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**Democratic Republic of the Congo: Interim Poverty Reduction Strategy Paper
Preparation Status Report**

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Democratic Republic of the Congo
Ministry of Planning and Reconstruction
Inter-Ministerial Commission on the National Poverty Reduction Strategy
«CI-SNLCP»

Permanent Secretariat

**IMPLEMENTATION OF THE INTERIM POVERTY REDUCTION STRATEGY PAPER
FOR THE PERIOD JUNE 2002– JUNE 2003**

FIRST PREPARATION STATUS REPORT

JUNE 2003

I. INTRODUCTION

1. The Government of the Democratic Republic of the Congo (DRC) finalized its interim Poverty Reduction Strategy Paper (I-PRSP) in March 2002, and the document was considered by the Boards of IDA and the IMF in June 2002. The present preparation status report comments on (i) the implementation of the activities under the I-PRSP and (ii) progress toward the elaboration of the full PRSP. It presents a revised calendar and estimation of the PRSP budget. The new timetable takes into account delays in the PRSP formulation process.

II. CONTEXT AND IMPLEMENTATION OF THE I-PRSP

2. The I-PRSP describes the process and the timetable for preparing the full PRSP. The I-PRSP is articulated around three pillars, the first focusing on peace and governance, the second on macroeconomic stabilization and the promotion of pro-poor growth, and the third on the support of community-led development initiatives. The first year of I-PRSP implementation took place in a particularly challenging political, economic, and social climate.

3. **On the political front**, the quest for peace and a system of good governance has been the top priority of the government. Difficult political negotiations resulted in a state of relative peace, with the withdrawal of all foreign troops from the territory of the DRC, as well as the signing of the Sun City and Pretoria accords. The country now has a democratic constitution and is about to nominate a national government with a mandate of reunification and the organization of democratic and transparent elections after a period of 24 months. With the arrival of the new government, the prospect for lasting peace should improve further, particularly in the East.

4. **Stabilization and growth.** Notable advances have been made in this area. With the support of the international community, especially that of the IMF and World Bank, the government undertook important economic reform measures, in particular (i) the elimination of distortions in the foreign exchange market; (ii) the liberalization of prices and the abolition of the monopoly on diamond exports; (iii) budgetary, fiscal, and judicial reforms; (iv) taking up the fight against corruption and promotion of good governance; and (v) sectoral reforms (e.g., new mining and forestry codes). These reforms have enabled us to (i) break hyperinflation, as a result of prudent fiscal and monetary policies; (ii) implement a policy environment supportive of economic growth and private sector activity; (iii) re-establish the conditions for investment and the security of goods and persons; (iv) gain access to the PRGF facility of the IMF in June 2002; (v) resume dialogue with external donors; and (vi) tackle the monumental external debt problem.

5. The PRGF-supported program has been assiduously implemented, and its first review by the IMF Executive Board was concluded on March 24, 2003. This has encouraged us to continue to consolidate the progress already made and further deepen and strengthen our economic reform program. The strong performance under the economic reform program has

allowed the DRC to gain access to program and project assistance from the World Bank Group, also in June 2002. The Economic Recovery Credit, of which all tranches have been disbursed, has provided support for reforms in the forestry and mining sectors, as well as budgetary support while, at the same time, the Early Emergency Reconstruction Project (EERP), which was financed through an IDA Grant, and the Emergency Multisectoral Rehabilitation and Reconstruction Program (EMRRP) are financing emergency rehabilitation of key infrastructure that will directly benefit the population (rehabilitation of the National Road no. 1 between Kinshasa and Matadi and the principal arteries of Kinshasa, rehabilitation of the health sectors, schools, and universities, as well as of water, electricity, and drainage systems in several large cities). Also, the forestry code aims at improving governance in the forestry sector and ensuring that part of the rents will be redistributed to the surrounding communities; likewise, the objective of the new mining code is to put into place a legal framework to improve governance so as to attract foreign investors. At the same time, the mining sector reforms include the restructuring of the key public mining company GECAMINES.

6. **Governance.** Improving governance has benefited from support from the World Bank, the African Development Bank, and the United Nations Development Program, as well as bilateral cooperation with France and Belgium. Programs have been initiated which aim at (a) reforming the civil service and public enterprise sectors; (b) capacity building; and (c) retirement and voluntary departure (for civil servants and GECAMINES employees, respectively). An anti-corruption strategy has been elaborated following two participatory workshops in September 2002, one of which was organized with assistance from the World Bank Institute. To include the poor in these reforms, the government prepared, with assistance from the World Bank and the IMF, its potential qualification for the enhanced HIPC Initiative with a particular focus on directing expenditures toward pro-poor activities. For the first time in the history of the DRC, and in the context of the enhanced HIPC Initiative, a pro-poor budget was approved by parliament. A monitoring committee for the use of the enhanced HIPC Initiative resources and pro-poor expenditures will be created in July 2003.

7. **Improving living standards.** As regards improving the quality of life of the poor and supporting community level initiatives, progress has been less satisfactory. Significant, rapid, and tangible results in these sectors take more time and effort than could be accomplished during this first year of I-PRSP implementation. Nevertheless, the government has continued the fight against HIV/AIDS, malaria, tuberculosis, and other epidemics. Financial assistance from the World Bank, especially the IDA grant and the budget support component of the Economic Recovery Credit, has been used to implement emergency infrastructure rehabilitation programs designed to produce immediate, tangible, and visible improvements pertaining to road maintenance, drainage, control of land erosion, etc. With assistance from USAID, the rehabilitation of rural health centers is being undertaken (the SANRU or rural health program). Assistance from UNICEF and from UNDP allowed for an improvement of social programs and the implementation of a program to monitor progress toward the Millennium Development Goals. In this context, the government is implementing a program to improve the status of women to narrow the gap between men and women in society.

Nevertheless, implementation of these reforms is far from complete and must be deepened during the second year of implementation of the I-PRSP.

III. PROGRESS IN DRAWING UP THE PRSP

8. The demands of (i) the political adjustments of 2002–03 (peace and good governance); (ii) the economic reform program; and (iii) key social programs (e.g., HIV/AIDS and the SANRU rural health programs) have contributed to the delay in the implementation of certain key themes in the elaboration of the full PRSP, in particular (i) the setting up of the institutional framework; (ii) the conduct of participatory consultations; (iii) the undertaking of the statistical poverty analysis and surveys; (iv) capacity building, (v) the development of national and international partnerships; and (vi) the drafting and dissemination of the full PRSP. A key factor was the suspension from the government in November 2002 of the Minister of Planning, the Chairman of the Inter-ministerial Committee in charge of the Poverty Reduction Strategy. A revised timetable for preparing the full PRSP has been elaborated taking these delays into consideration. The objective of having a full PRSP by the end of the first quarter of 2005 has been deferred to August/September 2005. Below, we discuss the implementation status of the key themes mentioned earlier in this paragraph.

A. The Institutional Framework

9. The institutional framework has been strengthened by the creation of the Inter-ministerial Committee on the Implementation of the National Strategy for Poverty Reduction (CI-SNLCP) created by Presidential Decree 055/2002 on April 12, 2002. The CI-SNLCP comprises all ministries that have responsibilities in areas linked to the PRSP. It defines and assures the monitoring of economic, political, and social strategies of the government in the areas of poverty reduction. It is assisted by the Permanent Secretariat, headed by the Coordinator (technical issues) and the Deputy-Coordinator (administrative issues) of the Technical Committee for the Poverty Reduction Strategy (CTSRP).

10. The Technical Committee for the Poverty Reduction Strategy has a Technical Secretariat, consisting of a team of 4 experts (a macroeconomist, a statistician, a sociologist, and a specialist in participative consultations) and support staff. The team ensures the technical quality of the work undertaken by sectoral focal points and thematic working groups (including national and international partnerships). Each member of the Committee, in collaboration with the experts of the Technical Secretariat, coordinates the work of the sector or thematic groups within his purview, with a view to producing the corresponding component of the PRSP. To permit the Ministry of Planning to ensure the overall management of the process, the Secretary-General of the Ministry of Planning ensures the coordination of focal points and thematic groups. The provincial technical committees coordinate the sectoral and thematic work in each of the 11 provinces of the DRC. Finally, the National Council of the PRSP, to be created by August 2003, will have responsibility for validating the final PRSP. It will comprise all national and international partners of the PRSP.

B. Participatory Consultations

11. The methodology of the participatory consultations applied in drawing up the I-PRSP has been revised in light of a pilot survey during November 2002–February 2003. The major change concerns extending the process to participatory workshops at the local community level, in both rural and urban areas. The goal is to identify priorities and strategies at the community level, and their capacity to operationalize sectoral and thematic poverty reduction strategies. This approach will be difficult to implement, but if successful, will result in strategies that are designed by local communities, and which reflect their priorities and aspirations. To cover the entire country will require a considerable amount of resources, both human and financial. It is estimated that it could take up to November 2003, to adequately cover the whole country.

C. Sector and Thematic Strategies

12. The sector and thematic groups were instituted in May 2003. The goal is to produce the sector and thematic strategies that will feed into, and inform the preparation of, the overall PRSP. Nine sector and thematic groups are expected to contribute to the elaboration of the PRSP, focusing on (i) consolidation of peace and good governance; (ii) harmonization of government programs with the PRSP, as well as preparation and monitoring of the macroeconomic framework; (iii) administrative, budgetary, and economic reforms; (iv) private sector, employment and income generation, and micro-credit; (v) agriculture, rural development, and infrastructure; (vi) education and literacy; (vii) health; (viii) urban poverty; and (ix) gender, vulnerable groups, and social protection issues. The installation of the transitional government will enable us to extend the process to all provinces. In this respect, it is to be noted that IDA is assisting the government in the preparation of sectoral strategies in the areas of education, health, social protection, and rural development (financed by the EMRRP). The results of this assistance will be put to use in preparing the full PRSP.

D. Poverty Assessments and Surveys

13. The National Poverty Survey, as well as the sectoral and thematic studies, will enable us to correct one of the major shortcomings of the I-PRSP; namely, the lack of statistical data needed to establish an accurate and reliable poverty profile. The terms of reference of the National Survey on Poverty and a number of related thematic studies (with assistance from the African Development Bank) have been drafted. A test of the survey was undertaken and the results validated by the steering committee created to this end. Methodological documents and questionnaires are available. This work was undertaken with assistance from the World Bank and the Groupe de Recherche et d'Etudes Technologiques (GRET), a French NGO, which conducted a field test of this survey. With French assistance, AFRISTAT

(Observatoire Economique et Statistique d'Afrique Subsaharienne)¹ has begun to solicit financing for a survey of the living standards of households and of the informal sector in selected cities, which will be conducted by the National Statistical Institute. The PRSP team will make use of the results of these surveys, in conjunction with the results from the participatory workshops, in order to update the poverty profile and draft the PRSP. The goal is to have the results of these surveys by end-July 2004.

E. Capacity Building

14. The experience in the implementation of the I-PRSP has revealed considerable weaknesses in knowledge and understanding of the PRSP process amongst all partners, especially at the level of the individual citizen. Improved understanding and expertise needs to be established at all levels, even that of the CTSRP. This component will identify and strengthen community capabilities to formulate and implement their own long-term sustainable development strategies. Training modules and studies will be put in place to this end. The corresponding need for international assistance concerning these matters will be evaluated.

F. The Development of National and International Partnerships

15. The government has initiated a partnership with national NGOs to articulate the modalities of their participation in the PRSP. A consultative committee of NGOs was put in place to this end. One of these NGOs, the National Council of NGOs in Development (CNONGD) organized a colloquium on the I-PRSP in which the CTSRP participated. This resulted in specific suggestions as to the components of the full PRSP. In the context of its efforts to establish participatory national and international partnerships, the CTSRP has also set up, in February 2003, a specialized "multi-partner" think-tank on PRSP questions (the Cellule de Réflexion pour le DSRP). Its deliberations have led to the conclusion that it would be appropriate to formally institutionalize and systematically define the role of this partnership in the design, implementation, and monitoring of the PRSP. Religious organizations of all denominations expressed particular interest in participating in this partnership. Its terms of reference are being drawn up. Once institutionalized, the partnership will serve to mobilize resources from donors and put in place a system of monitoring and evaluation of their use. It will also be used for the management of funds from the HIPC Initiative.

G. Drafting and Dissemination of the PRSP

16. The results of the consultations, the sector and thematic studies, and the poverty surveys will all feed into the process of drafting the PRSP. This stage in the process will take

¹ AFRISTAT was created in 1993 by 14 African members of the Franc Zone. Its goal is to reinforce economic, social, and environmental statistics in member states and improve skills in these areas.

place in eight steps (i) elaboration and validation of reports on the participatory consultations and the work of the sector and thematic groups; (ii) elaboration of the sector and thematic profiles and choice of monitoring and evaluation indicators; (iii) preparation of the first draft of the overall PRSP; (iv) discussion of the first draft with key stakeholders; (v) preparation of the final draft; (vi) finalization of the final draft; (vii) endorsement of the final draft by the government; and (viii) transmitting the final version of the PRSP to the government and international partners. This process will be completed by end August 2005.

H. PRSP Budget

17. The total budget for the final PRSP is estimated at US\$5,820,910. The details of this budget are as follows:

Institutional framework setting	1,032,400
Participatory consultations	1,306,100
Sector and thematic workshops	45,000
Poverty surveys and studies	2,500,000
Capacity building	523,760
National and international partnerships	not available
Production of the full PRSP	343,650
Dissemination of the full PRSP	70,000
Total cost	5,820,910

This budget has been prepared on the basis of detailed cost estimates for each task on the basis of its expected output. As yet, effective assistance has been forthcoming only through the government's own budget, IDA and the African Development Bank. However, we are organizing a meeting with donors to seek confirmation of the commitments made by those who have expressed interest in supporting various components of the PRSP process. These commitments, if materialized, would finance about one-half of the costs of the PRSP process.

IV. CONSTRAINTS, CHALLENGES, AND RISKS

18. The most severe constraints in drawing up the PRSP pertain to the institutional weaknesses and the peace process that has taken up more time than envisioned in the I-PRSP. In its situation of post-conflict, the DRC faces particular constraints, challenges, and risks, of which the most important are summarized below:

- A possible interruption of the peace process may compromise the proposed implementation timetable;
- Still insufficient understanding and internalization of the PRSP process by decision makers may prevent the Permanent Secretariat from keeping to the agreed upon timetable;

- Delays in the provision of financial support, both internal and external, which have characterized the process so far;
- The need to assure synergy between the processes of elaborating (i) the PRSP on the one hand and (ii) sectoral programs of the government and those of external donors, on the other, which need to be set up in the overall framework of, or at least be compatible with, the PRSP; and
- The difficulties pertaining to (i) the development and effective implementation of the partnerships which are directly implicated in the PRSP process (public institutions, civil society, private sector, etc.) and, especially, (ii) the establishment of a structure for coordination of activities with external donors.

V. CONCLUSION

19. Notwithstanding the political, economic, and social crises, as well as limited resources, the government of the DRC has made substantial efforts to implement the I-PRSP. An all-inclusive peace agreement has been concluded and a transitional government will soon be in place. The macroeconomic and financial situation has been stabilized, and has translated into positive economic growth and sharply reduced inflation. The actions designed to assist the poorest segments of the population are being continued and should produce tangible effects over time. At the same time, considerable progress has been made with the elaboration of a full PRSP, though more slowly than programmed. A revised and credible timetable has been elaborated, which should result in the delivery of a full PRSP in the third quarter of 2005, as compared to an original target of March 2005. This process has benefited from partnerships with development partners (civil society, private sector, bilateral and multilateral).

20. The DRC is committed to the full implementation of the I-PRSP and the preparation of the full PRSP in a timely manner. The DRC hopes to strengthen partnerships with national and international donors, which has already begun this year, and is looking forward to the effective provision of much needed financial and technical assistance of the international community in this process.

**Democratic Republic of the Congo
Preparation of full PRSP: Chronogram of Activities**

1. Institutional component	2. Participatory Consultations	3. Sectoral and thematic works	4. Survey and data collection	5. Local community capacity building	6. National and International partners	7. Production of full PRSP	8. Timing
1.1. Creation of Inter-ministerial Committee 1.2. Creation of Permanent Secretariat 1.3. Enlargement of Permanent Committee (CTSRP) 1.4. Creation of focal points and thematic groups 1.5. Creation of provincial Committees 1.6. Creation of local committees 1.7. Creation of PRSP National Consultative Council							June 02 June 02 August 03 May 03 August 03 August 03 August 03
	2.1 Identification of target groups at national and local levels						July 03

1. Institutional component	2. Participatory Consultations	3. Sectoral and thematic works	4. Survey and data collection	5. Local community capacity building	6. National and International partners	7. Production of full PRSP	8. Timing
	2.2. Recruitment of facilitators for community and sectoral consultations						July 03
	2.3. Elaboration of terms of reference and questionnaires						July 03
	2.4. Training of facilitators						August 03
	2.5. Consultations at national level						September 03
	2.6. Consultations at local level (11 provinces)						October 03
	2.7. Work of sectoral and thematic groups (Kinshasa)						September–November 03
	2.8. Production of reports on consultations of sectoral and thematic groups						October–November 03
	2.9. Production of reports by sectoral and thematic groups						November 03

1. Institutional component	2. Participatory Consultations	3. Sectoral and thematic works	4. Survey and data collection	5. Local community capacity building	6. National and International partners	7. Production of full PRSP	8. Timing
	<p>2.10. Restitution (at local and national levels) of the results of the consultations</p> <p>2.11. Integration of Poverty Survey results into the work of the sectoral and thematic groups</p>						<p>November 03</p> <p>October–December 04</p>
		<p>3.1. Peace and governance (economic and political)</p> <p>3.2. Macro-economic framework and harmonization of government programs w/ PRSP</p> <p>3.3. Administrative, budgetary and economic reforms</p> <p>3.4. Private sector, income and employment generation, micro-finance</p>					<p>September 03–September 04</p> <p>September 03–September 04</p> <p>September 03–September 04</p> <p>September 03–September 04</p>

1. Institutional component	2. Participatory Consultations	3. Sectoral and thematic works	4. Survey and data collection	5. Local community capacity building	6. National and International partners	7. Production of full PRSP	8. Timing
		3.5. Basic Infrastructure 3.6. Education and literacy 3.7. Health 3.8. Reduction of urban poverty 3.9. Gender, vulnerable groups, and social protection					September 03–September 04 September 03–September 04 September 03–September 04 September 03–September 04 September 03–September 04
			4.1. Preparation of the National Poverty Survey (NPS): ToR, methodology, instruction manuals, questionnaires 4.2. Organization of a pilot survey in one province 4.3. Discussion and validation of the results of the pilot survey (Steering Committee)				June–November 02 November 02–January 03 February 03

1. Institutional component	2. Participatory Consultations	3. Sectoral and thematic works	4. Survey and data collection	5. Local community capacity building	6. National and International partners	7. Production of full PRSP	8. Timing
			<p>4.4. Launching and undertaking of the NPS</p> <p>4.5. Finalization of the results of the NPS</p> <p>4.6. Discussion and validation of the results by the Steering Committee</p> <p>4.7. Restitution of the results at the local and national levels</p>				<p>July 03–July 04</p> <p>July–December 04</p> <p>July–December 04</p> <p>October–December 04</p>
	<p>Workshop to build capacity of parliamentary deputies and senators</p>			<p>5.1. Identification (census) of local communities</p> <p>5.2. Identification of initiatives (in terms of organization and operations)</p> <p>5.3. Replication of initiatives across the country</p>			<p>July 03</p> <p>July 03</p> <p>November–December 03</p>

1. Institutional component	2. Participatory Consultations	3. Sectoral and thematic works	4. Survey and data collection	5. Local community capacity building	6. National and International partners	7. Production of full PRSP	8. Timing
				<p>5.4. Capacity building (Human Resources and Organization)</p> <p>5.5. Monitoring and evaluation</p>	<p>6.1. Creation of National Consultative Committee to support the PRSP</p> <p>6.2. Creation of joint DRC/donor committee responsible for supporting the PRSP process (cellule de partenariat d'appui au DSRP)</p>		<p>December 03</p> <p>December 03</p> <p>August 03</p> <p>August 03</p>
						<p>7.1. Elaboration of 1st annual progress report for IMF-WB</p> <p>7.2. Elaboration of 2nd annual progress report for IMF/WB</p> <p>7.3. Harmonize sectoral strategies with results of NPS</p>	<p>May-June 03</p> <p>May 04</p> <p>October-December 04</p>

1. Institutional component	2. Participatory Consultations	3. Sectoral and thematic works	4. Survey and data collection	5. Local community capacity building	6. National and International partners	7. Production of full PRSP	8. Timing
						<p>7.4. Selection of PRSP monitoring indicators on basis of sectoral and NPS results</p> <p>7.5. Drafting of first version of full PRSP</p> <p>7.6. Finalization and restitution of draft full PRSP to civil society, NGOs, sectors, ministries, private sector, local communities and external partners.</p> <p>7.7. Finalization of revised full PRSP (definitive version)</p> <p>7.8. Restitution of final version of PRSP final at national level (civil society, churches ministries, private universities,</p> <p>7.9. Transmission to government</p>	<p>December 04</p> <p>January-- March 05</p> <p>April 05</p> <p>May--June 05</p> <p>July 05</p> <p>August 05</p>