable climatic conditions for the development of several agricultural crops, especially in the Centre Zone. This potential could be tapped through public-private partnerships if the area is provided in an integrated manner with appropriate transport and

energy infrastructure to service concrete production projects. With regard to extractive industries, the country also has significant reserves of copper, cobalt, coltan, and diamonds as well as methane gas resources⁵, which could attract considerable FDI flows. The Inga site's great energy potential and the many micro-plant sites will contribute to the country and sub-region's energy security. With regard to services, the buoyancy of the banking sector, restructuring of the micro-finance sector and liberalization of the insurance sector could pave the way for increased private sector participation in productive investment. Lastly, DRC has immense carbon credit capital estimated at between 20 and 37 billion tonnes.

Macroeconomic Framework Stability: For some years, DRC's macroeconomic framework has been relatively stable, which is a significant asset for the implementation of its development programme. The debt relief received following the reaching of the HIPC completion point has generated significant savings that must be earmarked for priority development activities.

Geographic Location and Regional Integration: The country's location straddling the regional transport corridors, the different cross-border water resources (lakes and rivers) and the presence on its territory of competitive sites with great hydro-power potential represent major assets in the context of the opportunities provided by regional integration financing instruments. The country's unique position at the crossroads between central, southern and eastern Africa has also endowed it with significant potential in terms of trade with all regions of the continent.

Country's Strategic Framework

2.2.3 The Government's medium-term vision set out in the 2011-2015 GPRSP and the 2012-2016 Five-Year Action Programme focuses on the need to significantly improve the population's living conditions. With 71% of the population living below the poverty line, the fight against this scourge remains one of authorities' main concerns. The Government is aware that any progress in this area will require diversifying the economy, strengthening the competitiveness of private investment and promoting priority growth areas that will generate employment. Therefore, the GPRSP is focused on the following four main thrusts: (i) strengthening of governance and consolidation of peace; (ii) diversification of the economy, acceleration of growth and promotion of employment; (iii) improved access to basic social services and human capital building; and environmental protection and climate change control.

2.2.4 The first thrust reflects the Government's awareness of DRC's fragile situation and the need to make the strengthening of governance and the consolidation of peace key drivers for the success of its development actions. **The second thrust** is dependent on strengthening the competitiveness of private investment and development of growth areas that would help to diversify the economy and create wealth and jobs. This policy entails, among others, revival of the agricultural sector through the integrated development of rural tracks and the transport system to facilitate access to farms and connect the production areas with the consumer markets; and the development of other infrastructure to increase the competitiveness of investments in the economy's productive sectors. **The third thrust** aims to facilitate access to high quality social services and improve human resources. Lastly, **the fourth thrust** places the environment, climate change and gender among the key factors contributing to sustainable and inclusive economic and social development.

⁵ Estimated reserves in the Katanga Province copper belt could reach 70 million tonnes of copper, 5 million tonnes of cobalt and 6 million tonnes of zinc. Diamond deposits are estimated at 150 million carats. Lake Kivu is reported to contain methane gas resources estimated at 50 billion normal cubic metres (Nm³)

2.3 Recent Developments in Aid Coordination

2.3.1 TFP coordination in DRC has significantly improved over the last few years but aid harmonization remains a challenge. Indeed, since 2009, efforts have been made to improve the harmonization of the TFPs' interventions. In June 2012, these led to the establishment of a Partners Coordination Group (PCG) of which the Bank is a member. The Bank's Field Office in Kinshasa maintains close ties with the authorities and other TFPs. In addition to joint portfolio reviews with the World Bank, the Bank carries out joint field missions, in particular with TFPs operating in the same sectors. The Office also participates in the thematic group activities under the aegis of the Ministry of Planning and is the leader of the 'statistics' and 'energy' groups.

2.3.2 However, much remains to be done to strengthen aid effectiveness. In particular, the 2011 report on international engagement in fragile States recommends the following for the DRC: (i) streamlining of the national aid coordination mechanism and revitalization of the thematic groups; (ii) enhancing leadership and building the capacity of the Government, in particular, the Ministry of Planning; (iii) better distribution of work among partners; and (iv) acceleration of public finance management reforms in order to strengthen the national systems and their use (only 13% of aid is channelled through the national PFM systems). To take up this challenge and in its capacity as a member of the G7+ group on 'International Dialogue on Peacebuilding and State building', DRC has undertaken to speed up the pilot implementation of the 'New Deal for Engagement in Fragile States'⁶. To that end, the capacity of the Ministry of Planning should be built to enable it to strengthen coordination or carry out coordination of the TFPs.

2.3.3 In addition to AfDB, DRC's leading partners are the World Bank, European Union, DFID, the United States and some other major bilateral partners. The priority areas selected by the multilateral partners are infrastructure (water, energy and transport), governance (improvement and enforcement of the legal and regulatory framework and public finance reform) and capacity building for the public administration. The main bilateral contributors (DFID and USAID) are more focused on governance and the social sector (water, health and education). China, the lead partner among the donors, mainly focuses its interventions on infrastructure development (roads and energy). Annex 6 presents the areas of intervention of the TFPs in DRC, especially those operating in the CSP target sectors.

2.4 Bank's Positioning in DRC

Portfolio Composition

2.4.1 The Bank's portfolio in DRC comprises 38 operations, including 12 national operations for a total UA 472.61 million; 28.33% of the national project portfolio has been disbursed. These operations are distributed among the infrastructure (67.19%), agriculture (17.87%), social (8.46%), governance (6.35%) and private (0.13%) sectors. This portfolio includes 6 regional operations amounting to UA 58.46 million distributed among the infrastructure (80%) and agriculture (20%) sectors, with a disbursement rate of 26.7%. The portfolio also includes 14 CBFF operations for a total UA 24.79 million, 27.9% of which has been disbursed. In addition, 6 operations are also financed from the FSF Technical Assistance Window for UA 2.08 million, with an 84.6% disbursement rate.

⁶ The New Deal Agreement signed in November 2011 at the Busan Summit by over 40 countries and international organizations defines a new development architecture and new working methods, more closely adapted to the situation and challenges of fragile States.

Portfolio Performance

2.4.2 The last portfolio performance review in March 2013 points to a satisfactory performance of the Bank's national public portfolio with a score of 2.40 compared to 2.25 at end 2011. This improvement is due to a shortening of the time taken to fulfil the conditions precedent to first disbursement for new projects, an improvement in project financial performance and a reduction in the number of projects at risk. However, the portfolio performance remains affected by specific problems such as: (i) significant cost overruns in relation to estimates; (ii) delays in the establishment of adequate financial management systems prior to first disbursement; (iii) absence of an efficient monitoring/evaluation mechanism within projects to assess their impact on the ground; (iv) weakness of project implementation structures due to unfinished institutional reforms at the public enterprise level; and (v) weak project steering committees. The Portfolio Performance Improvement Plan is presented in Annex 5. The performance of multinational projects remains unsatisfactory despite some improvements. Special attention must be paid to these operations' quality at entry, especially with regard to the formulation of conditions precedent to first disbursement which should only concern easily implemented measures. CBFF projects also present a particular challenge in terms of delays in the signature of agreements and award of contracts.

Lessons from the Previous Strategy (2008-2012 RBCSP)

2.4.3 Evaluation of the previous strategy showed that its results were mixed. The Bank contributed to the development of infrastructure and improvement of governance. However, the weak capacity related to the fragility of institutions and relatively low quality at entry of operations represented a major obstacle to the achievement of some of the CSP's strategic objectives. The main lessons learned with a view to improving the impact of future Bank operations in DRC are summarized in Box 2 below.

Box 2: Main Lessons from Implementation of the 2008-2012 CSP and the March 2013 Portfolio Review.	
Lessons	Recommended Measures
Selectivity: In addition to the weak implementation capacity, the unsatisfactory analyses of the pre-requisites for the implementation of certain reforms, their complexity and the high level of targets limited the achievement of outcomes.	Make objectives more realistic, taking into account the country's context - especially specific factors relating to its fragility.
Strategic Approach: The lack of resources in relation to the country's size, the scale of requirements, on the one hand, and weak coordination among sector interventions, on the other, limited the impact on living conditions and poverty reduction.	Importance of: (i) coordinating the approaches of the different sector approaches to be able to achieve the development objectives; and (ii) the need to concentrate all the Bank's operations in a given area because of the country's size in order to maximize their development impact.
Fiduciary Risk Assessment: Need to carry out a prior country risk fiduciary assessment in order to provide for appropriate risk mitigation measures.	Carry out a fiduciary risk assessment together with the other TFP.
Private Sector Support. In order to reduce the Congolese Government's vulnerability to exogenous shocks, it is necessary for the country to initiate policies and reforms aimed at economic diversification and private sector promotion. The Bank's support to DRC through the private sector window is modest in relation to the country's potential.	Explore investment opportunities. Improve the business climate in DRC and provide the private sector with the necessary incentives for its development.
Improvement of quality at entry of operations. Delays in the fulfilment of conditions precedent to first disbursement, the establishment of project executing agencies and the lack of detailed preliminary engineering designs and reference studies represented a major constraint to the implementation of Bank operations in DRC.	Need for complete feasibility studies for any project falling within the framework of the indicative operational programme in order to improve the quality at entry of new operations and the soundness of the pipeline.
Monitoring/Evaluation: the weaknesses of the monitoring/evaluation system prevented the satisfactory monitoring of the RBCSP's implementation, the rational evaluation of outcomes and the impact of the operations as well as timely, necessary adjustments..	Prioritize the strengthening of the country's statistical machinery in order to establish a national monitoring/evaluation framework and help to create a results-based management culture.

III. BANK GROUP STRATEGY FOR 2013-2017

3.1 Rationale for Bank Group Involvement

3.1.1 *Despite the progress made in recent years, DRC remains a fragile State engaged in a process to lift it out of its fragile situation.* According to the results of DRC's November 2012 Fragility Assessment, the Bank is targeting two key contributory factors to DRC's fragility: (i) the infrastructure gap, which makes productive investment extremely costly and limits central government's capacity to effectively administer the country; and (ii) weak governance and institutional capacity, which reduce central government's effectiveness. These two areas are priorities of the 2011-2015 GPRSP, the government and main TFPs, including the Bank.

Guiding Principles

3.1.2 **Taking into account the country's constraints and challenges as well as lessons from the previous CSP, the proposed operations for the next strategy will be based on the following guiding principles:** (i) *Alignment* on the 2011-2015 GPRSP and on the Government's 2012-2016 Five-Year Plan focused on the development of priority areas; (ii) *Selectivity* by focusing on a priority geographic area on the basis of an integrated approach for sector interventions; (iii) *Strengthening partnership* and complementarity with the country's other donors; (iv) *Consolidation of achievements* of the Bank's previous and on-going interventions in the country by deepening the development of infrastructure services, governance improvements and capacity building; and (v) *Flexibility* using an approach that recognizes the Bank's need to constantly ensure the adaptation of its assistance and operational instruments to the country's changing context and priorities.

3.2 Strategic Thrusts

3.2.1 *The CSP's strategic thrusts stem mainly from broad-based consultations with all Congolese stakeholders and other TFPs. They also draw on the Bank's other reference strategies and operational priorities as well as the conclusions of the analytical work.* The CSP was prepared in close coordination with the Government and is based on broad-based consultations with all Congolese stakeholders. These ensured a close alignment between the CSP and GPRSP and the identification of priority areas on which the Bank will focus its assistance (Annex 7). The CSP's strategic options were also influenced by the thrusts of the Bank's 2013-2022 Ten-Year Strategy, the Strategy for Enhanced Engagement in Fragile States and the 2011-2015 RISP for Central Africa, which provides it with an overall strategic framework. The CSP also takes into account the conclusions of the analytical and evaluation work recently carried out by the Bank and other TFPs, in particular the World Development Report which suggests that: (i) in post-conflict countries with weak institutions, integrated, well-coordinated interventions are essential; and (ii) the benefits and impact of partners' assistance could be maximized by grouping them into a single sector or geographic region.

3.2.2 **These conclusions contributed to the CSP's adoption of a spatial approach⁷ focused on one of the priority development areas defined in the Government's 2012-2016 Five-Year Programme.** From a Bank operations standpoint, this will entail a sector approach towards the implementation of integrated operations that will provide solutions to the main development problems. More specifically, the Bank intends to focus its activities on the

⁷ The spatial approach will only be applied to private sector window operations. This flexibility has been introduced to provide sufficient space for this Window the contributions of which remain very modest in DRC.

Centre Zone defined around the Ilebo-Tshikapa-Kananga-Mbuji-Mayi area. This choice is justified by the area's economic potential, a desire to consolidate the achievements of the Bank's current and previous interventions in DRC and the need for complementarity with the other partners, especially those of the World Bank in the West, Centre, South and East zones. It will be necessary to rehabilitate and construct specific infrastructure to facilitate the development of the area's economic potential by involving private investment through public-private partnerships with significant positive externalities for the economy's other productive sectors. These interventions will help to improve the population's access rates to infrastructure services and generate inclusive growth that will create more job opportunities for women and young people.

Box 2: Rationale for the Selection of the Centre Zone

The selection of the option to concentrate the Bank's interventions in the Centre Zone was based on the following reasons: (i) proven agricultural production potential, especially large livestock breeding; (ii) a vast territory in the centre of the country that does not reap the benefits of cross-border trade because of its inaccessibility but may serve as a granary for most crops and a driver for agro-industry promotion; (iii) an inter-connection zone between the West (Kinshasa - Congo border), the South-West (border with Angola) and South-East (Katanga towards Zambia); it is also crossed by the railway and National Highway 1 - two regional network routes linking Kinshasa to South Africa on which the Bank already intervenes in coordination with the other TFPs; (iv) the two Kasais and north Katanga account for about 20% of the country's population; (v) there are severe basic infrastructure constraints in this area; (vi) one of the highest infant mortality rates in the provinces, due to malnutrition and water-borne diseases; (vii) a high level of poverty bordering on 75%; (ix) the lowest drinking water access rate in the country below 13%, compared to a national average of 26%; (x) complementarity with the Bank's on-going portfolio and because of synergies with other TFPs' interventions, in particular the EU (opening of the RN1 to Mbuji-Mayi), WB (rehabilitation of the Ilebo-Lubumbashi railway); UNICEF with the Healthy Village and Health School Programme in the two Kasais and Katanga; DFID and BTC with their rural drinking water supply programmes; and (xi) the selection of this zone will also help to heighten the impact of the opening of the growth hubs in the West, Centre and East Regions backed by WB, especially in the area of infrastructure.

3.2.3 The strategic options proposed for the next CSP are also influenced by DRC's unique position in Central Africa due to its size, its borders with nine other countries and its significant natural potential. These factors provide significant advantages in terms of trade and the inter-connection of the power grids of countries of the region. The CSP will incorporate this dimension by fostering connections between the DRC and bordering countries to the South and North-West, as well as power interconnections.

3.2.4 However, the spatial approach adopted will only produce significant impacts if it is accompanied by removal of the other major constraints for the entire economy, especially governance and capacity building, essential for inclusive growth. Therefore, the CSP will also provide support for the pursuit and implementation of appropriate reforms to consolidate governance, build central government's institutional capacity, especially the capacity of public administration and companies in the major infrastructure sectors. The CSP will also target support aimed at increasing private sector participation in infrastructure financing and management as well as increased mobilization of public resources.

3.2.5 The strategic options will also take into account environmental protection and the need for sustainable natural resource management, since natural resources represent the country's most significant economic potential. Hence, the CSP's implementation will provide incentives to adopt approaches that take into consideration the need to ensure optimal and sustainable exploitation of the country's natural resources. In this context, control of climate change will help to strengthen the population's resilience to the impacts of extreme climate events.

3.3 CSP Objectives and Strategic Pillars

3.3.1 *The overall objective of the Bank's operations strategy is to help to lift DRC out of its fragile situation and create the conditions for strong and inclusive growth induced by the increased dynamism of the economy's productive sectors.* The CSP takes into account the challenges that DRC must take up as well as the operational priorities of the GPRSP, and focuses on the following two complementary pillars: (i) *development of private investment and regional integration support infrastructure*; and (ii) *building central government's capacity to increase public revenue and create an enabling framework for private investment*. These two pillars are closely linked and mutually strengthening. The infrastructure pillar will have a spin-off effect on the growth of private investment in the economy's productive sectors whereas Pillar 2 will be dedicated to building central government's capacity to provide enhanced and more incentive-based economic governance for private investment.

Pillar I: Development of Private Investment and Regional Integration Support Infrastructure

3.3.2 This pillar aims specifically to support private investment through the establishment of a high-quality resilient infrastructure platform. This will contribute to the creation of high quality employment for the population, especially vulnerable groups (young people, women, etc.), thereby creating more inclusive growth. By applying its climate safeguards system, the Bank will ensure that new investments made in DRC are resilient to climate variability and changes, to the extent possible, and will therefore contribute to the promotion of green growth. At the national level, the focus will be on the development of infrastructure likely to boost economic growth such as energy, transport and rural tracks in the Centre Zone defined around the Ilebo-Tshikapa-Kananga-Mbuji-Mayi area. Particular attention will be paid to the effective linking up of these types of infrastructure with each other and with the network of local enterprises. As much as possible, these interventions will be integrated into a value chain approach aimed at fostering private sector development in the Centre Zone. Support to the development of physical infrastructure will be strengthened by assistance to enhance governance in the targeted sectors. At the regional level, the Bank will aim to develop trade and the interconnection of power grids of countries in the region. In all these interventions, particular emphasis will be placed on the promotion of gender equality and the establishment of gender disaggregated databases.

3.3.3 In the *Transport and Rural Agricultural Infrastructure Sectors*, the Bank intends to pursue its intervention in the road sub-sector, especially the gradual rehabilitation of National Highway 1. The Bank has already financed the study on the Tshikapa – Kananga – Mbuji-Mayi (433 km) road section and will finance part of the improvement of that section. The Bank will jointly finance the rehabilitation of a network of agricultural feeder roads that will be connected to this section to facilitate the purchase of inputs and agricultural produce marketing. It will also support regional integration in the context of NEPAD through the construction of the Kinshasa-Brazzaville road-rail bridge, and green growth through the Multimodal River Navigation Project on the Congo River. Support will be provided to strengthen the institutional management framework of this sector through: (i) continuation of the National Road Maintenance Fund (FONER) reforms to allow adequate road maintenance financing; (ii) reforming the Roads Authority to improve investment quality; (iii) building the capacity of support structures and smallholder organizations; and (iv) providing assistance for the conduct of specific sector work.

3.3.4 Regarding *the energy sector*, the Bank continues to play the lead role among the donors for the Inga 3 Project by strengthening coordination of TFP contributions and the financing of supplementary studies and major capacity building and advisory needs related to the structuring of the Inga site development in the form of a PPP⁸. The Bank will also support the development of the electricity network of the Great Lakes Countries (Ruzizi) and the development of micro-power plants in rural areas of DRC, studies on which are on-going under the Peri-Urban and Rural Electrification Project (PEPUR). Hence, the focus will be on renewable/green energies, especially the hydro-power potential. The Government has carried out a two-stage reform of the National Electricity Company (SNEL). The Bank will assist SNEL in conducting the preliminary studies on the modification of its structure during the reform's second phase.

3.3.5 Regarding *Water and Sanitation*, the Bank will continue its support by providing assistance for the rehabilitation of drinking water and sanitation infrastructure in urban and rural areas. This will help to consolidate the achievements of the Bank's previous investments, especially the Tshikapa component of the PEASU Project, and to develop synergies with other Bank operations in the same area in order to give them an integrated aspect. To increase the financing of rural investments by the beneficiaries, the Bank will support the establishment of independent community-based water management systems by non-governmental grassroots associations and the local private sector.

Pillar II: Building Central Government's Capacity to Increase Public Revenue and Create an Enabling Framework for Private Investment.

3.3.6 Pillar 2, which supports Pillar 1, aims to strengthen central government's capacity to improve its management of the economy, and promote good economic governance through greater mobilization of public revenue and closer involvement of private investment in development financing. This Pillar also aims to more accurately assess the qualitative impact of development programmes and provide disaggregated data, especially with regard to gender, in order to take specific issues more closely into account at national level.

3.3.7 Therefore, the Bank will continue to support the implementation of civil service reform through the Public Administration Human Resources Mobilisation and Revitalisation Project. It will also provide support to build the capacity of financial authorities and assist the Government in modernizing the legal and regulatory framework. The Government's purpose is to promote private investment by focusing its actions on the establishment of the necessary framework for PPP development and institution building by creating a PPP Unit.

3.3.8 The above interventions will be complemented by an increase in the supply of financial services, especially for SMEs. To this end, the Bank will open lines of credit with selected commercial banks in favour of SMEs. The Bank will also encourage the participation of Congolese financial institutions in the financing and technical assistance programme under the 'Africa MSME Programme' dedicated to micro-, small- and medium-sized enterprises (MSME).

⁸ Refer to Annex 11 for more detailed information on the Bank's contribution to this project's preparation.

3.4 Deliverables and Targets

Pillar 1: Development of Private Investment and Rural Integration Support Infrastructure

3.4.1 Pillar 1 (Deliverable 1: Development of Sustainable Infrastructure): The integrated and sustainable establishment of infrastructure services aims to achieve the following key deliverables: (i) rehabilitation of National Road 1 and network of 2,500 km of agricultural feeder roads connected to this section; (ii) construction of storage and marketing facilities for agricultural produce; (iii) construction of vocational training centres; (iv) rehabilitation of G14 of the Inga 1 project; (v) construction of three micro-power plants in the Centre Zone; (v) construction of 20 drinking water supply systems and 1,780 latrines. This infrastructure is intended to support the increased involvement of private investment in the productive sectors of the economy.

3.4.2 Pillar 1 (Deliverable 2: Improvement of Governance in the Energy, Natural Resource, Transport and Rural Infrastructure Sectors): This component will achieve the following key deliverables: (i) preparation of an Electricity Sector Master Plan; (ii) restructuring of FONER and the Roads Authority; and (iii) preparation of a National Transport Master Plan that mainstreams gender aspects; and (iv) the establishment of independent rural community-based management systems for rural water supply and sanitation. This component will lead to a lasting improvement in the operational effectiveness and sustainability of investments as well as the quality of service delivery to enterprises and the population.

3.4.3 Pillar 1 (Deliverable 3: Strengthening of Regional Integration): The main deliverables concern: (i) 50% and 25% of the works on the construction of the Kinshasa-Brazzaville road-rail bridge and the river component of the multi-modal transport project, respectively; (ii) the signing of construction contracts and energy sales agreements for the development of the Inga site; and (iii) the rehabilitation of the Ruzizi 2 plant as well as the construction of Ruzizi 3.

Pillar II: Building Central Government's Capacity to Increase Public Revenue and Create an Enabling Framework for Private Investment

3.4.4 Pillar 2 (Deliverable 1: Building Institutional Capacity): *with regard to public finance*, this support will contribute to the establishment of financial authorities and expenditure chains in the three selected provinces. Furthermore, the three financial authorities (DGI, DGDA and DGRAD) will be computerized and their personnel trained. The Bank's intervention will also strengthen the monitoring frameworks for the public finance and public administration reforms. ENA and the Polytechnic Institute will be rehabilitated and equipped. Lastly, with a view to improving the economic planning process, performance evaluation of the different sectors, GPRSP and CSP monitoring, and consolidation of the country's statistical infrastructure will be supported.

3.4.5 Pillar 2 (Deliverable 2: Competitiveness, Business Climate and Private Sector Promotion): To leverage greater private sector contributions to economic development, the Bank will support the creation of a PPP unit, the passage of a PPP law and its implementing texts as well as the preparation of a PPP Strategy and an Action Plan. In addition, at least 4 PPP projects will be launched in conjunction with Pillar 1 operations and no fewer than 300

professionals will be trained in PPP techniques. Similarly, at least 500 SMEs will have access to financing backed by the Bank's lines of credit.

3.5 Lending Programme and Analytical and Advisory Work Support Programme

3.5.1 The Bank will leverage the necessary resources to finance its strategy. The available balance of ADF-12 resources for DRC to cover 2013 is UA 74.33 million from the country's performance-based allocation plus UA 65 million from the FSF (Windows I and III) and UA 23.64 million from the regional envelope. A country allocation is also expected for the 2014-2017 period, supplemental support from the Fragile States Facility and regional envelope contribution. The Bank will play a catalytic role in seeking co-financing for regional infrastructure projects. It will also mobilize resources from other sources of financing (Trust Funds, African Water Facility, NEPAD-IPPF, CBFF, FIP, Climate Investment Funds (CIF), etc.). The Bank will leverage its private sector window resources through the deployment of appropriate financing and risk management instruments, taking into account the AfDB window's commitment capacity and the country risk rating.

Lending Programme

3.5.2 The Indicative Lending Programme is based on the timely submission of the necessary feasibility studies to ensure high quality at entry of operations as well as synergy with each other, and their complementarity with other TFPs' interventions. This Programme involves twelve (12) operations, comprising six (6) national projects and six (6) regional projects covering feeder roads and transport, energy, water supply and sanitation infrastructure as well as building central government's capacity. The indicative lending programme presented in Annex 2 will be supplemented by the operations of the Bank's private sector window, CBFF, FIP and GAFSP. Because of their specific nature and modalities, these operations will not be subject to the spatial concentration criterion.

Non-Lending Programme

3.5.3 The analytical work will focus on strengthening the CSP's targeted priority sectors in order to improve the impact of operations, build resource absorptive capacity and strengthen the quality of deliverables and impacts in the targeted sectors. The Bank will carry out in-depth analyses that will provide clarifications and options on the country's economic and social development issues, and will play its advisory and technical assistance support role in the infrastructure sectors. Taking into account the country's exceptional size and the priority attached to developing value chains around infrastructure services, the aim of the analytical work is to propose a holistic vision of the challenges of transforming the country with a view to mobilizing the private sector to achieve the objective of coordinated, sustained and inclusive development. In this regard, the economic and sector work programme will include: (i) a study on development opportunities and challenges in the private sector, and the identification of value chains in the Centre hub; (ii) a study on the regional integration challenges and opportunities for the DRC; (iii) a study on illicit capital flows in DRC⁹; and (iv) a study aimed at preparing a policy geared towards eliminating gender-based violence. Lastly, through the ALSF, the Bank could assist the country in implementing the OHADA provisions as well as during the negotiation of mining contracts.

⁹ This economic and sector work forms part of the case studies conducted by ECON.

3.6 Results Monitoring

3.6.1 The proposed programme aims to contribute to the country's priority development objectives, particularly in the areas covered by the CSP. The outcomes and indicators selected to assess the progress made are aligned on the 2011-2015 GPRSP. The GPRSP monitoring and evaluation system will be complemented by annual portfolio reviews. The Bank will prepare a mid-term Strategy review report in 2015 to assess the progress made towards attainment of the CSP outcomes and adjust the strategy and programme, if necessary. A CSP completion report will be prepared at the end of the Strategy period in 2017.

3.6.2 The Bank is, however, aware of the limitations of the GPRSP monitoring and evaluation framework, and the lack of available statistical data in DRC. Its support with regard to statistics will help to strengthen the GPRSP national monitoring and evaluation as well as operationalization of the computerized platform for monitoring the projects and programmes of the Ministry of Finance. Similarly, support has been scheduled for the conduct of the General Population and Housing Census (GPHC). Lastly, to correct the weakness of the monitoring/evaluation systems for Bank interventions pointed out in different evaluations, CDFO plans to recruit a monitoring/evaluation specialist who will be responsible for the establishment and maintenance of reliable monitoring/evaluation systems for the fragile countries of the Central Region. In addition, a framework will be established for collaboration with civil society and the beneficiaries to monitor the Bank's outputs. The main expected outcomes are summarized in the results matrix in Annex 1

3.7 Dialogue Issues

3.7.1 *Dialogue will be focused on improving the effectiveness of cooperation between the Bank and DRC, weaknesses noted by the 2012 Country Performance and Institutional Assessment (CPIA), the 2012 PEFA, the portfolio performance reviews and coordination with other donors.* In particular, governance issues will continue to be a priority on the agenda for dialogue with the Government, with the aim of ensuring satisfactory implementation of the 2012 PEFA recommendations, enforcement of the new Public Procurement Code and pursuit of budget reforms to improve the fiduciary framework. The Bank will also use the findings of the study on private sector investment constraints to deepen dialogue on this major issue. Furthermore, policy dialogue with the authorities will focus on the need for re-engagement with the IMF and revision of the Family Code. Dialogue with the TFPs will concern improvements to the aid coordination mechanisms and establishment of strategic partnerships. Lastly, in accordance with its new framework for engagement with civil society organizations, the Bank will bolster its cooperation with civil society with a view to ensuring better ownership and closer monitoring of its interventions by non-governmental actors.

3.8 Main Risks and Mitigation Measures

3.8.1 *The Bank will adopt pro-active management of the risks identified in order to mitigate their impact on the outcomes of its assistance.* These risks are chiefly related to: (i) the fragile political and security situation. The Bank will strengthen dialogue on these issues with the government and other TFPs. It will offer its services to the UN System and other partners to anticipate and adjust its approach in light of any changes in the country's political/security situation. Moreover, by supporting regional integration, the Bank is contributing to strengthening regional economic cooperation. The strategy's other risk factor is: (ii) weak programme implementation capacity. The CSP's focus on capacity building and

strengthening governance, private sector promotion and CDFO's support to government structures for programme implementation are all measures that will mitigate this risk.

IV. CONCLUSION AND RECOMMENDATIONS

4.1 Conclusion

DRC is gradually recovering from a long period of political instability and conflicts but this progress remains fragile. Trends over the past decade have revealed DRC's ability to achieve satisfactory results under adverse conditions. Against this backdrop, the main development challenge is to continue to lay the foundations for sustainable and inclusive growth, in partnership with the private sector. Fulfilment of this legitimate ambition requires the restoration of peace, enhanced political and economic governance and real private investment incentives. The assistance proposed by this CSP represents the Bank's strategic response in support of the fulfilment of this ambition.

4.2 Recommendations

The Boards are invited to consider and approve the Bank Group's proposed Operations Strategy for the Democratic Republic of Congo for the 2013-2017 period.

Annex 1 : 2013-2017 CSP Results-Matrix

DR Congo's Development Objectives (GPRSP-2)	Constraints Hindering the Achievement of DR Congo's Development Objectives	FINAL OUTCOMES (expected by the end of the CSP period in 2017)	FINAL OUTPUTS (expected at the end of the CSP period in 2017)	MID-TERM OUTCOMES (expected at the CSP mid-term review in 2014)	MID-TERM OUTPUTS (expected at the CSP mid-term review in 2014)	Bank Group Interventions during the CSP Period
Pillar 1 : Development of Private Sector Investment and Regional Integration Support Infrastructure						
Development of sustainable infrastructure: Contribute to the improvement of employment and production in the DRC Centre zone	Transport infrastructure and agricultural feeder roads very degraded and poorly interconnected. Non-existence of rural infrastructure	Travel time between Kinshasa and the country's Centre zone reduced from 3 to 1.5 days.	119 km of roads asphalted on the RN1, taking the environment into consideration	Travel time between Kinshasa and the project area reduced from 3 to 2 days.	50 km of roads asphalted on the RN1 and link to Kinshasa established	On-going Operations: 'Batshamba-Tshikapa' Road Project Rural Infrastructure Development Project (PADIR) New Operations - RN1 Improvement and Rural Agriculture Infrastructure Project
		Transport costs between Kinshasa and the Centre zone are reduced by 20%.	2 500 km of rural roads rehabilitated	Transport costs between Kinshasa and the Centre zone are reduced by 5%.	800 km of rural roads rehabilitated	
		The agricultural production areas concerned are opened up and trade flows are up by 50%	85 markets, 45 warehouses, 24 slaughtering areas, 14 docking facilities built	Trade flows up by 10%	25 markets, 15 warehouses, 8 slaughtering areas, 5 docking facilities built	
		Increase in the number of young people integrated into economic activities	10 vocational training and youth insertion centres		10 vocational training centres constructed	
		The processing of agricultural products is re-launched with women (500 tonnes/year)	10 processing and packaging centres for products rehabilitated in favour of women	Processing of 200 tonnes of agricultural products per year	3 processing and packaging centres for products rehabilitated in favour of women	
		Access to electricity for an additional 450,000 people	Rehabilitation of Inga 1 G14 completed	Access to electricity for an additional 130,000 people	Rehabilitation of G14 completed, i.e. a 1.9% increase	
	Low installed electric capacity, weak capacity of transmission and distribution systems and many power cuts (outages) impeding the smooth operation of the generating units Massive use of wood as a source of domestic energy, an over-tapped forest resource.	2.1% increase in national supply of electricity (64 MW)	Construction of three micro-power plants completed	56 MW additional network increase		On-going Operations: PMEDE PEPUR New Operation Micro-Power Plant and Related Networks Development Project New Operation Integrated REDD+ Project in the Mbuji-Mayi/Kananga and Kisangani Basins
		50% reduction in fuel-wood consumption in the Centre zone	Households using improved stoves increases from 1% to 5%		5% of households sensitized on the use of improved stoves	

DR Congo's Development Objectives (GPRSP-2)	Constraints Hindering the Achievement of DR Congo's Development Objectives	FINAL OUTCOMES (expected by the end of the CSP period in 2017)	FINAL OUTPUTS (expected at the end of the CSP period in 2017)	MID-TERM OUTCOMES (expected at the CSP mid-term review in 2014)	MID-TERM OUTPUTS (expected at the CSP mid-term review in 2014)	Bank Group Interventions during the CSP Period
	Poor drinking water and sanitation coverage	Access to drinking water for an additional 3,700,000 people Access to sanitation services for an additional 1,150,000 people Water consuming economic activities (agriculture and agro-industry) are being initiated	In Kasangulu, Lisala and Tshikapa, 20 drinking water supply networks as well as 1,780 latrines constructed	Access to drinking water for an additional 1,500,000 people Access to sanitation services for an additional 900,000 people	Drinking water supply networks in Kasangulu, Lisala and Tshikapa as well as 1350 latrines are constructed	<u>On-going Operation:</u> - PEASU <u>New Operation</u> - Basic Rural Socioeconomic Infrastructure Project (PEARU)
<i>Improvement of sector governance:</i> Contribute to the sustainable improvement of the operational effectiveness of investments and the quality of services provided in the transport, energy, environment and water sectors.	Malfunctioning and weakness of the monitoring and management institutions in the transport, energy, environment and water sectors.	Improved operational effectiveness of SNEL	The SNEL restructuring studies are available.		The SNEL restructuring studies and preparation of an electricity Master Plan are on-going.	<u>New Operations</u> Supplementary Inga-Boali 3 Phase 2 Study
			An Electricity Master Plan is prepared.			
		The operational and minimum maintenance capacity of road infrastructure is restored	New institutional frameworks for FONER and the roads authority available		FONER and Roads Authority reforms initiated	<u>On-going Operation</u> - Batshamba-Tshikapa Road Study <u>New Operations</u> - RN1 Improvement and Rural Agriculture Infrastructure Project
			Study conducted on the preparation of a National Transport Master Plan (PDNT) mainstreaming gender aspects		PDNT study is on-going	
		The coverage of investment costs in the rural water sector by the beneficiaries is organized	Independent community-based water management systems established		Associations, NGOs and local private sector sensitized and trained in community-based management	<u>New Operations</u> - Basic Rural Socioeconomic Infrastructure Project
		The coverage of investment costs in the environment and natural resource management sector by the beneficiaries is organized	The agricultural and rural management councils and local development committees are established and operational		Local committees trained in enhanced agro-forestry exploitation techniques	- Integrated REDD+ Project in the Mbuji-Mayi/Kananga and Kisangani Basins
<i>Improvement of regional integration:</i> Contribute to the promotion of trade and power interconnections between the	Low level of cross-border trade due to inadequate land and river transport connections and insufficient electricity interconnection.	Issues resolved relating to the regional integration of DRC	Study on the challenges and opportunities of regional integration for DRC conducted			<u>On-going Operation:</u> Brazzaville-Kinshasa Road-Rail Bridge Study
		The road-rail bridge study is validated and construction work has begun on the bridge	50% of the construction work on the Kinshasa-Brazzaville road-rail bridge is completed		The road-rail bridge study is validated	The DRC-Congo-CAR-Chad Multi-modal River Navigation Study/Project - Study on the Development of the Inga site

DR Congo's Development Objectives (GPRSP-2)	Constraints Hindering the Achievement of DR Congo's Development Objectives	FINAL OUTCOMES (expected by the end of the CSP period in 2017)	FINAL OUTPUTS (expected at the end of the CSP period in 2017)	MID-TERM OUTCOMES (expected at the CSP mid-term review in 2014)	MID-TERM OUTPUTS (expected at the CSP mid-term review in 2014)	Bank Group Interventions during the CSP Period
countries of the region		The DRC-Congo-CAR-Chad multi-modal river navigation study/project is on-going The volume of cross-border energy exchanges rises by 95 %	25% of the river navigation component of the multi-modal project is completed.	The volume of cross-border energy exchanges rises by 19%	The DRC-Congo-CAR-Chad multi-modal river navigation study/project is validated	and Related Electricity Connections - Project for Interconnection of CAR-DRC RCA-DRC Power Grids Boali 3 phase 1 <u>New Operations:</u> Brazzaville-Kinshasa Road-Rail Bridge Project The DRC-Congo-CAR-Chad-Congo Multi-modal River Navigation Project Supplementary Inga-Boali 3 Phase 2 Study Inga III Project Boali 3 Phase 2 Project Rehabilitation of Ruzizi 3 Power Plants
			Supplementary studies on the Inga 3 power plant and restructuring of the Inga 3 project completed		The findings of the supplementary study for Inga and Boali Project 3 Phase 2 is available	
			Construction contracts signed for the first phase of Grand Inga.		Inga Promotion and Development Authority established.	
			Energy sales agreements with interested countries or with major local consumers signed		Ruzizi 2 rehabilitated	
			Rehabilitation of the Ruzizi 2 power plant completed and 60% of the construction works on the Ruzizi regional plant completed.		Construction contracts signed for the first phase of Grand Inga	
<u>CSP Pillar 2: Building central government's capacity to increase public revenue and create an enabling framework for private investment</u>						
Contribute to building central government's capacity to manage the economy and mobilize increased public revenue	Weak civil service reform monitoring capacity Non-existence of provincial public finance management systems Weak public finance monitoring capacity and limited capacity of State financial authorities	Improvement of Government's coordination capacity Improvement of ENA and Kinshasa Polytechnic Institute's intake capacity. Fiscal revenue in % of GDP increases from 14.6% in 2011 to 20% in 2017	Monitoring frameworks of the administration reform strengthened, ENA and Polytechnic Institute rehabilitated and equipped Three financial authorities as well as provincial expenditure chains are set up		Availability of a consolidated implementation plan for the public administration reform The three financial authorities are operational in the three provinces	<u>On-going Operations:</u> • Public Finance Modernization Support Project • Public Administration Human Resources Mobilization and Revitalization Project <u>New Operations</u> - Institutional Capacity Building Project - Project for support to Governance and Infrastructure sector and Central

DR Congo's Development Objectives (GPRSP-2)	Constraints Hindering the Achievement of DR Congo's Development Objectives	FINAL OUTCOMES (expected by the end of the CSP period in 2017)	FINAL OUTPUTS (expected at the end of the CSP period in 2017)	MID-TERM OUTCOMES (expected at the CSP mid-term review in 2014)	MID-TERM OUTPUTS (expected at the CSP mid-term review in 2014)	Bank Group Interventions during the CSP Period
			<p>Monitoring tools for the public finance reform established (monitoring/evaluation framework, monitoring indicators supported by PEFA indicators PEFA, -)</p> <p>The three financial authorities (DGI, DGDA and DGRAD) are computerized</p> <p>Personnel of three financial authorities trained in resource mobilization</p>		<p>(Lower Congo, Maniema and Orientale Province)</p> <p>Seven technical assistants recruited and technical assistance of an international consulting firm in support of COREF</p>	<p>Government Capacity Building</p> <p>- Lines of Credit to SMEs</p>
	Statistical information scarce and unreliable. Obsolete population census data	The ability of the national statistical system to produce and analyse statistical data on the population and economy is strengthened	The general population census is organized		7 provincial calculation centres are rehabilitated and 12 centres equipped	
Contribute to greater private investment participation in development financing.	Ill-adapted business legal and institutional framework SME difficulties in accessing financing	<p>The volume of financial resources leveraged through PPP is at least USD 300 million (excluding large projects of the INGA type)</p> <p>At least 50 SME projects are established in the Centre region, thanks to the improvement of infrastructure (transport, water and energy)</p>	A PPP unit established	<p>The volume of financial resources leveraged through PPP is at least USD 150 million (excluding large projects of the INGA type)</p> <p>At least 20 SME projects based on infrastructure (transport, energy) are being set up.</p>	<p>6 PPP projects with feasibility studies in the form of PPP set up</p> <p>Enterprises operating in DRC are better identified</p> <p>A consultative framework operational between the Government and private sector</p>	
			A PPP Law and Implementing Texts as well as a strategy and action plan adopted			
			A study on development opportunities and challenges of the private sector and identification of value chains in the Centre zone carried out			
			Four of the six PPP projects identified are successfully launched in liaison with the sector operations			

DR Congo's Development Objectives (GPRSP-2)	Constraints Hindering the Achievement of DR Congo's Development Objectives	FINAL OUTCOMES (expected by the end of the CSP period in 2017)	FINAL OUTPUTS (expected at the end of the CSP period in 2017)	MID-TERM OUTCOMES (expected at the CSP mid-term review in 2014)	MID-TERM OUTPUTS (expected at the CSP mid-term review in 2014)	Bank Group Interventions during the CSP Period
			300 professionals are trained in PPP techniques.			
		The SME access rate to credit is up by 5%	At least 500 SMEs have access to financing	The SME access rate to credit is up by 5%	One or two line of credit projects implemented.	

Annex 2 : DRC 2013-2017 Indicative Lending Programme

Year	Project Name	Financing (in UA M)						Financing (in USD M)	Potential Co-financing	Provinces Concerned
		FSF	PBA	Balance Cancelled	RO	RWSSI	Total	Total		
PILLAR 1										
2013	Basic Rural Socio-economic Infrastructure Rehabilitation (PEARU)	55,00	43,02	1,98		3,50	103,50	155		Eastern Kasai/Western Kasai
2013	Additional Studies for Ingal and Boali 3 Phase 2	8,50	15,76		23,64		47,90	72	World Bank	National
2013	Batshamba-Tshikapa Road Extension		10,00				10,00	15		Western Kasai
TOTAL ADF 12		63,50	68,78	1,98	23,64	3,50	161,40	242		
2014	Development of RN1 (100 km) and Related Rural and Agricultural Infrastructure		94,00				94,00	141	DFID/EU/JICA	Eastern Kasai/Western Kasai/Katanga
2015	Inga Project III	25,00	30,00		45,00		100,00	150	World Bank, EU, AFD, KFW, EIB and Private Operators	Regional
2015	Rehabilitation of Ruzizi 3 Power Stations	10,00	10,00		15,00		35,00	53	EU, AFD, World Bank	Regional (RDC-Burundi-Rwanda)
2016	Development of Micro-power Stations and Related Networks	25,00	30,00				55,00	83		Kasai oriental/Kasai occidental/Katanga
TOTAL ADF 13		60,00	164,00	0,00	60,00	0,00	284,00	426		
2017	Brazzaville-Kinshasa Rail-Road Bridge Construction (Congo-RDC)		11,67		23,33		35,00	53	World Bank, EU, JICA, Private Operators	Regional (DRC-Congo)
2017	Boali 3 Phase 2 Project		10,00		15,00		25,00	38		Regional (DRC-CAR)
2017	Project on Congo-Sangha River Navigation and Ouesso (Congo), Bangui (RCA) and Ndjamena (Chad) Construction		5,56		8,34		13,90	21	World Bank	Regional (DRC-CAR, Congo, Chad)
ADF 14 (1 year)		0,00	27,23	0,00	46,67	0,00	73,90	111		
PILLAR 2										
2013	Institution Building Project (Statistics and COREF)	1,50	5,55	5,41			12,46	19		National
TOTAL ADF 12		1,50	5,55	5,41	0,00	0,00	12,46	19		
2014	Governance Support and State Capacity Building Project	33,00	10,00				43,00	65		National
ADF 13		33,00	10,00	0,00	0,00	0,00	43,00	65		
TOTAL (CSP 2013-2017)		158,00	275,56	7,39	130,31	3,50	574,76	862,14		

NB : The Programme does not contain resources from Special Funds such as: CBFF, FIP, and GAFSP as well as possible Private Sector Window Operations

Annex 3 : Bank's Portfolio in DRC as at 31 March 2013

	Project Name	Source of Financing	Approval Date	signature Date	Date of Effectiveness	Closing Date	Amount Approved	Total Disbursed	% Disbursed	% Sect.
	AGRICULTURAL SECTOR						84,46	34,92	41,3%	17,87%
1	AGRIC & RUARL SECTOR REHAB 3K PROV	ADF grant	12.12.2005	02.02.2006	02.02.2006	31.05.2013	35,00	34,30	98,0%	
2	RURAL INFRASTRUC SUPPORT PROJECT	ADF grant	10.11.2011	20.01.2012	20.01.2012	31.12.2017	49,46	0,62	1,3%	
	TRANSPORT AND TIC SECTOR						142,15	14,65	10,3%	30,08%
3	PRIORITY AIR SECURITY PROJECT	ADF grant	27.09.2010	02.11.2010	02.11.2010	31.12.2012	88,60	14,53	16,4%	
4	BATSHAM ROAD REHABILITATION PROJECT	ADF grant	13.06.2012	07.08.2012	07.08.2012	31.12.2017	53,55	0,12	0,2%	
	WATER AND SANITATION SECTOR						70,00	35,11	50,2%	14,81%
5	SEMI-URBAN DWSS PROJECT	ADF grant	06.06.2007	09.08.2007	04.04.2008	31.12.2013	70,00	35,11	50,2%	
	PRIVATE SECTOR						0,61	0,58	95,0%	0,13%
6	ADVANS BANK (CONGO)	WDB loan	04.02.2008	24.11.2008	09.04.2009	31.05.2013	0,61	0,58	95,0%	
	ENERGY SECTOR						105,39	16,44	15,6%	22,30%
7	INGA-PMDE HYDRO-ELECTRIC REHAB PROJECT	ADF grant	18.12.2007	10.04.2008	10.04.2008	31.12.2014	35,70	9,20	25,8%	
8	PERI-URBAN & RURAL ELECTRIFICATION PROJECT	FSF	15.12.2010	10.03.2011	10.03.2011	31.12.2015	60,00	0,11	0,2%	
	PERI-URBAN & RURAL ELECTRIFICATION PROJECT	ADF grant	15.12.2010	10.03.2011	10.03.2011	31.05.2015	9,69	7,12	73,5%	
	SOCIAL SECTOR						40,00	29,22	73,0%	8,46%
9	SUPPORT TO POST-CONFLICT SOCIO-ECON RESETTLEMENT	ADF grant	24.07.2007	09.08.2007	09.08.2007	30.06.2013	15,00	8,04	53,6%	
10	HEALTH I SUPPORT TO PDDS IN ORIENTALE PROV.	ADF loan	17.03.2004	25.05.2004	16.03.2005	31.03.2013	20,00	16,39	81,9%	
	HEALTH I SUPPORT TO PDDS IN ORIENTALE PROV.	ADF grant	17.03.2004	25.05.2004	16.03.2005	31.03.2013	5,00	4,80	95,9%	
	MULTISECTOR						30,00	2,98	9,9%	6,35%
11	PUBLIC FINANCE MODERN. SUPPORT PROJECT	ADF grant	25.04.2012	29.05.2012	29.05.2012	31.12.2015	10,00	0,55	5,54%	
12	PUBLIC ADMIN HUM RES MOBILISATION	ADF grant	21.01.2011	04.05.2011	05.05.2011	31.12.2015	20,00	2,424	12,12%	
	National Operations						472,61	133,89	28,33%	
	WINDOW III FSF						2,08	1,76	84,6%	
1	NATIONAL STATISTICS DEV. STRATEGY	FSF	19.04.2011	24.08.2011	24.08.2011	30.11.2013	0,26	0,14	53,85%	
2	INSTIT. CAP BUILDING MIN OF EDUCATION	FSF	11.07.2011	24.08.2011	24.08.2011	23.05.2013	0,26	0,18	63,75%	
3	SUPPORT TO THE FSF PROJECT IMPLEMENTATION UNITS	FSF	01.03.2011			05.11.2012	0,15	0,14	93,33%	
4	MACRO-ECONOMIC MANAGEMENT SUPPORT	FSF	24.11.2010			31.12.2012	0,59	0,54	91,53%	
5	INSTITUTIONAL CAPACITY BUILDING (Public Finance)	FSF	26.03.2010			31.12.2012	0,48	0,47	97,92%	
6	INSTITUTIONAL CAPACITY BUILDING (Diaspora)	FSF	26.03.2010			31.12.2012	0,34	0,29	85,29%	
	CBFF						24,70	6,88	27,9%	
1	PHASING OUT SLASH AND BURNING FARMING	CBFF	04.11.2009	20.11.2009	20.11.2009	31.12.2013	0,29	0,26	90,49%	
2	MANAGEMENT AND SUSTAINABLE OPERATION AND INNOV	CBFF	11.11.2009	20.11.2009	27.11.2009	31.12.2013	0,94	0,87	92,59%	
3	QUANTIFYING CARBON STOCK	CBFF	13.11.2009	13.11.2009	08.02.2010	30.06.2013	1,07	0,80	75,02%	
4	SANKURU FAIR TRADE CARBON INITIATIVE	CBFF	07.04.2010	10.03.2011	10.03.2011	01.05.2015	1,13	1,02	90,14%	
5	CONSERVATION INTERNATIONAL FOUNDATION	CBFF	09.06.2010	26.07.2011	10.11.2011	28.02.2014	1,16	0,15	12,78%	
6	ECOMAKALA	CBFF	12.07.2011	31.08.2011		31.03.2014	2,14	0,00	0,00%	
7	REDD AGROFORESTRY SOUTH KWAMOUTH	CBFF	12.07.2011	31.08.2011	31.08.2011	31.03.2014	2,13	0,38	18,07%	
8	ISANGI REDD PILOT PROJECT	CBFF	19.05.2011	08.06.2011	17.08.2011	31.03.2014	1,97	0,37	18,90%	
9	CIVIL SOCIETY AND GOVERNANCE CAPACITY BUILDING	CBFF	13.07.2011	31.08.2011	15.10.2012	31.03.2014	2,74	0,24	8,77%	
10	LUKI REDD PROJECT	CBFF	22.07.2011	31.08.2011		31.03.2014	2,00	0,00	0,00%	
11	MAMBASA REDD PROJECT	CBFF	27.04.2011	08.06.2011	17.08.2011	31.03.2014	2,54	0,70	27,42%	
12	INTEGRATED EXPLOITATION OF THE JAFRO PLANT	CBFF	06.12.2011	29.02.2012	29.02.2012	31.12.2015	0,11	0,04	37,87%	
13	VAMPEEN VALORISATION OF AFRICAN MEDICINE	CBFF	16.11.2011	09.12.2011	30.12.2012	31.12.2014	1,35	0,51	38,14%	
14	AGROFORESTRY DEVELOPMENT SUPPORT	CBFF	02.04.2012	12.06.2012	30.08.2012	28.02.2015	5,13	1,53	29,83%	
	Forestry Investment Fund (PIF)						0,52	0,00	0,0%	
1	Forestry Investment Plan	PIF	19.06.2012	06.10.2012	06.10.2012	31.12.2013	0,52	0,00	0,00%	
	MULTINATIONAL						58,46	15,60	26,7%	
1	Study on the Bridge to Link Kinshasa (DRC) and Brazzaville	ADF grant	03.12.2008	13.05.2009	13.05.2009	31.12.2012	3,59	1,64	45,82%	
2	Ousso-Bangui-Ndjaména Road and River Navigation Study	ADF grant	01.12.2010	29.04.2011	29.04.2011	31.12.2014	0,44	0,00	0,00%	
3	LAKE TANGANYIKA (DRC) DEVELOPMENT STUDY	ADF loan	17.11.2004	01.02.2005	24.11.2006	31.12.2013	6,79	3,56	52,43%	
		ADF grant	17.11.2004	01.02.2005	01.02.2005	31.12.2013	4,96	3,15	63,45%	
4	NELSAP INTERCONNECTION PROJECT - DRC	ADF grant	27.11.2008	28.05.2010	28.05.2010	31.12.2014	27,62	0,25	0,92%	
5	INGA and Related Connections Study	ADF grant	30.04.2008	07.08.2008	07.08.2008	31.10.2013	9,51	6,99	73,52%	
6	Boali Electricity Networks Interconnections	ADF grant	19.09.2012	20.02.2013	20.02.2013	31.12.2017	5,55	0,00	0,00%	
	GRAND TOTAL						558,37	158,13	28,32%	

Annex 4: Country Portfolio Performance Improvement Plan, March 2013

Issues	Actions to be Taken	Expected Outcomes and Monitoring Indicators	Responsibility	Target Date
QUALITY AT ENTRY				
1. Delay in fulfilment of conditions precedent to first disbursement	1.1 Recruit key personnel from the preparation phase	1.1.1 Reduce the average time taken to fulfil the conditions precedent to first disbursement for new projects to 9 months 1.1.2 The project management units are operational from the signature of their financing agreement	AfDB/GVT	31/12/2013 31/12/2013
2. Inaccurate estimation of cost of works	2.1 Confirm the existence of detailed feasibility studies prior to project appraisal 2.2 Encourage systematic use of project preparation facilities in order to ensure good preparation	2.2.1 All infrastructure projects have detailed feasibility studies prior to their appraisal 2.2.2 The cost overruns noted following bidding do not exceed 15% of the estimated cost of works at project appraisal 2.2.3 Supplementary financing requests are ended	AfDB/GVT	31/12/2015 31/12/2014 31/12/2015
3. Insufficient stakeholder involvement during project formulation	3.1 Confirm that stakeholder concerns are duly taken into account during project preparation	3.1.1 The beneficiaries' agreement on the selection and location of socio-economic infrastructure is duly documented.	AfDB/GVT	31/12/2013
AWARD AND MANAGEMENT OF CONTRACTS				
4. Weak capacity to manage on-going contracts	4.1 Systematically carry out regular control missions 4.2 Successful contractors are sensitized on contract management	4.2.1 The slippage noted on contract execution does not exceed 20% of the contractual period. 4.2.2 Contract management training sessions are organized for successful bidders.	PIU AfDB/GVT	31/12/2013 31/12/2013
5. Impact of long first disbursement delays on advance contracting	5.1 Provide for the partial removal of conditions precedent to first disbursement relating to advance contracting	5.2.1 The first disbursement concerning contracts subsequent to advance procurement action will be released no later than three months after effectiveness	AfDB/GVT	Next project subject to advance procurement action
6. Lack of adaptation of some procurement procedures to the country's conditions	6.1 Avoid procurement procedures such as the pre-qualification of firms that extends the procurement period	6.1.1 Procurement Plan schedules are adhered to.	ADB/GVT/PIU	31/12/2013

Issues	Actions to be Taken	Expected Outcomes and Monitoring Indicators	Responsibility	Target Date
7. Long delays in the processing and approval of procurement documents	7.1 Authorize project task managers to carry out procurement	7.1.1 At least two (2) sector officers of the Field Office authorized	AfDB	31/12/2014
	7.2 Transfer non-objection decision-making to project task managers	7.2.1 Delegation of Authority Matrix reviewed as a result	AfDB	31/12/2014
	7.3 Give greater responsibility to the Field Office’s project officers	7.3.1 Each project officer at the Field Office is responsible for at least one project		31/12/2014
	MONITORING & EVALUATION			
8 Weak project monitoring and evaluation system	8.1 Systematically introduce the monitoring/evaluation mechanism in all Bank projects	8.1.1 All projects have a monitoring/evaluation expert and mechanism	AfDB/GVT	31/06/2014
9 No baseline situation	9.1 Prepare studies on the baseline situation of each project at start-up	9.1.1 Baseline situation studies are prepared for all projects	AfDB/GVT	31/12/2014
10 No overall integrated operational mechanism at national level	10.1 Operationalize the overall integrated project monitoring mechanism	10.1.1. Sufficient resources are allocated to the Project and Programme Monitoring Unit	GVT	31/06/2014
11 Frequency of supervision and monitoring missions	11.1 Increase the frequency of project monitoring and supervision missions in the field	11.1.1 Projects are supervised at least twice (three times for projects at risk)	AfDB	31/12/2013
12 Lack of familiarization with results-based management	12.1 Train officials from projects and the oversight ministries in results-based management	12.1.1 Two training sessions per year are organized for officials of projects and oversight ministries	AfDB/GVT	31/12/2013
FINANCIAL MANAGEMENT AND DISBURSEMENT				
13 No adequate financial management and accounting system prior to first disbursement	13.1 Use the project preparation facilities to establish a financial management and accounting system	13.1.1 New projects will have an adequate system for financial and accounting management system prior to first disbursement	AfDB/GVT	31/12/2013
14 Delay in submission of audit reports and poor quality of audit reports produced	14.1 Use advance procurement action to recruit project auditors	14.1.1 Audit reports are submitted within six months of the closing date of the period concerned.	GVT/PIU	30 June of each year

Issues	Actions to be Taken	Expected Outcomes and Monitoring Indicators	Responsibility	Target Date
15 Delay in provision of counterpart funds	15. 1 Ensure the systematic use of guidelines on eligible expenditure for the financing of 100% of the project costs	15.1.1 The next generations of projects are financed only (100%) by ADF resources	GVT/AfDB	31/12/2013
PROJECT MANAGEMENT				
16. Weak project management capacity	16. 1 Ensure the recruitment of procurement, monitoring/evaluation and financial management experts for all projects.	16.1.1 All projects have procurement, monitoring/evaluation and financial management experts	GVT/AfDB	31/12/2013
	16.2 Regularly train project officers in Bank procedures	16.2.1 An annual training session is organized on Bank procedures	AfDB/GVT	31/12/2013
	16.3 Accommodate the PIUs in oversight ministries to enhance the transfer of competencies	16.3. All PIUs are accommodated on the premises of their oversight ministry.	AfDB/GVT	31/12/2013

Annex 5: Sectors of Intervention of DRC's Main Development Partners as at end December 2012 (2008-2016)

Agriculture & Rural Development	Approx. Funding (US\$ million)	Economic Governance (Decentralization, Good Gov., Invest. Climate, Justicial, Mining, Stabilization & Peace)	Approx. Funding (US\$ million)	Education	Approx. Funding (US\$ million)	Energy	Approx. Funding (US\$ million)	Environment & Climate Change (Biodiversity, Congo Basin, Forest & Park)	Approx. Funding (US\$ million)	Health (Family Planning, HIV/AIDs, Malaria, Maternal Health, Nutrition, & Water Supply)	Approx. Funding (US\$ million)	Infrastructure (Construction, Road, Transport)	Approx. Funding (US\$ million)	Social Protection & Humanitarian Challenges	Approx. Funding (US\$ million)	All Sectors Total (US\$ Million)
AFDB	175.90	IMF	551.45	World Bank	150.00	World Bank	1140.00	AFDB	104.30	USAID	581.00	World Bank	368.50	World Bank	414.00	8,889.02
USAID	128.00	World Bank	468.56	USAID	60.50	AFDB	228.00	Germany	89.66	DFID	520.00	European Commission	314.70	DFID	202.00	
World Bank	120.00	DFID	283.16	Belgium	59.00	Germany	50.80	World Bank	80.60	World bank	425.00	AFDB	214.50	USAID	133.50	
Belgium	88.10	European Commission	162.90	Japan	30.20	Belgium	32.50	European Commission	70.20	AFDB	105.00	Belgium	139.00	Sweden	85.00	
South Korea	11.00	USAID	147.10	DFID	30.00	Netherlands	5.00	USAID	33.50	Japan	82.40	DFID	70.00	AFDB	64.50	
Netherlands	6.00	Canada	100.00	Germany	12.70	USAID	0.03	Japan	16.20	European Commission	64.00	Japan	65.90	European Commission	32.60	
Sweden	5.00	Netherlands	74.50	Spain	7.10			Sweden	5.00	South Korea	50.40	South Korea	10.00	Spain	29.30	
Spain	2.90	Sweden	74.50					Netherlands	1.30	Sweden	32.50	Canada	6.00	Canada	21.00	
		Germany	72.50					South Korea	0.30	Canada	24.00			Germany	15.20	
		AFDB	47.70							Germany	21.50			Netherlands	10.00	
		Belgium	28.86							Netherlands	8.00					
		Spain	11.30							Spain	5.40					
		Japain	7.50													
		South Korea	0.30													
Total	536.90	Total	2,030.33	Total	349.50	Total	1,456.33	Total	401.06	Total	1,919.20	Total	1,188.60	Total	1,007.10	8,889.02

N.B.: The above table does not include contributions from China most of which concern the minerals-for-construction type partnership contract for an amount of USD 6 billion signed between the Government and a consortium of Chinese firms in 2008 and re-negotiated in 2009. China has also awarded USD 360 million for the energy sector to construct the Zongo power plant (150 MW).

Annex 6: Main Operators by Province in the Sectors Covered by the CSP
(2008-2012 Period)

Province	Sector of Intervention	Sectors of Intervention			
		Transport	Agriculture and Rural Infrastructure	Water and Sanitation	Governance and Public Finances
Bandundu	AfDB India	AfDB EU	Belgium EU USAID	KFW	WB
Lower Congo	AfDB China WB EIB	Belgium	Belgium USAID JICA	AfDB WB	AfDB
Equator	AfDB	WB EU	WB FIDA (in co-financing with Belgium)	AfDB, KFW	DFID (UNDP)
West Kasai	India EU	AfDB	AfDB	AfDB	WB
East Kasai			AfDB Belgium	KFW BADEA DFID	DFID (UNDP)
Katanga	WB EIB	WB China	AfDB, Belgium	WB	WB
Kinshasa	AfDB WB EIB	ADB China Japan	IFAD WB USAID	EU WB	DFID (UNDP) EU
Maniema		Belgium (BTC)	IFAD	France	AfDB
North Kivu	AfDB Netherlands Norway	WB		EU	EU
Orientale Province	AfDB Belgium (BTC)	World Bank KFW China	IFAD Belgium EU	KFW France	DFID (UNDP) AfDB
South Kivu	AfDB Netherlands European Union	WB	EU AfDB		WB

Annex 7: 2013-2017 CSP Preparation Process

The Bank's 2013-2017 CSP for DRC was prepared using a participatory approach. The preparation mission was carried out in Kinshasa from 10 to 21 December 2012. Coordinated by the Regional Centre Department, the mission comprised a multidisciplinary team representing several of the Bank's sector departments, i.e. those responsible for the Energy, Transport, Agriculture and Human Development sectors, the Private Sector, Regional Integration, Governance and Economic Management, Climate Change, Water and Sanitation as well as those in charge of procurement and financial management issues.

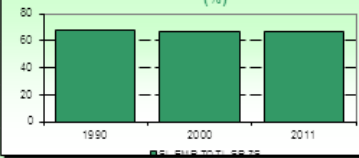
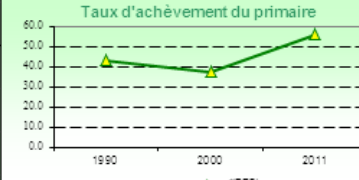
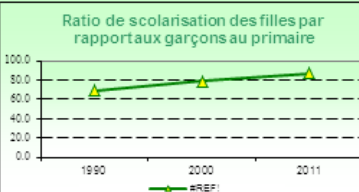
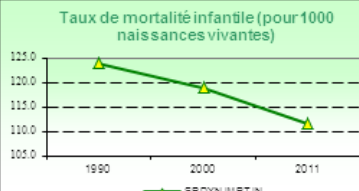
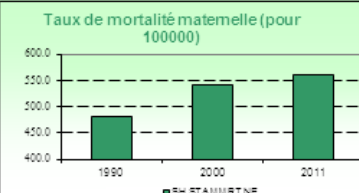
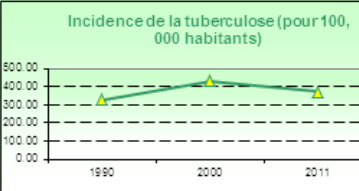
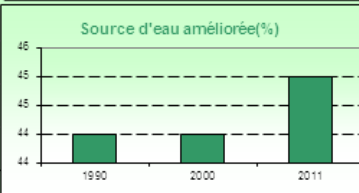
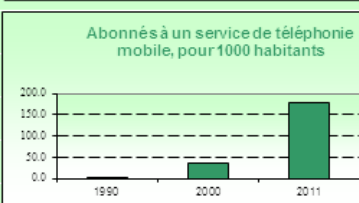
In close coordination with the Government, the mission held a series of consultations with the main Departments of the Congolese Public Administration, development partners, private sector operators and civil society representatives. These focused on the country's constraints, development opportunities and challenges, the issues of coordination and role sharing among TFPs as well as the strategy to be envisaged by the Bank to help DRC to address them. The participatory workshop organized following the preparation mission with all the stakeholders confirmed the relevance of all the options and strategic thrusts suggested for the Bank's next assistance strategy for the 2013-2017 period. The stakeholders adopted the new Strategic Vision proposed by the Bank, which is focused on the creation of development hubs backed up by the development of productive investment support infrastructure, regional integration, improved governance and central government capacity building. They also appreciated the relevance of the spatial approach adopted by the next CSP in order to maximize the development impact of AfDB assistance.

The stakeholders also stressed the need to: (i) seek enhanced complementarity between the interventions of the Government, technical and financial partners and the private sector; (ii) take the country's fragile situation into consideration through capacity building, improved governance and by closing the infrastructure gap; (iii) show long term commitment; (iv) assist the private sector to develop productive investment by financing pilot PPP operations, supporting SME/SMIs and economic and sector work; (v) mainstream the on-going decentralization in the strategy's implementation; and (vi) involve civil society more closely in project formulation, implementation and monitoring/evaluation.

These consultations continued at local level where a multi-sector mission was fielded by the Bank's Field Office in DRC from 20 to 27 February to two of the three provinces targeted in the CSP, i.e. East Kasai and Katanga. The mission held working sessions with members of the provincial governments, the economic and financial commissions of the Provincial Assemblies; representatives of civil society and the private sector. The mission also visited some public enterprises established in these provinces (SNCC and MIBA) as well as some sites, including micro-dams constructed in East Kasai Province, to find out about the challenges and constraints of the energy sector which the province has not only identified as the priority sector in terms of difficulties to be resolved, but also as key sector that could rapidly have an induced effects on the development of other sectors. On the whole, these exchanges confirmed the strategic thrusts retained but also revealed the need to build knowledge on the Centre Zone, especially management of the region's economic potential, business opportunities as well as the diagnosis of the context and stakeholder capacity.

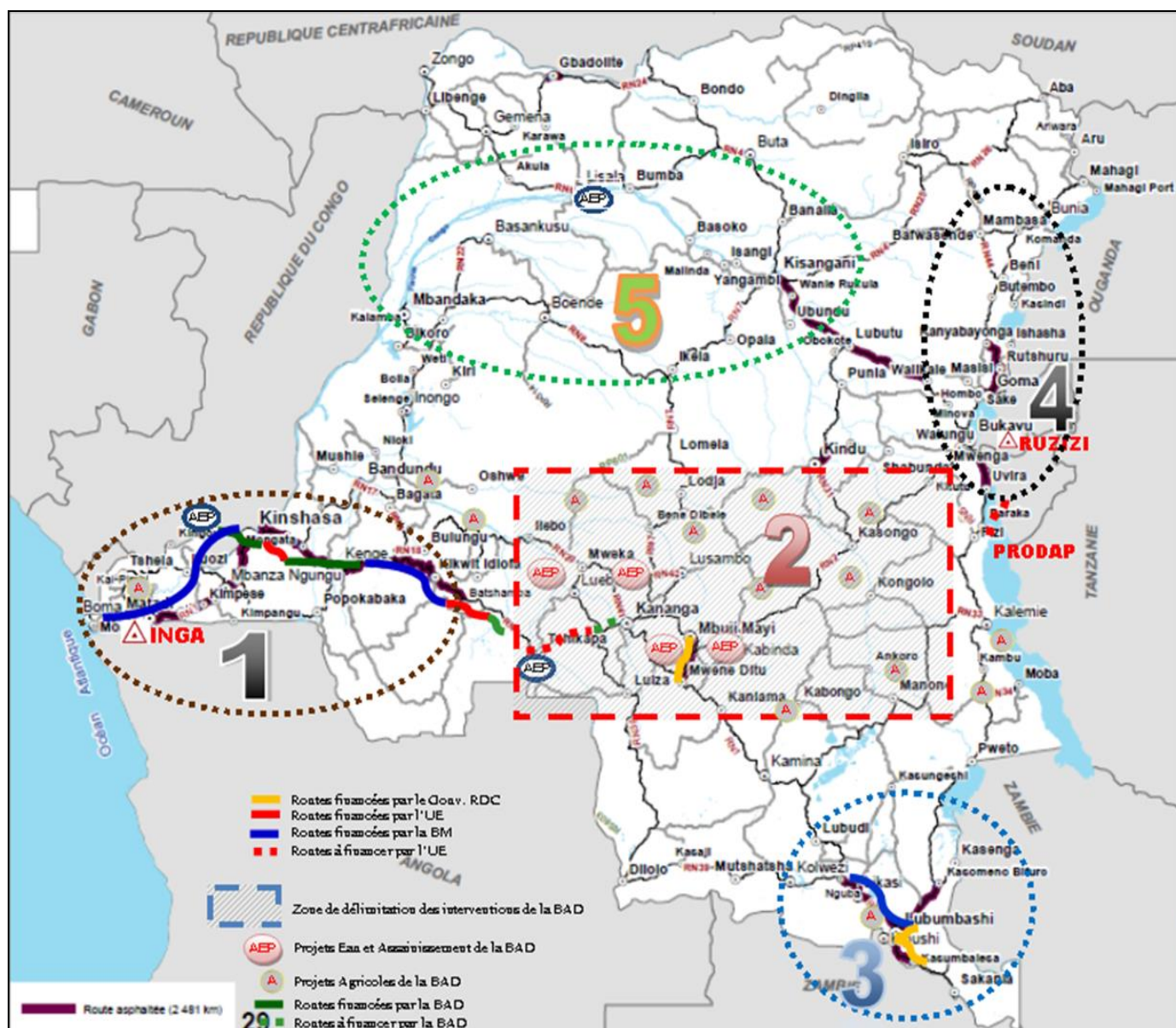
Annex 8: Democratic Republic of Congo - Development Indicators				
Social Indicators	DRC		Africa	Developing Countries
	1990	2011 *		
Area (000 Km²)	2 345		30 323	98 461
Total Population (millions)	36.4	67.8	1 044.3	5 733.7
Population Growth (annual %)	3.6	2.7	2.3	1.3
Life Expectancy at Birth -Total (years)	46.9	48.4	57.7	77.7
Mortality Rate, infant (per 1,000 live births)	118.9	111.6	76.0	44.7
Physicians per 100,000 People	6.6	11.0	57.8	112.0
Births Attended by Skilled Health Staff (%)	...	79.3	53.7	65.3
Immunization, measles (% of children aged 12-23 months)	38.0	76.0	78.5	84.3
School Enrolment, primary (% gross)	57.6	93.7	101.4	107.8
Ratio of Girls to Boys in Primary Education (%)	70.8	86.7	88.6	...
Literacy Rate (% of population >15years)	...	66.8	67.0	80.3
Access to Safe Water (% of population)	45.0	45.0	65.7	86.3
Access to Sanitation (% of population)	9.0	24.0	39.8	56.1
HDI Value (0 to 1)	0.3	0.3	0.5	...
Human Poverty Index (HPI-1) (% of population)	...	24.3	33.9	...
Democratic Republic of Congo				
Macro-Economic Indicators	2000	2009	2010	2011
GNI per capita, Atlas method (current USD)	90	170	180	...
GDP (Million current dollars)	4 335	11 045	13 149	15 176
Real GDP Growth (annual %)	-6.2	2.8	7.2	6.5
Real GDP Growth per capita (annual %)	-8.4	0.0	4.4	3.7
Gross Domestic Investment (% of GDP)	3.4	16.3	15.1	14.9
Inflation (annual %)	550.0	46.2	23.5	14.8
Fiscal Balance (% of GDP)	-6.0	-4.2	2.4	-6.3
Trade, External Debt & Financial Flows	2000	2009	2010	2011
Change in Volume of Exports (%)	-6.1	-6.1	47.9	15.7
Change in Volume of Imports (%)	32.5	-15.9	44.2	2.8
Change in Terms of Trade	-9.0	-19.4	21.8	-14.4
Trade Balance (USD million)	242	-573	783	571
Trade Balance (% of GDP)	5.6	-5.2	6.0	3.8
Current Account Balance (USD million)	-173	-1 156	-1 534	-1 556
Current Account Balance (% of GDP)	-4.0	-10.5	-11.7	-10.3
Debt Service (% of exports)	83.6	10.6	2.0	1.5
Total External Debt (% of GDP)	290.9	124.1	30.6	32.7
Total Net Financial Flows (USD million)	192	2 154	2 656	...
Net Official Development Assistance (USD million)	177	2 357	3 541	...
Net Direct Investments (USD million)	72	664	2 939	...
International Reserves (months of imports)	...	1.8	1.4	...
Private Sector Development and Infrastructure	2000	2009	2010	2011
Time Required to Start a Business (days)	...	127	84	65
Investor Protection Index (0-10)	...	3.3	3.3	3.3
Fixed Telephone Line Subscribers (per 1000 inhab.)	0.2	0.7	0.6	...
Mobile Phone Subscribers (per 1000 inhab.)	0.3	147.3	179.2	...
Internet Users (per 1000 inhab.)	0.1	5.8	7.4	...
Asphalted Roads (% of total roads)	...	...	...	...
Railways, Goods Transported (million ton-km)	362	182	193	...

Annex 9: Progress Made Towards Achieving the Millennium Development Goals

Objectif 1 : réduire l'extrême pauvreté et la faim	1990¹	2000²	2011³	Ratio emploi / population, 15 +, total (%)
Ratio emploi / population, 15 +, total (%)	67.3	66.7	66.7	
Prévalence de la malnutrition, le poids pour l'âge (% des enfants de moins de 5)	30.7	33.6	28.2	
Indice de pauvreté à 1,25 \$ par jour (PPA) (% de la population)	...	...	87.7	
Prévalence de la sous-alimentation (% de la population)	29.0	74.0	75.0	
Objectif 2 : assurer l'éducation primaire pour tous				Taux d'achèvement du primaire
Taux d'alphabétisation, les jeunes femmes (% des femmes de 15-24 ans)	...	63.1	61.7	
Taux d'alphabétisation des adultes (% de personnes âgées de 15 et plus)	...	67.2	66.8	
Taux d'achèvement du primaire, total (% du groupe d'âge concerné)	43.1	37.5	55.9	
Total des inscrits, primaire (% net)	61.7	...	...
Objectif 3 : promouvoir l'égalité des genres et l'autonomisation des femmes				Ratio de scolarisation des filles par rapport aux garçons au primaire
Proportion de sièges occupés par des femmes dans les parlements nationaux (%)	5.0	8.0	8.4	
Rapport filles/garçons dans l'enseignement primaire,	68.8	78.7	86.7	
Rapport filles/garçons dans l'enseignement secondaire	60.9	58.3	57.6	
Objectif 4 : réduire la mortalité infantile				Taux de mortalité infantile (pour 1000 naissances vivantes)
Vaccination, la rougeole (% des enfants âgés de 12-23 mois)	27.0	65.0	76.0	
Taux de mortalité infantile (pour 1000 naissances vivantes)	124.0	118.9	111.6	
Taux de mortalité, moins de 5 ans (pour 1000)	206.8	198.0	184.0	
Objectif 5 : améliorer la santé maternelle				Taux de mortalité maternelle (pour 100000)
Proportion d'accouchements assistés par du personnel de santé qualifié (% du total)	...	60.7	79.3	
La prévalence des contraceptifs (% des femmes âgées de 15-49 ans)	7.7	...	44.3	
Taux de mortalité maternelle (pour 100000)	480.0	540.0	560.0	
Objectif 6 : combattre le VIH/SIDA, la malaria et les autres maladies				Incidence de la tuberculose (pour 100, 000 habitants)
Incidence de la tuberculose (pour 100, 000 habitants)	327.0	430.0	372.0	
Prévalence du VIH, femmes (% ages 15-24)	...	...	...
Prévalence du VIH, de sexe masculin (% ages 15-24)	...	...	...
Prévalence du VIH, total (% de la population âgée 15-49)	...	...	...
Objectif 7 : assurer un environnement humain durable				Source d'eau améliorée(%)
Émissions de CO2 (kg par \$ de PIB PPA)	0.7	0.5	0.4	
Installations d'assainissement amélioré (% de la population ayant accès)	12.0	20.0	24.0	
Source d'eau améliorée (% de la population ayant accès)	44.0	44.0	45.0	
Objectif 8 : construire un partenariat mondial pour le développement				Abonnés à un service de téléphonie mobile, pour 1000 habitants
Aide par habitant (current US \$)	4.4	34.4	53.7	
Nombre d'utilisateurs d'Internet, pour 1000 habitants	...	2.0	7.4	
Abonnés à un service de téléphonie mobile, pour 1000 habitants	0.2	35.7	179.2	
Nombre de lignes fixes, pour 1000 habitants	0.8	0.2	0.6	

Annex 10: Map of the Five Priority Development Areas of the Government's 2012-2016

Action Plan



1. Zone Ouest
2. Zone Centre
3. Zone Sud
4. Zone Est
5. Zone Nord-Ouest

Annex 11: Development of Inga Hydro-Power Site in the Democratic Republic of Congo (DRC): African Development Bank Group's Contribution to a Transformational Project for the African Continent.

Inga Site Potential: 44,000 MW to meet the requirements of the DRC and Africa. The Inga hydro-power site is situated about 150 km from the mouth of the Congo River. It consists of a series of rapids over 15 km with an elevational drop of 102 m, which makes it the most significant source of hydro-power reserves at a single point anywhere in the world. The site's topography is remarkably well suited to the gradual development of the infrastructure required for hydro-power exploitation. At the level of the Inga site, the river has an average flow rate of 42,000 m³/s. This rate varies by up to 100% between the lowest water level and the annual high water mark. To-date, two phases of the site's development have already been completed, namely the Inga 1 power plant (351 MW) in 1972 and Inga 2 (1424 MW) in 1982. The next development will concern the first Grand Inga phase, which in time will comprise seven power plants with total power of 39,000 MW. The Inga hydro-power site forms part of a huge clean, renewable energy potential comprising that of Ethiopia estimated at 40,000 MW and geothermal potential of Kenya's Rift Valley estimated at 10,000 MW, 600MW of which has been developed. In addition to these three main sites, there are the Lom Pangar hydro-power site in Cameroon and the Kaleta site in Guinea Conakry with a combined estimated potential of a few thousand MW.

Since 2006, the Bank Group has been committed to seeking optimal development solutions for the Inga site. The development of this huge hydro-power potential has been the focus of several national and continental reflection forums, especially in Johannesburg in October 2006, where it was agreed and recommended that the African Development Bank and DRC, with NEPAD, would pool their efforts to conduct detailed study of the site. In response to this recommendation, the African Development Fund awarded a grant of UA 9.51 million to DR Congo to finance the study on the optimal development of the Inga hydro-power site and related electric power interconnections. This study's specific objective was to determine a plan for the optimal development of the site's potential and the construction of the related very high voltage transmission lines to meet the electric power requirements of the Democratic Republic of Congo and different regions of the continent.

Conducted by the EDF and RSW Group of Consulting Firms, this study identified several innovative and competitive solutions. The study proposed to develop Grand Inga in successive phases, thereby providing an opportunity to tailor its development in line with firm demand for electricity, while preserving the site's full potential. Thus, this phased development of the site on the basis of the plan finalized by the study will bring on stream Phase A of Grand Inga (or Inga 3) of about 4,800 MW at competitive costs and within a fairly short time frame. Under this phase 2,500 MW of power will be earmarked for Southern Africa and the remainder will enable DRC to meet the steadily growing demand of its mining industry. By integrating the Inga III power plant in the Grand Inga Development Plan, the study proposes a development option with competitive generation costs for the initial kilowatt hours and avoids the uncertainties related to the underground works initially planned for Inga III in earlier studies, and the subsequent cost and time overruns that might have ensued. Finally, by proposing to develop Grand Inga in successive modular phases, the study has made it possible to adapt investments to demand for energy, thus avoiding major investments in civil engineering structures at one time (dams and related structures), which would have been necessary to construct Grand Inga in a single phase.

Prior to the Study, the Bank organized two workshops in Kinshasa in 2011 aimed at sensitizing all the national and regional stakeholders on the scope and complexity of the Inga Project, and sharing with the Congolese party experience acquired from other Bank-financed projects with structures of

similar complexities such as the solar projects in Morocco, the Bujagali hydro-power project in Uganda and the Azito power station in Côte d'Ivoire.

Apart from financing the study and the above-mentioned sensitization actions, the Bank has helped to build the capacity of the Ministry of Water Resources and Electricity with technical assistance in the form of legal and financial advisers. These advisory firms assisted the Ministry with the preparation and negotiation of the Energy Trade Agreement with South Africa.

Lastly, at the Bank's initiative, monthly coordination conferences have been organized since 2011 among DRC's technical and financial partners. This coordination concerns, in particular, the World Bank, the EIB, AFD and KfW, and involves the sharing of information on the conduct of the study; role sharing in the organization of events such as workshops and meetings, and systematic development of common outlooks, synergies among financing institutions for the smooth conduct of the study and subsequent implementation of the project.

The Way Forward: need to mobilize substantial financing for the preparation and implementation of this project

The African Development Bank has played a major role in seeking the optimal plan for the development of the Inga site, and has taken measures to strengthen this role in the structuring and implementation of the Inga III project. To that end, the Bank, through Window III of the Fragile States Facility (FSF), recently approved funding of UA 3.42 million to support the DRC Government's efforts to establish a permanent State-owned structure – called the Inga Site Promotion and Development Agency (ADEPI) - responsible for managing the Inga site's development. AfDB continues to finance the services of business law firms to assist the Government in selecting a firm to develop the Inga III project and set up the public-private partnership that will be responsible for the implementation, operation and maintenance of the project structures.

Supplementary assistance of UA 47 million earmarked for capacity building as mentioned above, as well as the financing of supplementary studies for the implementation of the Inga III project is being prepared by the Bank, in synergy with other DRC development partners, including the World Bank which will provide financing of about USD 50 million. However, a major challenge remains the leveraging of financing for the implementation of the Inga III works, the estimated costs of which, including the power plant and lines, are USD 12 billion. Concessional financing by development partners such as the African Development Bank, the World Bank and the European Investment Bank will be required for the construction of the project's common structures. Therefore, the African Development Bank is stepping up its efforts to leverage concessional financing to make a major contribution to the development of this really transformational project for the entire African continent. The equity capital of the project company to be established in the PPP for the plant's construction could come from a private consortium which could include buyers, construction companies, the main suppliers, DR Congo and the private windows of development finance institutions.

The Bank is currently actively involved in the organization of a donors' round table as the final stage of the Inga Site Development Study. In addition to development finance institutions with their respective concessional and private sector windows, this round table will include participants from regional economic organizations, African power pools, the main purchasing countries identified and all other organizations interested in the development of the Inga site.