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INTERNATIONAL DEVELOPMENT ASSOCIATION

INTERNATIONAL FINANCE CORPORATION

MULTILATERAL INVESTMENT GUARANTEE AGENCY

COUNTRY PARTNERSHIP FRAMEWORK

FOR

THE REPUBLIC OF CONGO

FOR THE PERIOD FY20-FY24

November 12, 2019

International Bank for Reconstruction and Development
International Development Association
The International Finance Corporation
The Multilateral Investment Guarantee Agency

The date of the last Country Partnership Strategy FY13-16 for the Republic of Congo was September 24, 2012 (Report No: 71713-CG)

CURRENCY EQUIVALENTS
(Exchange Rate Effective as of October 1, 2019)
Currency Unit = CFA Franc (XAF)
US$1.00 = 601

FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AfDB	**African Development Bank**
AFD	*Agence Française de Développement*
ANS	Adjusted Net Savings
ASA **BEAC**	Advisory Services and Analysis Bank of the Central African States *(Banque des États de l'Afrique Centrale)*
CAFI	Central African Forest Initiative
CCDB	*Cour des Comptes et Discipline Budgétaire*
CEMAC	Central Africa Economic and Monetary Union
CCSA	Cross-Cutting Solutions Area
CLR	Completion and Learning Review
CPIA	Country and Policy Institution Assessment
CSO	Civil Society Organizations
DB	Doing business
DDF	Digital Development Fund
DDR	Disarmament, Demobilization and Reintegration
DHS	Demographic and Health Survey
DPF	Development Policy Financing
ECOM	Congolese Households' Survey *(Enquête Congolaise auprès des Ménages)*
EITI	International Board of Extractive Industries Transparency Initiative
FCI	Finance, Competitiveness and Innovation
FCV	Fragility, Conflict and Violence
FCPF	Forest Carbon Partnership Facility
FIP	Forest Investment Plan

FSC	Forest Stewardship Council
GBV	Gender Based Violence
GDP	Gross Domestic Product
GEF	Global Environment Facility
GII	Gender Inequality Index
GNI	Gross National Income
GP	Global Practice
HDI	Human Development Index
HIPC	Heavily Indebted Poor Countries
HIV	Human Immunodeficiency Virus
IBRD	International Bank for Reconstruction and Development
ICT	Information and Communications Technology
IDA	International Development Association
IDP	Internally Displaced Person
IFC	International Finance Corporation
IGF	*Inspection Générale des Finances*
IMF	International Monetary Fund
INDC	Intended Nationally Determined Contribution
IPF	Investment Project Financing
LMIC	Lower Middle-Income Country
LUCF	Land-Use Change and Forestry
MFD	Maximizing Finance for Development
MIC	Middle-Income Country
MICS	Multiple Indicator Cluster Survey
MtCO2e	Metric tons of carbon dioxide equivalent
MSMEs	Micro, Small, and Medium Enterprises
NGO	Nongovernmental organizations
NOGDP	Non-oil gross domestic product
NOPB	Non-oil primary balance
NPL	Non-performing loan
NSS	National Statistics System
PAPAN	Port Autonome de Pointe-Noire
PBF	Performance-based financing
PEFA	Public Expenditure and Financial Accountability
PEMFAR	Public Expenditure Management and Financial Accountability
PER	Regional Economic Program
PFM	Public Financial Management
PIT	Personal Income Tax
PND	*Plan National de Développement* (National Development Plan)

PPF	Production Possibility Frontier
PPP	Public-Private Partnerships
REDD	Reducing Emissions from Deforestation and forest Degradation
RRA	Risk and Resilience Assessment
SCD	Systematic Country Diagnostic
SME	Small and Medium-sized Enterprises
SNE	*Société Nationale d'Electricité*
SOE	State-Owned Enterprise
SSA	Sub-Saharan Africa
STEM	Science, Technology, Engineering, and Mathematics
TFP	Total Factor Productivity
TVET	Technical and Vocational Education and Training
UMG	*Université Marien Ngouabi*
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNHCR	United Nations Refugee Agency
US$	United States Dollars
WDI	World Development Indicators

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FOR THE REPUBLIC OF CONGO

I. INTRODUCTION

1. The Republic of Congo, which joined the ranks of lower middle-income countries (LMIC)[1] on the back of strong oil revenues for more than a decade, has yet to fully leverage its natural resource endowments to achieve robust and sustainable development outcomes. The country possesses significant potential for agriculture, forestry, livestock and fisheries, plus major reserves of hydrocarbons and minerals. While Congo enjoyed steady economic growth - more than 5 percent annually between 2004 and 2014 - inequality remained high (with a Gini coefficient of 0.46), and the poverty rate was estimated at 35.4 percent in 2016.

2. Volatile global prices for oil and other commodities, and the impending depletion of oil reserves (as early as 2035, by some forecasts, unless new reserves are discovered), pose a significant risk to Congo's macroeconomic stability. In the wake of the commodity-price bust of 2014, the economy contracted with an accompanying deterioration of public finances and the external financial position. A spike in non-concessional borrowing and unsustainable debt management put the country in debt distress. While global oil prices recovered somewhat in the past year and efforts have been made to stabilize the fiscal situation, two years of economic contraction (2016-2017) were followed by a mild recovery, 0.8 percent, in 2018. With the approval of a program with the International Monetary Fund (IMF) on July 11, 2019, real gross domestic product (GDP) growth is expected to reach 2.2 percent for 2019.

3. Congo is now resource-constrained at a time when it needs to respond to demands from a growing, increasingly youthful population. Spatial disparities in access to services – with rural areas receiving fewer public services than the two largest cities, Brazzaville and Pointe Noire -- are amplified by weak capacity of local governments and slow progress in the decentralization process. Social cleavages along the urban-rural divides have escalated into a resurgence of fragility, with rising crime in the major cities and increased activity of militias in the Pool, an area near Brazzaville, that has suffered repeated political violence. Although the country's macro-fiscal situation has improved, it remains fragile. The challenge is for Congo to strengthen the macro-fiscal situation as well as bolster institutions to foster greater non-oil economic activities, while improving the scope and quality of service delivery to build the country's human capital and basic infrastructure. Such reforms – supported in part by Development Policy Financing (DPF) – operations will help to enhance prospects for employment and sustainable private sector-led growth (as was done for fellow members of the Central Africa Economic and Monetary Union (CEMAC).[2]

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[1] Gross national income (GNI) per capita increased from $600 in 2000 to $2,500 in 2014 but declined to US$1640 in 2018.

[2] The countries of CEMAC are Cameroon, Chad, the Central African Republic, the Republic of Congo, and Equatorial Guinea. They share a common currency—the CFA franc—that is pegged to the euro and have a common central bank (BEAC) that holds the region's pool of foreign exchange reserves.

4. Drawing on Congo's natural advantages, geographic location, abundant natural resources, youthful population, and recent infrastructure investments, the 2018 Systematic Country Diagnostic (SCD)[3] identified four pathways to resolving constraints to the Twin Goals: i) improving human capital; ii) improving infrastructure and service delivery; iii) promoting non-oil sectors; and iv) achieving the full potential of the oil, gas, and mining sectors. Accordingly, this Country Partnership Framework (CPF) will deploy lending, knowledge work, and the World Bank Group's (WBG) convening role to achieve ambitious targets, with an increased emphasis on outcomes, over the five-year CPF period. This CPF will be organized around two Focus Areas: (i) Strengthening Economic Management to Create an Improved Investment Climate for Private Sector-Led Growth; and (ii) Building Human Capital and Enhancing Resilience for Social Inclusion and Sustainable Growth.

5. Despite its abundant natural resources, Congo remains a fragile and conflict-affected country.[4] As such, each of the proposed World Bank Group (WBG) engagements, following on lending and analytical work from the previous Country Partnership Strategy (CPS), will strive to address the drivers of fragility (see Box 1) while helping Congo to: develop its human capital (including gender aspects of economic empowerment and the debilitating effects of stunting); achieve more sustainable and diversified economic growth (with emphasis on macro management, governance, and more accountable institutions); and shared prosperity (with a spatial/territorial approach to underserved regions). Emphasis on the building blocks of social inclusion and pro-poor growth will include support for the policy reforms necessary to improve the investment climate, including public-private partnership (PPP) advisory solutions, and the digital economy. A number of DPFs will support government's efforts in improving the investment climate for private sector development, and critical reforms in public financial management (PFM) and in sectors such as agriculture and forestry. Greater transparency and better natural resource revenue management will provide additional resources for basic services to help boost human capital, create employment and income opportunities, and address sources of grievance and exclusion among Congo's most vulnerable communities. Hence, the "fragility lens" for the CPF is essential to provide a clear line of sight between improved governance and anti-corruption efforts, sectoral reforms to help spur non-oil growth, boost employment and incomes, as well as reduce poverty and boost shared prosperity.

[4] The Country Policy and Institutional Assessment (CPIA) process assesses four clusters: economic management, structural policies, policies for social inclusion and equity, and public sector management and institutions, and is conducted annually. A country is defined as fragile when its overall CPIA rating, across all four clusters, is below 3.2. While there is no active conflict in Congo, it is designated as "fragile and conflict-affected" based on its overall rating of 2.7 under the CPIA, down from 2.9 in 2010. Notably, the latter cluster (public sector and institutions) - which includes governance; budgetary management; revenue mobilization; public administration; and transparency, accountability, and corruption in the public sector – was rated 2.5 for 2019, down from 2.6 in 2010.

II. COUNTRY CONTEXT AND DEVELOPMENT AGENDA

A. Social and Political Context

6. **The Republic of Congo (RoC) enjoys a favorable geographic location, including potential as a transit corridor to Central Africa.** Congo has the only deep-sea port in the region (*Port Autonome de Pointe-Noire*, or PAPAN), which is the backbone of a multimodal transport system including railways, roads, rivers, and ocean access. This presents an opportunity to serve as a gateway to the Atlantic Ocean and to gain access to a significant regional market. Congo is also a host country for refugees and asylum seekers from Democratic Republic of Congo (DRC), the Central African Republic (CAR) and Rwanda in particular.

7. **The tropical forests of the Congo Basin cover 61 percent of Congo's total land area, representing Africa's third-largest forest area and one of the most important carbon stock in the world**. At the 21st Conference of the Parties of the United Nations Framework Convention on Climate Change (CoP21), Congo submitted an ambitious Intended Nationally Determined Contribution (INDC) that commits to lowering greenhouse gas emissions by 54 percent by 2035.[5]

8. **A rentier economy has prevented the emergence of more transparent and effective public institutions, particularly in the wake of the commodity-price boom in the early-2000s.** Congo addressed the conflicts of the 1990s and 2000s by using the country's natural wealth (forestry and oil resources) to "buy" peace. State-owned enterprises (SOEs)[6] and public administration have become accustomed to hiring staff without rigorous selection criteria. Poor governance and ineffective accountability mechanisms have allowed rent seeking and corruption to persist. While this rent-based political settlement may have helped to restore peace and contain conflict in the short run, it is not sustainable in the long run.[7]

9. **The government is attempting to dismantle entrenched systems of patronage and cronyism, but it faces resistance from vested interests.** Congo implemented institutional and constitutional changes starting in 2015, including the appointment of a prime minister who plays a coordinating role and oversees the country's economic and social sectors. These changes are in early stages, however, and have not yet yielded tangible results.

10. **Congo's history is marked by a pattern of conflict and violence.** Political competition among elites drew Congo into cycles of political violence and two civil wars (1992-1994 and 1997-1999). This decade-long period of violence severely damaged the social fabric of the country and increased cleavages among communities along north-south and urban-rural divides. The security situation in Congo has remained volatile since October 2015, following a constitutional

[5] Republic of Congo's Intended Nationally Determined Contribution (French): http://www4.unfccc.int/ndcregistry/PublishedDocuments/Congo%20First/NDC_Congo_RAPPORT.pdf

[6] The National Electricity Company has one staff member per 86 customers, compared to one staff member per 200 and 380 in Francophone Africa.

[7] World Bank 2018, SCD.

referendum which reinstated the position of Prime Minister and eliminated presidential term-limits. Since then, militarized operations against the militia (Ninjas) have escalated in the Pool region, where the Ninjas have remained armed from the conflicts of the 1990s and 2000s[8].

Box 1. Assessing the Drivers of Fragility and Factors of Resilience in Congo

A Risk and Resilience Assessment (RRA) was prepared by the WBG's Fragility, Conflict and Violence (FCV) Group. In addition to desk reviews, the RRA was informed by a week-long mission in Brazzaville (March 2019) to meet with a range of stakeholders and assess the structural drivers of Congo's FCV dynamics, as well as the resilience factors that can mitigate the risk of instability during the CPF period, as follows:

1. The *first* driver of fragility is the highly centralized nature of the Congo government: this model has skewed the distribution of wealth and undermines the emergence of transparent, effective and inclusive state institutions. Most of the population is excluded from participating in the political and economic spheres of the country, weakening the citizen-state compact.
2. The undiversified and poorly managed economy, reliant on a single commodity, represents a *second* driver of fragility, as unsustainable public debt and accumulation of government arrears undermines investor confidence, private sector activities, and delivery of basic services.
3. The recent debt crisis, lack of institutional accountability, and weak capacity to deliver basic services all contribute to reinforcing the *third* fragility driver: the systematic exclusion of much of the population from all aspects of development, thereby widening the divide across regional, urban-rural, and population group lines. Urban unemployment, and frustrated youth living in poverty, fuel dynamics such as the gangs (*bébés noirs*) and militias (*Ninjas*) operating in peri-urban areas.
4. Exclusion and violent conflict in the Pool Department – an area near Brazzaville, that has suffered repeated political violence – represents the *fourth* fragility driver: ongoing political competition among elites, past episodes of violence, and severely limited basic services deepen mistrust of government.

Despite these FCV challenges, Congo features a number of *resilience factors:*

1. War fatigue from the previous episodes of civil war, and repeated violence in the Pool Department, is seen as a dissuading factor for further armed conflict.
2. Social cohesion, particularly provided by churches, is reflected in community-based efforts to effect informal transfers between households as an unofficial safety net mechanism.
3. The highly urbanized nature of Congo's population (65 percent of the population lives in cities) offers a relative advantage in terms of facilitating service delivery and human capital development.
4. Congo's natural resource wealth, and potential for agriculture and livestock, represent a driver of economic growth, diversification, and employment in the coming years. Congo's geography - notably the port of Pointe-Noire - is an added resilience factor, as infrastructure investments can spur development of Congo's mining sector and leverage the strategic location for intra-regional trade.

Source: The Republic of Congo Risk and Resilience Assessment, World Bank, 2019.

11. **Social service delivery has been interrupted by the conflict, and many people have been displaced.** About 138,000 people have been displaced by the violence and insecurity in the Pool

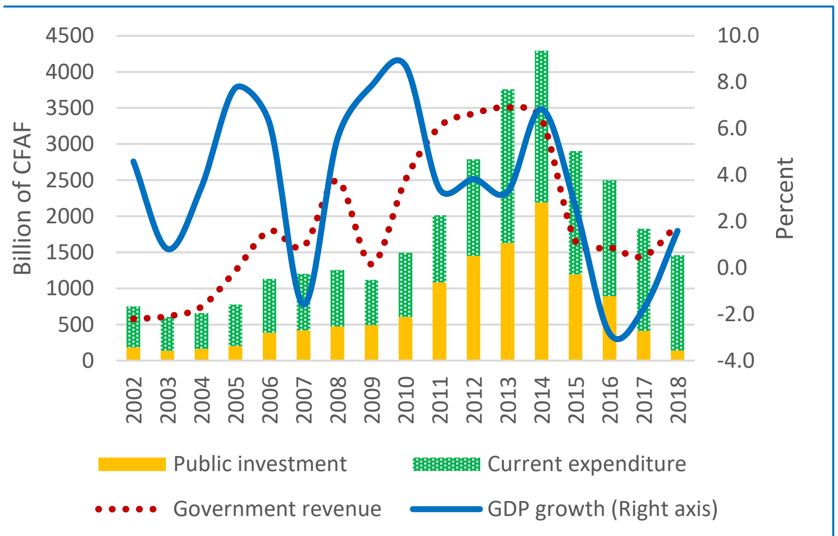
[8] After the 1990 and 2000 civil wars, the Multi-Country Demobilization and Reintegration Program and an IDA-funded program provided reintegration assistance to about 19,500 ex-combatants out of an estimated total of 24,000 ex-combatants in the region, leaving around 4,500 behind.

region.[9] Most of these internally displaced persons (IDPs) live near their place of origin or in Brazzaville. Without land or other economic assets, these IDPs are among the poorest and most vulnerable in Congo. Health centers and schools closed as residents and Government officials fled the Pool area. A ceasefire was signed in December 2017 between the Government and the Ninja militia, free movement was restored between Brazzaville and Pointe-Noire, and the security situation slowly improved. This has allowed health centers and schools to reopen. The Government agreed to offer amnesty to militia members and to organize a program of disarmament, demobilization, and reintegration (DDR) under the supervision of the United Nations (UN). The preliminary phase of the DDR began in August 2018. Continuation of the subsequent phase of this program is awaiting the availability of Government counterpart funding.

B. Recent Economic Developments and Outlook

Oil Driven Economy: Robust Growth Up to 2015 but Low Productivity and Poor Governance

Figure 1: Congo – Real GDP Growth and Budgetary Trends



Source: Republic of Congo authorities and the World Bank.

12. **Between 2002 and 2014, high oil prices spurred strong output, economic growth and substantial increases in government revenue, followed by a two-year period of 2.3-percent contraction on average.** Congo adopted a spending policy consisting of: significant expansion in public investment for infrastructure (Figure 1); and an increase in base salary from CFAF 90,000 in 2014 to CFAF 120,000 in 2019. Congo's ability to leverage the oil-price boom to drive long-term growth hinged on private investment in construction and maintenance of oil wells. From 2000 to 2010, private investment in the oil sector stood at about 20 percent of GDP, on average, boosting production by about 40 percent. Expansion in oil activities led to an increase in household incomes for those involved in the oil sector and to an increase in public resources. However, the oil-price collapse of 2014 led to a sharp decrease in economic activity characterized by low public revenues, high expenditures and debt, external and internal imbalances.

[9] The Government/United Nations mission to the Pool region. https://data2.unhcr.org/es/documents/download/60519

13. **Despite the rapid increase in public revenue, the economy remains undiversified and highly vulnerable to shocks.** The dynamics of oil production facilitated the emergence of an economy in which the state was preponderant, yet the government failed to save for lean years. Since Congo embarked on oil production, its tradable goods sectors[10] have underperformed. Agriculture and associated sectors declined while the manufacturing industry collapsed. The economy remains undiversified and dominated by oil, which accounted for 82 percent of exports over 2015-2017 (down slightly from 86 percent in 2014) and 32 percent of Government revenue in the same period, down sharply from 68 percent in 2014. Moreover, the government did not adopt reforms to improve the business environment (Congo was ranked 180th out of 190 in Doing Business 2019) or strengthen PFM, making investments more costly.[11]

14. **Weak productivity has been a constant drag on growth over the last 30 years, although there has been some improvement recently.** Growth accounting analysis shows that over the period from 1985 to 2010, the contribution of total factor productivity (TFP) to growth was -31 percent. The share has since shifted considerably to 26 percent of economic growth but remains low compared to the worldwide contribution of about 60 percent.[12]

15. **The contribution of human capital to growth in Congo is weak.** With a Human Capital Index (HCI) of 42, Congo's performance on human capital is well below the average for lower middle-income countries. Over the last 15 years, the contribution of human capital to total growth has been only 2 percent. This weak impact reflects the low skills level of most of the workforce, driven by the low quality of education and learning outcomes, which are further impeded by inadequate nutrition and health care in the early years (*see Box 2*).

16. **Congo is far behind comparator countries in elements of governance and transparency**. The World Bank's Worldwide Governance Indicators indicate that rule of law, corruption, regulatory quality, and accountability remain problematic in Congo, undermining the effectiveness of government policy. Weak governance and institutions, including inconsistent enforcement of laws and regulations, negatively impacted Congo's economic performance.[13] The government has made limited progress in building institutions conducive to a market economy.

The Economy Today: An Unsustainable Development Model

17. **With a contracting economy, significantly widening deficits and a debt-to-GDP ratio rising from around 20 to 120 percent in less than a decade since HIPC, the Congolese**

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[10] The management of oil production has led to Dutch disease in Congo. The country's real effective exchange rate appreciated because of oil revenues. The factors of production have therefore become too expensive and constrained the competitiveness of the tradable goods sector.
[11] World Bank 2015, The Republic of Congo – PEMFAR – Implementing Public Financial Management Reforms to Stimulate Growth and Achieve Shared Prosperity", May 2015.
[12] Peter Klenow and Andrés Rodriguez-Clare. 1997. "The Neoclassical Revival in Growth Economics: Has It Gone Too Far?" *NBER Macroeconomics Annual 1997* 12: 73–114.
[13] World Bank. 2016b. "Republic of Congo – Policy Note on Economic Diversification-- Toward a More Diversified Economy: Recent Developments and the Road Ahead", June 2016.

development model was on an unsustainable path long before the commodity-price downturn. Congo currently faces two significant socioeconomic hurdles: (i) the decline in oil prices and its impact on the macroeconomic situation; and (ii) unsatisfied social demands and low levels of inclusion that have heightened insecurity. Oil accounts for about one-third of the country's GDP, two-thirds of its fiscal revenues, and more than 80 percent of its exports. A sharp decline in oil prices since 2014 has resulted in a severe terms-of-trade loss, in turn impacting both the oil and non-oil sectors. Low oil prices hit Congo amid a massive pro-cyclical scaling up of public investment and an increase in public sector wages after decades of stagnation. Persistent security concerns since the 2016 presidential election have disrupted the movement of goods, increasing the costs of doing business and leading to a reallocation of public funds to address security issues.

Box 2: Republic of Congo and the Human Capital Index

The WBG launched the Human Capital Project and its associated Human Capital Index (HCI) in October 2018. With an HCI of 42 (just above the Sub-Saharan Africa (SSA) average of 40, and well below the average for LMIC of 48), a child born in Congo today will be 42 percent as productive as he/she could be if he/she enjoyed complete education and full health in early years. Ninety-five percent of children born in Congo survive to age 5, while the adult survival rate is seventy-five percent. A child who begins school at age four is expected to complete 8.8 years of schooling by age 18 (but this is "learning adjusted" to 5.22 years of schooling). Healthy growth is rated at 79 percent - 21 out of 100 children are stunted, and therefore at greater risk of cognitive delays and life-long limitations in skills acquisition and employability.

A recent WBG study sought to identify multi-sectoral approaches to reducing stunting by enlisting agriculture, education, social protection; and water, sanitation and hygiene (WASH) in addition to the health sector. The study revealed significant spatial disparities - stunting rates are higher in rural areas than in urban areas – and household income and education disparities (stunting was higher in less-wealthy households, while stunting rates were lower in children whose mother had more than seven years of schooling). If budgetary constraints allow for only one intervention to address stunting, the study concluded that one intervention should be in ***health.***

Although demographic growth has slowed (fertility fell from 6.3 live births per woman in 1990 to 4.4 in 2015), Congo's fertility rate remains above the average for LMIC. Similarly, the adolescent fertility rate (111 births per 1,000 women ages 15-19) is higher than in resource-rich countries such as Mauritania (77), South Sudan (72), and Sudan (80), with implications for increased girls' drop-out rates. Congo made human capital development a pillar within its National Development Plan 2018-2022, and formally requested in February 2019 to join the WBG Human Capital Project.

Source: The Human Capital Project, World Bank

18. **After a decade of growth, Congo's economy contracted for two years on the back of low oil prices since 2014.** The sharp decline in oil revenues and subsequent reduction in public spending depressed economic growth (-2.8 percent in 2016, -3.1 percent in 2017). The accumulation of government arrears forced many companies to reduce activities and staff. Between 2016 and 2017, the government was unable to pay its obligations to local contractors, and many companies related to the oil business experienced strong liquidity constraints. In 2017, increased agricultural output, and oil production from *Moho Nord* oil field, did not offset the

contraction of several non-oil activities in the secondary and tertiary sectors. The non-oil sector was mostly affected by reduced activities in telecommunications, transport and construction.

19. **The overall fiscal deficit widened considerably, and the debt-to-GDP ratio and current account deficit soared.** Following the decline in oil prices, the government posted substantial twin deficits in 2015, 2016, and 2017: -33.1 percent per year for the fiscal deficit and -47.2 percent for the current account deficit. The overall budget deficit reached 35.7 percent of non-oil GDP in 2016 and 19.1 percent of non-oil GDP in 2017, mainly due to lower oil revenues. The current account deficit amounted to 74.0 percent and 13.4 percent of GDP in 2016 and 2017, respectively. The procyclical scaling-up of public investment, non-concessional borrowings as well as the sharp deterioration in the terms of trade, with reduced nominal GDP, contributed to an increase in total public debt to 118.8 percent of GDP by the end of 2017, up from 20 percent in 2010 when the country reached the HIPC Completion Point. A Joint Debt Sustainability Analysis (DSA) conducted in April 2018 by the International Monetary Fund (IMF) and the World Bank concluded that Congo is in debt distress. Fiscal measures were recently taken to stabilize the situation (the debt to GDP ratio was estimated to have fallen to 88 percent by year-end 2018), and the IMF Board approved a three-year program for Congo on July 11, 2019, following a debt restructuring with China in particular (*see Annex 6*).

20. **External and domestic arrears are growing, raising concerns about potential spillovers into the financial sector.** External arrears (US$2 billion in 2017) were due to nonpayment of Eurobonds in June 2016 and delays in payments to Paris Club creditors, China, and other external creditors in 2017. Domestic arrears (US$1 billion in 2017) were the result of delays in payments to suppliers and contractors under the public investment program in 2015 and 2016. With the non-oil sector impacted by public domestic arrears as evidenced by the decline in deposits (-9.9 percent in 2017), non-performing loans (NPLs) in financial institutions almost doubled to 16.6 percent of total loans in December 2017 from 8.5 percent in December 2016.

21. **Congo's oil- and state-dominated development model led to a lack of economic inclusion due to slow growth in job creation and weak service delivery.** Congo's human capital indicators lag most of its comparators**.** Jobs in the formal sector, the main driver of inclusiveness, are growing too slowly for the number of Congolese entering the workforce. The capital-intensive offshore oil sector has been the engine of growth but favors large multinational companies rather than Congolese private sector firms, while the poor cannot find jobs due to the mismatch between their education and the skills required by the labor market.

22. **Congo's economic model contributed to a gender gap in Congo**. Congo's ranking on the Gender Inequality Index (GII), which measures reproductive health, empowerment, and labor market participation,[14] was 137th out of 157 countries in 2017, a slight improvement since 2000.[15]

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[14] The GII's reproductive health index is based on two indicators: the maternal mortality ratio and the adolescent fertility rate. The empowerment index is based on the share of parliamentary seats held by women and women's attainment in secondary education and above. The labor market participation dimension accounts for paid work, unpaid work, and actively looking for work.

[15] UNDP, Human Development Reports

Women earn less than men, are more likely to be self-employed, with a clear gender gap in access to services and ownership and control of economic assets. Women are also less likely than men to be employed in the higher-earning oil-related formal sector; those who do work in the formal sector are almost exclusively in the public sector, suggesting a private sector bias toward men. Labor market analyses show that gender employment gaps result from unequal access to education and skills. Cultural norms define women's societal role (to focus on subsistence farming, family, and child-rearing - the average woman bears approximately five children, and the population growth rate is 3.8 percent), while men are encouraged to gain skills and become economically active[16]**.** *(See Annex 7 for a discussion of gender issues in Congo).*

23. **Congo is extremely vulnerable to climate change impacts, with low levels of readiness to address those impacts**. The country is the 45th most vulnerable in the world and the 19th least-ready to respond to climate change[17] with high risk of flooding due to precipitation and sea-level rise, which could impact infrastructure and urban development. Flooding poses a risk to agriculture as well as water-borne illnesses, notably malaria. Sea level is projected to rise, threatening the *Port Autonome de Pointe-Noire.* The Congo Basin forests are an important natural asset and can be a long-term source of jobs, income and government revenues.

Economic Outlook: Imperative of a Strong Fiscal Adjustment and a More Sustainable Development Model

24. **Congo's economic outlook will depend on a concerted commitment to fiscal adjustment and to a sustainable and inclusive development model**. Regardless of past oil prices, macroeconomic mismanagement led to many poor economic outcomes, and a significant fiscal adjustment is ongoing. Although oil prices have risen recently, economic growth is expected to slow down, to an average of 3.0 percent per year between 2019 and 2021, after the Moho Nord oil fields reach full potential in 2019. Despite the discovery of the first onshore oil field in the "Delta de la Cuvette" (Northern Congo), production is not expected to come on-stream by end-2019.[18] Oil-sector growth is expected to be sustained over 2019-2021 by production in two new oil fields. Non-oil growth, which is expected to recover by 2.4 percent, is well below Congo's expectations for economic diversification. That said, government arrears-clearance to the private sector and efforts to develop the private sector could yield positive results in the medium term.

25. **Over the longer run, resource depletion threatens sustainable of economic growth**. Oil prices are volatile and known oil reserves are projected to be depleted by 2035 unless new

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[16] A Gender Assessment prepared in FY16 provided recommendations for addressing gender differences with respect to access to education and labor market participation. This CPF includes plans for assessments of "Gender and Skills Development" and "Women's Empowerment and Demographic Dividend", both in FY20. Taken together, this fulfills the requirements of OP/BP 4.20 for a multisector gender assessment to inform the CPF.

[17] ND-GAIN Index for RoC: https://gain-new.crc.nd.edu/country/congo.

[18] It is estimated that the field holds the potential for output of 983,000 barrels a day; when fully exploited it could quadruple Congo's production. That said, this oil discovery is currently contested by many observers as being exaggerated, and perhaps not even credible.

reserves are discovered.[19] There are environmental risks linked to the release of carbon dioxide from oil extraction and unsustainable exploitation of forests: 74 percent of carbon emissions stem from land-use changes and degraded forests. While the Reducing Emissions from Deforestation and Forest Degradation (REDD+) Investment Plan aims to increase sustainability by tackling deforestation and degradation, weak forest management continues to undermine sustainability (financial and social).

C. Poverty Profile

26. **Extreme poverty has declined substantially in Congo, although it is still much higher than in comparable middle-income countries.** Poverty declined significantly between 2001 and 2014 due to strong macroeconomic performance and a rise in per-capita gross national income (GNI), from US$600 in 2000 to more than US$2,500 in 2014. During this same period, per-capita GDP rose from US$1,770 to US$3,415. The share of people living below the national poverty line declined from 50.7 percent in 2005 to 40.9 percent in 2011, and further declined to 36.3 percent in 2015. This downward trend is observed also with the extreme poverty, estimated using the $1.90 PPP 2011 a day poverty line. However, following the commodity-price bust, poverty would have increased between 2015 and 2018. In fact, extreme poverty was estimated to have *increased* by 3.5 percentage points between 2015 and 2018[20], while GNI per capita decreased to US$1640 in 2018 (See Table 1). The poorest areas - Cuvette, Cuvette-Ouest, Likouala, and Lekoumou - are *not, however,* the areas where most of the poor live (Figure 2). Twenty percent of all poor were living in Brazzaville in 2011; 65 percent reside along the Brazzaville-Pointe Noire corridor and in the two cities.

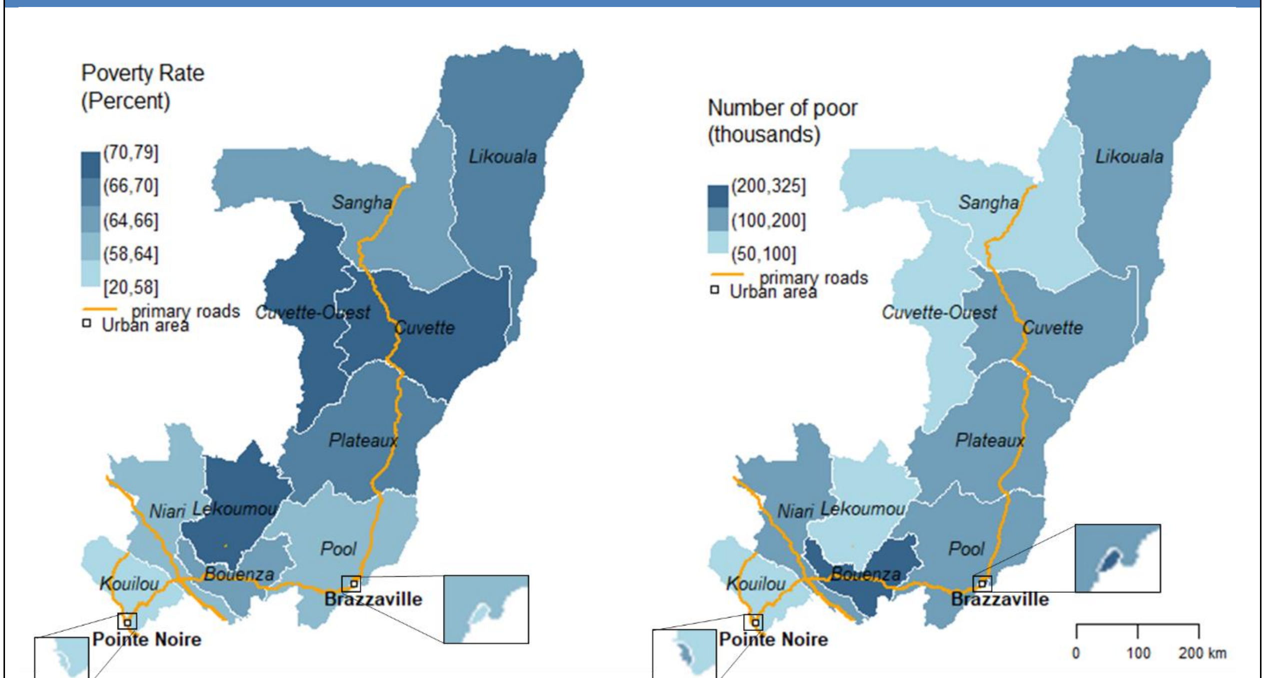
27. **Poverty reduction between 2005 and 2011 was concentrated in urban areas while the depth and severity of *poverty increased in rural areas*.** Most poverty reduction was observed in the two largest cities, Brazzaville and Pointe-Noire. In Brazzaville, the poverty headcount rate fell from 42.3 percent in 2005 to 21.6 percent in 2011, and in Pointe-Noire poverty declined from 33.5 percent in 2005 to 20.3 percent in 2011. Although the overall number of poor people in the country was reduced from 1.8 million in 2005 to 1.6 million in 2011, it rose in rural areas from 795,000 to 951,000, and the poverty headcount increased in rural areas from 64.8 percent in 2005 to 69.4 percent in 2011.

28. **Non-inclusive growth has contributed to high inequality.** With a Gini coefficient of 0.489 (2011), inequality is high in Congo. The country ranks 90th out of 105 countries according to the WBG's World Development Indicators (WDI), and the Gini coefficient has remained unchanged despite sustained growth during 2000-2014. The poorest segments of the population experienced a deterioration in their standard of living, whereas those in the middle of the distribution and the wealthiest households experienced a substantial increase in welfare.

[19] Rising oil prices may lead to the discovery of new reserves as more expensive extraction becomes profitable and deeper fields with lower-quality oil become attractive to explore.
[20] World Bank study on Poverty and Undernutrition, 2019.

Inequality has increased in semi-urban and rural areas, reflecting the difficulties faced by women, young people, disabled, poor and vulnerable people in accessing jobs and basic services such as health, education, and social protection. It also reflects the limited use of fiscal policy to address this situation. Congo's only social safety net program is *Lisungi*,[21] a WBG-financed program (P161154) which is still in its pilot phase[22] (*see Box 3*). The government aims to consolidate *Lisungi* and expand it as a vehicle for a bundle of interventions and productive, incentive-based and income-generating activities.

Figure 2: Most of the poor are not in poor areas



Source: Harmonized ECOM 2011, SSAPOV, World Bank

[21] *Lisungi* means help or assistance in Lingala, a local language.

[22] *Lisungi*'s objective is to help the government move from short-term measures to a set of coordinated actions to bring social policies into the poverty reduction agenda and have a greater impact on the livelihoods of poor and vulnerable populations.

Table 1: Republic of Congo Selected Macroeconomic and Financial Indicators

	2014	2015	2016	2017	2018 Est.	2019 Proj.	2020 Proj.	2021 Proj.	2022 Proj.	2023 Proj.
Real Economy	**Annual percentage change, unless otherwise indicated**									
Real GDP growth	6.8	2.6	-2.8	-1.8	1.6	2.2	4.6	1.9	0.1	1.3
Oil GDP	*3.5*	*-6.8*	*-1.5*	*15.3*	*23.9*	*5.5*	*9.5*	*-1.6*	*-8.8*	*-6.1*
Non-oil GDP	*7.9*	*5.3*	*-3.2*	*-6.2*	*0.8*	*1.0*	*2.5*	*3.6*	*4.0*	*4.1*
GNI per capita, US$ (nominal)	2590	2410	1820	1480	1640	*1705*	*1732*	*1630*	*1593*	*1530*
Export growth	3.5	-12.1	-14.5	29.1	28.4	0.9	8.9	-2.5	-9.8	-7.3
Import growth	32.2	33.7	-15.5	-37.6	5.6	-2.1	-7.5	-4.1	2.7	4.6
GDP deflator	-6.0	-29.2	-6.1	14.4	22.9	-1.1	-1.1	-3.4	-3.0	-1.0
Consumer Price Index (average)	0.9	3.2	3.2	0.5	1.2	1.8	2.5	2.7	3.0	3.0
Fiscal Accounts	**Percent of GDP**									
Revenues and grants	48.1	32.6	34.1	27.9	29.2	31.9	31.8	32.7	34.2	32.8
Oil revenues	*35.3*	*13.8*	*15.2*	*13.1*	*19.9*	*20.5*	*18.4*	*17.9*	*17.3*	*16.5*
Non-oil revenues	*12.3*	*18.0*	*14.2*	*14.2*	*9.2*	*11.0*	*12.9*	*14.4*	*16.4*	*17.7*
Expenditures and lending	61.7	57.4	54.1	35.2	22.6	23.1	23.4	24.7	26.0	27.1
Overall Fiscal Balance	-13.6	-24.8	-20.0	-7.4	6.6	8.8	8.4	8.0	8.2	7.6
Total Public Debt	53.6	102.9	118.6	117.5	87.1	78.5	70.6	67.1	62.7	57.0
Selected Monetary Accounts	**Percent of GDP, unless otherwise indicated**									
M2 – Broad Money	46.1	46.1	42.7	34.1	26.2	28.6	29.1	32.1	33.3	33.7
Credit to the Private Sector	21.3	21.3	26.8	23.4	16.4	16.4	16.2	17.1	18.8	20.3
Credit to the Private Sector (% change)	9.3	9.3	7.1	-5.4	-2.7	0.8	2.1	4.0	6.9	7.9
Balance of Payments	**Percent of GDP, unless otherwise indicated**									
Current Account Balance	1.3	-54.2	-63.5	-5.9	6.7	7.9	5.8	1.2	-2.1	-2.5
Merchandise exports	28.4	54.7	56.0	68.8	79.7	44.0	41.7	37.2	32.2	30.3
Merchandise imports	38.4	67.7	82.5	41.7	35.1	33.9	35.2	36.8	38.3	38.3
Services, net	22.0	38.8	25.4	20.2	22.4	22.0	22.3	22.2	21.7	20,8
Foreign Direct Investment	11.6	44.3	37.7	3.7	2.9	4.1	4.0	4.1	4.6	4.9
Gross Reserves (US$ billion, end of period)	5.5	2.3	0.9	0.5	0.5	0.8	1.3	1.9	2.1	2.2
In months of imports	5.8	3.2	1.8	0.8	0.9	1.5	2.2	3.1	3.5	3.7
Exchange Rate, (US$, average)	494.0	591.2	592.8	580.9	555.2	583.6	585.2	580.0	576.3	572.8
Memorandum items										
GDP (nominal, CFAF billion)	6960	5056	4616	5189	6476	6542	6764	6662	6465	6480
GDP (nominal, US$ billion)	14.1	8.6	7.8	8.9	11.7	11.4	11.6	11.7	11.2	11.3
Population (in million)	4.74	4.86	4.98	5.11	5.24	5.36	5.49	5.61	5.74	5.86

Source: World Bank; Notes: Est=Estimates; Proj=Projections

Box 3: Expanding the Reach of Social Safety Nets and Human Development: "Lisungi" Project

The $37-million Lisungi Safety Nets System Project was approved in 2014; its activities were centered in Brazzaville and Pointe-Noire, and in the departments of Cuvette and Plateaux. Lisungi – which means "help" in Lingala - aims to establish a national safety net program by strengthening the social security system; and pilot a cash-transfer program to improve households' access to food, health and education. It has reached about 10,000 households with cash transfers, including indigenous people in the Pool region; and the Social Registry covers more than 118,000 households. An additional grant of $22 million – including $10 million from the IDA18 Refugee Sub-Window – was approved in February 2019 to extend the duration of Lisungi by 36 months, to December 2022, and extend its reach to the Likouala department, in the North of Congo. The extended project will expand the Social Registry to cover an additional 10,000 refugee households and 10,000 households in host communities with direct cash transfers conditional on utilization of health and education services by children under age 14 years; and 4,000 refugee households and 4,000 households in host communities with income-generating activities. The project will invest in improving the provision of health and education services in Likouala to provide quality services to those living in the Department.

A. Development Challenges and Opportunities

29. **Congo can choose to change fundamentally how the government interfaces with its citizens or face the risk of prolonged recession and a recurrence of conflict.** Increased social demand, demographic dynamics, and the narrowing fiscal space following a decline in oil prices all call for concerted change. Volatility of oil prices and expected depletion of oil reserves by 2035 are just two of the sustainability challenges. Congo needs to define a new economic and social development model, diversify its economy away from reliance on oil, and leverage its natural resources in a more sustainable and equitable manner.

Reducing Vulnerability through Stronger Economic Management and Economic Diversification

30. **Weak governance has hampered economic development and undermined macro-fiscal stability.** Poor management of oil revenues has led to boom and bust economic cycles, along with limited impact of investments in the energy sector. Despite investing more than US$2 billion in constructing a dam and power plant, electricity access has not significantly improved, and poor project selection has increased the cost of building infrastructure in Congo. Road construction costs are among the highest for developing countries.[23] Budget execution has been difficult - the process involves multiple and complex steps, leading to excessive use of exceptional procedures and very low disbursement rates, even to critical sectors such as health and education. Public service delivery (including in water, electricity, oil, education, and health) is inefficient and is limited by lack of transparency, capacity, and accountability of state-owned enterprises (SOEs).

31. **Improving governance in all its forms, particularly in economic management, is imperative to modernizing Congolese society and transforming the country's economy.** Congo

[23] World Bank, 2015, "Republic of Congo – PEMFAR – Implementing Public Financial Management Reforms to Stimulate Growth and Achieve Shared Prosperity", May 2015.

can greatly improve public sector management by boosting performance on: (i) property rights and rules-based governance; (ii) budgetary and financial management; (iii) revenue mobilization; (iv) public administration; and (v) public sector transparency, accountability, and corruption.[24]

32. **Greater transparency in oil revenue management could improve accountability and reduce political capture.** Setting fiscal policy on the basis of non-oil GDP would help to delink fiscal policy from oil revenue volatility in the short term and create an explicit, longer-term link to a sustainable development framework. This is even more important as oil prices have been rising since early-2018, and in the wake of the recent discovery in Delta de la Cuvette, reportedly with potential to quadruple Congo's oil production. Managing oil and mining revenues is complex and poses numerous challenges,[25] but short-term progress doing so will help ensure their long-term contribution. Joining the Extractive Industries Transparency Initiative (EITI) in 2004 was a first step toward improving transparent management of extractives revenues. Congo became EITI-compliant in early-2012. The EITI Secretariat has provided recommendations on how to improve the transparency of oil revenue management, but they have yet to be implemented.

33. **Creating inclusive and accountable institutions is essential for Congo to achieve its full potential.** Sociopolitical instability has been devastating, both for Congo's economic performance and for the living standards of its citizens. Improving transparency will help civil society play a larger role in the country's development. Congo ranks relatively low (114th out of 180 countries in 2018) on the Reporters Without Borders World Press Freedom Index.[26] Efforts to involve civil society organizations (CSO) in monitoring projects have not yielded expected results. Non-governmental organizations (NGOs) are not well coordinated and not closely involved in public debate, reflecting an environment of constrained political freedom.

34. **Most poor people in Congo are either unemployed or rely on agriculture and the informal sector for their livelihood.** About 27 percent of the population live in a household whose head works in agriculture. This segment has the highest poverty rate, followed by households with unemployed or inactive members. The rural population relies heavily on agriculture as a main source of income. Despite lower levels of agricultural productivity compared to men, 40.9 percent of women aged 15-30 rely on agricultural income as compared to only 27.8 percent of men. These, among other gender disparities in agriculture, are summarized in Box 4 below (*A more extensive discussion of Gender issues in the CPF can be found in Annex 7*).

35. **Increasing agricultural productivity is critical for alleviating rural poverty, and the private sector will play a key role in providing good jobs in the agriculture sector.** Congo has about 10 million hectares of arable land, equivalent to 31 percent of the country's land area, with a conducive climate for agriculture, yet nearly 90 percent of this land is unexploited. Despite the abundance of arable land, Congo is highly dependent on food imports (estimated at nearly US$1

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[24] World Bank, 2015, "Republic of Congo – PEMFAR – Implementing Public Financial Management Reforms to Stimulate Growth and Achieve Shared Prosperity", May 2015.
[25] World Bank, 2015, World Bank. 2015, "Republic of Congo – 2nd Edition of the Economic Update", September 2015.
[26] https://rsf.org/en/congo-brazzaville

billion annually), with a negative trade balance in the sector. This market is untapped by domestic actors because value chains are underdeveloped and fragmented. Agricultural production relies on a rudimentary, inefficient, low input-output model, making domestically produced food uncompetitive given high input costs relative to imported commodities. Congo is determined to harness its agriculture potential by undertaking land reform; transforming agricultural productivity; developing agribusiness activities, domestic agriculture input supply systems, and commercial agriculture; and linking smallholders and small enterprises to productive and competitive value chains with improved connectivity and access to markets. In 2018, the WB conducted a Land Sector Review (P165264), analyzing land tenure systems (modern and customary); highlighting existing national procedures, improvements in the legal framework, national land policy, and the forestry sector; and proposing land sector improvements.

36. **The forestry sector, which has historically played an important role in Congo's economy, offers great potential for growth and poverty alleviation.** Natural forests, covering 22 million hectares, represent Africa's third-largest forest area and an important carbon stock. Congo has long been a leading producer of tropical hardwoods (between 2005 and 2008, forestry made up 13 percent of exports and more than 60 percent of non-oil export earnings) and it can play a greater role in Congo's economy and rural livelihoods. The sector accounts for 11,000 and 5,000 direct and indirect jobs, respectively, with an informal labor force estimated at over 140,000, making it one of the country's largest private sector employer. An estimated 575,000 Congolese live in forest areas (around 15 percent of the population), which provide subsistence for these often remote and vulnerable populations. Forests are also the primary income source for a large portion of the Indigenous Peoples community. While these indigenous communities have been supported primarily by sectoral projects (either forestry or access to health and education services), they are now moving toward a more integrated approach focusing on inclusiveness. This is aligned with the "2018-2025 Strategy for the Sustainable Development of Indigenous Peoples and Local Communities in Central Africa".

Box 4: Gender Disparities in Agriculture in Congo

Nearly 70 percent of Congo's agricultural workforce are women. It is estimated that women farmers in Congo are half as productive as men because: (a) women face additional barriers compared to men in accessing land, credit, and inputs; and (b) an unequal share of their time is devoted to child rearing and household tasks. The household-level economic contribution of women is not recognized, and as a result, their ownership of productive assets, particularly of land, and their role in decision making are limited. While the family code protects against racial, ethnic, and sexual discrimination, women remain underrepresented in decision-making and leadership forums at local levels, including producer organizations, cooperatives, politics, and higher levels of government. Transforming agriculture in Congo would require efforts to ensure women access to: (i) agriculture education and skills training (particularly young women); (ii) agriculture technology, improved seed, agriculture advice, and entrepreneurship training; and (iii) laws that allow for ownership and control of economic assets by women.

37. **Fundamental reforms are required to make the timber-based industry economically, socially and environmentally sustainable.**[27] The new Forest Code (due to take effect in late-2020) should create the legal basis for sustainable sector management. The quality of the corresponding decrees will be key to improving sector governance: (i) transparency in concession administration, revenue collection, and forest production; (ii) concession management, including forest certification; (iii) ensuring the legality of forest production, including a timber tracking and verification system; and (iv) addressing the artisanal sector, which is currently unregulated. The planned DPF includes policy actions aimed at increasing the traceability and legality of forests and boosting forestry revenues from logging concessions.

38. **Forests also hold significant growth potential for high-value nature-based tourism.** Over one-tenth (13.2 percent) of Congo's land area is protected, including in four national parks, with elephants, gorillas, chimpanzees, and other species. Yet tourism and travel contributed only 3.9 percent of GDP in 2014, placing Congo 170th in the world in terms of tourism's contribution to the economy. The sector is further constrained by connectivity challenges, poor service quality, transport issues, security concerns, and burdensome bureaucracy. Tourism development is one of the PND's strategic pillars. To do so, Congo will need to safeguard its biodiversity resources, empower local communities, invest in tourism products, simplify access, and improve marketing.

39. **Congo is endowed with significant mineral reserves.** The country has an estimated 1.6 billion barrels of proven oil reserves (the fourth-largest in Sub-Saharan Africa (SSA) and 90 billion m^3 of natural gas reserves (the fifth-largest in SSA). Congo's stock of mineral wealth (iron, potash, and magnesium) was estimated at US$68,779 per capita in 2014, making it the 6th wealthiest country in SSA after Gabon, Mauritius, Botswana, Namibia and South Africa.[28] While extractive industries are capital-intensive and do not generate many well-paying jobs, they offer opportunities for constructing local value chains or local content around such investments.

40. **Firms in Congo face a challenging business environment, which impedes competitiveness and limits growth and employment.** Private sector activity is constrained by patronage, a cumbersome regulatory framework and poor mechanisms for public-private consultation. Congo ranks 180th out of 190 countries on ease of doing business, according to *Doing Business 2019.* Challenges include: (i) paying taxes and the burden posed by the diverse fees levied by various state entities or *parafiscalité*;[29] (ii) trading across borders; (iii) limited access to finance; (iv) numerous procedures and costs required to start a business; (v) ensuring electricity access, where Congo ranks 182nd out of 190 countries; (vi) poor and onerous enforcement of contracts; and (vii) an expensive and cumbersome process associated with firm creation. Validated reforms have not been not been well-applied, with little impact on Congo's *Doing Business* ranking.

[27] Any growth in the sector should occur through more consistent application of good forestry practices across all concessions and enforcement of governance provisions, rather than by simply expanding or intensifying production.
[28] The Changing Wealth of Nations", World Bank (2017).
[29] *"Parafiscalité"* refers to taxes and fees levied by various state entities with autonomous accounting. These taxes and fees tend to constitute an undue burden on businesses. See WBG CPS 2012-2016.

41. **Facilitating intra-regional trade would reduce the cost of doing business and leverage the country's strategic geographical position.** Congo is increasingly becoming a land bridge for goods and people from neighboring countries, yet Congo ranks low on the Logistics Performance Index - 125th out of 160 countries in 2016 (down from 116th out of 155 countries in 2010). The *Doing Business* indicator on trading across borders (184th out of 190 countries) reflects administrative burdens, costs, and delays in moving goods in and out of the country (it takes 208 hours to comply with import procedures at a cost of US$1,581).[30] Modern logistics systems would reduce the costs faced by exporters and importers and help promote Congo as a regional hub.

42. **Strengthening connectivity through information and communications technology (ICT) provides leap-frogging opportunities to accelerate economic development.** While mobile penetration in Congo is as high (105 percent) broadband (3G) penetration reached 37 percent in 2018 (source GSMA),[31] higher than the average for the region and for SSA. Upgraded ICT enables new ways of communicating, sharing, and storing information; delivering services; and conducting business; as well as job creation. Following successful investments in fiber-optic networks by neighboring countries (Gabon, DRC, and Cameroon), Congo aims to enhance and modernize ICT per its May 2019 Congo Digital Strategy ("Vision Congo Digital 2025").[32]

43. **Modernization of ICT services could also help expand financial inclusion in Congo.** There are limited access points for financial services, owing to poor infrastructure - both ICT and financial - with significant disparities based on gender, income, and education**.** Only 14.2 percent of women (compared to 19.2 percent of men) and 6.3 percent of those in the bottom 40 percent income bracket (compared to 23.8 percent of those in the top 60 percent income bracket) have access to formal financial institutions. Two mobile network operators currently offer mobile money services, but the legal regime only permits them to operate as bank intermediaries.

44. **A Digital Economy Country Assessment (DECA) will be conducted in FY20.** As part of the Africa Region's Digital Economy for Africa (DE4A) framework, the DECA will identify the necessary investments and reforms for a vibrant, inclusive and safe digital economy in Congo. These include: infrastructure constraints to bring people, businesses and government online across the territory; legal and regulatory governance framework; digital financial services; and training that will build a skills base for a digital workforce, including for women, and support entrepreneurship.

45. **Unreliable energy services constrain economic growth and inclusion.** Since 2003, Congo has invested heavily in power generation: a 120-MW hydropower plant, a 30-MW thermal power plant and a 300-MW gas-powered electricity plant. These investments have *not* led to improved energy *access,* due to poor sector planning, outdated transmission and distribution systems, low investment in infrastructure rehabilitation, lack of network maintenance, and poor sector governance and management of the power utility. Commercial and technical losses are

[30] The time and cost for border compliance include time and cost for obtaining, preparing, and submitting documents during port or border handling, customs clearance, and inspection procedures.

[31] These indicators reflect multi-sim effects (i.e., people owning multiple subscriptions). The penetration in terms of unique subscribers in 2018 is 20 percent.

[32] https://www.digitalbusiness.africa/download/vision-congo-digital-2025/

estimated at over 50 percent; tariffs are not cost-reflective; 40 percent of customers do not have meters; the bill-collection rate is below 90 percent; and salary payments to employees of ex-*Société Nationale d'Electricite* (ex-SNE) represent 37 percent of operating costs. Only 41 percent of the population has access to electricity, while access in rural areas is less than 12 percent. This leads to important disparities - only 18 percent of poor people have electricity compared to 60 percent among those who are better off. Unreliable energy supply is cited as a major constraint to private sector development, according to the World Bank Enterprise Survey.

46. **Investments and reforms are needed to improve the performance of the power sector**. Rehabilitation of existing hydropower plants and construction of new gas-fired power plants are on the government's short-term agenda. Congo is cautiously exploring the potential for public-private partnerships (PPPs) in the energy sector. IFC was contracted in October 2014 as a transaction advisor to develop a hydroelectric plant at Sounda Gorge near Pointe-Noire. In November 2017, IFC recommended an installed capacity of up to 600 MW, subject to several preconditions. Transmission and distribution networks need to be upgraded, rehabilitated, and extended to improve access and quality. The government launched the reform process by approving, in June 2017, a series of decrees to implement the Electricity Code and open the sector to competition and private sector participation; then by enacting a law in April 2018 to dissolve the public power utility, SNE. Further reforms are needed to improve operational and commercial viability of the public utility company and a strengthened role for the regulator, as energy access is one of the key impediments to private sector growth in Congo *(See Box 5).*

Box 5: The Imperative of Private Sector Development in Congo

Challenge: A country endowed with natural resources and geographic assets such as Congo would be wealthier, with lower rates of poverty and inequality, if a vibrant and viable private sector was able to emerge. The highly centralized model of government, and an undiversified economy reliant on a single commodity, undermines investor confidence and dampens private sector activity. This in turn perpetuates the exclusion of much of the population from access to services, employment opportunities, and a pathway out of poverty.

Diagnosis: The *Doing Business* report highlights ongoing impediments to private sector activity in Congo, as well as infrastructure challenges in logistics, cross-border trade, ICT and the power sector (Congo was ranked 180th out of 190 in Doing Business 2019). The SCD called for strategic economic transformation to reduce vulnerability and promote inclusive and sustainable growth. Likewise, Congo's own National Development Plan features a pillar calling for strengthening governance and improving the business environment.

Proposed treatments: The "One WBG" approach of this CPF will feature more in-depth engagement by IFC and MIGA, to complement the Bank's ongoing work to support agricultural productivity (through the Commercial Agriculture Project – P159979, and the "Support for Promotion of Sustainable Livelihoods in the Pool" Trust Fund – P149690), Doing Business reforms, support for SMEs (through the Support to Enterprise Development and Competitiveness Project – P161590), trade finance, and PPP opportunities in the energy sector. The planned DPFs will support many of the reforms necessary for vibrant private sector-led growth, and transparent and effective use of natural resource revenue. The challenges are clear, as are the measures necessary to allow for an economy in which all of Congo's citizens can benefit from the country's resource endowments. A sustained government commitment to this reform path will be the critical variable in making this prospect of private sector development a reality.

Strengthening Inclusion through Investments in Human Capital and Access to Basic Services

47. **Congo has not leveraged its natural resource endowments to achieve robust socioeconomic outcomes.** Even before the oil-price bust, the country underperformed in social expenditures. Congo spent only 2.8 percent of GDP on education in 2012, and its 8.7 percent of public spending on health fell short of the Abuja Declaration commitment of 15 percent. Malnutrition (including maternal malnutrition) remains high at 32 percent, affecting a total of 1.4 million people. Chronic malnutrition, which has long-lasting effects on cognitive development, affects 21 percent of children under age five.[33] Over half (54 percent) of Congolese pregnant women are anemic, and 14 percent have a low body mass index. Vitamin A deficiency and anemia are high among young women and girls, pointing to the need for integrated agriculture-based and education for healthy eating solutions. Access to adequate sanitation (24 percent of the population) is low as well.

48. **The health sector requires additional reforms to enhance the impact of performance-based financing (PBF) programs and achieve universal health coverage.** There are urgent needs caused by the phasing out of the donor funding for malaria, tuberculosis, HIV, and immunizations due to Congo's graduation to MIC status. Nutrition-specific interventions to address high rates of stunting across the country are typically delivered through the health system but are currently below levels that would be expected for a country of Congo's income level.[34]

49. **Building strong human capital is key for all Congolese to benefit from economic growth and participate in the economy.** The SCD concluded that human capital and skills disparities account for the bulk of spatial variations in income and poverty in Congo. An educational attainment and consumption growth analysis showed that a slight increase in the share of households headed by someone with upper secondary or tertiary education was a significant driver of consumption growth. This is particularly true for youth, whose labor-market integration is essential to reaping a demographic dividend and reducing the risk of conflict (unemployment in Congo among those aged 15-29 stands at 32.7 percent).[35] Human capital is also linked to reducing stunting, which has long-term implications for skills acquisition and employability.

50. **A skilled workforce is key to building human capital and diversifying the economy.** Congo needs to produce more graduates and teachers in science, technology, engineering, and mathematics (STEM), as these graduates will help diversify the country. To do so, teacher training institutions require deep reforms. Congo will attain economic resilience by building short-term vocational and entrepreneurial skills of young people and women in the informal labor market.

51. **Congo's safety net program needs an overhaul, with adequate funding levels.** The lack of a comprehensive social safety net in Congo impedes economic inclusion**.** Its social protection

[33] Multiple Indicator Cluster Survey 2014-2015 (MICS5).
[34] DHS, 2011.
[35] World Bank. 2017. Republic of Congo Poverty Assessment Report: Education, Jobs and Social Protection for a Sustainable Reduction of Poverty. Washington DC: World Bank Group.

system, still under development, only covered 0.9 percent of the population in 2005, and most of Congo's safety net is not well-targeted toward poor people. Cash transfers and labor-intensive public works programs are on a limited scale, while asset-transfer programs are not even considered. Social insurance (pensions) coverage is limited to those in the public sector, and labor market programs, including severance pay, unemployment benefits, and public employment services are non-existent. Congo seeks to consolidate and expand the existing safety net program *(Lisungi)*, as part of a bundle of productive, incentive-based, and income-generating activities.

52. **Human capital challenges are particularly acute for vulnerable and disadvantaged groups in Congo; persons with disabilities suffer from isolation and stigmatization.** Women, Indigenous Peoples, and those with disabilities attain lower levels of education and have fewer employment opportunities Many disabled children do not attend school at all.

53. **Congo's Indigenous People can be considered a disadvantaged group.[36]** They have limited opportunities for higher levels of education, often end up in menial and precarious work situations, and have significantly higher poverty rates relative to the general population. Inclusion is at the heart of the "2018-2025 Strategy for Sustainable Development of Indigenous Peoples and Local Communities in Central Africa" endorsed by REPALEAC, the sub-regional network representing Indigenous People.

54. **Congo is host to a large number of refugees and asylum seekers.** In 2016, 47,000 refugees and 7,400 asylum seekers, or over 1 percent of the country's total population, have fled countries such as DRC, CAR, and Rwanda, and made their homes in Congo primarily in the Likouala Department with very low social outcomes. Both refugees and host communities have significant unmet needs in terms of nutrition and access to basic services such as health, education, water, and sanitation as well as decent jobs and living conditions.

55. **Congo has not yet translated the benefits of economic concentration into higher living standards throughout the country.** International evidence shows that economic activities tend to be concentrated in urban areas. Urbanization is a key driver of economic growth and structural economic transformation as spatial proximity has many benefits: firms located near each other can share suppliers, lowering input costs; and thick labor markets reduce search costs for workers and give firms a larger pool of workers from which to choose. Concentration is inevitable and reflects natural endowment and regional specialization as a good sign of economic performance. Spatial disparities in living standards do not need to persist. Congo needs to continue investing in its cities, while redistributing benefits to lagging areas. This is not to be confused with

[36] According to UNICEF (Stratégie nationale de protection des peoples autochtones), it is estimated that 10 percent of the Congolese population (about 300,000 persons in 2007) are indigenous people. Most indigenous communities live in Northern Congo (Likouala and Sangha Departments) and are vulnerable to food insecurity, malnutrition and poverty. They depend on rain-fed farming for their income and nutrition, making their livelihoods and food security highly climate-sensitive. Relations between local communities (often called "Bantous") and indigenous people are usually based on unequal economic ties based on activities such as farming or hunting. These relationships often favor the economic interests of local communities over those of indigenous people. Indigenous women, with even fewer economic opportunities, are even more vulnerable than indigenous men.

implementing uniform interventions, but rather meeting the heterogeneity of challenges with equally differentiated policies.

III. WORLD BANK GROUP COUNTRY PARTNERSHIP FRAMEWORK

56. **The development of the CPF has been informed by various studies and documents.** This includes the Government of Congo development plan, the Systematic Country Diagnostic for Congo, as well as lessons learned from past World Bank engagements in Congo.

A. Government Program and Medium-Term Strategy

57. **Congo's medium-term development framework is laid out in the 2018-2022 National Development Plan (*Plan National de Développement* - PND) which was officially approved by Parliament in August 2018.** The government will build on lessons learned from the PND 2012–2016, which aimed to operationalize the head of state's vision, "Path of the Future" *(Chemin d'Avenir)* and revealed governance-related inefficiencies in public spending. In response to the 2014 oil-price crisis, the president redefined his vision in *"La Marche Vers le Développement"* (The March Towards Development), to protect social sectors and foster inclusive growth.

58. **The PND 2018–2022 focuses on improving governance and institutional capacity, strengthening human capital and diversifying the economy.** The PND seeks a rapid economic recovery, with sustained and inclusive growth, to generate higher incomes and improved well-being per the Sustainable Development Goals, the African Union 2063 Agenda, and the CEMAC Regional Economic Program. Public administration reform is at the forefront of the PND, by systematizing a results-based approach at all levels of government, updating the legal framework to improve merit- and performance-based career management practices and reduce discrimination, and build skills for technical and specialized staff.

B. SCD Findings and Lessons Learned

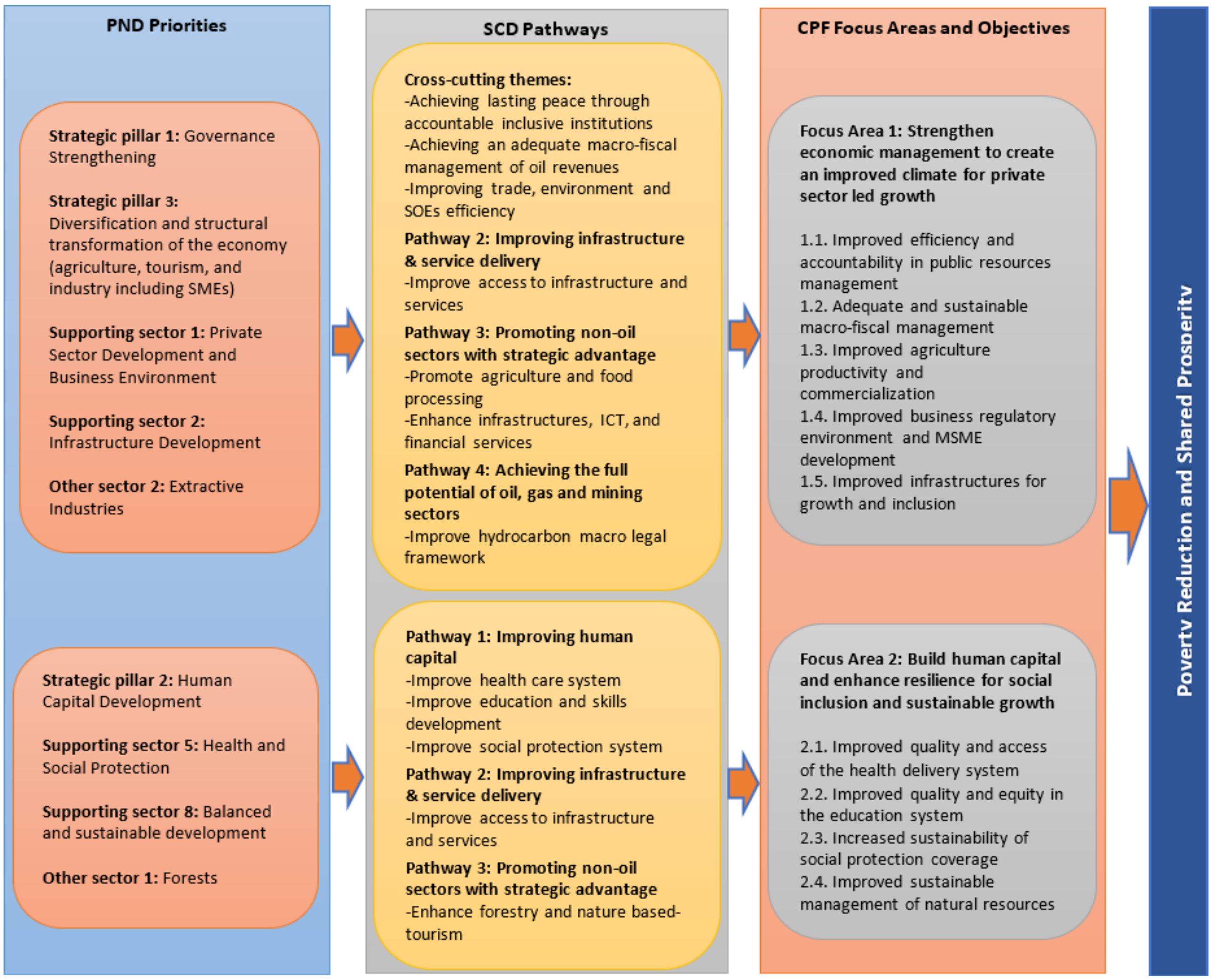
Main findings from the Systematic Country Diagnostic (SCD)

59. **The SCD identified three crucial areas in order for Congo to tap its potential, reduce poverty and boost shared prosperity:** (i) economic diversification to reduce vulnerability; (ii) investing in the country's human capital through improved education, health, social protection systems and public service delivery; and (iii) fiscal adjustment, transparency, and efficiency of public spending to raise productivity and accelerate growth, as envisioned in the PND.

60. **Against this background, the SCD identified two mutually reinforcing pathways to foster inclusive and sustainable growth.** First, Congo should promote structural transformation of the economy by leveraging natural assets and sustainably capturing its comparative advantage in other sectors. Second, the country should promote human capital development by enhancing its health, education, skills development, and social protection systems. The SCD underscores that

growth and poverty reduction gains through these pathways can be sustained through strong social foundations by: (i) enacting macroeconomic policies and strengthening public institutions to reach the full potential of Congo's resources through more transparent and efficient public spending; and (ii) promoting equity in support of women, indigenous groups, and vulnerable people. (*The linkages of the PND, SCD and Focus Areas of the CPF are depicted in Figure 3*.)

Figure 3: Linkages between Government priorities, SCD pathways and CPF Focus Areas



Lessons Learned

61. **The Completion and Learning Review (CLR) of the WBG CPS for FY13-FY17 (Annex 2), the Independent Evaluation Group (IEG) evaluations and stakeholder engagement have also informed the development of the CPF.** The main lessons are reviewed below.

62. **Greater efforts are needed to ensure project readiness before implementation and to accommodate institutional constraints on the ground.** During the CPS period, several projects

were beset by delays in counterpart funding, low technical capacity, and lack of knowledge of WBG procedures. Project design must include a thorough institutional assessment, identifying potential gaps and mitigating measures. The WBG needs to support the client's technical capacity and consider country-level issues in project design and implementation. A better understanding of the political economy will improve WBG engagement with sector ministries and enactment of the reforms.

63. **WBG operations under this CPF need to be structured realistically given the permanent loss of counterpart funding.** During the CPS period, the WBG's co-financing ratio increased from 50/50 to 70/30 (30 percent financed by the Bank). Reliance on counterpart funds resulted partly from Congo's commitment to specific sectors, the scarcity of development partners from whom the WBG could leverage financing, and the WBG's small resource envelope for Congo. Although high levels of government funding made sense during the design stage of the CPS, allowing the Bank to diversify its portfolio, it also slowed implementation. Ultimately, counterpart funding ceased entirely, resulting in the restructuring of numerous operations in the portfolio.

64. **Mixed instruments can foster policy reforms that demand sustained government commitment.** The CPF will explore financing options such as Development Policy Financing to address sector-specific reform challenges. DPFs coupled with technical assistance will be deployed to incentivize regulatory reforms. In agriculture, for example, the WBG should consider supporting policy reforms to emphasize improving service delivery, building skills in high-potential value chains, and promoting commercial agriculture to attract private investment.

65. Closer collaboration among the entire WBG can help to improve the scope for private sector development in Congo. Although IFC provided advisory support to various business environment reforms during the previous CPS period, progress towards an improved investment climate was limited. This highlights the need for a more coordinated "One WBG" cascade approach to applying the MFD principles, to improve prospects for crowding in the private sector in Congo.

66. **To avoid diffusing its program too thinly, the WBG must focus on strategic relevance.** The CPS consisted of lending, advisory services and analytics (ASA), and technical assistance activities that stretched the capacity of both the government and the WBG given the small resource envelope and weak technical capacity and hindered management and monitoring of CPS implementation. The CPF should apply selectivity criteria that identify interventions with the greatest potential to have a transformational development impact.

67. **Policy dialogue through knowledge and advisory services has been effective.** The ASA program was strategically realigned in areas such as skills building, health, education, trade, and PFM. These programs facilitated national dialogue and analyzed pockets of poverty and vulnerability, as well as growth opportunities. Some of this work also informed the SCD, which underpins the CPF. Going forward, ASA activities need to continue to be strategically aligned with the priorities of the PND and with the WBG's comparative advantage.

68. **The WBG needs to find creative approaches to governance challenges**. The CPS showed that governance reform is a long-term agenda that demands sustained effort, and a stand-alone program to address governance challenges has not been effective. The CPF will explore opportunities to support government policies and systems, including through DPF, that aim at improving transparency and efficiency in service delivery.

Feedback from Stakeholder Consultations

69. **The CPF was informed by consultations with Congolese from a wide range of societal groups, the Parliament, members of Government, churches and political parties both in Brazzaville and the other Departments.** Together with targeted analytical work, analysis of central government priorities, and review of previous WBG experience in Congo, consultations undertaken during November-December 2017 helped to shape the CPF program. These included meetings with: (i) youth from various backgrounds, ranging from students and entrepreneurs to youth associations; (ii) development partners; (iii) refugees, with support from United Nations Refugee Agency (UNHCR); (iv) private sector representatives, led by IFC in both Brazzaville and Pointe-Noire; (v) CSOs and the media; (vi) senior government officials; (vii) indigenous people; (viii) dwellers of poor neighborhoods; (ix) parliamentarians; and Ministers, (x) as well as churches. A second round of consultations was undertaken in March 2019 as part of the RRA, which also informed this CPF. The RRA team met with a range of stakeholders and explored the drivers of fragility and resilience factors in Congo. *Consultations are summarized in Annex 8.*

C. Proposed World Bank Group Country Partnership Framework

70. **The CPF applies three selectivity filters to optimize the impact of the WBG's limited resource envelope.** Proposed CPF interventions have been selected on the basis of: (i) alignment with government priorities and commitment (PND); (ii) alignment with SCD priorities; and (iii) WBG comparative advantage, building on the knowledge base and operational experience have been accumulated over the years. In addition, a spatial lens will seek to address the service and resource deficits in underserved and lagging regions, and a fragility lens will focus attention on the most prominent drivers of instability/fragility in Congo.

71. **On this basis, the CPF program is structured around two strategic focus areas.** The first aims to *strengthen economic management to create an improved climate for private sector-led growth,* in line with the SCD's emphasis on institutional transformation, promoting non-oil sectors, public spending efficiency, improved transparency to achieve the full potential of oil and natural resources, adequate macro-fiscal management of oil revenues, and improved SOE efficiency. It also aligns with the PND emphasis on improving governance, increasing public sector accountability, and strengthening service delivery. The second focus area highlights the need to *build human capital and enhance resilience for social inclusion and sustainable growth* and is aligned with the PND pillar on human capital development and the SCD focus on human development (*see Figure 3*).

72. **The CPF will emphasize the following areas**: (i) interventions to strengthen natural resources management, the governance and efficiency of public institutions, and service delivery with a focus on quality to strengthen the macro-fiscal situation and pave the way for greater non-oil activities; (ii) activities that boost productivity within sectors like agriculture and ICT to increase private sector-led growth and job creation; and (iii) efforts to promote gender inclusion, including by addressing economic and social gaps between men and women. The CPF does not foresee large investments in road infrastructure and transport (apart from rural roads as part of the Commercial Agriculture Project), and no investments on improving the hydrocarbon macro-legal framework (as Congo is already a member of EITI).

73. **This CPF builds on a portfolio of operations and analytical work over the WBG's long history of partnership with Congo.** The WBG will build on its ongoing support to government efforts to develop national systems in areas such as targeted social protection, education, health, urban development, energy, water, and ICT. The WBG has also been working with the government and other stakeholders to create a more conducive environment for private businesses. Experience gained over the course of this engagement, and implementation of the current portfolio, will inform new interventions and seek to maximize the long-term impact of the CPF program. The CPF will focus on areas where the WBG has had strong engagement and explore opportunities for partnerships in areas linked to the SCD and where there is WBG global and regional knowledge and experience. Strengthened citizen engagement, improved links between state and society and greater avenues for voice and accountability will be included as much as possible in all WBG's proposed interventions. Targeting the most vulnerable and excluded within society is a key pillar of improving governance and restoring citizens' confidence in state institutions. In this regard, participatory citizen engagement and feedback mechanisms are already and will continue to be incorporated into all WBG projects.

74. **As part of the "One World Bank Group" cascade approach and with the objective of Maximizing Finance for Development (MFD), the World Bank and IFC will collaborate closely to achieve the CPF objectives.** This includes ongoing and planned WBG operations to build momentum for private sector-minded policy reforms, address key impediments to private sector development, and raise domestic private sector capacities. In line with its renewed corporate strategy ("IFC 3.0"), IFC will deepen its engagement in Congo by: (i) supporting MSME development, especially in the agribusiness value chain; (ii) providing trade finance lines to financial intermediaries; (iii) promoting Public-Private sector dialogue, implementing reforms beyond those in the Doing Business and ensuring proper implementation of the revised Uniform Acts of OHADA (African Organization to Harmonize Business Law); (iv) PPP advisory solutions in energy and transport; and (v) developing agribusiness value chains.

75. **MIGA will explore opportunities to support private investments in Congo through its political risk insurance covers** – transfer restriction and currency inconvertibility, expropriation, war and civil disturbance, and breach of contract. MIGA will also look for ways to leverage its business development relationship with IFC to identify new opportunities.

Focus Area 1: Strengthen Economic Management to Create an Improved Climate for Private Sector-Led Growth

76. **The fragility dimension of the CPF is paramount in view of the risk of conflict and political crisis in Congo**. This CPF will help address the root causes of fragility by ensuring that WBG projects are not contributing to a deterioration of the governance and conflict situation and can actually help the government to foster stability and inclusivity in its programs. Drawing on the recent RRA, a fragility lens will translate into greater emphasis on citizen engagement, accountability mechanisms, local governance and inclusion across the portfolio.

77. ***Achieving the full potential of Congo's oil and natural resources will depend on strengthening institutional capacity to safeguard these resources and manage resulting revenues in a transparent and pro-poor fashion.*** There is a clear link between the long-standing macroeconomic management issues and the country's poor performance. The recurrent pattern is that commodity revenues surge, government spending increases; but when the boom comes to an end, the government struggles to make ends meet. Prudent macroeconomic management is required to improve efficiency in public management, administration, and spending, as well as greater transparency to facilitate dialogue and citizen monitoring of public spending. The CPF will support improved efficiency and accountability in these areas, in line with the government's priorities of increasing public sector accountability and service delivery.

Focus Area 1: Strengthen Economic Management to Create an Improved Climate for Private Sector-Led Growth	
Objectives	1.1. Improved Efficiency and Accountability in Public Resources Management
	1.2 Adequate and Sustainable Macro-Fiscal Management
	1.3 Improved Agricultural Productivity and Commercialization
	1.4 Improved Business Regulatory Environment and MSME Development
	1.5 Improved Infrastructure for Growth and Inclusion

78. ***Objective 1.1. Improved Efficiency and Accountability in Public Resources Management*.** Improving the quality and equitable distribution of services is a long-term effort that is underway and will require continued attention. The CPF will build on past WBG support to address four critical elements of sound fiscal management of the public sector through enhanced quality, equity, transparency and accountability: (i) improving budget credibility through enhanced domestic resource mobilization, transparency in revenue management, realistic revenue projections, and a sound PFM and procurement framework; (ii) strengthening institutional capacity for budget allocation and execution, including to social services ministries where the lack of long-term budget frameworks and low execution rate have undermined service delivery; (iii) enhancing transparency of government (including SOE) activities to improve accountability for public service delivery and reduce corruption; and (iv) empowering CSOs and government control institutions (in particular, the General Inspection of Finance and the Supreme Audit Authority/*Cour des Comptes et Discipline Budgétaire* (CCDB)) to improve efficiency and accountability. An Investment Project Financing (IPF) operation on Public Sector Reform and

Development Policy Financing (DPF) operations focusing on revenue mobilization, transparency, and efficiency of public spending in line with the objectives of accountability, investment climate reform, social protection, and improved service delivery will support the government's efforts to improve budget credibility and increase integrity and transparency. Ongoing IPFs in social sectors and technical assistance will help implement policy reforms in health, education, and water and sanitation services on the part of both the government and its SOEs.

79. **The government is developing a comprehensive public-sector modernization strategy to reform its public administration. This** includes initiatives to strengthen civil service management through a civil servants' census and by computerizing the human resources management system. The WBG will continue its support through the ongoing Integrated Public Sector Reform Project (P160801), which aims to: (i) improve civil service performance by providing tools and procedures to ensure results-oriented management and introducing a new performance evaluation system; (ii) strengthen professionalism and ethical standards through development, publication, and enforcement of a code of ethical standards; and (iii) modernize management tools and information systems by simplifying and automating procedures, and introducing Government communication systems such as Intranet across the Government and e-administration.

80. ***Objective 1.2. Adequate and Sustainable Macro-Fiscal Management.*** Congo needs to delink fiscal policy from the volatility of oil revenues and facilitate an explicit link to the longer-term sustainable development framework, including for future mining revenues. The WBG, through DPFs, will seek to strengthen the macro-fiscal situation and put in place fiscal rules to reduce the procyclicality of using oil and mining proceeds while supporting institutional arrangements that promote the linkage between human and physical capital accumulation and revenues stemming from non-renewable assets. A draft mining code is in the works, which the WBG will support. The WBG will work closely with the IMF and other donors in these areas.

81. ***Objective 1.3. Improved Agricultural Productivity and Commercialization.*** Agriculture productivity must be transformed, through sustainable, climate-resilient and inclusive value chains that will generate employment and revenues, while contributing to economic diversification. The CPF will directly support the creation of value chains between rural producers and businesses, with the participation of underrepresented and excluded groups, while creating conditions conducive to developing businesses through public infrastructure, logistics, and services. The WBG will help Congo to improve the competitiveness of domestically produced food by: (i) reducing transaction costs and improving connectivity between peri-urban/rural areas and urban markets; (ii) promoting an improved business environment; and (iii) strengthening the capacity of institutions that support commercial agriculture development. The social protection system can also help to increase agricultural productivity of subsistence farmers and small farmers by setting productive inclusion activities that combine agriculture and social protection. IFC will seek to work with the World Bank to strengthen rural value chains and promote private participation in agriculture by exploring opportunities to support -with both investments and advisory services- large-scale agro-processors. World Bank and IFC efforts would

be accompanied by initiatives to improve the sustainability of value chains through environmental and social standards and scaled-up sustainable productions systems.

82. **Agriculture and food-processing sectors have particularly strong growth and poverty reduction potential in Congo**. The government is determined to improve agricultural productivity and value chains, including in agribusiness and agro-industrial sectors[37], as a driver of economic diversification. Forests, wildlife, and fisheries offer a comparative advantage for tourism, and significant potential to support livelihoods and economic growth. This structural transformation will be possible only with an enabling business environment; improving access to credit, including long-term finance for SMEs; natural resource management; and addressing infrastructure bottlenecks and enacting bold changes such as land reform.

83. ***Objective 1.4. Improved Business Regulatory Environment and MSME Development.*** To exploit the full potential of Congo's resource base, the WBG will build on recent analytical work (including the SCD) and an Economic Diversification Support Project (P118561), which closed on December 31, 2017. During the CPF period, through its Finance, Competitiveness, and Innovation (FCI) Global Practice (GP), as well as IFC Advisory Services, the WBG will help the government implement priority policies and provide technical support to alleviate the regulatory, institutional, and market constraints that impede competitiveness and economic diversification. CPF support will aim to: (i) improve the business environment and foster investment in priority sectors and value chains; (ii) strengthen transport and logistics performance; and (iii) support SMEs in identified value chains and key growth sectors. Public-private dialogue will be strengthened to identify and implement critical reforms for private sector development.

84. **Improved Quality and Inclusiveness of Financial Services.** The CPF will support improved access to finance for entrepreneurs through lending including leasing, digital finance, direct support and by providing Business Development Services for SMEs and start-ups and creating an ecosystem of incubators and project develop fund under the ICT support and the Competitiveness and Enterprise Development IPFs. IFC is committed to improving access to financial services and promoting financial inclusion for firms and individuals in Congo. IFC is currently engaged with financial institutions that have a substantial SME reach such as Credit du Congo, through tailored solutions such as risk-sharing facilities in partnership with Total Congo. IFC seeks to leverage the financial sector to bolster critical value chains and stimulate entrepreneurship. This would entail providing advisory services to build capacity both for financial institutions and SMEs. MIGA will explore opportunities to promote the development of the financial sector, including improving access to finance through support of private sector investments.

85. **IFC will focus on SME development in addition to interventions to improve the business environment within the joint FCI Global Practice**. It will make use of dedicated investment and advisory solutions -including Risk-Sharing Facilities and Trade Finance- to boost competitiveness in sectors such as agribusiness, build capacities, and promote local content in the natural

[37] In crops such as cassava, cocoa, palm tree oil; and fruits such as banana, mango and pineapple.

resources value chain. IFC will optimize the risk-sharing facility structured with Credit du Congo and extend its use beyond Total Congo for a greater impact on SMEs. The CPF aims to coordinate with ongoing and planned activities across: (i) the WBG's Global Practices of FCI; Agriculture; and Transport and Digital Development; (ii) regional initiatives; and (iii) development partners - including the African Development Bank (AfDB), European Union (EU), and the French *Agence Française de Développement* (AFD) - that are involved in dry ports and financing the investment program of the Port of Pointe-Noire, or the bridge between Brazzaville and Kinshasa.

86. ***Objective 1.5. Improved Infrastructure for Growth and Inclusion.*** The WBG will continue to support Congo in addressing energy sector challenges by strengthening the sector's role as a potential driver of economic growth. The WBG's vision for energy sector interventions in Congo is fully aligned with the Maximizing Finance for Development (MFD) through the cascade approach and rests on four intertwined pillars: (i) increasing access and quality; (ii) ensuring adequate, reliable, and sustainable supply at the lowest cost; (iii) improving the sector's and the utility company's operational and financial performance; and (iv) strengthening sector regulatory and planning capacity. If the Government endorses the Preferred Concept proposed by IFC in 2017 for the Sounda hydro-power project, IFC may undertake further market sounding, to test public-private solutions for the project, which will require a complete overhaul of the country's electricity sector. The CPF program will also focus on improving access to social services and infrastructure for poor people through densification of existing infrastructure. The use of renewable energy such as solar and building climate resilience into energy infrastructure would help Congo provide reliable and sustainable energy and give poorer segments of the population access to electricity.

87. **Promoting effective sanitation services will be critical to improving access and usage among the poorer segments of the population.** Attention will focus on improving the supply of potable water in urban areas. Under the CPS, the WBG policy dialogue facilitated improvements to the water and sanitation policy. Going forward, the WBG will support the government's plans to reform the water utility by privatizing it and separating assets from the distribution of water. Additional funds have been secured to integrate urban resilience into the ongoing Urban Development and Poor Neighborhood Upgrading Project (P146933), and to develop tools for central and local governments to better mitigate disaster risks and adapt to climate change.

88. **Improved access to ICT connectivity and services for citizens, businesses and government.** Given the current state of fiber optic network development and mobile broadband penetration, the digitally enabled services sector has the potential to grow Congo's economy, and the government is increasingly considering innovation and entrepreneurship as drivers for economic diversification. The CPF will support the government's efforts to implement its 2025 Digital Vision. It would build on the improvements of the policies and regulatory framework and the development of the fiber optic network and cross border interconnection under the Central Africa Backbone 3 Project (P122398) and ongoing investments in fiber optic networks launched by neighboring countries (Gabon, the DRC, and Cameroon). The WBG will continue to help enhance ICT in Congo, notably through reforms on the enabling environment for digital economy

and a Digital Acceleration operation to increase access to, and use of, digital technologies in Congo, based on the findings of the Digital Economy Assessment to be conducted in FY20.

Focus Area 2: Build Human Capital and Enhance Resilience for Social Inclusion and Sustainable Growth

89. **Investing in human capital is critical to building a more efficient, resilient economy, and reduce fragility.** Good health and education reinforce each other to enhance individual and societal economic opportunities and act as a barrier against poverty. In support of this pathway to development in Congo, the CPF aims to improve the quality of health delivery and education systems, address the challenges of improving equity in primary and secondary education, expand social protection coverage, and improve public service delivery in targeted urban areas. Enhancing resilience will also require that Congo improve management of its abundant natural resources to benefit its people for increased social inclusion and sustainable growth.

Focus Area 2: Reduce Fragility and Build Human Capital for Improved Social Inclusion	
Objectives	2.1. Improved Quality and Access of the Health Delivery System
	2.2. Improved Quality and Equity in the Education System
	2.3. Increased Sustainability of Social Protection Coverage
	2.4 Improved Sustainable Natural Resource Management

90. ***Objective 2.1. Improved Quality and Access of the Health Delivery System*****.** The strategic focus of the CPF will be on strengthening the health system; addressing gaps to achieve universal health coverage; strengthening maternal, child health, and family planning services; and ensuring that Congo's poorest citizens can access basic health services**.** A health sector reform program using performance-based financing has been scaled up to cover 50 percent of the population, and an impact evaluation is planned. Policy dialogue with the authorities, including the Ministry of Finance and Ministry of Health, on supporting and sustaining health reforms will be continued and accelerated. Focus areas include expanding the domestic fiscal space for health, strengthening efficiency of existing and new health financing, reforming human resources management in the health sector, reforming pharmaceutical markets, and strengthening pandemic outbreak response. It will also be important to enhance health facility autonomy, strengthen public-private partnerships, and reinforce health-sector governance. Collaboration with social protection interventions has enabled the health sector to use the unique registry for targeting the poorest 25 percent of households for fee exemptions, and this will be continued and expanded. The impact evaluation of health systems could include recommendations on how to make health systems more climate-smart.

91. ***Objective 2.2. Improved Quality and Equity in the Education System*****.** To improve education outcomes and meet job market demands, Congo needs to prioritize early childhood development, education equity and quality, skills training, including for women, youth productivity, and higher education. The CPF will focus on: (i) primary education to help improve education outcomes in rural areas and among adolescent girls, ethnic minorities, and other

vulnerable groups; (ii) access to lower and upper secondary education, with a focus on keeping girls in school longer; (iii) improved quality of higher education, focusing on efforts to equip students (especially vulnerable youth) with labor market-relevant skills in priority sectors; (iv) an efficient rebalancing of the public education budget across subsectors; and (v) policy and institutional reforms to help improve human resources management in the sector, including data collection on education personnel, teacher recruitment, professional development, promotion, skills development, and exits/retirements from the system. These interventions will focus on improving outcomes among the bottom 40 percent through access to quality preschool and basic education while reducing out-of-pocket costs. School feeding programs and conditional cash transfers can be delivered through schools to improve student health and motivate attendance, especially for children from poor households and minority ethnic groups. The existing education IPF, a new IPF to promote TVET, and analytical work will support education reform.

92. ***Objective 2.3. Increased Sustainability of Social Protection Coverage.*** The social safety net program will be expanded to increase access to social protection to a larger number of vulnerable people and develop a sustainable social protection system in Congo. Resources from the IDA18 Refugee Sub-Window are being utilized to finance the provision of social services to the refugee population and host communities in Likouala in the North of the country. A small trust-funded project (Support for the Promotion of Sustainable Livelihoods in the Pool – P149690) is currently piloting improved access to livelihoods in some districts of the conflict affected Pool Department. This pilot targets post-conflict vulnerable populations to improve their livelihoods using a demand-driven approach; and seeks to inform future projects on lessons on fragility-sensitive and bottom-up approaches in the Pool. This pilot is a possible platform to implement fragility-sensitive designs, which can be adopted by future lending operations. A new IPF on Women's Empowerment is foreseen to strengthen WBG work on the rural-urban divide and address regional disparities - specifically targeting lagging and fragile regions such as the Pool and Likouala. ASA, taking an inclusive approach to social protection, will include a climate lens to design social programs for communities that are most vulnerable to climate change.

93. ***Objective 2.4. Improved Sustainable Management of Natural Resources.*** Congo's natural resource base can play a greater role in the country's economy and in reducing vulnerability. A cross-sectoral approach to address the multiple drivers that contribute to deforestation offers the government the opportunity to simultaneously address the challenges of economic diversification, climate change, poverty reduction, sustainable management of natural resources, and biodiversity protection by mobilizing significant foreign financial resources. REDD+ is a promising mechanism to align Congo's economic development imperatives with its sustainability goals. Approaches include forest-friendly agriculture on degraded forest lands or savannah areas that can provide sustained growth and rural poverty reduction, including via Forest Investment Program (FIP) resources for the Northern Congo Agroforestry Program. Perennial agroforestry crops, such as cocoa, coffee, rubber, fruits, and village oil palm are alternatives to slash-and-burn agriculture and can reduce small-scale agriculture's footprint on the forest. The Sangha-Likouala Emission-Reductions Program represents Congo's most ambitious and advanced REDD+ initiative to date. Global Environment Facility (GEF) resources will be leveraged to address investment needs and safeguard biodiversity resources.

94. **The CPF also reflects the national commitments on climate change mitigation as outlined in the Intended Nationally Determined Contribution (INDC)** to lower GHG emissions by 54 percent by 2035, as well as on climate change adaptation. A strong link between the CPF and the INDC further supports the inclusion of climate change considerations in agriculture, forestry, tourism, water resources, energy, and human settlements. This is consistent with the IDA18 emphasis on incorporating climate and disaster risk considerations as well as reflecting the INDC.

D. Implementing the Country Partnership Framework

IDA Allocation and IBRD Envelope

95. **The CPF (FY20-24) will span the period of IDA18 (FY20), IDA19 (FY21–23) and IDA20 (FY24).** The IDA18 allocation for Congo was around US$155 million not including additional resources that Congo was eligible to access through the IDA18 special windows.[38] These include the Regional Window, aimed at bolstering regional integration efforts; the Refugee Sub-Window for countries that host large refugee populations; the Private Sector Window to mobilize private capital, de-risk investments, and promote private sector-based growth; and, if necessary, the Crisis Response Window, which provides support in the event of natural disasters and climate shocks. The indicative IDA19 allocation foreseen for Congo is around US$210 million, to be frontloaded as much as possible in FY21 and FY22. There is currently no indication on the possible IDA20 allocation for FY24, and if Congo will still be eligible for IDA funds, or have graduated from IDA entirely. IBRD lending shown in Table 2 is indicative, as actual lending will depend on country performance, IBRD resources, and demand from other borrowers. Given the importance of forests for climate mitigation, Congo is eligible for resources from the Central African Forest Initiative (CAFI), Forest Investment Plan (FIP), Dedicated Grant Mechanism for Indigenous Peoples and Local Communities, Global Environment Facility (GEF), and the Carbon Fund of the Forest Carbon Partnership Facility (FCPF). A strong trust fund portfolio for financing climate resilience and REDD+ activities, as well as potential access to the Crisis Response Window for natural disasters and climate shocks, will provide additional resources to address the impacts of climate change.

96. **Leveraging IDA and IBRD resources, the CPF features IPF and DPF to maximize the use of facilities under IDA18, IDA19 and IBRD.** The IDA18 Refugee Sub-Window has been used for the Lisungi Project (P145263) to promote the integration of refugees and host communities. The CPF will also use IDA resources to leverage the Regional Window for three new operations: Regional Disease Surveillance Systems Enhancement (REDISSE) Project – P167817, Cross-Border Electrification Project – P166840, and Regional Digital Capacity Project. To complement the recently concluded program with the IMF, and to support government reforms, the CPF will implement DPFs over the FY20-FY22 timeframe. IDA and IBRD financing for Congo will continue

[38] Actual PBA allocations depend on: (i) the total IDA resources available; (ii) the country's performance rating, per capita GNI, and population; (iii) the performance and other allocation parameters for other IDA borrowers; and (iv) number of IDA-eligible countries.

to leverage a strong trust fund portfolio to finance climate resilience and REDD+ activities. Building on the existing portfolio, pipeline activities are aligned with the CPF two focus areas (Table 2). Building on drivers of fragility identified in the RRA, additional support will focus on the Pool Department and on the refugees and host communities in Likouala.

Table 2: Indicative IDA and IBRD Lending Program (US$ million)

FY	Project	IDA	IBRD[39]	TF	Relevant CPF Focus Areas
FY20	DPF I	50	50		Focus Area 1
	Northern Agroforestry Project			16	Focus Area 2
	Regional: Central African Disease Surveillance[40]	15			Focus Area 2
	Total FY20	**65**	**50**	**16**	**131**
FY21	DPF II	100	tbd		Focus Area 1
	Additional Financing Skills Development Project	10			Focus Area 2
	Health System Support Project	45			Focus Area 2
	Digital Development		100		Focus Area 1
	Emissions Reduction Program for Sangha and Likouala			50	Focus Area 2
	Regional: Cross-Border Electrification	tbd			Focus Area 1
	Total FY21	**155**	**100**	**50**	**305**
FY22	DPF III	55	tbd		Focus Area 1
	Women Empowerment (including Pool & Likouala)		100		Focus Area 2
	Regional: Digital Capacity Project	tbd			Focus Area 1
	Total FY22	**55**	**100**	**0**	**155**
GRAND TOTAL		**275**	**250**	**66**	**591**

97. **Building on the existing portfolio, pipeline activities are aligned with the two focus areas** (Table 2). Under Focus Area 1, the CPF will help support prudent macroeconomic management and improve the efficiency of public resources management, including a first-ever DPF for Congo, as well as the existing public administration reform and statistics capacity-building projects. Focus Area 1 will address economic diversification through agriculture, using over 60 percent of the IDA18 allocation, while implementing measures to improve the business environment and SME competitiveness. In addition, the CPF will support the ICT sector in Congo through a Digital Development Project (slated for the second half of the CPF period); and address urban issues such as sanitation, erosion control, access to water, and energy in poor neighborhoods of Brazzaville and Pointe-Noire. Under Focus Area 1, the CPF will also support an improved climate for private sector-led growth through engagement on MSME development; promoting public-private sector dialogue on reforms, beyond those measured in Doing Business; PPP advisory solutions in hydropower and transport; and developing agribusiness value chains. The CPF will help build human capital and enhance resilience and social inclusion under Focus Area 2 with IPFs to support health, education, social protection, and natural resource management. Building on

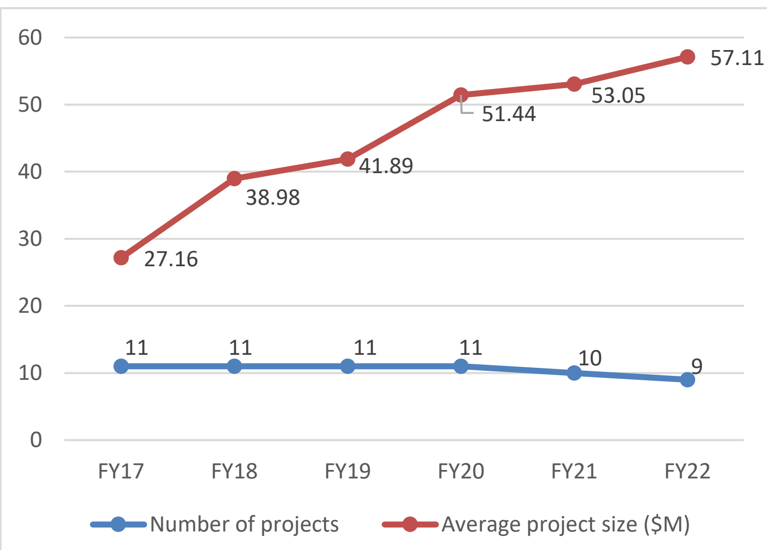
[39] IBRD lending program is indicative, as actual lending amounts will depend among other things on country performance, IBRD financial capacity, and demand from other borrowers.
[40] Including $10 million from the IDA18 Regional Window.

drivers of fragility identified in the RRA, additional support will focus on the Pool Department and on the refugees and host communities in Likouala. Analytical work will seek to fill knowledge gaps identified by the SCD and inform lending operations and policy dialogue (Table 3).

Table 3: Indicative Advisory Services and Analytics (ASA) Products for FY20-FY22

Advisory Services and Analytics Products	FY	Relevant CPF Focus Area
Economic Update	Yearly	Focus Area 1
Macro-Monitoring	Yearly	Focus Area 1
Fragility, Conflict and Violence Issues	FY20	Focus Area 2
Financial Sector Monitoring / Money Laundering	FY20	Focus Area 1
Climate Smart Agriculture Investment Plan	FY20	Focus Area 1
Women Empowerment and Demographic Dividend	FY20	Focus Area 2
Gender and Skills Development in Congo	FY20	Focus Area 2
Digital Economy Country Diagnostic	FY20	Focus Area 1
Situation analysis of risks of youth exclusion and opportunities in the Pool region	FY21	Focus Area 2
Anti-Money Laundering (Technical Assistance)	FY21	Focus Area 1
State-Owned Enterprises (Oil Sector)	FY21	Focus Area 1
Public Expenditure Review	FY21	Focus Area 1
Social protection with a climate lens	FY22	Focus Area 2

Figure 4: Portfolio evolution (not including trust funds)



98. **As shown in Figure 4, the number of projects is expected to decrease over the CPF period (from 11 to 9 projects from FY20 to FY22); and the average project size is expected to more than double from FY17 to FY22.** This evolution reflects the strategic objective of consolidating the portfolio with fewer, but larger projects over the course of the CPF period. The same trend is expected to continue for the last two years of the CPF period (FY23-24).

99. **This CPF addresses the following IDA18 special themes (and planned IDA19 special themes[41]).** Climate change: Congo's geographical landscape in the Congo basin makes it relevant to the global agenda on climate change and the reduction of greenhouse gas emissions. The

[41] Although the IDA19 replenishment is not yet concluded, it is expected that IDA19 will include cross-cutting areas such as debt, human capital, disability and technology, all of which are addressed in this CPF.

planned REDD+ operation, GEF activities, and the Commercial Agriculture IPF, will all help natural resource management and build resilience to climate shocks. For gender and development, a gender focus will be applied to all operations during the CPF period, with support from a field-based Gender Innovation Lab staff, to facilitate gender-friendly project design that includes sex-disaggregated project results for ex-post assessment. The Commercial Agriculture and the Education Support IPFs have specific targets on gender given the identified gender gaps and their long-term impact on female shared prosperity and economic opportunity. To address Fragility, Conflict and Violence (FCV): as noted in Box 1, an RRA was prepared to revise the understanding of overall drivers of fragility and factors of resilience in Congo. These risks to social cohesion and impediments to citizen engagement and community involvement are addressed through projects in the existing portfolio (such as the *Lisungi* project which accessed the Refugee Sub-Window to support refugees and host communities), as well as the planned Women's Empowerment Project (FY22) which will include a component focused on the Pool Department.

100. **Jobs and Economic Development are addressed by the program in both rural and urban contexts.** For Governance and Institution Building, the CPF will help strengthen citizen engagement across the portfolio to improve governance, institutional development and closer collaboration with citizens. A Public Institutions Building IPF and the DPFs will support progress on this theme at the broad policy level. At the community level, the Urban Development and Poor Neighborhood Upgrading Project (DURQuaP) put residents at the forefront of decision making through local development committees in target neighborhoods, through which more than 300 residents - half of whom were women - were selected to receive leadership training, participate in community planning and strengthen local ownership.

Financial Management and Procurement

101. **Financial management and procurement activities during the CPF period will focus on two interlinked objectives: ensuring fiduciary oversight of projects and supporting Congo's efforts to build PFM capacity.** The country became EITI-compliant in 2013 but has until December 2019 to undertake additional reforms in the oil and mining sectors to retain its compliant status. In 2004, the government established an anticorruption commission with a mandate to formulate, coordinate, and implement the government's anticorruption strategy. An independent anticorruption observatory was established to monitor and evaluate implementation of the anticorruption strategy. Several diagnostic studies have been conducted to better understand PFM bottlenecks, and reforms have been undertaken in response. An integrated assessment of PFM and procurement systems was carried out in 2006. In 2012, the government adopted the Organic Law on the Financial Management System to comply with the 2011 CEMAC guidelines on public funds management. In terms of fiduciary systems, all relevant oversight institutions are in place following the institutionalization of the *Cour des Comptes et Discipline Budgétaire (CCDB), the Inspection Générale des Finances (IGF),* and the *Direction Générale du Contrôle des Marchés Publics.* However, institutional fragmentation coupled with limited coordination hamper efforts to provide reasonable fiduciary assurance, as evidenced by the 2014 Public Expenditure and Financial Accountability (PEFA) assessment, which assigned

Congo an aggregated score of D+ for External Scrutiny and Audit (PI-26, PI-27, PI-28). Oversight institutions need to move away from legalistic audits to conducting value-for-money audits.

102. **The government recognizes that a strong PFM system can be an important tool for improved service delivery.** Although the country adopted a new legal framework in September 2012, implementation has been slow. Weaknesses in PFM and procurement systems are an important factor in the lack of progress on development indicators such as the Human Capital Index, *Doing Business*, and the CPIA. Processes for budget preparation, allocation, and execution systems are not up to international standards, resulting in poor budget execution and a lack of accountability. Improvements in PFM and procurement systems are essential for projects to deliver results. The Integrated Public-Sector Reform Project (P160801), approved in April 2017, is supporting improved efficiency, transparency, and accountability of PFM systems. As part of the ASA agenda, a Public Expenditure Review (PER) is planned for FY21, to improve the effectiveness and equity of government spending and thereby strengthen the social contract.

103. **The CPF will help support Congo's procurement system by providing oversight and support to Bank-financed projects across the portfolio to improve PFM, procurement, and anticorruption.** The WBG will seek to reduce the number of non-competitive procurement contracts by adopting competitive processes in all projects and publishing procurement plans, to achieve greater value for money. Portfolio performance has been downgraded to moderately satisfactory in FY19, largely due to the loss of counterpart funding, which led to a sharp decline in disbursement, from 32 percent in 2014 to 11 percent in 2019. Congo and the WBG are working to improve this ratio by building the capacity of the government and of the project implementation units (PIUs).

Partnerships and Donor Coordination

104. **Partnerships are a key element of the WBG's engagement in Congo.** Given the limited IDA and IBRD envelope, the WBG program has leveraged financing and non-lending support from other development partners. For example, the Social Safety Net Project (P166143) will benefit from parallel financing from *Agence Française de Développement* (AFD), using the same database of vulnerable people that was developed and is being expanded under the Bank-financed project and works closely with the United Nations High Commission for Refugees (UNHCR). Such an arrangement also applies to the Urban Development and Poor Neighborhood Upgrading Project (P146933), and the Statistics Capacity Building Project (P133731), which will conduct surveys, including a population census, in coordination with UN agencies. The REDD+ agenda involves close partnership with multiple donors and technical agencies. The Forest Carbon Partnership Facility and the Forest Investment Program, both administered by the WBG, bring together about 20 donors and development partners; while the Central Africa Forest Initiative is supported by a coalition of donors, including the Governments of Norway, France, Germany and the European Union. Donor mapping is detailed in Annex 9.

105. **Engagement with non-governmental partners will support the CPF.** Relations with *Université Marien Ngouabi* (UMG) will help promote knowledge-sharing activities, including

collaboration on agriculture development with the agriculture school. The WBG has a similar relationship with CSOs and oversight institutions (including the *Cour des Comptes et Discipline Budgétaire* and the *Direction Générale du Contrôle des Marchés Publics)* under the Integrated Public-Sector Reform Project, aimed at strengthening their capacity, increasing transparency in forestry and extractives, and promoting citizen engagement. The WBG has also partnered with the Congo Chambers of Commerce and the Private Employers Association of Congo (UNICONGO), building on the ongoing public-private dialogue supported jointly by the Bank's FCI GP and IFC.

Monitoring and Evaluation and Data for Decision Making

106. **The CPF results framework is the principal tool for monitoring progress toward achieving CPF objectives** (see Annex 1)**.** The WBG will conduct annual portfolio reviews with government counterparts to unlock implementation challenges, accelerate disbursements and address changes that may arise. The results indicators will monitor progress toward greater inclusion of vulnerable and marginalized groups in access to infrastructure and basic services, as well as growth sectors such as agriculture and financial sector. Midway through the CPF period, a PLR will assess progress and recalibrate the strategy and results framework as appropriate.

107. **The WBG will support Congo's statistical capacity and data production by helping to strengthen the National Statistics System (NSS) in producing and disseminating statistics for policy, decision making, and transparency.** The Congolese NSS is supported through the Statistics Capacity Building IPF. The WBG provides technical support to: (i) a Population and Housing Census in 2019, which will provide demographic and social sector statistics; (ii) a Demographic and Health Survey (DHS); (iii) a household budget consumption survey; and (iv) economic and sector statistics through an enterprise census. The WBG also supports the establishment of a permanent system to monitor indicators for national accounts, price statistics, external trade, informal sector and agriculture; which in turn will strengthen NSS capacity to monitor progress on poverty reduction.

IV. MANAGING RISKS TO THE CPF PROGRAM

108. **The overall risk to achieving the CPF objectives is assessed as *High.*** Congo, a country affected by FCV, faces critical risks. The civil wars in the 1990s and 2000s have weakened public institutions and the social fabric. Unsettled political tensions, the ongoing fragility in the Pool region, the large number of internally displaced persons (IDPs), and the flow of refugees from neighboring countries have heightened social risks, including Gender-Based Violence (GBV). The high risks are directly related to: (i) political economy and governance challenges; (ii) recent deterioration of the current macroeconomic situation and uncertainty in the medium- to longer-term macroeconomic framework; (iii) weak institutional and implementation capacity; (iv) social inclusion risks; (v) fiduciary risks; and (vi) stakeholder risk (*see Table 4*). Risks will continue to be monitored carefully during the CPF period, in close collaboration with the government and development partners. Overall, mitigation measures during the CPF period will include a combination of actions for long-term institution building and short-term measures for program

monitoring and supervision under an FCV context, including the use of third-party monitoring, enhanced monitoring and evaluation, and strengthened environment and social safeguards.

109. **Political and governance risks are rated *High***. The CPF was prepared during a period of rising social demands, growing domestic security concerns, residual effects of the conflict in the southern part of the country, and instability and conflict in neighboring fragile states. While a new government was appointed in 2016, including a prime minister with a mandate to improve governance and reform public administration, there is a lack of consensus on the government's broader reform program. The country also is performing poorly on the WBG's CPIA and governance indicators. The CPF will be adapted at the time of the PLR, based on the results to date and government's appetite for further reforms. Reform champions will be key focal points in managing challenges that may arise. Political and security risks will be mitigated by planning missions to take account of security concerns. Operational design, building ownership and support through citizen engagement mechanisms and project-level participation modalities, will help to improve prospects for successful implementation of the CPF program.

Table 4: Systematic Operations Risk Rating Tool (SORT) for Congo

Risk Categories	Rating (H, S, M or L)
1. Political and governance	High
2. Macroeconomic	High
3. Sector strategies and policies	Substantial
4. Technical design of project or program	Moderate
5. Institutional capacity for implementation and sustainability	High
6. Fiduciary	Substantial
7. Environment and social	Substantial
8. Stakeholders	High
Overall	**High**

110. **Macroeconomic risk is rated *High*** as the country remains in debt distress, has significant domestic and external arrears and remains highly vulnerable to shifts in global oil prices. Congo, a commodity exporter, is subject to global price volatility and vulnerable to external economic shocks. It has relied heavily on public borrowing to finance infrastructure, posing a risk to debt sustainability and long-term economic growth. The decline in government revenues due to the oil-price crisis has contracted economic growth and fueled the accumulation of domestic arrears to suppliers and contractors, preventing the government from implementing its investment program, including in social sectors. This has led to the bankruptcy of many suppliers and to job losses. These developments are hampering economic growth and causing social indicators to deteriorate further and could lead to social tensions. CPF support for diversifying the economy, improving service delivery in social sectors, and strengthening tax policy and administration under the DPFs and IPFs will generate resources to finance public expenditure programs that promote economic growth and poverty reduction. Policy reforms will increase the efficiency of public spending and CPF interventions will be funded without government counterpart funding.

111. **Risks related to sector strategies and policies are rated *Substantial***. Governance risks in Congo affect all aspects of economic planning, strategy formulation, and implementation. While the lack of coordination in government is to be addressed with the appointment of a prime minister (a recent addition to the government structure in Congo), this transition is still at an early stage and the government may face resistance to change. Implementation of any program that addresses vested interests - such as policy reforms, PFM, and public administration management - will be subject to negative dynamics. Although well designed, past government development plans had not been fully implemented. To mitigate these risks, the CPF includes operations that support institutional public-sector reforms to foster positive dynamics and reduce governance risks and enhance monitoring, evaluation, and disclosure systems to improve accountability.

112. **Risks related to institutional capacity for implementation and sustainability are *High***. The high rate of project-staff turnover within implementing agencies, due to low civil service salaries, made it more difficult to build long-term capacity. There is considerable risk in the management and implementation of WBG-financed projects, owing to weak capacity in some line ministries and agencies, which also hinders the government's capacity to implement reforms. The public administration is constrained by low morale, weak productivity, and limited incentives. Most institutions that oversee various dimensions of social sectors - such as the Ministries of Civil Service, Health, Education, and Social Protection - are not adequately funded, which undermines their effectiveness. The CPF proposes to mitigate these risks by supporting improved technical capacity of public institutions and providing technical assistance at various levels of government (including PIUs), as well as partnering with other donors to strengthen government capacity.

113. **Fiduciary risk is *Substantial*.** There are significant weaknesses in the functionality and internal control system of the government's integrated financial management information and procurement systems, with weak internal control mechanisms in the government and the CCDB. Mitigating measures include continued PFM reforms and ongoing training and implementation support. Fiduciary risks will be mitigated at the project level, as each project will have dedicated procurement and financial management staff in place, trained by WBG procurement and financial management staff based in the country office. A Public Expenditure Review is planned in FY21 to provide updated data and analysis of the PFM sector in Congo.

114. **Environmental and social risks are *Substantial*.** Congo's development model, based on a previous trajectory of oil-based growth, has not been inclusive and inequality has not improved over time. Indigenous people, women, and refugees are vulnerable to unequal access to services that support improved human development outcomes. Rural areas and regions such as Likouala have seen an increase in poverty despite recent strong economic growth. These populations and regions do not enjoy equitable access to education, health, water, sanitation, and other services, or to labor markets or social protection mechanisms. Although there has been progress toward greater gender equality in education, the percentage of births attended by skilled health staff remains low and female unemployment rates are much higher than those for males. Further, Congo ranks 157th out of 182 countries on overall climate-change vulnerability and 179th out of 192 countries in its food sector on the Notre Dame GAIN index. Environmental risks and forest

depletion are a potential cause of fragility including those posed by climate change. WBG-funded operations will focus increased attention on social inclusion and gender equality. Social inclusion aspects (including for youth) will be mainstreamed across all projects. A range of gender issues and analyses have informed the CPF, which will support project teams in designing gender-informed operations and generating gender-disaggregated results for ex-post assessment and learning. Funding from the IDA18 Refugee Sub-Window will help improve access to social services among refugees and host communities, located mostly in the Likouala region. The CPF will also help the country with climate change adaptation and mitigation by promoting climate-smart agricultural practices and diversified crops resilient to climate change that consume less land and generate higher returns. The new Environmental and Social Safeguards Framework will be a mitigating factor as well. The REDD+ Program will incentivize reduced deforestation and forest degradation and enhanced forest carbon stocks in the Sangha-Likouala departments through results-based payments for emission reductions.

115. **Stakeholder risks are rated *High***. CPF success will depend largely on policy reform, governance, and SOE reforms. Sustained engagement of stakeholders is essential to ensure successful cross-cutting reforms, especially when supporting a large group of beneficiaries. To mitigate stakeholder risks, design and implementation of the CPF program will include a built-in process of continuous consultation with PIUs, government, implementing partners (e.g., NGOs) and development partners through regular and ad-hoc meetings and exchanges. These consultations are aimed at garnering broad community support, as well as communication measures to inform local communities, strengthen participatory development models, and enhance transparency in project-supported activities.

Annex 1: Republic of Congo (FY20-24) CPF Results Matrix

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Focus Area 1: Strengthen Economic Management to Create an Improved Investment Climate for Private Sector Led Growth

Definition of the Focus Area: This focus area concentrates on removing barriers to equitable growth as well as strengthening capacity and quality of public institutions by promoting efficiency and accountability of public resource and macro-fiscal management, promoting the structural trasnformation of its economy by leveraging its natural assets through enhancing agriculture productivity and commercialization, improving business regulatory enviornment for MSMEs for private sector development, and improving infrastructures for stronger growth and inclusion.

Links between the Focus Area and the WBG Corporate Goals: The SCD underscores that Congo will only be able to leverage its key drivers for achieving the twin goals if it can meet underlying prerequisites such as (i) improving political and economic governance through inclusive and accountable institutions and (ii) improving macro-fiscal manaement of extractive resources to freeze fiscal space for social spending. Therefore, creating inclusive and accountable institutions is essential if the country is to achieve its full potential.The SCD also argues that Congo should promote the structural trasnformation of its economy by leveraging its natural assets and capturing its comparative advantage in other sectors in a sustainable manner. Congo's success in raising incomes and livelihood opportunities will depend on diversifying the economic base, promoting growth and reducing vulnerability by promoting non-oil sectors where it has some strategic advantage.

Country Development Goals: This first focus area is fully aligned with the Government's national development plan (Plan National de Developpement – PND) for 2018-2022, officially approved in August 2018. This focus area tackles Government priorities of governance strengthening (strategic pillar 1); diversification and structural transformation of the economy (strategic pillar 3); private sector development and business environment (supporting sector 1); and infrastructure development (supporting sector 2).

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<tr><td colspan="3">CPF Objective 1.1. Improved Efficiency and Accountability of Public Resource Management</td></tr>
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Intervention Logic: The SCD identifies that in order for Congo to implement substantial reforms, public investments are urgently needed, particularly in planning, budgeting and implementation. Congo's budget execution suffers from poor planning and related challenges. Congo's civil service suffers from lack of professionalism and integrity mainly due to deficiencies in human resources management and work environment, unreliable personnel data, ghost workers, low wages, and poor internal communications.

WBG Support: The WBG's program through policy reform and investment lending will support Government's efforts to strengthen public expenditure management and allocate resources to priority sectors to improve service delivery. Ongoing investment lending operations in social sectors and technical assistance will support policy reforms in health, education, social protection, and energy sectors by both the government and its SOEs. WBG activities under this objective will also support government in designing and implementing an effective civil service management system by strengthening the systems and capacities of targeted public administrative units. Improved civil service capacity is expected to equip staff with increased skills for providing more efficient public services.

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<tr><th>CPF Objective Indicators</th><th>Supplementary Progress Indicators</th><th>WBG Program</th></tr>
<tr><td>1. Increase coverage of internal audit (as percentage of total expenditure)
Baseline: 50% (2018); Target: 70% (2024)

2. Civil service managed through civil service registry
Baseline: 0% (2018); Target: 50% (2024)</td><td>Number of ministries strategic plans aligned with medium term budget
Baseline: 0 (2018); Target: 4 (2024)

Number of Civil Society Organization (CSO) involved in budget preparation process
Baseline: 0 (2018); Target: 5 (2024)</td><td>Financing: Ongoing
- P160801 Integratged Public Sector Reform (FY17-22)
- P133731 Statistics Capacity Building Project (FY14-21)
Financing: Indicative: Not applicable
ASA: Ongoing/Indicative
- Financial Sector/Anti-Money Laundering
- Corporate Governance in State Owned Enterprises (oil sector)
- Women Empowerment and Demographic Dividend
- Public Expenditure Review</td></tr>
</table>

CPF Objective 1.2. Adequate and Sustainable Macro-fiscal Management		
Intervention Logic: Absence of general fiscal rules for managing public revenues, poor execution of capital expenditures and lack of budget tracking indicators are among the key constraints for improving transparency and efficiency in resource management. Tracking non-oil GDP can help measure the macroeconomic and fiscal position of the country and identify the impact of government operations on domestic demand. Setting fiscal policy on the basis of this indicator can help to delink fiscal policy from the short-term volatility of oil revenues. Congo will benefit from strengthening its capacity in macroeconomic and fiscal management and implementing fiscal consolidation. **WBG Support:** The WBG will support Congo in strengthening macro-fiscal management through Development Policy Financing (DPF) operations and analytical work. The DPF will help to put in place fiscal anchors and rules which are expected to reduce cyclical use of oil and mining proceeds. The yearly ASAs on macro-monitoring and economic updates will complement this effort by monitoring the general macro-fiscal framework.		
CPF Objective Indicators	**Supplementary Progress Indicators**	**WBG Program**
3. Increase non-oil revenue as a share of non-oil GDP Baseline: 28.6 percent (2016); Target: 35.0 percent (2024)	An integrated Revenue Control System based on census of corporate and personal taxpayers has been established in 2022.	**Financing: Indicative** - P165815 Congo Fiscal Management, Economic and Social Resilience DPF - P168337 Congo Second Fiscal Management, Economic and Social Resilience DPF - Congo Third Fiscal Management, Economic and Social Resilience DPF **ASA: Ongoing/Indicative** - Economic Update - Macro-Monitoring - Public Expenditure Review
CPF Objective 1.3: Improved Agriculture Productivity and Commercialization		
Intervention Logic: Congo's agriculture, one of the pillar of the Government economic diversification, is primarily based on smallholder farmers, particularly women (representing 70% of labor), whose productivity is low compared to SSA standards. These producers/farmers are marginalized from higher-value markets due to high cost of production, poor infrastructre and limited access to credit. The country is highly dependent on food imports as the demand for key agricultural exports are stagnant, with a negative trade balance. Agricultural production is performed in a rudimentary, inefficient, low input-output model, making unit costs of production much higher than imported commodities. **WBG Support:** The WBG program aims to help the government to leverage the country's natural assets by improving agricultural productivity and developing agribusiness activities through connecting smallholders farmers and enterprises to competitive value chains. The Commercial Agriculture Project directly supports rural producers and businesses for increased production and marketing of their products (e.g., access to inputs, production facilities, nutrition and climate-sensitive technology). It is expected that the intensification of agricultural production and increases in agricultural productivity will strenghten self-employment and promote jobs. The CPF will also support improved public infrastructure, regulatory environment for commercial agriculture and strenghtening the capacities of key institutions to promote commercial agriculture. This will help targeted beneficiaries with improved access to markets, high- quality agricultural services and increased access to high-quality food.		
CPF Objective Indicators	**Supplementary Progress Indicators**	**WBG Program**
4. Percentage increase in volume of raw and processed products sold by producer groups and MSMEs in national or export markets Baseline: 2 % (2017) Target: 20% (2024)	Rural roads rehabilitated in targeted areas (km) Baseline: 0 km (2017); Target: 900 km (2024) Quality of improved seeds certified annually (tons) Baseline: 0 tons (2017); Target: 80 tons (2024)	**Financing: Ongoing** - P159979 Commercial Agriculture Project (FY18-23) **Financing: Indicative** - P166189 Northern Congo Agroforestry Project (Forest Investment Program) **ASA: Ongoing/Indicative**

5. Number of farmers adopting improved agricultural technology[42] Baseline: 0 (2017) Target: more than 7000 (2024) (o/w 50 percent women)	Number of farmers adopting climate smart agriculture practices in forested areas Baseline: 0 Target: 1,000 (o/w 50 percent women) (2024)	- P171042 Climate Smart Agriculture Investment Plan
CPF Objective 1.4: Improved Business Regulatory Environment and MSME Development		
Intervention Logic: In order to promote private sector led growth and economic diversification, Congo faces significant constraints such as a poor business environment and investment climate, poor infrastrucuture logistics, complex trade regulations, weak institutional framework and inadequate skills. Improvements are needed in all of these areas to promote non-oil sectors and MSME development. Congo's financial sector is constrained by weak intermediation meachanisms, limited financial access points, lack of access to credit information, inadequate financial sector regulations and high sector concentration in oil. Access to finance is also limited by low financial capacity among less educated, poorer housholds and by a gender gap. Only 14.2 percent of women (compared to 19.2 percent of men) have access to formal financial institutions. Only 12 percent of MSMEs have access to bank finance despite the demand due to high costs, complex procedures and lack of credit information. **WBG Support:** The WBG will provide integrated lending, technical and institutional support to key sectors to alleviate regulatory, institutional and market constraints that are limited diversification of the economy. The ongoing lending operation will support MSME development and promote entrepreneurship in diversified sectors identified by the National Development Plan (Agriculture, and agri-business, transport, ICT and tourism). Technical assistance will also support policy reform, investment planning and mobilization, and capacity building to improve the performance of the multimodal network. IFC will be engaged in promoting financial inclusion among SMEs. IFC intends to deepen its engagement in MSME development by providing dedicated financial solutions alongside capacity building through advisory services to financial institutions.		
CPF Objective Indicators	**Supplementary Progress Indicators**	**WBG Program**
6. Number of procedures under 4 Doing Business indicators eliminated[43] Baseline: 0 (2019) Target: 8 (2024) **7.** Share of new firms supported by WB project demonstrating at least 5% increase in annual turn over[44] Baseline: 0% (2018); Target: 25% (o/w female-owned firms 40%) (2024)	Number of measures proposed by the PPD process endorsed for implementation Baseline: 0 (2018); Target: 9 (2024) Number of hours to export/import are reduced Baseline (2018) Time to Export - Documentary compliance: 120h - Border compliance: 276h Total = 396h Time to Import - Documentary compliance: 208h - Border compliance: 397h Total = 605h	**Financing: Ongoing** - P161590 Support to Enterprise Development and Competitiveness Project (FY18-23) **Financing: Indicative:** Not applicable **ASA: Ongoing/Indicative** - Financial Sector / Insurance Regulation - IFC Doing Business - IFC Risk-Sharing Facilities

[42] Improved agriculture technology refers to agriculture inputs and/or practices such as improved varieties and livestock breeds, seed preparation, planting time, feeding schedule and ingredients (for livestock), post- harvest, storage, processing, etc. In addition, the indicator refers to practices which include, for instance, conservation agriculture, soil and water conservation or water harvesting methods- depending on context-specific needs.

[43] WBG interventions will support reforms on 4 Doing Business Indicators, including: starting a business; dealing with construction permit; getting electricity, registering property.

[44] CG-Support for Enterprise Development and Competitiveness Project. The indicator measures the change in revenue earnings of beneficiary firms who are demonstrating at least 5% increase in annual turn-over on a 24-month period.

	Target: (2024) – at least 10% decrease in the time Time to Export: 356.4h Time to Import: 544.5h Number of firms benefitting from private sector initiatives Baseline: 0 (2018); Target: 500 (o/w female-owned 200) (2024)	

CPF Objective 1.5. Improved Infrastrucures for Growth and Inclusion

Intervention Logic: While Congo is one of the most urbanized countries in Sub-Saharan Africa, infrastructure in the country is outdated and poorly maintained, and the whole sector would need to be strengthened in order to promote inclusive economic growth. Lack of effective urban planning, limited investment and inadequate institutional capacity has resulted in gradual deterioration of the living conditons in countries urban areas. A majority of the urban households suffer from poor urban services, dilapidated infrastructure, unsafe drinking water and poor urban land management. The SCD also identified the ICT sector as one of the key sectors potentially contributing to economic growth and diversification. While mobile penetration in Congo is as high as 105 percent, mobile broadband (3G) penetration in Congo has reached 37% in 2018 (source GSMA), higher than the average for the region and for Sub-Saharan Africa. The availability and reliability of energy supply is a key concern in Congo where almost 60 percent of the population lacks access to electricity. Poor sector planning, outdated transmission and distribution systems, insufficient investment in the rehabilitation of infrastructure, low access rate, particularly in rural areas, and inefficient governance of power utility with heavily undebted utility and non-functional agencies are major constraints to the electricity sector and corollary to economic growth and human capital development in Congo. Tackling these issues will require a gradual and consistent reform, with initial focus on sustainable improvement of operational and financial performance of the sector and investments to increase access to electricity and its availability to support human capital development and economic opportunities including income generation. The government is also committed to rehabilitating the existing hydro plants and building new power plants (hydro or gas) in addition to exploring opportunities in the PPP sector.

WBG Support: The CPF program will focus on increasing access to basic infrastructure services, safe drinking water and electricity for the targeted urban and rural households. The program will also support capacity development and insititutional foundations for implementing a multisectoral strategy for upgrading vulnerable neighborhoods to avoid future unplanned development and make cities more resilient. ofBuilding on the improvements of the policies and regulatory framework and the development of the fiber optic network and cross border interconnection under the Central Africa Backbone 3 Project (P122398) and ongoing investments in fiber optic networks launched by neighboring countries (Gabon, the DRC, and Cameroon), the WBG will continue to help enhance ICT in Congo, notably through supporting reforms on the enabling environment for digital economy and a Digital Acceleration operation aims at increasing access to, and use of, digital technologies in Congo, based on the findings a of the Digital Economy Assessment to be conducted early in FY20. WBG interventions will build on ongoing operation to reduce transmission and distribution losses, to improve operational and financial efficiency of the national utility and improve revenue collection. The WBG will support improved access to reliable electricity in Brazzaville and Pointe Noire as well as increased access in rural areas which is recognized as a transformational priority for greater economic diversification and human capital development. Depending on the Government's willingness, the WBG could support a more structured reform of the power sector including improving its governance and enabling private sector participation. In addition, if the Government endorses the Preferred Concept proposed by IFC in 2017 for the Sounda hydro-power project, IFC can consider undertaking further market sounding, to test public-private solutions for the design, construction and management of the project, which will require a complete overhaul of the country's electricity sector.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
8. Number of people provided with enhanced access to broadband Internet (per 100 people) Baseline: 20 (2018); Target: 55 (2024) **9.** Additional people with access to electricity connections in targeted areas Baseline: 0 (2017); Target: more than 250,000 (2024)	Transmission lines constructed and rehabilitated in targeted areas Baseline: 0 km (2018); Target: 500 km (2024) Roads constructed in selected urban areas (km) Baseline: 0 (km) (2017); Target: 50 (km) (2024)	**Financing: Ongoing** - P106975 Water, Electricity and Urban Development (FY10-21) - P146933 Urban Development and Poor Neighborhood Upgrading Project (FY16-21) **Financing: Indicative** - Congo Digital Acceleration Project - Regional: Digital Capacity Project

10. Number of additional people have access to all seasons roads in selected urban areas Baseline: 0(2018); Target: 387,500 (o/w female 53%) (2024) **11.** Number of additional people have improved access to water sources and draingage services in selected urban areas Baseline: 0 (2018) Target: more than 310,000 (o/w female 53%) (2024)		- Regional: Cross-Border Electrification **ASA: Ongoing/Indicative** - Digital Economy Country Diagnostic - IFC Sounda Dam

Focus Area 2: Build Human Capital and Enhance Resilience for Social Inclusion and Sustainable Growth

Definition of the Focus Area: This focus area aims to improve quality of and access to health and education services, address the challenges of improving equity in the primary and secondary education, expand social protection coverage, promote the empowerment of women and improve the sustainable management of natural resources for enhanced social inclusion, sustainable growth and increased resilience.

Links between the Focus Area and WBG Corporate Goals: The SCD recognizes that investment in human capital will help build a more efficient and resilient economy in Congo. This is particularly important for youth and women whose successful integration into the labor market will enable the country to reap a demographic dividend and reduce the risk of conflict. In order for Congo to achieve the twin goals, it requires reforming the health care system, better education and skills development system to meet job market demands, building a better social protection system and improving sustainable management of the abundant natural resources present in the country for the benefit of all. It would be important to address the key conditions to reduce the vulnerabilty of the poor and enhance livelihood opportunities and thus, resilience.

Country Development Goals: The Government' national development plan (PND 2018-2022) underscores the importance of strengthening inclusion through development of human capital for inclusive growth and improved well being of the population. This focus area addresses Government priorities for human capital development (strategic pillar 2), health and social protection (supporting sector 5), and balanced and sustainable development (supporting sector 8).

CPF Objective 2.1. Improved Quality and Access to Health Delivery Systems

Intervention Logic: Service delivery in the public health system is characterized by poor performance of health workers, limited availability of drugs due to limited funding, poor planning and unequal distribution of health workers. In addition, availability of drugs at an affordable price is uneven across health facilities. Strengthening the health delivery system and availability of improved health services will help contribute in building a healthy workforce for Congo. Inequity persists between urban, peri-urban, and rural areas in terms of access to basic health services. Very young mothers are more likely to die as result of childbirth and improvements in female education and their empowerment are positively associated with lower rates of teenage pregnancy. Contraceptive prevalence rate is extremely low and the unmet needs of contraceptives is high nationally.

WBG Support: The Bank's program will continue to focus on improving quality and utilization of maternal and child health services in targeted areas through Performance Based Financing (PBF) which will be scaled up. The program is also directly focusing on geographical targetting to rural areas and marginalized population where services are needed to address disparities and ensure access to quality healthcare. Improving governance at local health facilities such as district hospitals, district health administration and community health committees will be persued. Improving quality of health facilities is expected to increase higher volume of quality curative and preventive services. Health system strenghtening through policy dialogue on issues related to health financing and importantly supporting the Ministry of Health to improve its use of public funds to the health sector, pharmaceuticals and public-private partneships will continue. The health project will also collaborate with Lisungi safety net program to use the unique technique for targetting the poorest 25 percent of households for fee exemptions. The program will support campaings to change behaviors and social norms regarding adolescents' access to services, girls' emporwerment and women's health.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
12. Number of children immunized in targeted areas Baseline: 89,118 (2017); Target: increase by 180% (165,882) (2024) **13.** Percentage of pregnant women having at least 3 antenatal care visits before delivery Baseline: 40% (2017) Target: 48% (2024) **14.** Adolescent fertility rate Baseline: 112 births per 1,000 women ages 15-19[45] (2017) Target: 80 births per 1,000 women ages 15-19 (2024)	Percentage of children aged between 6 and 59 months receiving nutritional services Baseline: 20% (2017); Target: 49% (2024) Number of people benefitting from fee exemption mechanisms Baseline: 23,327 (2017); Target: 675,000 (2024)	**Financing: Ongoing:** - P167817 Regional Disease Surveillance Systems Enhancement (REDISSE) **Financing: Indicative** - P167890 Health System Strengthening Project (FY20-25) - Women Empowerment **ASA: Ongoing/Indicative** - Gender Lab - Women Empowerment and Demographic Dividend
CPF Objective 2.2. Improved quality and equity of the education systems		
Intervention Logic: While Congo made good progress in enhancing access to primary and secondary education, significant challenges remain. Equity is also a concern where there is a huge disparity in effective access among vulnerable groups. Quality education remains the most significant challenge with limited access to learning materials, outdated curriculum, irregular tracking of learning outcomes and inadequate number of trained teachers. The education sector is also suffering from lack of efficient budget planning and inadequate human resource mangement, particularly teacher management. **WBG Support:** The CPF program will support the Government's education agenda by focusing on system-wide improvements to create conducive conditions for better access and quality in schools particularly in rural areas, among adolescent girls, ethnic minorities and other vulnerable groups. The Bank's program will focus on: (i) improving education outcomes particularly at the primary and secondary level by providing both teachers and students with an appropriate teaching and learning environment; (ii) strenghtening policy and institutional reforms to improve efficiency in human resource management and (iii) creating an effective education management system. In addition, the Bank is implementing a skills development program to vulnerable out-of-school youth in targeted communities to improve their productivity and earnings.		
CPF Objective Indicators	**Supplementary Progress Indicators**	**WBG Program**
15. Children at the end of primary cycle with sufficient proficiency in French Baseline: 40.6% (2014) Target: 50% (2022) **16.** Increase in the share of primary and lower secondary school teachers with sufficient content knowledge and pedagogical content knowledge to teach Baseline: N/A (SDI 2020) Target: 20% increase (2024) **17.** Number of vulnerable youth trained in apprenticeship or entrepreneurship programs Baseline: 5,550 (o/w female 43%) (2019) Target: increase by 200% (12,000) (o/w female 50%) (2024)	Primary school completion rate Baseline: 73% (o/w female 73%) (2017) Target: 75% (o/w female 75%) (2024) Transition rate to lower secondary Baseline: 67% (o/w female 67%) (2017) Target: 72% (o/w female 72%) (2024) Additonal number of qualified primary teachers recruited or trained Baseline: 0 (2017) Target: 600 (2024)	**Financing: Ongoing** - P152910 Education Sector Support Project (FY16-22) - P128628 Skills Development for Employability Project (FY14-23) **Financing: Indicative** - Women Empowerment **ASA: Ongoing/Indicative** - Gender Lab - Women Empowerment and Demographic Dividend

[45] World Development Indicators

CPF Objective 2.3. Increased Sustainability of Social Protection Coverage		
Intervention Logic: The social protection system in Congo is underdeveloped and coveres only 0.9 percent of the population compared to the average 14.3 percent in SSA. The safety net system is fragmented and not reaching the majority of the poor to improve access services or increase productivity. The Government is committed to consolidating and developing a National Safety Net System that will take a more systematic approach to target vulnerable populations. **WBG Support:** The CPF program is aligned with the Government's Social Protection Strategy to improve households' resilience to shocks. The Bank's ongoing Safety Net Program is helping government to strengthen the safety net system and make it more transparent. The program will also help improve both access to health and education services and productivity among poor and vulnerable households through Conditional Cash Transfer (CCT) and Income Generating Activity (IGA) programs in targeted areas. The ongoing program will also finance the provision of social services to refugees and host communities. The additional support will enable government to foster socio-economic inclusion within national systems and to strengthen its capacity to manage refugee inflows in the present and future.		
CPF Objective Indicators	**Supplementary Progress Indicators**	**WBG Program**
18. Number of people covered under the safety net programs (conditional cash transfer, social pensions and income-generating activities) Baseline: 17,762[46] (2017) Target: increase by 340% (60,500)[47] (2024) o/w female 50%, o/w refugees 16%	Number of eligible households enrolled in the unique registry for safety net programs Baseline 41,153 (2017) Target: 119,000 (2024) o/w refugees 10,000	**Financing: Ongoing** - P145263 Lisungi Safety Nets System project (FY14-23) **Financing: Indicative** - Women Empowerment **ASA: Ongoing/Indicative** - Fragility, Conflict and Violence (RRA) - Gender Lab - Women Empowerment and Demographic Dividend - Risks of youth exclusion and opportunities in the Pool region - Social Protection with a Climate Lens
CPF Objective 2.4: Improved Sustainable Management of Natural Resources		
Intervention Logic: Congo's forest resources serve as a basis for exports, jobs, energy, food security and ecosystem services. The country continues to face a treat of increasing deforestation and forest degradation due to logging, agro-industrial production, slash and burn agriculture and mining. The government is committed to a green growth development pathway including Reducing Emissions from Deforestation and Degradation (REDD+) as per the National REDD+ Investment Plan to address the challenges of sustainable management of natural resources and forest conservation. **WBG Support:** The WBG will provide programmatic support to Congo in the forest sector particularly in Northern Congo, where REDD+ is being used to raise significant investment funds targetting 12 million ha for transformational reductions of forest-based greenhouse gas emissions. The Sangha-Likouala Emissions Reduction Program, which has been accepted into the Forest Carbon Partnership Facility's (FCPF) portfolio, offers the promise of upfront investments and results-based incentives for sustainable development to combat climate change, secure livelihoods, enhance governance of natural resources and protect biodiversity together with funding from the Forest Investment Program targeting agroforestry activities in the same region. Funding from other trust funds including the Global Environment Facility (GEF), will help the Bank to scale up geographic coverage and intervention types to better manage forest resources and improve livelihoods, as well as better protect biodiversity of global importance across 427,000 ha.		

[46] 3,455 households and 2,794 elderlies (634 of those living alone) were benefitting from the Lisungi Project.
[47] This is equivalent to 12,000 households.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
19. Greenhouse gas emissions reduced (tCO2e) Baseline: 0 (2018); Target: 9 million tons (2024)	Area brought under enhanced biodiversity protection (ha) Baseline: 0 ha (2017); Target: 427,000 ha (2024)	**Financing: Ongoing** - P124085 Forest and Economic Diversification Proj. (FY12-22) **Financing: Indicative** - P163361 Emissions Reductions Program in Sangha-Likouala (FCPF Carbon Fund) - P166189 Northern Congo Agroforestry Project (Forest Investment Program) **ASA: Ongoing/Indicative:** - Social Protection with a Climate Lens

Annex 2: Republic of Congo Country Partnership Strategy Completion and Learning Review

Date of Country Partnership Strategy (CPS):	September 24, 2012 (Report No. 71713-CG)
Date of Performance and Learning Review (PLR):	October 30, 2015 (Report No. 96724-CG)

I. INTRODUCTION AND SUMMARY OF KEY FINDINGS

A. Introduction

1. **This Completion and Learning Review (CLR) evaluates the performance of the World Bank Group's[48] (WBG) Country Partnership Strategy (CPS) for the Republic of Congo (RoC) between FY13-FY17.** A Performance and Learning Review (PLR) took stock of the WBG's strategy implementation in October 2015 and reaffirmed the validity of the CPS strategic focus areas of (i) competitiveness and employment, (ii) vulnerability and resilience, and (iii) capacity building and governance. At that time, the CPS period was extended by one year - through FY17 - to align the forthcoming Country Partnership Framework (CPF) with the timeline of the government political cycle and the new National Development Plan (2017-2021). A Systematic Country Diagnostic (SCD) – the analytical foundation for the CPF - was prepared during FY18 and was endorsed by the Board in August 2018. This CLR evaluates the achievements of the CPS program as laid out in the revised results matrix, assesses the WBG's performance in designing and implementing the CPS program, and derives lessons to inform preparation of the forthcoming CPF.

B. CPS Context

2. **The CPS was prepared at a time when Congo's economy was experiencing an oil-price boom, accompanied by large budget surpluses, and had already reached HIPC (Heavily Indebted Poor Countries) Completion Point in 2010.** High global oil prices and low levels of debt presented favorable economic conditions with average gross domestic product (GDP) growth of 4.4 percent between 2010 and 2013. The economy grew by 6.8 percent in 2014, driven by a rebound in oil production and continued strong performance in the non-oil sector. However, the country was hit hard by the oil-price shock during the second half of the CPS period. The decline in international oil prices lowered the growth rate to 2.3 percent in 2015, which contracted further to 2.1 percent in 2016, and into negative territory (-2.8 percent in 2017) for the first time since 2008. Fiscal and current account balances also deteriorated during that time reflecting increased government spending and lower oil receipts with twin deficits (fiscal deficit and current account deficit) of more than 10 percent. The overall budget deficit amounted to 18.8 percent of GDP in 2015, almost 10 percentage points higher than in 2014, mainly due to lower oil revenues. The sharp deterioration in the terms of trade - which reduced nominal GDP - and exchange rate developments contributed to boosting total public debt to 73 percent of GDP by end-2016, and to 118 percent by end-2017, well above the Central African Economic and Monetary Community (CEMAC) ceiling of 70 percent.[49] The country's risk of debt distress deteriorated from moderate to high, which placed severe pressure on the government's management of public revenue and commitments. The government used offshore deposits to finance the budget deficit, official reserves fell sharply, and the liquidity position in foreign currencies narrowed. The CPS was implemented in the context of a challenging macroeconomic

[48] The CPS was not a joint a strategy; however, IFC activities are reflected in the strategy.
[49] Congo is a member of CEMAC, which is comprised of six Central African countries, a common Central Bank and common currency (FCFA) pegged to the euro at euro 1 = FCFA 665.

and fiscal environment (including the end of government counterpart funding for WBG-financed projects) that limited Congo's potential to deliver sustained growth during that period.

3. **While Congo attained lower middle-income country[50] (LMIC) status in 2006 with a per capita GDP of US$ 1,658 (2017 US$), its economic and social development remains fragile.** The country's absolute poverty rate declined substantially from 50.1 percent in 2005 to 40.9 percent in 2011 and is estimated to have declined to 38 percent by 2015. This improved performance was largely driven by windfalls of oil revenues, political stability and government's investment in infrastructure and social sectors. However, poverty reduction efforts and steady growth in the last few years have not resulted in broad-based improvements in living standards proportional to Congo's natural resource endowment. The country suffers from weak public institutions and limited implementation capacity. This is evident in key social indicators – notably health and education outcomes - which remain low compared to peer LMIC which are similarly endowed with natural resources. While overall inequality is stable (Gini coefficient has stood at 0.46 for more than a decade) there is a growing divide in income levels between urban and rural areas. Inefficient and inequitable resource allocation in social sectors has resulted in limited physical and economic access to quality services. Infrastructure investments were not managed efficiently (a notable example is the non-implementation of the Medium-Term Expenditure Framework since 2012). Difficulties in budget execution and low capacity to absorb the volume of public investment also made government spending less efficient. Rapid urbanization (approximately 64 percent, among the highest in SSA and high rates of youth unemployment (nearly 42 percent) combined with the widening disparity between urban and rural poverty levels pose further threats to the country's development aspirations.

4. **The country's political environment has remained moderately stable during the CPS period**. The presidential election took place on March 20, 2016 and President Denis Sassou-Nguesso was elected to a third term following adoption of a new constitution. However, an armed rebellion that erupted over the new constitution and the elections created security issues (particularly in the Pool region), disrupted goods traffic, contributed to increased costs of doing business, and led to a reallocation of public funds to address security concerns. Since 2016, the government has prioritized economic diversification and good governance, focusing reforms on improving the business environment, promoting agricultural transformation and strengthening public administration.

C. Summary of Evaluation and Ratings

5. **The overall performance of the CPS program is rated as *Moderately Unsatisfactory (MU)*.** This rating is based on an aggregate assessment of the 10 outcomes in the results matrix as revised at the time of the PLR. The WBG made moderate progress toward achieving the expected CPS outcomes, although there were constraints in implementing some programs. On balance, progress has been made to a varying degree under the three pillars – Competitiveness and Employment, Vulnerability and Resilience, and Capacity Building and Governance. Three out of ten outcomes were rated as achieved and three out of ten outcomes were partially achieved. ***Notable advances have been made in the indicators related to:*** increasing access to water services in selected households in the two largest cities (Brazzaville and Pointe Noire), strengthening the regulatory environment to improve telecom connectivity, improving rural livelihoods through increased agricultural production and market access, increasing social protection coverage to improve access to health and education services for poor and vulnerable households, increasing coverage of financial services and building capacity in the mining and forestry sector.

[50] World Bank Group classification.

Nevertheless, the CPS program faced challenges in implementing some objectives particularly in the areas of streamlining business regulatory environment, promoting skills-building programs for urban youth, improving the quality of maternal and child health outcomes, and strengthening public financial management to improve efficiency of public resources. Efforts to improve the operational efficiency of the electric utility were below expectations as the WBG engagement in the energy sector under the Water, Electricity and Urban Development Project (P106975) was scaled down due to ***Government default in releasing counterpart funding*** and its lack of focus in reforming the sector. Moderate levels of public spending in social sectors and inefficient allocations also affected implementation of the WBG program in the health, skills, energy and agriculture sectors.

6. The WBG's performance in designing and implementing the strategy is rated as Fair.

(i) ***Design/Relevance:*** The relevance and the design of CPS objectives were broadly aligned with government priorities and country needs. The strategy incorporated a certain degree of flexibility and the WBG responded promptly to unexpected events such as the oil-price shock. At the PLR stage (October 2015), the CPS program was adjusted to support Government in its economic diversification agenda as well as improving delivery of basic services to protect vulnerable communities. The CPS results framework was revised to consider the pace and traction of program activities and the need to restructure several projects. Given that 8 of the 28 results indicators were considered off-track at the time of the PLR, outcomes (and related indicators and milestones) were added, dropped, or revised in the areas of skills development, social protection, energy utilities, agriculture, and education. The combination of investment lending and Advisory Services and Analytics (ASA) was sufficient to support the government's reform program. Congo became eligible for IBRD financing during the CPS period as the country moved from IDA-only to blend status in FY14. This enabled the WBG portfolio to launch new engagements with a total new commitment of US$125 million, US$71 million of which was from IDA. When the CPS was prepared, the government committed to co-finance up to 70 percent of project costs, which made it possible for the WBG to diversify and leverage its relatively small portfolio. The program also collaborated with other development partners, either through parallel financing or a joint sector strategy, notably in the water and energy sector with the French Development Agency (AFD). That said, the ambitious framework of the CPS overestimated the WBG's capacity to deliver results in a country with a small financing envelope, heavy reliance on counterpart funding, limited institutional capacity and government's unwillingness to undertake certain policy reforms. ***The wide scope of the program indicated a lack of realism in the Bank's portfolio; the design of the results matrix also posed challenges in implementing the CPS program.***

(ii) ***Implementation:*** Government commitment was present at the beginning of the CPS period, but it deteriorated due to political developments which were reflected in program implementation. The decline in oil revenues limited the government's ability to provide counterpart funding for Bank-financed projects which in turn jeopardized project implementation. The WBG adapted to changing circumstances through project restructuring and adjusted to the loss of counterpart financing and enhancing implementation support to sector agencies through Project Implementation Units (PIUs). There were also substantial efforts to improve policy dialogue through ASA and technical assistance. A series of just-in-time policy notes and analytical reports on a variety of country issues complemented the overall program. The CPS identified risks which were substantial to program implementation and which were mitigated to the extent possible. The Bank program actively collaborated with IFC activities in investment climate and energy.

7. **Lessons learned from the CLR have informed the CPF.** Notably, the CPF stresses the need for selectivity in focusing operations in lagging and fragile regions of the country; highlighting program design to account for capacity limitations, the loss of counterpart funding, setting realistic and measurable targets for outcome indicators; and forging a more coordinated One WBG approach to apply "Maximizing Finance for Development" (MFD) principles through the cascade approach to improve the prospects to crowd in the private sector.

II. ASSESSMENT OF CPS OUTCOMES

8. **This section provides a broad overview of CPS program performance under the three strategic pillars which comprised 10 outcomes and 30 indicators**. Across all areas of WBG engagement, 11 out of the 30 CPS indicators were either achieved or mostly achieved (Table 1 below). The CPS results matrix was revised at the time of the PLR to reflect: the pace of program activities and the need to restructure several projects; incorporate deepening engagement in energy and an emerging focus on social protection (notably the addition of the *Lisungi* project); and better align outcomes with indicators and objectives. The total number of outcomes increased from seven to ten; while the number of indicators, originally 28, rose to 30. Despite these revisions, the results matrix lacked clear links between some activities and CPS objectives. A detailed review of performance, by CPS outcome, is found in Annex 2.1 of the CLR.

Table 1: Overall Achievement of CPS Outcomes

CPS Outcome	Overall outcome rating	Outcome Indicator Ratings[51]			
		Achieved	Mostly Achieved	Partially Achieved	Not Achieved
Pillar 1: Competitiveness and Employment: Moderately Unsatisfactory					
1. Improved operational and financial performances of key utility sectors	***Partially Achieved***	1		3	2
2. Improved business regulatory environment	***Not Achieved***			1	3
3. Supported SME development in the targeted value chain	***Partially Achieved***		1	1	
4. Improved regional telecommunications	***Achieved***	2			
5. Improved market access and increased agricultural production in targeted areas	***Achieved***	2	1		
6. Improved skills for youth employment	***Not Achieved***				2
Pillar 2: Vulnerability and Resilience: Moderately Unsatisfactory					
7. Increased health system performance	***Not Achieved***	1			4
8. Improved social protection coverage	***Mostly Achieved***	1			
Pillar 3: Capacity Building and Governance: Moderately Unsatisfactory					
9. Improved budget management, procurement and statistical system	***Partially Achieved***	1		2	1
10. Improved institutional framework for the management of the mining sector	***Achieved***	1			
Overall Outcome Ratings:	***MU***	9	2	7	12

[51] A=all quantitative targets were met; MA= more than half of the quantitative targets were met; PA= less than half of the quantitative targets were met; NA= few if any of the targets were met.

PILLAR 1: COMPETITIVENESS AND EMPLOYMENT – Moderately Unsatisfactory

9. The first CPS pillar is rated MU. It focused on boosting efficiency of key infrastructure services, improving the business environment, increasing SME development, promoting regional telecommunications, increasing agricultural productivity and market access, and strengthening the skills training program. A combination of investment lending, technical assistance and analytical work underpinned the WBG engagements in these areas. At the PLR stage the WBG adjusted the program by scaling up support in: the energy sector to improve the financial viability of the national utility company through additional financing; providing basic infrastructure and addressing disaster management in urban informal settlements in Brazzaville and Pointe Noire; promoting private investment in six non-oil value chains; and supporting development of small and medium-sized enterprises (SMEs). As a new project was introduced to improve skills and opportunities for youth in Congo (Skills Development for Employability Project – P128628), a new outcome related to skills was added.

10. Slow progress was made in improving the operational and financial performance of the energy utility. The Bank-supported program[52] developed a diagnostic and reform action plan for investment to restore the reliability and viability of the national electricity utility (*Société Nationale d'Electricité – SNE*), now known as *Energie Electrique du Congo (E2C).* To improve the operational performance of SNE, the WBG scaled up its engagements at the time of the PLR through an Additional Financing to upgrade electricity distribution and transmission lines and to increase the revenue collection rate. However, reform measures to strengthen the capacity of SNE and its operational performance were revisited and ultimately abandoned by the Government, focusing instead on institutional reform with the dissolution of SNE and creation of E2C. Upgrades to the Brazzaville and Pointe Noire transmission and distribution lines, to reduce technical losses, are being satisfactorily implemented and are expected to be completed by December 2020.[53] Government budget constraints have precluded counterpart funding and negatively impacted overall project implementation as all contracts were expected to be financed from both WBG and government resources. Consequently, the scope of the project was downscaled to focus on key activities, some of which were later questioned by the Government of Congo (GoC). WBG engagement in the energy sector was relatively new, and it took much longer to agree on governance and reform issues due to the challenging policy dialogue with the authorities. ***Consequently, the outcome indicators related to improved performance of the energy utility are rated as Not Achieved.***

11. Access to water services improved whereby 22,000 household water meters were installed in Brazzaville and Pointe Noire. In addition, 395,000 people in urban areas now have access to improved drinking water. However, it is difficult to measure efficacy of such meters as households are not charged according to the volume consumed. Despite the slow progress, water billing and collection improved due to enhanced operational performance of the *Societe Nationale de Distribution d'Eau* (SNDE)[54], geographic information systems (GIS), computerized hydraulic model, updated operations and maintenance

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[52] Additional financing for the Water, Electricity and Urban Development Project (P106975) and ASA activities (P147654 Gender & Skills Development, P154032 Tertiary Education TA, P160802 Assessment of Corporate Governance of SOE, P164531 Financial Sector Monitoring – Money Laundering).

[53] As these results were recorded well beyond the end of the extended CPS period, they cannot be counted towards the ratings of individual outcome indicators and are referenced for information only.

[54] SNDE is now known as *La Congolaise des Eaux* (LCDE).

procedures, reliable customer data base, and computerized commercial management. Between 2010 and 2016, the number of invoices issued to individual subscribers increased by 78 percent while the collection rate increased by 85 percent. WBG policy dialogue with GoC helped to inform improvements in the national water and sanitation policy (2015-2030) which was adopted in 2016, along with a roadmap for implementing priority actions for the 2016-2019 period. ***The water-collection ratio (i.e., cash income per billed revenue), a proxy for measuring commercial efficiency, improved from 47 percent in 2010 to 60 percent in 2016 (against a CPS target of 65 percent), and is rated as Partially Achieved***.

12. **Substantial increase in cargo railway traffic was observed during the CPS period**. The national railway company, Chemin de Fer Congo-Ocean (CFCO), developed a five-year plan which was approved by its management. Railway traffic increased from 0.8 million tons in 2010 to 1.2 million tons in 2016, surpassing the CPS target of 1 million tons. **The indicator on increased railway traffic is rated *Achieved*.**

13. **From 2015 to 2017, IFC provided advisory services to the government to help structure a Public-Private Partnership (PPP) for a greenfield hydroelectric dam at Sounda Gorge.** The technical, environmental, social and market findings of the Phase 1a studies were presented to GoC in November 2017, and an optimal concept at 70 meters (full-supply level) was proposed by IFC, yielding an installed capacity ranging from 486 MW to 616 MW (the latter was equivalent to the country's entire installed capacity as of 2017). The cost of building the dam was estimated by IFC at US$2 billion. IFC concluded that Sounda could be viable as a PPP, provided that the energy sector is reformed, the project is subsidized by the government, and a reputable co-developer is identified to complete the Phase 1b studies and build the hydroelectric dam under a PPP arrangement to be determined. Beyond these conditions, the Sounda project must be part of a wholesale reform of the energy sector. ***Based on the progress made in completing Phase 1a of the mandate, this indicator is rated as Partially Achieved***.

14. **Progress in improving the investment climate has been below expectations and remains a key challenge given the weak governance and institutional environment in Congo**. During the CPS period the WBG supported the creation of institutional mechanisms to prepare business climate reforms, supported the Public-Private Dialogue and provided technical assistance on preparing and implementing Doing Business reforms. Actual implementation of the reforms has been lagging, reflecting the absence of reform champions among government officials. While GoC adopted number of reforms (e.g., regulations merging several business procedures aimed at reducing business registration time, streamlining tax procedures, and facilitating trading across borders), concrete impact on the investment climate has been limited (as evidenced by a steady decline in the Doing Business ratings – in the DB2019, Congo was rated 180th out of 190 economies). A maritime import and export One Stop Shop and a "*Centre de Formalité des Entreprises*" (CFE) have been created. However, the law regulating the Center is not fully implemented due to lack of coordination between CFE with other government agencies. ***The CPS target to reduce the number of procedures to start a business was not met and is rated as Not Achieved***.

15. **Important strides were made in improving investment in non-oil private enterprises and value-chain development to diversify the economy**. WBG support helped 412 SMEs (against a target of 500) to

improve managerial capabilities and productivity in six target value chains[55] which is expected to increase their access to the market with improved products, services and processes. Follow-up support in this area was considered to scale up ongoing work with a targeted focus on commercial agriculture, transport and logistics, tourism and ICT.[56] IFC's advisory support resulted in increased coverage of financial services to 200 SMEs (against a target of 350) and improved financial inclusion through a financial sector strategy to broaden and deepen Congo's financial sector***. Based on these two SME-related indicators, this CPS outcome is rated as Partially Achieved.***

16. **Notable achievements were made in facilitating telecoms connectivity and promoting the information, communication, and technology (ICT) sector.** The World Bank's regional telecommunication program,[57] along with technical assistance, helped to strengthen the regulatory environment and infrastructure development in the ICT sector. Improvements in the legal and regulatory environment have fostered healthy competition, private investments and efficiency – all of which resulted in a substantial reduction in the wholesale price of broadband lines from US$3,200 in 2010 to US$1,592 in 2016 (and to US$1,416 when the project closed in December 2018). The CPS target to increase the volume of international telecoms traffic (broadband access, cost of services, and quality of international bandwidth) has been achieved. Construction and installation of the fiber-optic link between Pointe-Noire and Mbinda were completed along with successful technical tests on the fiber-optic link. From the regional perspective, the network built under the project is connected at both physical and technical levels with the network in Gabon. An MoU was signed between the two countries, but not yet by their respective regulators. Operationalizing and commercializing the fiber-optic infrastructure is expected to be effective as soon as the Government has finalized the PPP arrangement with the new private sector entity tasked with maintaining, operating and commercialising the capacity on a wholesale basis, which will improve Congo's international connectivity with its neighbors. Going forward, wholesale-level commercialization of bandwidth in Congo is expected to increase the reliability and security of internet connections, and further reduce prices in the country. ***Based on these results, this outcome is rated as Achieved, and advancing the digital economy will feature prominently in the CPF.***

17. **Positive results were achieved in increasing food production and improving market access through support to the government's agricultural development program.** The WBG program developed a two-pronged strategy aimed at (i) enhancing productive capacities of producers' organizations (access to agricultural inputs and farm equipment); and (ii) reducing transport time (through rural roads rehabilitation, maintenance, and building market infrastructure). A total of 1,331 km of rural roads and 41 market infrastructures were constructed serving 221 villages thereby connecting 30,000 beneficiaries to markets. About 50 percent of the farmers in targeted zones have adopted improved production and processing technologies which contributed to increasing income by 45 percent. However, agricultural productivity for maize (1.5 tons/hectare) remains low, mainly due to poor soil quality and low investment in fertilizers. The WBG program also supported 910 farmers' groups (11,392 producers, 51 percent of

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[55] Agribusiness, wood transformation, transports and logistics, construction materials, arts and crafts, and tourism and hospitality.

[56] Two projects approved in FY18 – Support to Enterprise Development and Competitiveness P161590, and Commercial Agriculture P159979 – supported these objectives but cannot be counted towards results achieved beyond the end of the CPS period.

[57] Central African Backbone 3- CAB3 (P122398).

whom are female) that has yielded increased food production, notably doubling yields for banana and cassava (two major staple crops). This demonstrates the importance of helping to professionalize producer organizations to become sustainable entities. Likewise, interventions that helped to mechanize women farmers' labor yielded the added benefit of increasing women's decision-making power in management associations and producer organizations, presumably because access to vehicles and other mechanized tools gave them additional time to participate and assume leadership roles in these organizations. ***Given these results, this outcome is rated as Achieved.***

18. **Limited progress has been made in improving skills for vulnerable youth.** At the time of the PLR, the WBG launched a new operation[58] to pilot training programs to enhance employment and entrepreneurship opportunities for urban youth. Two years into implementation, only 1,493 youth (46 percent of whom are female) benefitted from the training program (against a target of 7,500). This is well below the ambitious CPS target, which was originally 16,000 before the project was restructured in June 2018. The program faced implementation challenges such as: (i) limited number of private training providers for cost-effective quality training, (ii) limited capacity of the Ministry, (iii) ambitious project design and results targets, (iv) lack of government funding for public training providers, and (v) loss of counterpart funding, which made it difficult to support activities such as hiring trainers. The WBG worked with GoC counterparts to restructure the project, improving selection of youth in accordance with the project's eligibility criteria; selecting additional trainers, and boosting outreach to the private sector for stronger collaboration. The target for a pilot program should have been more realistic given the ongoing implementation constraints. ***Given these limited results, this outcome is rated as Not Achieved.***

PILLAR 2: VULNERABILITY AND RESILIENCE – Moderately Unsatisfactory

19. The second pillar of the CPS - focused on supporting improved delivery of health systems, the quality and relevance of education systems, and the coverage of an innovative safety net program - is rated MU. A performance-based financing (PBF) project supported public and private health facilities in 7 out of 12 provinces in Congo covering an estimated 48 percent of the population against a target of 86 percent.[59] PBF was introduced during the CPS period based on the success of the pilot initiative to increase health utilization and improve maternal and child health services. An innovative cash transfer program (P145263 *Lisungi* Project) is facilitating health and education services for children from the poorest households, while an education development program supported the quality of primary and secondary education.

20. Limited progress has been made in strengthening the health delivery system. WBG support to Congo's health sector during the CPS period – through a combination of investment lending and analytical work - focused on improving maternal and child health outcomes by increasing the utilization and quality of health service delivery. Inadequate state budget allocated to health (the national health account studies for 2014/2015 indicated total health expenditures were 4.1 percent of GDP, against a target of increased health spending of 15 percent of GDP); lack of counterpart funding; weak project coordination; and ineffective management of human resources (in terms of health system staff at both the operational and health-facilities levels) have limited efforts to improve key health indicators such as malaria protection,

[58] Skills Development Project (P128628).
[59] Health Sector Project – PDSS II (P143849).

immunization rates, child nutrition and skilled birth deliveries. At the PLR stage, the malaria target was rated as achieved based on the Bed Net Survey. However, the Multiple Indicator Cluster Survey (MICS) 2014-2015 indicates that only 60.5 percent of the children under five years of age slept under insecticide-treated bed nets (against a CPS target of 80 percent). While the WBG previously supported a malaria initiative, the health project under implementation did not participate in the government's national malaria control program. The indicator to improve the child immunization rate was not achieved due to nationwide shortages of vaccines, affordable quality generic drugs, and medical supplies. These shortages have worsened since 2015. The absence of a government budget to procure drugs and medical supplies, and inadequate management structures, limited the availability of health services. A 2014 Impact Evaluation of the PBF program[60] indicates that while there has been marked improvement in the quality of services, the volume of services delivered increased only marginally. The limited increase in service volumes is partially due to the high cost of drugs, leading to non-utilization of formal health services; absence of drug kits to deliver free health care services for pregnant women; and the shortage of anti-malaria drugs. ***Because of these systemic constraints - which were outside the influence of the WBG and significantly limited results during the CPS period - this outcome is rated as Not Achieved.***

21. **Notable advances were made in increasing social protection coverage.** The WBG has supported the development of an innovative safety net system, the *Lisungi*[61] through (i) development of a social registry as a "gateway" to multiple social programs offered by sectoral ministries, and (ii) a cash transfer scheme to improve access to health and education services for children and elderly from the poorest households. The social registry has already identified 41,153 households in selected areas as eligible for social safety nets and other human development programs. As of June 2017, 3,455 households (against a target of 5,000) were receiving the quarterly cash transfer for 24 months, benefitting more than 46,000 individuals. In addition, 6,499 elderly (1,361 of whom are living alone) are benefitting from the cash transfer program. The social registry is linked with the health project[62] to facilitate the provision of health services to the poor in addition to the *Lisungi* cash transfers in selected areas. As of June 2017, approximately 10,000 cards had been issued to extremely poor households, which provide free access to health centers. The partnership between the three programs has enabled the expansion of the social registry caseload from the original target of 15,000 households to 41,153. ***Based on these results, this outcome is rated as Mostly Achieved.***

22. **The CPS program also contributed to improved quality of basic education by increasing the efficiency of expenditures and fostering equitable access to education services.** The outputs of the Basic Education program[63] included training of teachers, provision of textbooks and support for school-level projects. Between 2004 and 2013, the primary completion rate increased from 50 to 79 percent and gender parity (ratio of girls to boys) rose from 91 to 96 percent. However, the overly ambitious CPS goals of 90 percent completion rate by 2015/16 (an 11 percentage-point increase in two years) and 100-percent gender parity (4 percentage points in two years) could not be met. Since the project closed in June 2013 and a new education program was under preparation, the education outcome was dropped

[60] https://datacatalog.worldbank.org/dataset/congo-rep-health-results-based-financing-impact-evaluation-2014.
[61] *Lisungi* means "help and support" in Lingala, a local language. Lisungi Safety Nets System Project (P145263).
[62] Health Sector Project (PDSS-II) (P143849).
[63] Original PRAEBASE was approved in 2004 and through Additional Financing it closed on June 30, 2013.

from the results matrix at the time of the PLR. To improve delivery of education services a follow-up education project[64] was designed to improve education outcomes of primary and lower secondary children in addition to increasing the effectiveness of select management systems. It is too early to observe measurable progress as the project only became effective in August 2017 (after the end of the extended CPS period). ***As this revised outcome cannot be measured, it must be rated as Not Achieved.***

PILLAR 3: CAPACITY BUILDING AND GOVERNANCE – Moderately Unsatisfactory

23. **The CPS objective under this pillar emphasized strengthening public institutions with systematic efforts to increase transparency and accountability in public sector management and the budget process**. The CPS also increased its attention to building capacity and improving management of the mining sector.

24. **Strengthening public financial management in government institutions moved slowly and challenges remain.** Through its investment lending operation [65], the WBG supported the GoC in initiatives to reform public financial management (PFM) such as improving expenditure management using the information technology system and beginning work on program budgeting. Moderate progress was made in public investment efficiency. The deviation between actual and budgeted expenditure by targeted ministries declined from 40 percent in 2012 to 12 percent in 2015, not quite reaching the CPS target of 10 percent. The budget process and programming for investments are still not coordinated, with significant differences between annual tranches for sectors in the medium-term expenditure framework (MTEF) and investment allocations in annual budgets. The budget execution rate improved modestly, from 71 percent in 2012 to 88 percent in 2014, due to the decline in oil revenues and related fiscal constraints. Lower budget execution also affected the quality of expenditure allocations and outcomes in health, education, energy and agriculture. It also reflects challenges in implementing the WBG's program in these sectors which was heavily dependent on government counterpart funding. Despite some improvements, GoC still faces weak budget management, including non-compliance with expenditure ceilings, lack of coordination between oil revenues and macroeconomic forecasting, and arrears incurred by delayed processing of authorized payments. ***As a result, this outcome is rated as Partially Achieved***.

25. **Policy dialogue through analytical work also addressed these PFM challenges.** The 2015 Public Expenditure Management and Financial Accountability Review (PEMFAR)[66] recommended substantial reforms to the public expenditure system from planning, budgeting, actual spending, and implementation gaps in public resource management. A programmatic ASA "Improved Governance Policy Framework" evaluated the institutional arrangements of various implementing units and coordination mechanisms between various stakeholders and was a useful instrument to engage in further dialogue around efficiency gains. Recommendations from these diagnostics facilitated the design of the Integrated Public Sector Reform Project (P160801), which became effective in July 2018. It is expected to improve budget prioritization for more effective public investment management.

26. **WBG assistance to make public procurement more competitive made some progress.** The Public Procurement Regulatory Authority (ARMP) strengthened its oversight through capacity-building,

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[64] Education Sector Support Project (P152910).
[65] Transparency and Governance Repeat Project (P122990) closed in June 2015.
[66] https://openknowledge.worldbank.org/handle/10986/27137

broadening the range of indicators and parameters to improve the quality of public procurement and contract management. Despite the annual procurement audits the sampling does not include high-value contracts (above FCFA 1 billion) and audit reports are not publicly available on the ARMP website. According to a 2014-2015 audit report, at least 80 percent of recent public contracts were awarded after competitive bidding, thereby achieving the CPS target of 80 percent. The proportion of sectoral ministries with a public procurement unit and an approved procurement plan increased from 75 percent in 2012 to 86 percent in 2014. In 2015, 27 out of 101 procuring entities had an approved and published procurement plan. The WBG provided extensive technical support to the national training strategy and procurement training program in the ministries, but ARMP concluded that most public procurement units still lacked capacity due to high levels of staff turnover in ministries.

27. **The Bank's program provided technical support to strengthen government capacity to generate quality and timely data.** The National Institute of Statistics began to prepare statistics activities to boost data production of the 2017 population census, an integrated household survey, a national enterprise census, and geographic expansion of the Consumer Price Index. Coordination of activities between statistical units and sectoral ministries improved significantly, such as joint publication of statistics yearbooks.

28. **Efforts were initiated to build capacity and improve management in the mining sector.** After being admitted as a member of the Extractive Industries Transparency Initiative (EITI) in 2007, Congo became EITI-compliant in February 2013 with significant mineral resources that have the potential to diversify the economy away from dependency on oil. The WBG provided extensive technical assistance to enhance government capacity through training related to mining negotiations, review of legal and fiscal frameworks, and development of the skills gap analysis of the mining sector. WBG support helped to strengthen the technical capacity of the Mining Code Revision Commission, which enabled the team to revise the mining code to reflect international best practice for sector governance, policies and regulations. An institutional assessment of the Ministry of Mines and Geology and associated institutions outlines the capacity constraints and organizational challenges for effective development of mining in the Congo. Recommendations have resulted in improvements in the rudimentary cadaster system (where the Ministry of Mines established a manual cadaster system), as the basis of a modern cadaster system. Development of a geological mapping infrastructure to attract sustainable mineral investments was also recommended. ***Based on these results, this outcome is rated as Achieved.***

29. **The CPS program supported GoC in a Reducing Emissions from Deforestation and Forest Degradation (REDD+) program to mitigate the effects of climate change and create a greener path for Congo's growth.** The WBG provided technical support that resulted in Congo prequalifying for US$114 million from various REDD+ trust funds. This financial support is expected to help Congo design a socially and environmentally sound national strategy to reduce emissions from deforestation and degradation and plan an ambitious Emission Reductions Program across Sangha and Likouala. While the program had an initial slow start, there were some positive developments. A National REDD+ strategy was completed in July 2016; national and department REDD+ committees are in place. Congo also prepared an "Intended Nationally Determined Contribution" ahead of the CoP21[67] in Paris in 2015.[68] A Strategic Environmental

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[67] The 21st session of the Conference of the Parties (COP), the supreme decision-making body of the United Nations Framework Convention on Climate Change.
[68]http://www4.unfccc.int/ndcregistry/PublishedDocuments/Congo%20First/NDC_Congo_RAPPORT.pdf.

and Social Assessment, and safeguards frameworks for REDD+, are being completed. The restructured Forest and Economic Diversification Project (P158604) is supporting capacity of the forestry administration and local and indigenous communities to co-manage forests. Improved transport, training, and access to up to date information have enabled officials to better monitor forestry activities. There were notable achievements in improving forest management in community development zones in forest concessions where simplified management plans covering 117,195 ha are under implementation.

III. WBG PERFORMANCE

Design

30. **The CPS program was aligned with Congo's development priorities as elaborated in the National Development Plan (2012-2016).** The WBG engagement remained relevant throughout the CPS period. The design of the program addressed the overriding impact of oil prices by increasing competitiveness, promoting the non-oil sector through economic diversification, and addressing inclusion and resilience to improve basic service delivery. The one-year extension of the CPS period, through FY17, was appropriate to align the WBG strategy with government's political and programmatic cycle and thereby improve implementation. The PLR presented an opportunity to strengthen the WBG's engagement in critical areas. The CPS design sought to respond to the GoC's goals and incorporated a wide range of activities raising the question of whether a more selective focus on core challenges was needed***. In a context of limited political commitment to reform, the distribution of CPS interventions across several sectors undermined the principles of selectivity, which should have been central to the CPS design.***

31. **The choice of instruments was appropriate for the design of the CPS, and the PLR presented an opportunity to respond to evolving country circumstances.** The program envisaged a combination of investment lending operations, technical assistance, and analytical work to inform policy dialogue. During the second half of the CPS period, the plunge in oil revenues accentuated the importance of diversifying Congo's economy and efficient use of public resources for better results. At the PLR stage, the WBG program was modified to advance the economic diversification agenda through emerging projects in urban infrastructure, skills development, agriculture, delivery of health services (through performance-based financing), safety nets, and education. WBG engagement was deepened to diversify the non-oil sectors and help make the economy more competitive by promoting private investment in six non-oil value chains and support development of SMEs.

32. **The CPS results matrix lacked realism and relevance in a few areas.** The original CPS results matrix identified seven outcomes, each of which contained more than one objective with multiple indicators. The results matrix was modified at the PLR stage and the number of outcomes rose to 10, reflecting program changes, while the number of outcome indicators rose from 28 to 30. Despite these revisions (including the dropping of some indicators), the results matrix, in some cases, lacked relevance and did not fully reflect the country conditions, complexity and ambition of interventions. For example, outcome indicators for health were country-level indicators to which the WBG program indirectly contributed, making it difficult to attribute the WBG contribution. Similarly, Doing Business indicators were not appropriate for measuring WBG impact on the investment climate as the ranking and methodology of the indicators changed, which was beyond the influence of the WBG interventions (*see Annex 1*).

Implementation

33. **WBG commitments were broadly in line with initial expectations and delivered a solid program of lending.** The CPS IDA lending delivery was US$69 million, spanning both the IDA16 and IDA17 periods. Under IDA16 (FY13-14), the CPS envisaged a commitment of US$26 million and US$29.3 million was delivered. At the PLR stage, the IDA17 allocation was estimated at US$58.4 million of which US$45 million was committed during FY15-16. Therefore, IDA commitments during FY13-FY16 amounted to US$74.3 million. In FY14, Congo became eligible for IBRD resources, which supplemented IDA resources through two major projects: Additional Financing for the Water, Electricity and Urban Development (P106975) and Urban Development and Poor Neighborhood Upgrading Projects (P146933), totaling US$125 million. At the beginning of the CPS period, WBG leveraged government counterpart funding which accounted for 70 percent of the total WBG lending portfolio through FY15, when government counterpart funding ceased. As of end-June 2017, Congo's portfolio consisted of eleven projects (ten national and one regional), totaling US$319 million in IDA and IBRD commitments.

34. **IFC and the Bank collaborated in improving the investment climate and energy sector in Congo. IFC's portfolio as of June 30, 2017 was US$11.0 million,** comprising two investments in the financial market sector (risk-sharing facilities in commercial banks dedicated to SMEs) and a feasibility study for Sounda hydropower plant. ***Renewed efforts to support development of a PPP for the Sounda hydropower project represent an opportunity to apply the MFD principles through the cascade approach to the energy sector in Congo.***

35. **The WBG engaged with other donors during the CPS period.** Several operations were implemented in close coordination with other donors. The *Lisungi* program coordinated parallel financing through bilateral partners such as *Agence Française de Développement* (AFD) and UNICEF. AFD provided 8 million euros to support extension of cash transfers to about 3,000 households in four areas.[69] The WBG engaged in strategic dialogue with several development partners (IMF, GAVI, UNAIDS, and Global Fund) to help GoC identify measures to safeguard social spending to increase fiscal space for social services and improve the efficiency of public spending to realize greater value for money in the social sectors. In education and health, the WBG engaged with six other donors[70] to prepare sectoral strategies. For the regional ICT project, AFD is providing 50 million euros in parallel financing. In climate change the WBG worked with several bilateral partners to secure various trust funds for REDD+, such as the Forest Carbon Partnership Facility's Readiness Fund (FCPF), Forest Investment Plan (FIP) and Dedicated Grant Mechanism for Indigenous Peoples and Local Communities, and the Central Africa Forest Initiative (CAFI).

36. **The CPS program faced implementation challenges across the portfolio.** As of June 2017, out of 11 active projects, two were in problem status[71] and three were in potential problem status. The two problem projects were: Skills Development for Employability (P128628) and Health Sector Project (P143849). Implementation of most projects was hampered by systemic issues: (i) cessation of government counterpart funding as of 2015; (ii) limited technical capacity and skills within the implementing agencies; (iii) lack of government coordination among government agencies; (iv) unfamiliarity with WBG fiduciary procedures and project preparedness issues; and (v) inadequate implementation support from the WBG.

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[69] Madibou, Djiri, and Mfilou in Brazzaville; and Loandjili in Pointe Noire.

[70] French Development Agency, African Development Bank, European Union, IMF, UN and GAVI.

[71] Problem status refers to projects rated unsatisfactory (U, MU, or HU) in the progress towards achievement of PDO and or the Implementation Progress in an archived Implementation Status and Results Report (ISR).

For example: PBF is a new lending instrument with which the Ministry of Health is not familiar, and there is low technical capacity throughout ministries and government agencies to implement the program. All projects had stand-alone Project Implementation Units (PIU) separate from the relevant ministry. There were some "hybrid" cases, such as the Water, Electricity and Urban Development Project (P147456), whereby the PIU included staff from Government entities. Use of country systems for projects was challenging particularly where the PIU was reluctant to apply controls of procurement transactions of Bank-funded projects by the Public Procurement Directorate. Shifting from PIUs to line ministries in certain sectors has been under experimentation and has yet to show results.

37. **The WBG proactively applied a range of approaches to address implementation issues, which is yielding some results**. The WBG portion of financing was front loaded for projects under implementation such as the Water, Electricity and Urban Development Project (P106975). IDA increased its share of funding through additional financing for projects such as Regional ICT Project (US$5 million – P122398), and the Support to Enterprise Development and Competitiveness Project (P161590). For projects under preparation, the WBG explored financing options such as zero financing from the GoC or co-financing with other development partners. For the Commercial Agricultural Project (P159979) approved in FY18, the Bank mobilized US$100 million in IDA resources to support government's diversification efforts.

38. **The WBG carried out annual Country Portfolio Performance Reviews (CPPR) jointly with the government to identify implementation bottlenecks, accelerate disbursements and address systemic challenges.** Considerable efforts were made to ensure proactive portfolio management. To improve counterpart funding, the WBG proposed a set of options such as restructuring or co-financing with other partners. The WBG team assembled a task force to work closely with the client to ensure follow-up on CPPR recommendations. The WBG had requested the government disburse a realistic amount of counterpart funds based on project implementation. The GoC has since made clear that the fiscal situation does not allow for *any* counterpart funding to be provided. To address governance and fiduciary issues, the WBG provided capacity-building support through various trainings to PIUs.

39. **Several analytical pieces and technical assistance informed policy reforms, sector dialogue and supported institutional capacity building.** Some of the key analytical findings are summarized below:

(i) **Sector diagnostics**. A technical assistance program helped GoC to develop and adopt a well-sequenced reform agenda to broaden and deepen Congo's financial sector. It is expected to improve financial stability, develop financial structures, increase financial inclusion and help bridge the gap in long-term finance. A policy note on skills development recommended reforms in the technical and vocational education and training (TVET) sector that will contribute to improved skills. A Public Expenditure Review (PER) covering health and education spending informed GoC policies and reforms to make investments in these sectors more efficient. The fifth economic update ("*Changer de Cap et Prendre son destin en main*") provided further recommendations on improving spending efficiency in health and education sectors. The report "Balancing Mining Development and Forest Conservation in the Congo Basin" informed government efforts to improve and integrate spatial planning to address emerging drivers of deforestation and manage natural resources more sustainably.

(ii) **Reform agenda and policy dialogue.** A programmatic ASA "Toward Improved Governance Policy Framework" (June 2017) provided recommendations to strengthen the public investment management system and improve the efficiency of budget planning, execution and procurement. A PEMFAR diagnostic (May 2015) informed the GoC on budgetary, fiscal, procurement and disbursement reforms. A Poverty Assessment (May 2017) identified recent trends in monetary and non-monetary aspects of poverty and economic vulnerability based on 2005 and 2011 household expenditure surveys. Findings of the report were presented to government and key stakeholders to improve the effectiveness of poverty reduction programs. The WBG organized training for national statistical office (NSO) staff in data analysis to improve poverty measurement. A trade facilitation study (June 2015) identified an action plan for trade-related opportunities and constraints in Congo. GoC was expected to implement a reform program to create a private sector-based market economy.

(iii) **A Reimbursable Advisory Services (RAS)** was used to support the Government in implementing the Sovereign Wealth Fund (SWF) and provide recommendations on the SWF's structure, governance arrangements, and investment strategy and asset management. However, due to budgetary constraints, the government decided to suspend the program.

40. IEG analysis of closed projects during the CPS period has been insightful. The three operations[72] which closed between FY13-17 offer lessons that can be factored into future project design: strong government commitment is needed to ensure project sustainability; project design needs to be aligned with institutional capacity such as adequate staffing and structures in place; and capacity development and institutional strengthening take time to materialize in a post-conflict environment.

41. Gender equity is being integrated in WBG initiatives. In the last few years much was done to incorporate a gender focus into an increasing number of lending activities. A Gender Assessment[73] report provided recommendations for addressing gender differences with respect to access to education and labor market participation. The WBG support for women's empowerment is distributed across sectors such as agriculture, health, education and skills. The Agriculture and Rural Roads Rehabilitation Project (P095251) promoted 11,073 farmers, 47 percent of whom are female, who benefitted from micro finance projects. Similarly, 52 percent of current *Lisungi* beneficiaries (as of 2018) are women who are benefiting through the cash transfer program to access health and education services. The design of income-generating activities under *Lisungi* features activities tailored to women, to promote household self-sustainability given that women are more prevalent in micro-enterprise activities. Design of the Skills Development Project also promotes jobs training programs for vulnerable youth, including women. ***The CPF will include knowledge products to meet the requirements of OP/BP4.20, which calls for integration of gender issues into country strategies, operations, and country-level diagnosis of cross-sectoral gender issues.***

42. The CPS appropriately identified three risks which had substantial impact on program implementation: political, fiduciary, and weak institutional capacity. Political risks did materialize and affected the program marginally after the 2016 presidential election when government commitment to reforms stalled. Institutional and fiduciary risks were partially mitigated by the WBG team working closely with government counterparts through monthly meetings, annual portfolio reviews and support to help build mechanisms to ensure accuracy in financial reporting, audit and disbursement. Congo's macro economy remained vulnerable to falling global oil prices which further reduced oil revenues and GoC's capacity to provide counterpart funding to WBG projects. This risk was mitigated through project restructuring, front-loading WBG funding, and exploring co-financing arrangements with other partners.

[72] Health Sector Services Development (P106851); Support to Basic Education (P084317), and Transparency and Governance Capacity Building Project (P073507).

[73] World Bank. 2014. *Republic of Congo - Gender assessment 2013: gender disparities in education and employment*. Washington, D.C.: World Bank Group. https://hubs.worldbank.org/docs/imagebank/pages/docprofile.aspx?nodeid=20121531

IV. ALIGNMENT WITH CORPORATE GOALS

43. **Although the CPS pre-dated the adoption of the WBG Twin Goals, the program design had a clear objective of supporting poverty reduction and inclusive growth in Congo.** The CPS portfolio was aligned with, and scaled up its efforts in, areas that are binding constraints to poverty reduction and shared prosperity. The Lisungi Safety Net Project supported cash transfers targeted to the poorest and most vulnerable groups in selected areas of the country. Focusing on extremely poor populations at the national level is likely to have a significant impact on poverty and inequality.[74] The Urban Development and Poor Neighborhood Project (P146933) supported greater access to basic services and improved living conditions in the informal settlements in Brazzaville and Pointe Noire. Given the high levels of poverty and severe skills shortages in Congo, the Skills Development Project aims to improve job and entrepreneurial skills for vulnerable urban youth. An agriculture project is supporting rural livelihood opportunities by promoting improved agriculture technologies including for women and indigenous populations.

V. LESSONS LEARNED

44. **Greater efforts are needed to ensure project readiness and to accommodate institutional constraints before implementation begins**. CPS experience revealed that project implementation was affected by delays in counterpart funding, low technical capacity, and lack of knowledge of WBG procedures. This includes substantial delays between Board approval and project effectiveness, due to cumbersome Government approval processes and clearance by Parliament. Good technical design alone does not ensure project success. ***Project design needs to include a thorough institutional and political economy assessment to identify potential country-level gaps, and related mitigation measures, including TA and intensive implementation support, to ensure project readiness and effective implementation.***

45. **Innovative solutions are needed to overcome the loss of counterpart funding.** During the CPS period, the WBG portfolio co-financing ratio increased from 50/50 to 70/30 (70 percent being the share financed by the WBG). This was partly due to the government's strong commitment to specific sectors, few development partners from whom to leverage financing and the WBG's small resource envelope. As a result, the WBG portfolio relied heavily on counterpart funds. For example: in the Health Sector Project the GoC committed US$100 million out of US$120 million, but ultimately could not fulfill its commitments following the decline in oil prices. While high levels of government funding were appropriate at the CPS design stage and provided unique opportunities for the WBG to diversify its portfolio, it also slowed program implementation. The sudden loss of counterpart funding was highly disruptive and necessitated the restructuring of several operations. ***Future operations should explore alternative financing approaches, such as co-financing with other development partners, and private sector investments.***

46. **The WBG should intensify efforts to use the diversification agenda to boost employment.** Job creation is an emerging challenge and presents a risk to Congo given the country's heavy reliance on oil and a weak private sector. The 2018 SCD identified agriculture and light manufacturing as ideal sectors for the unskilled labor force in rural and semi-urban areas while formal and vocational training programs are

[74] The impact on poverty rates in the pilot areas (around 308,000 households) ranges between 2.5 and 5 percent.

relevant to create jobs in the service sectors. Building on this and other sectoral diagnoses the WBG could address employment opportunities linking them to projects supporting investment climate, agriculture, skills training and social protection.

47. **Employing mixed instruments can be effective in improving policy reform that demands sustained effort and government commitment.** The CPF should explore budget support operations in the areas of energy, agriculture and health to support sector-specific reforms. For example, a programmatic approach along with technical assistance can incentivize reforms and improve the regulatory environment in the energy sector. In the agriculture sector, the Bank could consider engaging in key policy reforms such as land tenure for greater emphasis on improving service delivery, skills building in high-potential value chains and promoting commercial agriculture to attract private investment. However, the WBG must be cognizant of government's commitment to these reforms. A coordinated approach is required to support systemic change across sectors in a low-capacity environment and can be piloted in a sector.

48. **The CPF results matrix needs to be more focused on the WBG contribution to results.** While the CPS results matrix was aligned with the program, it was overly broad and extensive for a small program and did not consider the data requirements for monitoring outcomes and milestones. Some indicators were not directly linked to the Bank's interventions, making it difficult to attribute results. A realistic results matrix, with a more limited number of outcomes and indicators, would have helped to focus the engagement. The results matrix should also be used as a monitoring tool for joint business plans and be reviewed systematically as part of portfolio monitoring and the CPPR. Attention should be given to factors that may block achieving results such as the difficult political economy or exogenous shocks.

49. **WBG needs to be strategic and selective in its engagement to avoid diffusing the program too thinly.** The CPS consisted of lending, ASA and technical assistance activities that stretched the capacity of both government and the WBG in the context of the small resource envelope and weak technical capacity. This often hindered the process of managing and monitoring CPS program implementation. ***Given the small size of the WBG program and resource constraints, the CPF should focus on interventions with the greatest potential to leverage policy reforms and have transformational development impact***.

50. **Working with multi-sectoral programs to improve poverty targeting is essential for Congo's future.** The *Lisungi* cash transfer intervention has limited coverage both in terms of the number of families receiving regular assistance and geographic coverage. Therefore, it is important to integrate the current scope of the program with other social programs in health, education and agriculture that will improve the efficiency of the poverty targeting. The WBG program should further explore ways to leverage *Lisungi* to help government build a sound social protection system.

51. **Policy dialogue through knowledge and advisory services has been somewhat effective for Congo.** The ASA program has been strategically realigned in areas such as skills, health, education, trade and public financial management. Knowledge work facilitated the national dialogue and addressed pockets of poverty, vulnerability and growth opportunities. Some of this work informed the SCD, which, in turn, forms the analytical underpinning of the CPF. Going forward, ASA needs to be strategically aligned based on government's NDP priorities and the WBG comparative advantage. The WBG should continue to work toward greater selectivity in ASA focusing on areas with clear reform momentum and committed champions. ***Exploration of RAS highlights that any future RAS would have to be explicitly linked to the availability of Government financial resources and a very strong ownership of the beneficiary ministry.***

52. **Need to find a creative way to address governance challenges.** Experience from this CPS shows that governance reforms are a long-term agenda that demand sustained effort; having a stand-alone program to address the broad range of governance challenges has not been effective in key sectors. The future WBG program needs to explore opportunities to support government policies and systems aimed at improving transparency and efficiency in service delivery for improved governance. This can be achieved through ongoing reforms to improve public financial management (through ongoing health, education, social safety net programs) and thereby improve the effectiveness of sectoral expenditures.

Annex 2.1: Summary of CPS Program Self-Evaluation

CPS Outcomes and Indicators (FY13-FY17)	Progress at CLR	Lessons Learned	WBG Program
I. WBG Pillar: Competitiveness and Employment			
Outcome 1: Improved Operational and Financial Performances of Key Utility Sectors			
(i) Energy Utility. **Indicator 1:** Revenue collection rate increases per year from 70% (2010) to 90% (2017) **Indicator 2**: Improvement of transit capacity of network distribution from 430 MVA (2014) to 500 MVA (2017) **Indicator 3:** Public Private Partnership transaction concluded for Sounda dam, with potential generating capacity in excess of 500 MW (by FY16) ***(ii) Water Utility.*** **Indicator 4:** Connections with operating water meter in Brazzaville up	**Not achieved.** Reform measures to increase revenue collection rate yet to start. The collection rate is 73% in Brazzaville as of December 2016. **Not achieved.** The upgrade of reinforcement of the transmission and distribution in Brazzaville and Pointe Noire are at an early stage of implementation. **Partially Achieved.** IFC completed Phase 1a of the mandate ("Identification of a preferred concept"), upon completion the findings to be presented to the Government. IFC presented the concept from an Environment and Social Perspective in February 2017, and the costing per option in March 2017. However, there was no agreement between IFC and government to proceed to Phase 1b (PPP transaction structuring). **Partially Achieved.** 22,000 water meters installed (Brazzaville: 17,000 and Pointe Noire: 5000). However, it is difficult to	Delay or lack of counterpart funding on project implementation needs to be reflected and taken into account in the financing agreement. A comprehensive and coherent power sector road map is needed with a strong commitment from the government using a wide variety of WBG instruments such as DPF, SIL and TA. It is necessary to tackle the issue of water sector reform in a comprehensive manner in order to	**Financing:** • Water, Electricity and Urban Development Project (P106975) • Urban Development and Poor Neighborhood Upgrading Project (P146933) **IFC:** • IFC PPP Transaction on Sounda Dam **ASA/TA:** • Identification of Gas Market Development Opportunities (P145549)

CPS Outcomes and Indicators (FY13-FY17)	Progress at CLR	Lessons Learned	WBG Program
from 0.54% (2014) to 7% (2017); and in Pointe Noire from 0.2% (2014) to 2% (2017)	identify if the water meters are operational because the customers are not charged at the volume consumed. Active household connection rate has increased by 6% between 2014 and 2016. In Pointe Noire, the rate decreased by 6% due to the decline in number of active HH subscribers.	maximize the impact of planned investments. Financial and operational performance of SDNE (now LCDE) needs to be improved to lay the foundations for sustainability of the project results and the future development of the water sector.	
Indicator 5: Collection ratio (cash income per billed revenue) increases from 47% (2010) to 65% (2017)	**Partially Achieved**. Collection ratio is at 60 percent as of December 2016.	In order to secure long term engagement in priority sectors such as sector and sanitation, the WBG could explore working with other partners to maintain the momentum.	
(iii) Increase in Railway Traffic. **Indicator 6**: CFCO traffic increases from 0.8 million tons (2010) to 1.0 million tons (2016).	**Achieved.** CFCO 5-year plan was approved by management and traffic has increased from 0.8 million tons in 2010 to 1.2 million tons in 2016.		
Outcome 2: Improved Business Regulatory Environment			
(i) Faster Business Registration. **Indicator 7**: Number of procedures to start a business reduced from 10 (2010) to 7 (2017)	**Not Achieved**. According to the DB 2017 the number of procedures increased from 10 to 11 (Congo ranked 178th on 'Starting a Business'). However, the methodology for DB completely changed since 2016 therefore it is difficult to assess progress from the 2010 baseline.	Building strong ownership by the government at the project design stage is critical. In addition, continued engagements with the private sector is also critical.	**Financing:** • Support to Economic Diversification Project (P161590) • Forestry and Economic Diversification Project (P124085) **IFC:** • OHADA Business Law Reform Program

CPS Outcomes and Indicators (FY13-FY17)	Progress at CLR	Lessons Learned	WBG Program
	Government adopted a law in May 28th, 2014 merging several business-registration procedures within the "One Stop Shop (Centre de Formalite des Entreprises) which is operational, but the law is not fully implemented on the ground. In addition, the coordination between CFE and other government agencies remains a work in progress.		**Ongoing ASA/TA:** • TA Sovereign Wealth Fund (WPS7903) • EW Policy Note on Economic Diversification (P151557) • PA Helping Increase Value-for-Money of Investments • Financial Sector Development Strategy (P164531)
(ii) Reduced Time to Export Goods. **Indicator 8:** The time to export goods reduced from 50 (2010) to 30 (2017) days	**Not Achieved**. According to DB 2017, the time to export was 276 hours for border compliance (Congo ranked 182nd on 'Trading Across Borders'). However, it is not possible to assess progress made as the DB methodology has drastically changed (including calculating time in hours instead of days). While the import/export one-stop shop has been built and implemented, operations are stalled because of competing projects from other departments in the government. The new government decided to streamline and integrate the project into the one-stop shop.		
(iii) Reduced Time to Import Goods. **Indicator 9:** The time to import goods reduced from 62 (2010) days to 40 (2017) days	**Not Achieved.** According to DB 2017, the time to import was 397 hours for border compliance (Congo ranked 182nd on 'Trading Across Borders'). However, it is		

CPS Outcomes and Indicators (FY13-FY17)	Progress at CLR	Lessons Learned	WBG Program
(iv) Streamlined Tax System. **Indicator 10:** The number of tax payments reduced from 61 (2010) to below the Sub-Saharan average of 30 (2017)	not possible to assess progress made as the DB methodology has drastically changed (including calculating time in hours instead of days). **Partially Achieved**. Number of payments = 50 (DB 2017). The tax system has been streamlined subject to the finance laws of 2014 and 2015 and the framework that was adopted. Paying taxes became easier and less costly for companies by merging several employment taxes into a single tax and lowering the tax rate on rental value. Full implementation of the law remains a challenge at the tax administration department within the Ministry of Finance.		
Outcome 3: Supported SME Development in the Targeted Value Chain			
Indicator 11: Number of SMEs benefitting from the capacity building program increased from 180 (2014) to 500 (2017) **Indicator 12**: Number of SMEs that have access to financial services	**Mostly Achieved.** 412 SME supported for the capacity building program. A dynamic database of SME non-financial service providers has been developed which has over 110 members and counting. The local content in supporting SME value chain is being supported through TOTAL, the largest corporation in Congo; so far 20 SME benefitted. **Partially Achieved**. As of December 2016, 200 SMEs have access to financial services.		**Financing:** • Support to Economic Diversification Project (P161590) **IFC:** • IFC Advisory: IFC Risk Sharing Facility combined with Business Edge SME Training Toolkit **Ongoing ASA/TA:** • TA Sovereign Wealth Fund (WPS7903)

CPS Outcomes and Indicators (FY13-FY17)	Progress at CLR	Lessons Learned	WBG Program
increased from none to 350 (2017)			• EW Policy Note on Economic Diversification (P151557) • TA Financial Sector Development Strategy (P164531)
Outcome 4: Improved Regional Telecommunications			
(i) Higher Volume of International Telecomm Traffic (international internet bandwidth). **Indicator 13:** Bits per second increase from 75 (2012) to 200 (2016)	**Achieved.** As of June 2016, rate of bits per second stood at 2,760 – far exceeding the CPS target of 200. Furthermore, civil works for construction of the CAB3 500-km infrastructure between Pointe Noire-Dolisie and Mbinda are finalized. The purchase of active equipment - initially to be fully funded under counterpart funding – was partly funded via CAB AF which is currently being prepared.	There was a need to capitalize on the outputs of CAB3 with AF to consolidate the project outcomes and scale-up the activities to ensure greater and more sustainable impact.	**Financing:** • Central African Backbone Project - APL3 (P122398)
Outcome 5: Improved Market Access and Increased Agricultural Production in the Targeted Areas **All three milestones are achieved.**			
(i) Market Access: **Indicator 14**: Length of rural roads rehabilitated increases from 0 km (2008) to 1,321 km (2016) **Indicator 15**: Number of producers with access to rehabilitated market infrastructure increases from 84,396 (2013) to 88,343 (2016)	**Mostly Achieved.** 1,319 km of roads were rehabilitated with 221 villages and 30,000 people benefitting from them. **Achieved.** As of end-FY17, 92,196 community members have access to 41 market infrastructures constructed.	The project helped to leverage government's investment successfully in rural roads. The government's budget allocation rose from US$1 million in 2013 to US$10 million in 2014. There needs to be greater alignment and synergies between project components, productive investments and target beneficiaries to increase impacts. A Productive Alliance	**Financing:** • Agriculture Development and Rural Roads Rehabilitation Project (P095251) **Ongoing ASA/TA:** • ESW Poverty Assessment (P154497)

CPS Outcomes and Indicators (FY13-FY17)	Progress at CLR	Lessons Learned	WBG Program
(ii) Food Production of Key Agricultural Products. **Indicator 16**: Increased yields: Cassava: 8.4 (tons/ha) (2013); target: 10.6 (2016) Banana: 0.6 (tons/ha) (2013); target: 0.8 (2016) Maize: 0.25 (tons/ha) (2013); target: 0.5 (2016)	**Achieved.** Cassava: 12 tons/ha; Banana: 12 tons/ha Maize: 1.3 tons/ha	approach may facilitate this coherence in project design. Evidence based analytics could have been leveraged to inform the elaboration of the Government's Agricultural Sector Strategy. Micro projects need to reinforce each other along a value chain (production, storage, transportation, processing and marketing).	
Outcome 6: Improved Skills for Youth Employment			
Indicator 17: New comprehensive skills training approach (not available in 2014) was developed and piloted to increase the employability of urban vulnerable youth, targeting equal numbers of young men and women (2017) **Indicator 18**: Number of youths who benefitted from pilot skills and job training program	**Not achieved.** A skills policy note was prepared by the Bank and was disseminated in April 2017. This was to be an input to the skills training approach. A Rapid Labor Market Assessment was slated to be prepared but was ultimately dropped. In addition, a value chain study (in agribusiness and forestry) is ongoing. **Not achieved.** A total of 1,493 youth was trained (46 percent of whom were women).	Be realistic when setting targets, especially in an unknown environment (training supplies and demand from employers). Keep engaging the private sector and enhance communication events to raise awareness of stakeholders and beneficiaries. Restructure project if necessary to quickly adapt to reality on the ground.	**Ongoing Financing:** • Skills Development for Employability Project (P128628) • Education Sector Support Project (P152910) **Planned ASA/TA:** • Tertiary Education Technical Assistance (P154032)

CPS Outcomes and Indicators (FY13-FY17)	Progress at CLR	Lessons Learned	WBG Program
increased from none (2014) to 7,500 (2017)			
WBG Pillar 2: Vulnerability and Resilience			
Outcome 7: Increased Health System Performance			
(i) Better Protection Against Malaria. **Indicator 19:** Percentage of children under five years of age sleeping under an insecticide-treated net the previous night increases from 67% (2011) to 80% (2015) ***(ii) Higher Immunization Rates.*** **Indicator 20**: Percentage of children fully immunized for Penta3 (DTP, Hep. B, and Hemovirus) increases from 65% (2013) to 75% (2016) ***(iii) Higher Professionally Aided Delivery.*** **Indicator 21**: Percentage of births attended by skilled	**Not achieved.** According to MICS 2014-15 shows 60.5 percent of Children under five years of age sleeping under an Impregnated Mosquito net. **Not achieved.** DTP at 66.3 percent; Hep B at 55.6 percent and Hib at 56.8 percent while fully vaccinated children dropped to 16.8 percent. **Not achieved.** According to MICS (2014-15) Institutional delivery at 91.5 percent and Impact Evaluation baseline survey	The national malaria program, vaccines and EPI program remain underfunded. A non-discretionary budget line is needed in the MoH/MoF budget for this. Free malaria drugs and medical consumables for this program are not available and people have to pay out of pocket which is very costly. The graduation program for vaccines from GAVI was due to end in 2017, and the government intended to pay for the entire EPI program by itself at a cost of US$20 million per year. The government has not been able to co-finance this program, and in January 2019, the GAVI Board decided to extend exceptional country support to Republic of Congo, beyond the initially intended transition period. This decision was based on the weak macroeconomic and fiscal context, and the poor outcomes that were	**Financing:** • Health Sector Project (P143849) **IFC:** • Health in Africa Initiative **Ongoing ASA/TA:** • HRBF Impact Evaluation (P146903)

CPS Outcomes and Indicators (FY13-FY17)	Progress at CLR	Lessons Learned	WBG Program
health personnel increases from 93.6% in 2011 to 97% by 2015 ***(iv) Increased Antenatal Care.*** **Indicator 22**: Percentage of pregnant women having at least 3 antenatal care visits before delivery increases from 45% in 2015 to 55% in 2017 ***(v) Improved Child Nutrition.*** **Indicator 23**: Number of children between 6 and 59 months receiving nutritional services increases by 20% between 2015 and 2017	2014 - 82 percent of institutional delivery. **Achieved.** According to MICs it is measuring at least 4 antenatal care visits per pregnancy and it is at 79 percent. **Not achieved.** No data is available, as it is not collected through the routine data reporting (the most recent MICS survey was in 2014/2015), and it is unlikely from routine reporting from the PBF system covering 50 percent of the population that it is happening.	achieved through the immunization program. The quality of health services is low in health centers and facilities. There needs to be a strong focus on financial accessibility of care including delivery of care and quality of care.	
Outcome 8: Increased Social Protection Coverage			
Indicator 24: Number of potential beneficiary households enrolled in the unique registry for safety net program increases from 0 (2014) to 5,000 (2017)	**Mostly achieved.** As of June 2017, 3,455 households were receiving the quarterly cash transfer for 24 months under the Social Registry program which is being used by Lisungi Cash Transfer program and by PDSS II.	Partnership with other sectors such as health and other donors has provided the registry the means to increase its coverage and to consolidate as a tool for targeting social programs. In addition, having the right infrastructure in place and a clear vision to promote social	**Financing:** • LISUNGI Safety Nets Project (P145263) • Urban Development and Poor Neighborhood Upgrading Project (P146933)

CPS Outcomes and Indicators (FY13-FY17)	Progress at CLR	Lessons Learned	WBG Program
		protection was effective to draw the attention of other donors as AFD and UNICEF to contribute to the program overall goal. Future CPF could explore adopting the Social Registry as a gateway to integrate beneficiaries of various social safety net and human development programs and developing its ability to remain dynamic and up to date.	**Ongoing ASA/TA:** • ESW Poverty Assessment (P154497)
WBG Foundation Pillar 3: Capacity Building and Governance			
Outcome 9: Improved Budget Management, Procurement, and Statistical System			
(i) More Competitive Procurement. **Indicator 25**: At least 80% (2017) of public contracts in excess of FCFA 250 million are subjected to competitive bidding from the current 60% (2015). ***(ii) Better Budget Management.*** **Indicator 26:** Deviation between actual and budgeted expenditure by targeted ministries reduced from 40%	**Achieved.** 80 percent of public contracts have been awarded after competitive bidding. Annual procurement audits are conducted and reports for 2012-2013 and 2014-2015 are available to the public. **Partially Achieved**. Deviation between actual and budgeted expenditure is 11.76 percent in 2015.		**Financing:** • Transparency and Governance Repeat (P122990) (Closed FY15) • Statistical Capacity Building Project (P133731) **Ongoing ASA/TA:** • Economic Update (prepared annually) **Planned ASA/TA:** • PEMFAR Follow Up (P147163) • Systematic Country Diagnostic (P155519)

CPS Outcomes and Indicators (FY13-FY17)	Progress at CLR	Lessons Learned	WBG Program
(2011) to less than 10% (2015) ***(iii) Better Project Selection.*** **Indicator 27**: At least 50 percent of government projects, each in excess of FCFA 250 million, have a feasibility study prior to incorporation into the budget ***(iv) Improved Statistical System.*** **Indicator 28**: World Bank Statistical Capacity Indicator Score (SCI) increased from 50 (2012) to 55 (2017)	 **Partially Achieved**. 55 percent of the investment project for which feasibility study has been prepared. 70 percent of the investment budget is implemented. **Not achieved**. As of December 2016, the score was 50. The indicator was not achieved due to delay in counterpart funds; lack of facilities for the INS staff, delay in approval of a decree authorizing the organization of the Population and Housing Census; lack of operating budget for the INS and the non-completion of the institutional reforms to strengthen the national statistical system of the country.		
Outcome 10: Improved Institutional Framework for the Management of the Mining Sector			
(i) Better Mining Sector Management. **Indicator 30**: A revised Mining Code in line with	**Partially Achieved**	Efforts in establishing the modern cadaster should be done in close collaboration with other sectors such as forestry and agriculture.	**Ongoing TF:** • Mining Sector TF • Extractive Industries TF

CPS Outcomes and Indicators (FY13-FY17)	Progress at CLR	Lessons Learned	WBG Program
international good practices is adopted (2017).	The International Mining Code Revision Commission facilitated the drafting of a Modern Mining Code as well as the first draft of the associated regulations in line with International best practices standard (2017). However, the Government did not finalize or approve the Mining Code due to the budget crisis that ensued. The Bank supported a needs assessment for creation of a manual mining cadaster system. However, this initiative was not taken forward by the Ministry of Mines, due to funding constraints.		**ASA/TA:** • TA Mining Sector Development (P166758) • ESW Balancing Mining and Forest Conservation in the Congo Basin (P146347)

Annex 2.2: CPS Planned Lending Program and Actual Deliveries

CPS Planned	(IDA/ IBRD) US$ million	Co-Financing	PLR	IDA/IBRD US$ million	Co-financing	Actual	IDA/IBRD US$ million	Co-fin US$ million
FY13						**FY13**		
Skills Development Project	10	22						
FY14						**FY14**		
Statistics Project	6	30				Skills Dev for Employability	10	
Health Project						Health Sector Project	10	
						Lisungi Safety Nets	2	
						AF- Agriculture Development	2.5	
						Statistics Capacity Building	4.8	
TOTAL							**29.3**	
FY15						**FY15**		
Education			AF- Water, Electricity and Urban Development	45 (IBRD) 15 (IDA)		AF- Water, Electricity and Urban	45 (IBRD) 15 (IDA)	
			Urban Development and Poor Neighborhood Upgrading	80 (IBRD)				
TOTAL							**60**	
FY16						**FY16**		
Agriculture			Education Sector Support	30 (IDA)	10 (GPE)	Urban Development and Poor Neighborhood	80 (IBRD)	

			Agriculture Project			Education Sector Support	30	
			Support for Sustainable Livelihoods					

Annex 2.3: CPS Planned and Actual ASA Activities

CPS Planned	PLR planned	Actual
Trade Policy and Facilitation (DTIS)	Agriculture and Rural Poverty	Statistical Strategy Development Plans (NSDS) (TA)
Social Sector Policy Operationalization	PEMFAR Follow Up	Congo Emissions Reduction Program Idea Note (TA)
Series of Short Policy Notes	Systematic Country Diagnostic	CG Economic Update (ESW)
HD Public Expenditure Review	Tertiary Education	Trade Policy and Facilitation (DTIS) (ESW)
Gender Study	Sovereign Wealth Fund (RAS)	Improving Efficiency and Equity of Public Expenditure (ESW
Financial Sector Study		PPP Program: Addressing the Capacity Building Issues and Enhanced (TA)
Mining Sector Management (TA)		CG-Skills Dev for Employability (ESW)
Oil Sector Management (TA)		Social Sector Policy Operationalization (ESW)
Social Protection Policy Implementation Support		HD Sector PER
		PPP Capacity Building
		Oil and Gas Advisory and TA
		Use of Country Systems
		Procurement Use of Country System
		Second Edition of Economic Update
		PEMFAR
		Gender Assessment
		Trade Facilitation
		Mining Development and Forest Conservation in the Congo Basin
		Poverty Assessment
		Financial Sector Development Strategy (FSDS) TA

		Adjusting Amid Uncertainties: Exploring Policy Response to the Crisis
		Tertiary Education TA
		Value for Money Audit
		Economic Update Third Edition
		Improved governance policy framework
		HRBF Impact Evaluation
		Identification of Gas Market Development Opportunities

Annex 3: Selected Indicators of Bank Performance and Management

Key Indicator		FY16	FY17	FY18	FY19
Number of Active Projects		9	10	11	10
Total Commitment (US$ m)		242.3	298.8	428.8	450.8
Average Project Value (US$ m)		26.9	29.9	39.0	45.1
Actual Problem Projects	(no.)	0	2	1	2
	(%)	0%	20%	9%	20%
Disbursement Ratio (%)		12%	5%	15%	11%
Disbursements in FY (US$ m)		11.3	9.1	36.3	38.2
Undisbursed (%)		81%	79%	82%	73%
Average age of Projects (years)		2.9	3.6	3.1	4.5

Annex 4: Operations Portfolio (IBRD/IDA and Grants)

World Bank Group Portfolio - Congo, Republic of

Report Date : août 15,2019

Population (millions) (2018)	5,2	IDA, Blend or IBRD	BLEND
GNI ($billions) (Atlas) (2018)	#ERROR	IDA 16 allocation(SDR)	
GNI per capita ($) (2018)	1 640,0	% Change over IDA15	
GDP growth (%) (2018)	#ERROR	Inflation Rate (%) (2017)	#ERROR

Ranking in Doing Business Report (2018)	180

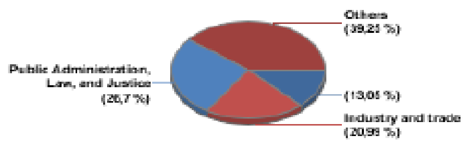
* Data as of : août 14, 2019 ⁴ IBRD/IDA Exposure Data as of: sept. 30, 2017

WBG	Net Commitments/ Committed ($m) *	Undisbursed ($m) *	Exposure (total sums disbursed & outstanding)($m)
IBRD	175,0 ¹	137,9	#ERROR ⁴
IDA	269,3 ¹	181,6	#ERROR ⁴
IFC	#ERROR ²	#ERROR	#ERROR
MIGA			³
World Bank Group	#ERROR	#ERROR	#ERROR

1.Net Commitments for active portfolio projects. 2.Outstanding balances or Undisbursed Commitments. 3.MIGA Guarantees for Exposure

IBRD/IDA	
Net Commitments($m)	# of projects in portfolio
444,3	10
Disbursements in FY20 ($m)	% Undisbursed
42,9	71,9
# projects in FY20 pipeline	Of which Approved (YTD) (#)
Commitments($m) in FY20 pipeline	Of which Approved (YTD) ($m)

Top 3 Sectors (Active Portfolio)



World Bank Data as of : août 14, 2019

Current IFC Committed Portfolio														
IFC's own account ($m USD)									Syndicated ($m USD)		IFC AMC ($m USD)			
Loan		Equity		Quasi Equity (LN & ET)		GT (incl. Trade Fin) and Risk Mgm		IFC Total	B-Loan		Quasi Equity (LN & ET)			
Exposure	Cmtd	Exposure	Cmtd	Exposure	Cmtd	Exposure	Cmtd	Cmtd	Exposure	Cmtd	Exposure	Cmtd		
0,0	0,0	0,0	0,0	0,0	0,0	######	#ERROR	#######	0,0	0,0				

IFC Investment Business - Top 5 Sectors (IFC Committed $m USD)		
6	All others	#ERROR
Total		#ERROR

IFC Advisory Services - Business lines ($m USD funds managed)

IFC Data as of : juil. 31, 2019

MIGA			
		Currently Active	Total
# of Projects Guaranteed for Investment			1
Guarantees Gross Exposure ($m)			#ERROR
Guarantees - Top Sectors			

MIGA Data as of : juil. 31, 2019

Annex 5: Statement of IFC's Held and Disbursed Portfolio

Annual Program ($ millions, as of 6.30.2019)						
	FY14	**FY15**	**FY16**	**FY17**	**FY18**	**FY19 YTD**
Total LTF Commitments	**0.0**	**5.0**	**8.5**	**0.0**	**0.0**	**0.0**
Of which: Own Account	0.0	5.0	8.5	0.0	0.0	0.0
Of which: Mobilization	0.0	0.0	0.0	0.0	0.0	0.0
Total STF	**0.0**	**1.6**	**0.6**	**0.0**	**0.0**	**0.0**
O/A Commitments since 1999	**21.1**					

Outstanding Portfolio ($ millions, as of 6.30.2019)				
	MAS	**INR**	**FIG**	**CTT**
Debt, equity and quasi-equity	0.0	0.0	0.1	0.0
STF	0.0	0.0	0.0	0.0
Total	**0.0**	**0.0**	**0.1**	**0.0**
Top 3 exposures	**Client**	**Industry Group Sector**	**$ M**	
	RSF Credit du	Financial Markets	9.7	
	ECG SME RSF	Financial Markets	0.2	
New business pipeline overview	None			

Advisory Portfolio

Project Name	Primary Business Line Name	Total Funds Managed by IFC (US$ m)
Congo Brazzaville HiA	Health, Nutrition and Population	0.9
Total		**0.9**

Advisory Pipeline

Project Name	Primary Business Line Name	Total Funds Managed by IFC (US$ m)
DFS MTN Congo Brazzaville	Financial Institutions Group	0.0
Total		**0.0**

Annex 6: IMF Engagement with the Republic of Congo

On July 11th, 2019, the International Monetary Fund (IMF) approved a three-year arrangement under the Extended Credit Facility (ECF) in the context of the CEMAC regional response to the crisis arising from the 2014 oil-price bust. The IMF support to Congo, totaling the equivalent of US$448.6 million, began with an immediate disbursement of $44.9 million and includes efforts to address the following:

- Despite recent adjustment measures, including fiscal consolidation, debt restructuring and governance and transparency reforms, Congo continues to face economic and development challenges, including volatility of global oil prices. Congo will need to restore fiscal sustainability, ensure the success of debt restructuring, strengthen governance and implement structural reforms to facilitate economic diversification and sustainable, pro-poor economic growth.

- Improving public financial management and domestic revenue mobilization, especially in the non-oil sector. The efficiency of public spending should be increased, notably efforts to protect social spending in education, health, social protection, and women's empowerment programs.

- Congo's recent debt restructuring strategy will restore debt sustainability, the terms of which need greater transparency and sustainability. This includes restructuring external commercial debt, avoiding any new non-concessional debt, taking steps to repay domestic arrears to support private sector development, and managing the debt accrued by State-Owned Enterprises.

- Improving governance and transparency, through the newly created anti-corruption commission; fostering transparency in natural resources management, public investment; and strengthening the Anti-Money Laundering framework and the quality of government statistics.

- Growing levels of Non-Performing Loans highlight the importance of restructuring weaker commercial banks and other financial sector vulnerabilities.

Annex 7: Gender Issues in the Republic of Congo CPF

The Republic of Congo features significant gender gaps across the board, as reflected in its ranking on the Gender Inequality Index (GII), which combines measures of reproductive health, empowerment, and labor market participation. Congo was ranked 137th out of 157 countries in 2017, with little improvement since 2000.

Despite having a relatively high proportion of births attended by a skilled professional (94 percent), the maternal mortality rate is still high (442 deaths per 100,000 live births), especially considering Congo's level of GDP. This suggests poor quality of maternal health care is an issue.

In education, the gender parity index for school enrollment significantly drops between primary (1.07) and secondary (0.87) levels. Girls' lower access to secondary education is especially pronounced in rural areas and among the poorest households (World Bank, 2014). High adolescent fertility (112 births per 1,000 women ages 15-19) and household financial constraints are key factors.

Given its FCV context, it is not surprising that gender-based violence (GBV) is a critical issue in the Republic of Congo, with high rates and high social acceptance, though there is need for strengthened data collection and monitoring of the issue. There is also some evidence that GBV may be an issue impeding women's safe access to education.

In terms of economic empowerment, women earn only half the wages of men. The gap is largely explained by their lower education and skills and by their higher concentration in informal and own-account work (World Bank, 2016). Women's decisions about which types of work and in which sectors to engage may be driven by social norms and by unequal responsibility for domestic tasks, such as childcare, especially given the overall fertility rate of 4.9 births per woman, with the rate as high as 6.5 in rural areas and 7 among the poorest households (World Bank, 2016; DHS, 2012).

The agriculture sector is the main source of employment for women, accounting for 41 percent of employed women between the ages of 15 and 30 (World Bank, 2013). However, women's access to productive assets is weaker than men's, hindering their agricultural productivity and their ability to start and build businesses. While women make up 70 percent of Congo's agricultural workforce, they are estimated to be only half as productive as men, due to barriers in accessing land, credit, and inputs, as well an unequal share of child rearing and household tasks. Social norms also appear to lead women toward subsistence food crop agriculture, with men dominating more profitable cash crops. While women are legally able to own land, in practice the majority of land is owned by men.

Operational responses:

To address Congo's high maternal mortality rate, the pipeline Health System Strengthening Project (P167890) includes greater emphasis on improving quality in service delivery as well as utilization, including through Performance-Based Financing (PBF) to strengthen governance, transparency and purchasing of health services, and through support to the delivery of community health services via the adoption of a national policy for Essential Community Care and the creation of a package of services delivered by community health workers.

The Congo portfolio will also support utilization of maternal health services through cash transfers that are conditional in regular health center visit, provided under the LISUNGI Safety Nets System Project II (P166143).

The CPF will address women's employment, entrepreneurship, and agricultural productivity through the Commercial Agriculture Project (P159979) which will support women's access to more and better jobs and their ownership and control of assets. The former will be supported by providing young women with internship opportunities and access to master's and PhD grants to bridge the education and skills gap.

Women's ownership and control of assets will be supported through the provision of matching grants and technical assistance for female producers and technical assistance to women-owned MSMEs, including leadership and entrepreneurship training, mentoring for business management, and networking support for market access. To prioritize the selection of women producer groups, a business plan competition will be used that will include criteria that give additional points to groups that incorporate women in leadership positions. The Support to Enterprise Development and Competitiveness Project (P161590) will also target women owned businesses with a Business Plan Competition and matching grants. In designing business training for women, these projects can draw on recent evidence from the Africa Gender Innovation Lab which highlights the importance of non-cognitive skills for women farmers and women business owners (e.g. Campos et al, 2017; Montalvao et al, 2017).

To counter gender gaps in education, especially at the secondary level, the Education Sector Support Project (P152910) will support improvements to the learning environment that respond to the needs of vulnerable groups, including girls. This will include the construction of separate latrines for boys and girls. The project also includes a focus on research to improve sector policymaking in the longer term and the development of a new Education Management Information System that will aid the collection and analysis of gender-disaggregated data. Given that costs to households are seen as the main barrier to both girls' and boys' education, the CPF will support access to education through conditional cash transfers, under the LISUNGI Safety Nets System Project II (P166143).

To support young women who have already dropped out of the education system (and are unlikely to return), the Skills Development for Employability Project (P128628) will provide job and entrepreneurship skills for urban youth. To help women overcome childcare barriers to participation, women with children will be paid a stipend of CFAF 2,000 per day, compared to the standard CFAF 1,500 per day to other participants. The higher stipend will also be available to women who opt for training in traditionally male-dominated sectors (which tend to offer higher profits and wages) and thereby help close the gender gap in earnings.

In addition to jobs and entrepreneurial skills, all participants will receive life skills and behavioral skills training. There is strong evidence that combined life-skills and vocational-skills programs for adolescent girls can have significant impacts not only on economic outcomes, but also on reproductive behavior (e.g., Bandiera et al., 2014). There are also clear potential benefits for male youth: the 2013 World Development Report, "Jobs", found that the main reasons for joining rebel groups included being idle and needing to earn some income.

The CMU will explore ways to increase the focus of the CPF on gender-based violence (GBV). Currently, the focus on GBV in the portfolio is on addressing GBV risks in project implementation. Beyond this, the team will explore ways of addressing the issue of GBV more broadly. This could include a focus on GBV in work in the health sector, such as support to effective referral of GBV victims for specialized medical and psychosocial support. This is currently being implemented in neighboring Central African Republic. There may be a need to build the knowledge base on GBV in Congo. As suggested in the SCD for Congo, this could include establishing an integrated database on GBV related statistics.

Annex 8: Summary of Stakeholder Consultations

Phase I – November/December 2017 - Extensive consultations were held across a wide range of stakeholders, in Brazzaville and in other regions of the country. The four most commonly cited issues were: (i) improved governance; (ii) increasing the efficiency of public institutions; (iii) economic diversification and job creation; and (iv) human capital development.

Youth Groups: highlighted the need to: reduce unemployment and youth poverty through job creation (promote self-employment), boost access to quality education and better training programs; improve governance and accountability in public institutions; channel funds into social sectors; promote youth participation in agriculture; and identify mechanisms for direct WBG support to youth groups to prevent misuse of funds.

Refugees: echoed the need for improved access to basic social services and direct support to beneficiaries. They cited the need for Congo to: comply with international conventions on refugees and ensure protection to refugees, particularly with regards to GBV; strengthen UNHCR's operational capacity to assist refugees; ensure the integration of refugees by facilitating access to finance and land; and (iii) facilitate refugees' access to WBG-funded projects.

Development Partners (DP): A consensus emerged among DPs, with common concerns over improved governance, quality of education and access to employment. DPs stressed peace as a prerequisite for development and called for an inclusive dialogue among political actors and effective policies to achieve and consolidate peace. Other priorities include: (i) reforming public institutions and developing human capital; (ii) diversifying the economy by mobilizing private investment and improving the business environment; (iii) reducing or eliminating government counterpart funding for projects; and (iv) enhancing donor coordination.

Private Sector and Employers' organizations: Private sector participants stressed the need for improved governance to address corruption, impunity, concussion and fraud. They also cited the importance of: (i) improving the business climate through public-private dialogue; (ii) promoting human capital by setting up and optimizing Government professional training centers; (iii) creating a guarantee fund or independent development bank for direct financing of SMEs/SMIs; (iv) improving transportation infrastructure, energy and ICT connections; (v) promoting regional integration to increase competitiveness and expand markets; (vi) sensitizing private sector operators on IFC financing schemes for SMEs/SMIs in local banks; (vi) developing a skilled labor force; and (vii) introducing results-based approaches into public administration.

Civil Society Organizations (CSO): CSOs highlighted the need to strengthen their own capacity to monitor public policies, for greater effectiveness; and to forge an effective partnership with donors and public authorities. They also identified the priority to: (i) promote citizenship through civic education and managing common property; (ii) guarantee free movement of goods and people throughout the country and develop inclusive public policies to address the needs of vulnerable populations and those with disabilities; and (iii) set up a support fund for civil society initiatives.

Government Officials: Ministry officials focused on reforming public administration by modernizing systems and supporting the government in defining its strategic reform plan. They emphasized the need to: (i) create a map of WBG interventions in Congo; restructure WBG projects to remove government counterpart funding; (ii) improve urban governance for better management of cities, fighting erosion, and developing transport infrastructure in urban areas and rural roads; (iii) promote digital technology in schools and in vocational training; and (iv) rehabilitate and equip schools, including recruiting and training teachers throughout the country.

Indigenous Peoples - Representatives focused on developing human capital to meet the needs of their communities by boosting access to basic services (education, hygiene, nutrition and health) and jobs. They also called for the WBG to: (i) ensure implementation of the "Pygmies promotion and protection Law in Congo", improve the coordination and monitoring of projects implemented for the benefit of indigenous populations; (ii) provide direct support to projects initiated by indigenous people, with an emphasis on capacity building and women's empowerment; (iii) develop income-generating activities especially in the fields of agriculture, handicrafts, livestock and retail; (iv) strengthen the managerial capacities of indigenous leaders; and (v) develop community information, education and awareness programs for indigenous people. Those contributions are aligned with the main priorities described by the Indigenous Peoples in the "2018-2025 Strategy for the Sustainable Development of Indigenous Peoples and Local Communities in Central Africa".

Poor neighborhoods: Inhabitants of working-class neighborhoods stressed access to basic services, urban development (building roads and combating erosion), combating youth unemployment, and expanding assistance to the elderly and the marginalized. They also highlighted the need for: (i) a laboratory for quality control of medicines on the local market; (ii) universities in the country's major cities, aside from Brazzaville; and (iii) setting up a social fund for youth and elderly.

Parliamentarians: Parliamentarians echoed the importance of investing in human capital and economic diversification. They also voiced concern on: (i) improving governance as the core of all issues facing Congo; (ii) creating a parliamentary network with the WBG to better monitor implementation of the WBG portfolio; and (ii) developing a national strategy for public debt management and revising the mining, forestry, agriculture, and telecommunications codes.

Government: Ministers highlighted the need to reform state institutions, with an integrated understanding of development issues; and to better align WBG assistance with Government priorities. They also highlighted: (i) establishing a coordination mechanism for development assistance and for evaluating the performance of Technical and Financial Partners (TFPs); (ii) restructuring projects with government counterpart funding and disseminating WBG disbursement procedures to ministry officials; (iii) improving governance, efficiency and transparency in public management; (iv) promoting social sectors and investing in human capital; (v) developing energy and transport infrastructure by promoting linkages at the sub-regional level; (vi) linking Congo to the digital economy and positioning ICT to leverage economic development; and (viii) taking stock of the Congo-WBG partnership to draw lessons from the past and improve future cooperation while respecting national sovereignty.

Phase II: In March 2019, a WBG mission visited Brazzaville to conduct a **Risk and Resilience Assessment (RRA)** and gather information on drivers of fragility and factors of resilience in the country. The team met with a wide range of stakeholders, including representatives of Government, private sector, civil society organizations, NGOs, and development partners. Among the most prominent issues that arose, the unsustainable debt situation was highlighted as causing social unrest as exemplified by protests of civil servants, teachers, and workers who are owed overdue wage payments; as well as an increasingly restrictive private sector environment which is crowding out all sizes of businesses and worsening high levels of unemployment. Conversely, factors of resilience were highlighted such as social cohesion within communities and the resilience of civil society and its role in providing basic services to the populations in need. An added resilience factor is the role of the private sector – notably a forestry company in the north of the country – in providing health services to local communities. A sense of overall "war fatigue" from past civil wars was seen as a dissuading factor from further conflict. The overriding recommendation of this RRA mission was for more equitable sharing of the country's resources (extractives revenues) and improved service delivery at the local level to help establish a citizen-state compact built on trust and shared prosperity.

Annex 9: Donor Mapping

Sectors	Sub Sectors	AfDB	EU	FAO	France	IFAD	UNAIDS	UNDP	UNESCO	UNFPA	UNICEF	USA	WB	WFP	WHO	Total
Agriculture and Environment	Agriculture															**6**
	Food Security															**4**
	Animal Husbandry and Fishing															**3**
	Environment and Climate															**8**
Private Sector Development	Local Economic Development															**3**
	Private Sector															**3**
Infrastructures	Infrastructures															**2**
	Water and Sanitation															**3**
	Energy															**4**
	Transport															**2**
	ICTs															**2**
Human Development	Education															**5**
	Health															**8**
	Social Protection															**2**
Governance and Human Rights	Governance															**5**
	Human Rights															**2**
	Statistics															**5**
	Culture															**1**
	Gender															**1**
Total		**6**	**10**	**4**	**9**	**2**	**1**	**3**	**4**	**3**	**6**	**3**	**12**	**3**	**3**	

Donors active in the biggest number of sectors: EU, France, WB

Sub-sectors with the biggest number of donors: Agriculture, Environment and Climate Change, Health

Annex 10: Map of the Republic of Congo