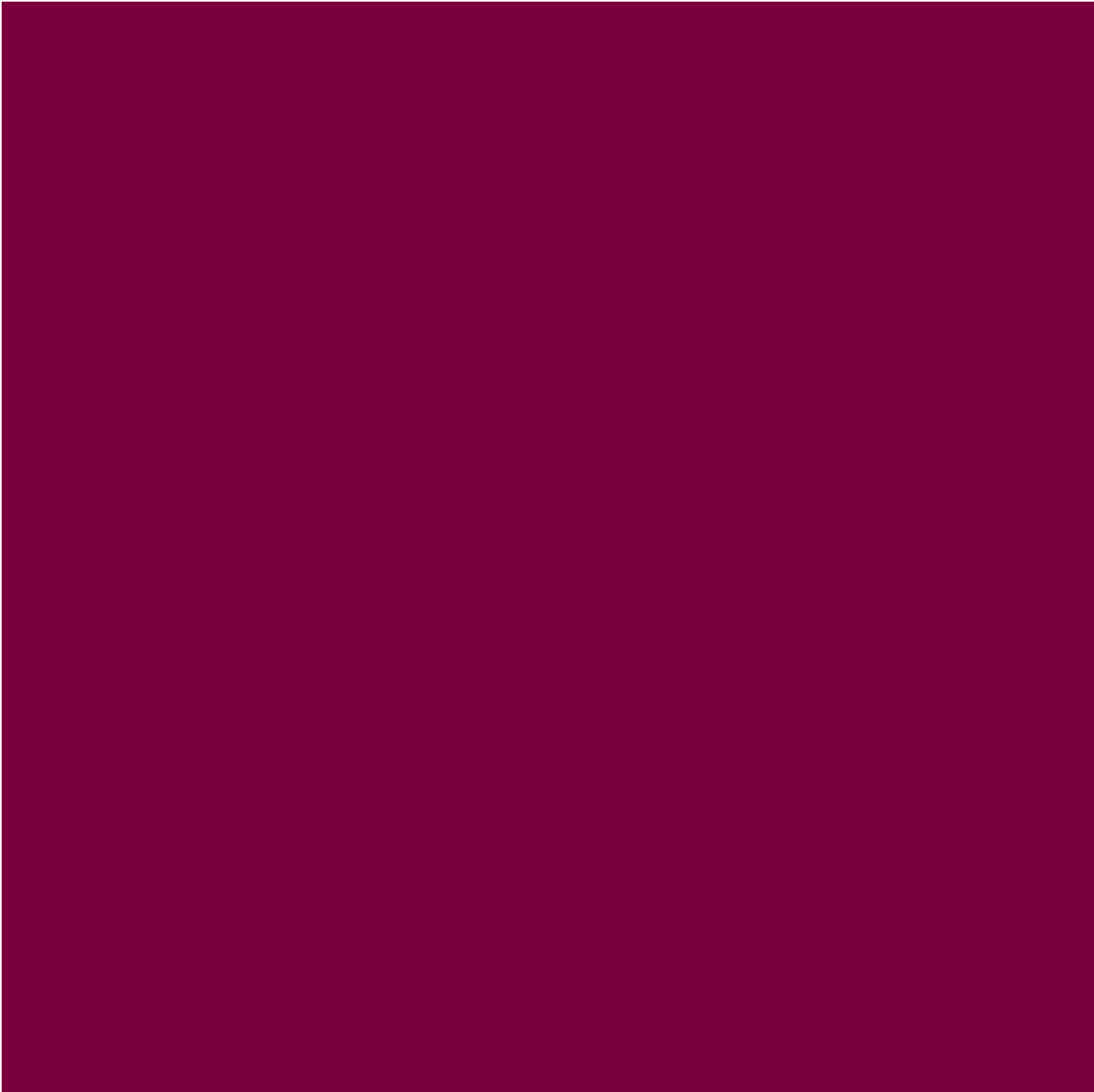


DR Congo



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1. Summary

Macro economic development: The macroeconomic environment was still very fragile. Estimated annual inflation 2006 was 16%. The government needs to limit cash spending to make available resources and strengthen the management of natural resources to ensure contribution to growth and government revenue.

Political development: Mr Joseph Kabila was elected President of the Third Republic of DRC after, generally speaking, free and fair elections. These were the first democratic elections held in DRC for more than forty years. Today the country has a Government, consisting of 60 ministers, a National Assembly with 500 members and a Senate with 108 senators. Nonetheless, certain provinces have experienced continued tension since and more than thirty people have been killed.

Human rights: The human rights situation continues to be very serious. Most violations are performed by the security forces. Much of the human rights abuses are linked to illegal mineral extraction.

Security: Insecurity of the civilian population remains one of the single largest problems in the country. There is need to continue the demobilisation and reintegration programme in Kinshasa, Katanga, the Kivus and Ituri. The need for further interventions to support the ex-combatants integration in their communities is immense. The security sector reform is of highest priority of the new government.

Poverty reduction: The Government adopted a Poverty Reduction Strategy Paper 2006. The areas of focus of the PRSP are: good governance, peace and security, macro-economic framework and economic growth, basic social services and social protection, HIV/AIDS and develop basic infrastructure.

Gender: 2/3 of the voters in the presidential elections were women, however, there is inequality in the newly elected democratic institutions. Socio-Cultural barriers and traditional practices continue to have a negative impact on the status and empowerment of women.

Children: The children continue to bear the burden of war and armed conflict. There is an immense need to protect the children and ensure that they have access to basic services such as shelter, nutrition, education and health.

HIV/AIDS: The distribution of HIV/AIDS has been highly variable and regional differences between 1,7% to 7,6% have emerged. In some areas where women have suffered sexual violence, rates are as high as

20%. UNAIDS has identified a lack of direction and capacity in policy advocacy, beginning with community through to the national level.

Development co-operation: A number of development co-operation partners, Sida included, have had joint discussions on how best to render support to DRC's efforts in strengthening the five development areas identified in the country's poverty reduction strategy paper. The joint discussions are best known as the Country Assistance Framework (CAF) process.

Swedish Development Co-operation: A closer relationship, than under the political transition, between Sweden and the newly elected Congolese Government is necessary. The main programmes (humanitarian, democratic governance and education) will continue according to plan but new options within these sectors could be possible.

Specific Country Programme: Total disbursements 2006 amounted to 260 MSEK (170 MSEK to humanitarian programmes and 90 MSEK to development programmes). The indicative planning figures for 2007 are 250 MSEK (170 MSEK to humanitarian programmes and 80 MSEK to development programmes)

2. Political, Economic and Poverty Development

Macro Economic Development

The stabilisation measures launched by the government in May 2001 have been successful in breaking hyper-inflation (from 630% in 2000 to 8.8% in 2001), and in the stabilisation of the exchange rate. The liberalisation of prices has increased the availability of food products in major cities. Government revenues have grown, and steps have been taken to centralise expenditures and improve budget execution. After a decade of contraction, economic growth returned in 2002 (3 percent) and has since increased steadily.

The external debt represents a heavy burden for DRC's recovery prospects since it is one of the world's most debt-laden countries, with an estimated total stock of external debt of US\$12 billion (about 225 percent of GDP and 1,280 percent of exports). DRC was granted access to the Highly Indebted Poor Countries (HIPC) initiative in July 2003, with a common reduction factor of 80 percent provided there was sustained economic performance.

Negotiations of an IMF Staff-Monitored Programme (SMP) to cover the period April-December 2006 were concluded in July 2006, with a view of negotiating a new Poverty Reduction and Growth Facility (PRGF) with the new government to be appointed. From April to December 2006 the economic policy challenge was to maintain macroeconomic stability without external budget support during the election year. The authorities were aware that market confidence in government policy was low and any increase in bank-financed government spending would immediately depreciate the Congolese franc and increase inflation. Real GDP growth was projected at 6.5% and 12-month inflation was expected to be held below 10%. The

SMP also included structural measures to improve public resource management and transparency.

As of July 2006 the macroeconomic environment was still very fragile. The increase in economic activity appeared slightly less optimistic than expected because the private sector became more cautious as the elections approached. The 12 month inflation declined to less than 6% in April, but rose in May when the consumer price index jumped by 2%. Estimated annual inflation 2006 was 16%.

Despite the fiscal efforts, the remained financing gap in the fourth quarter of 2006 was estimated at 8% of GDP (US\$70 million). The authorities were seeking external budget support to fill the gap. Without

such assistance, the government had difficulties paying its debt service, especially since interim assistance under the enhanced HIPC Initiative had been interrupted.

The government needs to limit cash spending to make available resources by improving revenue collection and adhering to its monthly cash flow and spending plans. It needs to limit sources of slippage by completing the civil service census (see further under chapter 4, Specific Country Programme Overview of the Swedish Development Co-operation) and strengthening the payroll management so that the ceiling on the wage bill can be enforced. International reserves need to be increased so that the DRC is not left vulnerable to exogenous shocks and limited fiscal options. It is also urgent to strengthen the management of mining, forestry, and other natural resources to ensure that those sectors contribute to growth and government revenue.

The Board of the International Monetary Fund will review the situation during the spring 2007.

Political Development

2006 was a historical year in the Democratic Republic of Congo (DRC). Already in December 2005 more than 26 million Congolese went to the ballot boxes to approve a new constitution. That was the first democratic participation at national level in more than 40 years and marked the end of the political transition that started with the peace accord in Sun City, South Africa. The provisional government took office and the transitional constitution came into effect on June 30, 2003.

Two rounds of presidential elections were held on 30 July and 29 October respectively. In the first round 33 presidential candidates participated. Not surprisingly, the two candidates at the front were Interim President Joseph Kabila and one of the four Vice-Presidents, Mr Jean-Pierre Bemba. Parallel to the presidential elections, legislative and provincial elections were held.

Despite Kabila's victory, the Presidential guard together with forces from the republican army and the police attacked Mr Bemba's premises, his forces and media controlled by him, when the results of the elections were announced. Kinshasa experienced a few days of horror and officially more than 30 people were killed. Mediation efforts took immediately place, both in Kinshasa and over the phone from presidents within and without Africa, UN's Secretary General and others which effectively stopped the turmoil after a few days.

In the second round Mr Joseph Kabila won a clear majority which was not accepted by Mr Bemba who appealed to the Supreme Court which rejected the appeal and later confirmed that Mr Joseph Kabila was elected President of the Third Democratic Republic of Congo. Parallel to the presidential elections, legislative and provincial elections were held. Today DRC has a National Assembly with 500 members and a Senate with 108 senators. The Government consists of 60 ministers.

The new government has enormous challenges ahead of it which was clearly stated by the President in his inaugural speech. The President also explained his roadmap for the coming five year period. His message was: For the new born state of the Congo, it was necessary to have the potential energy of the people in addition to a change of attitudes in order to rebuild, reconstruct and develop the country. Particularly women and children must be in focus. The time of "recreation" is over, now it is time to work. Good governance, democratic values and respect for human rights are the corner stones of the new government. In the

new democratic Congo there is no room for conflicts between individuals or groups of people. All resources have to be utilised jointly for the benefits of all. The priorities are; improve the infrastructure, develop the agricultural sector, give more people access to clean water and better health services and housing. The good ambitions were later confirmed in the governments programme. The Congolese people and the International community are eager to see if the words will be transformed into concrete action by the government.

Human Rights

The human rights situation continues to be very serious and no significant improvement is noted. The causes of regular and massive abuses of human rights are widespread impunity, limited resources, security problems, endemic corruption on all levels and low education standard. Legislation exists in most areas but is not applied satisfactorily. Human rights abuses are characterised by arbitrary arrests, unlawful detentions, lootings, kidnappings, torture, rapes, destruction of property, cannibalism, mutilation and massacres. The abuses affect mostly the civil population and the situation is most severe in the east of the country. Most violations are performed by the security forces. Much of the human rights abuses are linked to illegal mineral extraction in the eastern parts of DRC.

Last year was also characterised by restrictions in the freedom of expression, especially the freedom of the press. Threats, harassments, arbitrary arrests and even murders on journalists took place. There were also a number of hate-messages during the electoral campaigns and propaganda in the TV/radio-channels which were controlled by the different presidential candidates. Some of the channels were temporarily closed down and journalists were suspended by the government or the Independent Media Authority (HAM).

Security – Internal and External Conflicts

The lack of protection of civilians remains one of the single largest problems in the country. The provinces of Katanga, North and South Kivu and the District of Ituri continued to be affected by armed conflicts and clashes between the Congolese

Army (FARDC) and different rebel groups and militias. Approximately 2.000.000 Congolese continue to be displaced from their home communities.

Moving towards elections in such a vast, impenetrable and violent country such as the DRC was not without fear from all involved stakeholders. The challenge was expressed as a logistical nightmare. This huge undertaking also meant extraordinary security precautions. MONUC (Mission des Nations Unies en République Démocratique du Congo/United Nations Mission in the Democratic Republic of Congo) got more resources and redeployed some of its forces to Kinshasa to be able to respond to increased violence and insecurity.

The European Union organised a security force, EUFOR, to contribute to improved security during the elections. EUFOR, which had a four month mandate, had a joint commando by Germany and France. Sweden took also part with troops in EUFOR.

One of the set backs of the year and a forthcoming challenge is the disarmament and reintegration of soldiers and armed rebel groups. In a World Bank led regional DDR-program (MDRP, Multi-Country Demobilization and Reintegration Program) the target was to have disarmed

150.000 soldiers at the end of 2006. Approximately 130.000 had, at the end of the year, passed through so called orientation centres out of which 105.000 (70% of target) had been demobilised and 45.000 (50% of target) reintegrated in the Congolese Army (FARDC). There was still need to continue the process in Kinshasa, Katanga, the Kivus and the District of Ituri. The need for further interventions to support the ex-combatants integration in their respective communities was identified as one key issue for a further peaceful development of DRC. The government failed to maintain its army with training, equipment and salaries which meant that FARDC continued to be the most serious single source of human rights abuses in DRC.

Poverty Reduction

The government of the Democratic Republic of Congo is making strong efforts to reunite the country after a long period of economic decline, civil war, and internal political strife. The Government carried out consultations and completed and released the full PRSP in mid-2006. The focus of the PRSP are: (i) consolidate good governance, (ii) consolidate peace and security, (iii) consolidate the macro-economic framework and economic growth, (iv) improve access to the basic social services and social protection, (v) strengthen the fight against HIV/AIDS and (vi) develop basic infrastructure and community development programmes.

Based on the new PRSP, development partners including the World Bank and the UN are in the process of aligning their various strategy documents to support the government. The successful completion of the political transition and maintaining

basic economic reform performance, during the post-elections period, have been conditions for development partners to support DRC's recovery and reform efforts.

Gender

The DRC witnesses serious gender-based inequalities consequent of decades of gender-biased governance, abuse of human rights, and sexual violence against women and children during the protracted civil conflict that afflicted the country.

Socio-Cultural barriers and some traditional practices continue to have a negative impact on the status and empowerment of women in the DRC. The marginalization of women begins at early childhood as girl children often are suffering from lower education levels. It continues with high levels of illiteracy for women, greater isolation and lack of awareness of the democratic processes and discouraged from taking part in public spheres.

Minimal measures were undertaken to ensure women's equal access to and full participation in decision-making structures during the transition in compliance with international standards such UN Security Council Resolution 1325 and the Beijing Platform for Action. Women were visibly absent in the institutions that were put in place to guide and facilitate the country's transition. Measures to ensure women's equal access to, and full participation in decision-making structures during the transition were followed up in the new constitution which recognised the responsibility of the state to eliminate all forms of discrimination against women at all levels and to ensure gender equality in all institutions.

Women represent a strength in the electorate as they represent 51% of the population. More than 2/3 of the voters in the presidential elections were women. This has been manifested in their productive participation

in all stages of the electoral process: voter's registration, Constitutional Referendum and at the Presidential and legislative elections. The potential of women has been undermined to some notable extent in the peace building, reconstruction and development in the DRC, which will greatly impact and limit the ability to make gender and women's issues central in the governance and reconstruction of the third Republic, contribute to building gender-sensitive accountability systems and improve women's access to justice and engagement in policy-making.

Today there are 9 female ministers (out of 60) and 42 female parliamentarians (out of 500). There are also 5 female senators out of 108. In the provincial parliaments there are 43 women out of 629.

Children

The children of the DRC continue to bear the burden of war and armed conflict. Child soldiers are abducted in their villages and begin their fighting careers as forced labourers, carrying out looting raids and transporting the loot to their seniors, before being forced to kill. Children are also used as porters, spies and sexual slaves (leaving them at great risk of HIV/AIDS, STDs, and in particular girls become pregnant at very young ages). The number of children can be counted in the millions who have been orphaned by war and by HIV/AIDS. Many of out-of-school children have been involved with armed groups, 40% of them girls. All need immediate access to quality education and girls are chronically under schooled. There is an immense need to protect the children and ensure that they, particularly, have access to basic services such as shelter, nutrition, education and health.

HIV/AIDS

The distribution of HIV/AIDS has been highly variable and regional differences between 1.7% to 7.6% have emerged and in some cases where women have suffered sexual violence in areas of armed conflict prevalence rates are as high as 20%. The *Programme National Multisectoriel de Lutte Contre le VIH/SIDA* shows data in 2005 to be highly skewed according to occupational and social background. Among female sex workers the prevalence of the disease is estimated to be 17%; among truck driver and miners 3,3% and 2,4% respectively. Antenatal screening data points to a global HIV prevalence of 5% and 4% of syphilis among pregnant women. Both rural and urban women appear to be at risk but in the case of syphilis (a sound surrogate indicator of HIV) the prevalence is higher among rural women. Data from a 2005 survey found that maternal-infant transmission had increased to 25% compared to 8% in a 2002 survey.

Of special concern is the apparently decreasing age of exposure to and infection with HIV/AIDS. Prevalence rates in 14–19 year olds is 3,2%, in 19–24 year olds is 3.3% in 20–29 year olds is 8% for men and almost double for women at 14%.

By a presidential decree, national responsibility for the HIV response lies with the National AIDS Control Programme. However, the decree does not clearly determine the operational or structural links between National Programme and the National Multisectoral Council for AIDS Control. This situation has resulted in a weak national leadership which is detrimental to co-ordination of programmes.

The lack of a national strategic plan and a long-term vision is a hindrance to the involvement of civil society and other actors, as well as to the harmonisation and integration of interventions by all stakeholders.

Services for HIV and AIDS are clearly absent and the lack of access to treatment is not being balanced by effective prevention programmes. Many NGO's want to respond to these issues however, they are encumbered by weak organisational capacity affecting day-to-day efficiency, locating funding sources, finance management, and monitoring of activities implemented. UNAIDS has identified a lack of direction and capacity in policy advocacy, beginning with the community through to the national level.

Development Co-operation and Partnerships

– Country Assistance Framework

A number of development co-operation partners, Sida included, have during the year had joint discussions on how best to render support to DRC's efforts in strengthening the five development areas (governance, pro-poor growth, social services, HIV/AIDS and community development) identified in the country's poverty reduction strategy paper.

The joint approach has been to agree on a technical framework covering the five areas mentioned above. Sida is already a partner to the DRC in four of these areas; governance, social services (education), HIV/AIDS and community development (humanitarian assistance) but with most focus on governance and education (social services). Sweden, as well as other donors – be it bilateral and/or multilateral – is guided by its bilateral co-operation strategy for the Great Lakes region, including a strategy for the Democratic Republic of Congo. One basis for Sweden in the Country Assistance Framework (CAF) process has thus been to make sure that its discussions in the CAF are in line with its bilateral strategy.

As the development of the DRC should be not only in the hands of the government but also under the leadership of the government, discussions on how best to approach the new government on the CAF have been raised a number of times during the year. It was agreed that nothing serious in this way could be done before the inauguration of the president elect and the establishment of the new government. The process is ongoing and will thus continue during 2007.

With the DRC government in charge of the development agenda and with a donor community ready to support that agenda, it is important that Sweden continue to follow the CAF process and adapt its programmes accordingly – if at all possible.

Relations with the European Commission and the European Union

Donor coordination in DRC is on sector level and in relation to the poverty reduction strategy paper (Country Assistance Framework). In the different donor co-ordination mechanisms, the European Commission (EC) appears as one donor together with other donors and does not take on any specific co-ordination responsibilities. Similarly the EC does not coordinate the activities of the member states. The co-ordination mechanisms within the European Union has been rather weak, depending on which member state that has had the presidency.

3. Swedish Development Co-operation

– Overall Assessment of the Country Programme

As described earlier in this report, DRC is undergoing a tremendous process of democratisation and 2006 was a historical year when the first democratic elections were held in more than forty years. Taking into consideration the considerable changes in DRC, the Country Strategy for DRC (2004–2008) is still a relevant planning tool and takes its point of departure in a presumption that DRC is moving from a conflict to a post-conflict state. Swedish Development Cooperation focuses on the poorest and most vulnerable populations with the objective to create preconditions for poor people to improve their living conditions. Despite a general, positive development, DRC has still more than approximately 2 million displaced persons (IDPs) and more than 100.000 refugees in neighbouring countries.

In the country strategy it was not foreseen that Sweden and DRC should enter into a bilateral agreement on cooperation during the strategy period. Now, the DRC being a legitimate state and with a legitimate government, it is insufficient for Sida to work only through UN-agencies and international NGOs. A closer relationship with the government is not only desirable but necessary.

Dialogue Issues

Sweden has continued to be an active player in the processes focusing on the peace and reconciliation process and the formulation of the poverty strategy. Special attention has been given to democracy and human rights, integration of displaced persons and demobilised soldiers. Sweden has been a very active partner in implementing the Humanitarian Reform Programme at DRC-level from a Good Humanitarian Donorship perspective.

Volumes

The actual volume of Swedish support has more than doubled compared with indicated figures in the country strategy. Total disbursements 2006 amounted to approximately 260 MSEK (170 MSEK to humanitarian programmes and 90 MSEK to development programmes, where the bulk was geared towards the electoral process).

The indicative planning figures for 2007 are 250 MSEK (170 MSEK to humanitarian programmes and 80 MSEK to development programmes). For 2008 the indicative planning figures are 260 MSEK (170 MSEK and 90 MSEK respectively).

Joint donor initiatives in sectors which are coherent with Swedish priorities are foreseen. In DRC it is possible to increase the Swedish development programme if deemed important and desirable.

Strategic Adjustments

The main programmes within the Swedish strategy 2004–2008 will continue according to plan. Depending on the developments in the country, new options in the Democratic Governance and Education sectors could be possible.

All the Swedish supported programmes have, so far, been carried out through UN, NGO's or civil society organisations. In determining new interventions for 2007, Sweden will look for programmes where one, two or all three of the following criteria is/are present:

- 1) Where there is strong donor co-ordination in place
- 2) Where Swedish support adds value and/or
- 3) Where Swedish support is deemed to have such leverage that a separate solution is motivated.

Taking into consideration the complexity of the situation in DRC, the Embassy is closely monitoring developments and prepared to adjust the annual plan for 2007. However, as the dialogue between the donors and the newly elected government is still in its initial stage the adjustment has to be done later during the year. New options in the Democratic Governance and Education sectors could be possible.

4. Specific Country Programme Overview

of the Swedish Development Co-operation

Humanitarian Support

Sidas contribution to humanitarian interventions in the DRC amounted to approximately 170 MSEK for 2006. The humanitarian programme rests on two different axes; one through humanitarian international NGOs like, Médecins sans Frontières (MSF), Norwegian Refugee Council (NRC), Mines Advisory Group (MAG), International Committee of the Red Cross (ICRC), International Federation of the Red Cross (IFRC) etc with totally 65 MSEK. The other is through the Humanitarian Action Plan (the Pooled Fund) with 105 MSEK

Sida, in collaboration with the other donors contributing to the Pooled Fund, initiated a study of the Common Funds for Humanitarian Action in Sudan and the DRC to scrutinise its inception phase. The findings may be summarised as follows:

Overall the study concluded that the Common Fund mechanism has improved the process by which humanitarian response is planned, prioritised, and co-ordinated. The Pooled Fund has led to more strategic and needs-based funding in the DRC, with fewer gaps and less overlap—the main vehicle for achieving this result has been the devolution of decision-making to the provinces and the use of the cluster system. Nevertheless, the lack of accurate, up-to-date needs assessments still hinders a precise statement of the degree to which the Pooled Fund results in more needs-based funding decisions. It has also strengthened the position of the Humanitarian Coordinator, created strong incentives for co-ordination, and increased opportunities for actors to participate in a more coherent manner. As such it has shown the potential for improving humanitarian outcomes, and represents a significant step forward in international financing of humanitarian action.

Democratic governance

During 2006, Sweden's support to the elections took the bulk of both financial and administrative capacity from the democratic governance sector. The co-operation with the non-governmental organisation Electoral Institute for Southern Africa, EISA, complemented the electoral support channelled via UNDP. During the year, EISA organised training sessions for its staff so that it in turn could equip the electoral commission with knowledge and skills to, for example, conduct the registration of candidates. EISA has also supervised Congolese experts in the field of elections in the writing of two handbooks on electoral education

and information as well as the dissemination of the Electoral Law. EISA has also made it possible for the electoral commission to convene meetings for representatives from different political parties to meet and discuss procedures to be followed for the nomination of candidates. Finally, EISA also organised a workshop for political parties on the issue of election related conflicts.

Global Rights, another non-governmental organisation with which Sweden co-operates, was successful in its lobbying for a law on sexual violence, which was adopted by Parliament.

Global Witness, a non-governmental organisation aiming at improving transparency, accountability and equity in natural resource governance in the DRC, conducted extensive research into cases of natural resource extraction which fuels conflict and human rights and environmental abuses. During the year, Global Witness completed three investigations and subsequently three reports which exposed corrupt and illegal activities in cassiterite, diamond and copper mining and serious shortcomings in natural resource management in the country. Through its work, Global Witness has succeeded in putting the natural resource issue on both the political and the development agenda in the DRC.

To tackle the widespread impunity Sida supported International Centre for Transitional Justice (ICTJ) in a programme that aimed to promote and strengthen transitional justice initiatives in DRC. ICTJ used much of the year to organise an effective in-country presence and establish a network among civil society organisations. ICTJ arranged a number of activities during the electoral campaign for members of the transitional institutions, journalists etc.

Education

The situation of primary education in DRC, has seriously deteriorated over the last decades due to several years of war and economic decline. The gross enrolment rate has increased from almost 100% in 1978–79 to 64% in 2005 with a gender gap (72% for boys against 58% for girls) and important regional and geographical disparities. In response to this Sida and UNICEF signed a two year programme which aims at contributing to revitalize the basic education system; to improve its quality, relevance and efficiency; to enlarge access to primary education mainly that of vulnerable children; and to reduce the important gap in school attendance between girls and boys. The programme targeted three provinces, Oriental, Equateur and Bas-Congo.

A campaign of sensitisation and social mobilisation for school enrolment focusing on children's rights to education and the benefits of education was launched in the three provinces. Activities to improve the learning conditions and the environment to increase pupil's attendance and performance, notable of girls and most vulnerable children, took place. The project also focused on the reinforcement of capacity of inspectors, school heads and teachers in formal education, as well as educators and supervisors in non-formal education centres, in order to reinforce their skills. UNICEF also supported the Ministry of Education to collect and publish the annual school statistic report. Ministry staff got training in EMIS, Education Management Information System. The ministry was also provided with necessary hardware – computers, outboard motor engine to undertake monitoring visits.

As a result of these interventions, the number of children in school in these provinces has contributed to enlarge access to primary school. Data are currently under collation.

Sweden was an active member of the technical coordination group for education. Efforts were taken to establish a sector wide approach within education with the aim to reduce and eradicate school fees, which was seen as the single most important hindrance for parents sending their children to school.

Public service census – Tripartite Collaboration DRC – South Africa – Sweden

As one of its priorities, the Ministry for Public Service prioritised a project to determine the exact number of public servants employed in the DRC. The project was financed by South Africa and Sweden. The project is not yet fully reported, however, some of the main achievements were: 22% of the public servants in Kinshasa that were originally on the data base has been removed as they do not have an employment with the government; the up dated database for Kinshasa consists today of 112.000 servants to be compared with the original figure of 300.00; 60% of the staff in the data base is biometrically identified and personal ID-cards have been issued; and the data base is compatible with the pay role system and the system for retirement.

5. Office and Administration Issues

The Embassy of Sweden in Kinshasa has a non-delegated Sida-office. However, through implementing of a Rapid Response Fund, the Embassy has got delegation of mandate and appropriation of funds. The Terms of Reference for the Rapid Response Fund includes a quality assurance forum. The decisions are well documented and a clear base for future evaluation is created.

Sida has currently three persons employed in Kinshasa; one Counselor, one Programme Officer for democratic governance and one National Programme Officer.

An expanded development co-operation programme in DRC implies strengthening the capacity at embassy-level.



Country report - Congo, the Democratic Republic

Outcome and forecast in TSEK

Delimitation:

Status: I, P, A and C (agr end> 200600 or Outcome <> 0)
Region/Country: Congo, the Democratic Republic
Other:

Responsible Unit	(All)
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Allocation Frame				Data			
Allocation Account	Main Sector	Outcome 2006	Outcome 2007	Forecast 2007	Forecast 2008		
Inside country allocation	155003 DR Congo	02 Education	13 000		12 000		
		04 HR & Democratic governance	61 680		29 300		
		11 Other (blank)	2 945	219	4 540		
	155003 DR Congo Total		77 625	219	95 840	47 800	
Inside country allocation Total		77 625	219	95 840	47 800		
Outside country allocation	15561 Non-governmental organisations	01 Health	685		0		
		02 Education	1 771		0		
		04 HR & Democratic governance	7 327	1 288	3 641	1 710	
		05 Conflict, peace & security	0		0		
		07 Infrastructure	4		0		
		08 Trade, business & fin. syst	91		0		
		09 Natural resources&environm.	434		0		
		11 Other	1 378		0		
		15561 Non-governmental organisations Total		11 690	1 288	3 641	1 710
		15571 Humanitarian assistance	05 Conflict, peace & security	11 992	4 500	17 947	
			06 Humanitarian assistance	158 277	116	16 316	16 200
	07 Infrastructure (blank)		0		0		
15571 Humanitarian assistance Total		170 270	4 616	51 943	16 200		
23497 Settlement, MFA EU-missions	05 Conflict, peace & security		1 429	10	1 000		
	23497 Settlement, MFA EU-missions Total		1 429	10	1 000		
	Outside country allocation Total		183 389	5 914	56 584	17 910	
Grand Total		261 014	6 133	152 424	65 710		

Annex 2

Congo, Dem. Rep. at a glance

8/13/06

POVERTY and SOCIAL	Congo, Dem. Rep.	Sub-Saharan Africa	Low-income		
2005					
Population, mid-year (<i>millions</i>)	57.5	741	2,353		
GNI per capita (<i>Atlas method, US\$</i>)	120	745	580		
GNI (<i>Atlas method, US\$ billions</i>)	6.9	552	1,364		
Average annual growth, 1999-05					
Population (%)	2.7	2.3	1.9		
Labor force (%)	2.7	2.3	2.3		
Most recent estimate (latest year available, 1999-05)					
Poverty (% of population below national poverty line)	..	..	..		
Urban population (% of total population)	32	35	30		
Life expectancy at birth (<i>years</i>)	44	46	59		
Infant mortality (<i>per 1,000 live births</i>)	129	100	80		
Child malnutrition (% of children under 5)	31	29	39		
Access to an improved water source (% of population)	46	56	75		
Literacy (% of population age 15+)	67	..	62		
Gross primary enrollment (% of school-age population)	48	93	104		
Male	51	99	110		
Female	46	87	99		
KEY ECONOMIC RATIOS and LONG-TERM TRENDS					
	1985	1995	2004	2005	
GDP (<i>US\$ billions</i>)	7.2	5.6	6.6	7.1	
Gross capital formation/GDP	12.5	9.4	12.7	14.5	
Exports of goods and services/GDP	27.5	28.5	30.4	34.5	
Gross domestic savings/GDP	14.4	14.1	3.9	6.2	
Gross national savings/GDP	8.5	1.1	6.8	12.9	
Current account balance/GDP	-1.3	-8.2	-5.9	-6.3	
Interest payments/GDP	2.7	0.0	0.9	..	
Total debt/GDP	85.9	234.6	180.2	..	
Total debt service/exports	24.8	1.4	5.8	..	
Present value of debt/GDP	..	..	30.9	..	
Present value of debt/exports	..	..	97.9	..	
	1985-95	1995-05	2004	2005	2005-09
(<i>average annual growth</i>)					
GDP	-5.0	-0.7	6.6	6.5	6.7
GDP per capita	-8.1	-3.0	3.5	3.4	3.9
Exports of goods and services	-10.1	9.1	20.1	8.8	6.3

Development diamond*

Life expectancy

GNI per capita

Gross primary enrollment

Access to improved water source

Congo, Dem. Rep.

Low-income group

Economic ratios*

Trade

Domestic savings

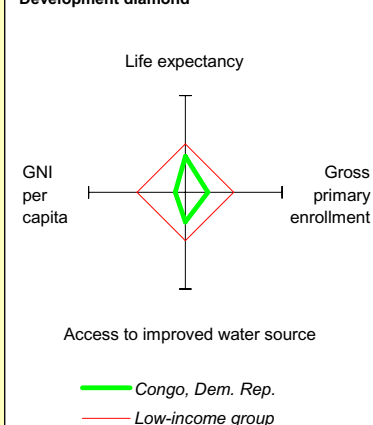
Capital formation

Indebtedness

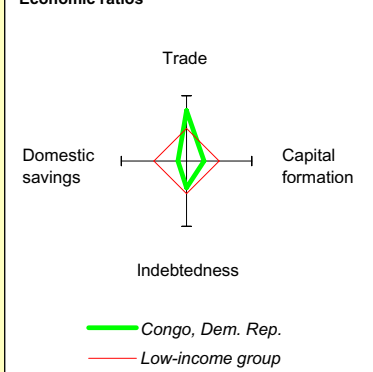
Congo, Dem. Rep.

Low-income group

Development diamond*



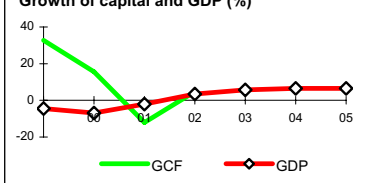
Economic ratios*



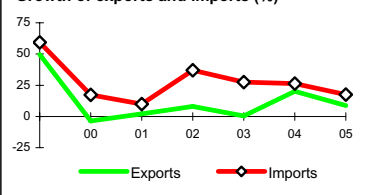
STRUCTURE of the ECONOMY

	1985	1995	2004	2005
(% of GDP)				
Agriculture	31.8	57.0	48.4	46.0
Industry	31.0	17.0	23.4	25.3
Manufacturing	10.5	..	5.3	5.5
Services	37.1	26.0	28.2	28.7
Household final consumption expenditure	77.9	81.0	87.9	86.9
General gov't final consumption expenditure	7.7	4.9	8.2	6.8
Imports of goods and services	25.6	23.7	39.2	42.7
	1985-95	1995-05	2004	2005
(<i>average annual growth</i>)				
Agriculture	2.7	-1.8	0.6	3.1
Industry	-12.4	2.4	13.3	10.5
Manufacturing	-10.9	-4.3	8.9	..
Services	-8.2	-2.1	8.8	9.1
Household final consumption expenditure	-3.7	0.3	..	..
General gov't final consumption expenditure	-9.0	-14.3	..	..
Gross capital formation	-17.4	4.0	..	..
Imports of goods and services	-12.7	24.5	26.4	17.6

Growth of capital and GDP (%)



Growth of exports and imports (%)

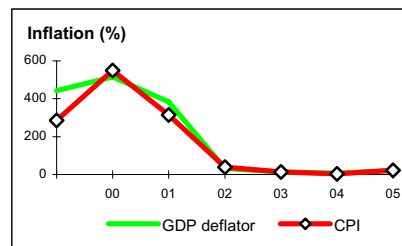


Note: 2005 data are preliminary estimates.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

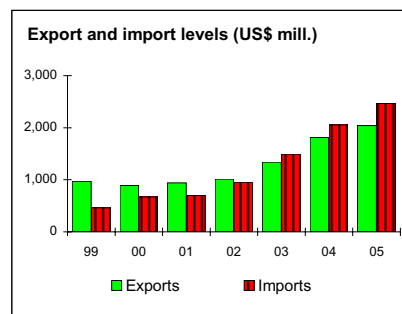
PRICES and GOVERNMENT FINANCE

	1985	1995	2004	2005
Domestic prices (% change)				
Consumer prices	..	541.9	4.0	21.3
Implicit GDP deflator	25.8	466.4	6.1	21.5
Government finance (% of GDP, includes current grants)				
Current revenue	..	..	11.5	29.4
Current budget balance	..	..	-1.0	13.9
Overall surplus/deficit	..	..	-3.8	6.9



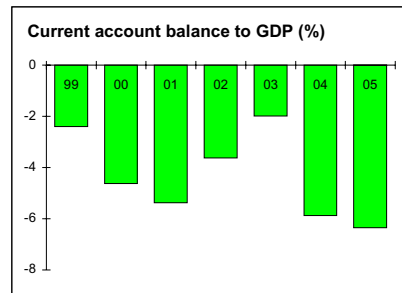
TRADE

	1985	1995	2004	2005
(US\$ millions)				
Total exports (fob)	..	1,649	1,813	2,042
Copper	..	..	828	989
Coffee	..	92	..	..
Manufactures	..	225	..	..
Total imports (cif)	..	1,046	2,056	2,465
Food	..	..	..	..
Fuel and energy	..	..	..	..
Capital goods	..	788	..	..
Export price index (2000=100)	..	..	151	..
Import price index (2000=100)	..	..	115	..
Terms of trade (2000=100)	..	..	131	..



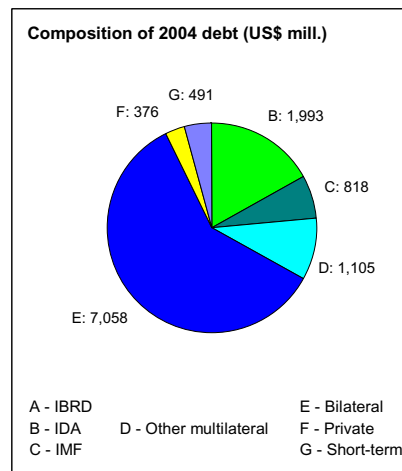
BALANCE of PAYMENTS

	1985	1995	2004	2005
(US\$ millions)				
Exports of goods and services	1,979	1,744	1,985	2,233
Imports of goods and services	1,844	1,471	2,561	3,155
Resource balance	135	273	-576	-922
Net income	-373	-766	-274	-337
Net current transfers	144	29	464	808
Current account balance	-94	-465	-386	-451
Financing items (net)	58	426	248	327
Changes in net reserves	36	39	138	124
Memo:				
Reserves including gold (US\$ millions)	..	..	236	360
Conversion rate (DEC, local/US\$)	1.66E-10	7.02E-2	395.9	473.9



EXTERNAL DEBT and RESOURCE FLOWS

	1985	1995	2004	2005
(US\$ millions)				
Total debt outstanding and disbursed	6,183	13,239	11,841	..
IBRD	46	92	0	0
IDA	372	1,321	1,993	2,050
Total debt service	498	25	121	..
IBRD	12	0	0	0
IDA	4	0	11	46
Composition of net resource flows				
Official grants	91	161	1,444	..
Official creditors	72	0	157	..
Private creditors	-36	0	-4	..
Foreign direct investment (net inflows)	69	-22	0	..
Portfolio equity (net inflows)	0	0	0	..
World Bank program				
Commitments	115	0	378	..
Disbursements	58	0	167	226
Principal repayments	9	0	0	29
Net flows	49	0	167	198
Interest payments	7	0	11	17
Net transfers	42	0	156	180



Halving poverty by 2015 is one of the greatest challenges of our time, requiring cooperation and sustainability. The partner countries are responsible for their own development. Sida provides resources and develops knowledge and expertise, making the world a richer place.



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