

Report No. 16043-COB



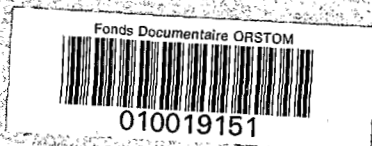
Congo Poverty Assessment

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Human Resources II
Africa Region



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CURRENCY EQUIVALENT

Currency Unit CFA Francs per US Dollar

1992	=	264.7
1993	=	283.2
1994	=	555.2
1995	=	499.1
1996	=	525.3
April 22, 1997	=	578

FISCAL YEAR OF BORROWER

January 1 - December 31

LIST OF ABBREVIATIONS

ATC	Agence Transcongolaise de Communication
AIDS	Auto Immune Deficiency Syndrome
CEPE	Certificat d'Etudes Primaires Elémentaires
CFA	Communauté Financière Africaine
CFAF	Franc de la Communauté Financière Africaine
DGRST	Direction Générale de Recherche Scientifique et Technique
CHUB	Centre Hospitalier Universitaire de Brazzaville
FOB	Free on Board
GDP	Gross Domestic Product
GNP	Gross National Product
IDA	International Development Association
MCTENH	Ministry of Culture, Technical Education, and National Heritage
MNE	Ministry of National Education
NGO	Non Governmental Organization
ONPT	Office National des Postes et Télécommunications
ORSTOM	L'Institut Français de la Recherche Scientifique pour le Développement en Coopération
PNDS	Plan National de Développement Sanitaire
SGS	Société Générale de Surveillance
TCA	Taxe sur le Chiffre d'Affaires
UN	United Nations
UNDP	United Nations Development Program
UNESCO	United Nations Education, Scientific and Cultural Organization
UNICEF	United Nations International Children's Education Fund
USAID	United States Agency for International Development
VET	Vocational Education and Training
WHO	World Health Organization

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CONGO POVERTY ASSESSMENT

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PREFACE

In writing this Assessment, the Bank team sought to engage the Government in the selection of topics for analysis, in drafting major sections, and in discussion of the draft at an early stage. The Government made valuable contributions by participating in the selection of topics, by providing social and economic data, and by commenting in writing on an early and an advanced (green-cover) draft. The Bank has sought to respond to the Government's comments and has adopted nearly all the comments into the final Assessment. The Government however expressed reservations about whether the household survey reported in the Assessment might over-state the decline in consumption, and did not have an opportunity to review the final Assessment because of developments in the country in recent weeks. The Bank team also consulted extensively with local NGOs, the private sector, and with other donors, and many of their comments are reflected in the Assessment.

AKS
The Assessment was written by a team consisting of Menahem Prywes (Human Resource Economist and Task Team Leader) and Essimi Menye (Statistician) of the World Bank; and Jean-Pierre Massamba (Nutritionist) of the DGRST; Yves Martin-Prevel (Nutritionist), Pierre Traissac (Statistician) of the ORSTOM, and Ronald Kenyon (Task Team Assistant). André Ryba (Industry and Finance Specialist), Ziad Badr (Macro-economist), Herbert Bergmann (Education Specialist), and Savita Chaudhry (Financial Analyst) of the Bank and Peter Bachrach (Health Budget Consultant) contributed to the Assessment.

EXECUTIVE SUMMARY AND CONCLUSIONS

1. In the early 1980s the Congo was flush with oil revenues and received substantial external assistance. The formal economy was run largely by the state, and as a result, public spending and relatively high wages in the public sector attracted migration to Brazzaville and Pointe Noire. The rural exodus was also linked to difficulties in marketing and to the decline of coffee, cocoa, and sugar. Despite the weak agriculture sector, GNP per-capita was US\$890 in 1980; by 1985 it exceeded US\$1,000, double the average level for sub-Saharan Africa.

2. Yet poverty was widespread in the early 1980s, especially in terms of survival prospects. Infant mortality, for instance, stood at 87 per thousand in 1980 and life expectancy at birth was 51, around the relatively low sub-Saharan average. Several reports from hospitals put maternal mortality at a relatively high 650 to 900 per 100,000 live births. Access to safe water was only 42 percent in urban areas and 7 percent in rural areas in the mid-1980s, which appears low considering that infrastructure investment and maintenance budgets could be funded.

3. Since 1980, poverty appears to have worsened as real GDP per-capita declined from \$US900 in 1980 to an estimated \$US540 in 1995. The available nutrition indicators tend to confirm the hypothesis of deterioration, which was worse among rural children and mothers. Real private consumption per-capita rose by only 14 percent over 1980-95 and declined by 19 percent over 1985-95. The decline in consumption in the 1990s is thus part of a longer-term trend. Surveys of household expenditures conducted in Brazzaville indicate that inflation-adjusted expenditures per person contracted by a striking 40 percent over 1993-95, so that consumption is in depression.¹

4. Poverty worsened because of multiple shocks and policy errors which harmed public welfare by reducing the resources available for imports and for the government budget. The decline in the price of oil in the mid-1980s sharply reduced the availability of resources. Agricultural exports lost competitiveness because of an appreciation of the exchange rate of the domestic currency (the CFAF) against the US dollar, and at the same time, the dollar price of the export commodities in world markets declined, further reducing resources. Moreover, these developments did lasting damage by discouraging investment in agriculture. The devaluation of the CFAF in January, 1994 created potential for renewed growth of production by raising the CFAF export price of agricultural goods and lowering the US\$ price to more internationally competitive levels. But the potential was not realized because the poor condition of the plantations and roads, and also export taxes, prevented farmers from receiving the full benefit of the higher CFAF export prices.

¹The household surveys of expenditure were conducted among approximately 300 households in Brazzaville as part of surveys of child nutrition. The results apply to Brazzaville and not to the Congo as a whole and are approximate because of the modest sample size. Figures are cited for 1993 and 1995 because those are the only years for which household surveys are available. The survey results differ from those for private consumption in the national accounts because of differences in geographic coverage, difference in statistical concept, and because the figures are subject to different errors (consumption reflects all errors in the national accounts since it is calculated as a residual).

5. To these essentially economic shocks was added the tragedy of civil violence. A dispute over the outcome of the first round of parliamentary elections in June, 1993 triggered fighting between private and politically-oriented militias. The fighting and the resulting fear spurred large population movements along ethnic lines. The main short-term economic cost was the temporary cutting of the train route between Brazzaville and Pointe Noire on the sea, which set the price of food imports soaring in the months ahead of the devaluation. The major long-term costs were the widespread destruction of housing, with approximately 10,000 damaged and destroyed in Brazzaville and its suburbs and the appearance of displaced people living in extreme conditions.

6. These shocks were compounded by several policy measures, and in particular the increase in public employment. Between 1985 and 1992 about 25,000 persons were hired into the public sector, a further complication was the 20 percent increase in civil service wages in 1991. The Government then effectively funded the wage bill and service of earlier debt by borrowing against future oil revenues, and at relatively high commercial rates. These measures durably increased government obligations that are not development-oriented at a time when external shocks had reduced revenues and a civil conflict had increased needs.

7. The resulting short-fall in resources meant that the Government could no longer fund its basic operations. For example, it has owed as much as 14 months in wage arrears to civil servants and owes arrears to suppliers. Therefore the Government can no longer find sufficient funds to maintain public infrastructure, or to adequately operate the school and public health systems, let alone to invest in new infrastructure. When funds do become available, civil service wages appear to have first claim. This is one reason why the budget often does not guide expenditures. Detailed studies of the health budget, for instance, have shown that actual expenditures often run below budgeted amounts.

8. The most visible consequence of the shortage of funds is the deterioration of the public infrastructure that was built in the age of abundant oil revenue. The drainage and sewage system is partly broken and does not cover large parts Brazzaville and Pointe Noire, and there is no garbage collection. Standing water and seepage have obvious consequences for malaria and diarrhea.

9. The poor condition of most of the main urban-rural routes has also led to a break-down in internal trade in food. Brazzaville is about 520 km inland and is connected to Pointe Noire on the sea by a road and a rail line. At present, the road is impassable much of the year and the train is interrupted frequently by derailment caused by lack of maintenance. This has increased poverty and worsened food security as the rural poor often cannot produce for sale to the cities or for export, and the prices of basic food products in Brazzaville are sometimes 2 to more than 3 times more expensive than in rural areas.

10. Moreover, the lack of resources has also handicapped the public provision of health care. Lack of maintenance has left medical equipment and structures in disrepair and medicines are not always available. It appears that available resources are directed to hospital and in particular to the University Hospital Center in Brazzaville, rather than preventive and basic curative care. The

private sector has expanded to fill some of the shortfall in public provision and provides competitive quality services, though at a higher price which may exclude many of the poor. There have been parallel consequences for education: the schools are in disrepair from lack of maintenance, and several schools were damaged during the civil conflict or are occupied by refugees and other homeless persons. Another issue is the large number of education staff employed in administration or as inspectors rather than in the classroom.

11. A rapid recovery could be possible over the next 3 to 5 years through the restoration of basic social services and rehabilitation of transport infrastructure. However scarce public resources have often been directed to non-development uses, partly because of obligations to pay the salary bill and to service the debt. A prerequisite for poverty reduction is a reversal of this pattern, through measures to increase public resources and the redirection of public resources to development priorities. Another prerequisite is technical improvement of budgetary processes, through assistance to improve capacity, so that development expenditures are made as planned.

12. To enhance the volume of resources available for development purposes, the Government is restructuring the public sector through measures that reduce the size of the civil service, work-down external debt, enhance revenue collection, and privatize public enterprises. Freed resources could then be devoted to deficit reduction, to the restoration of basic health and education services, and to investments in road transport and sanitation. This restructuring would form part of a larger effort to reduce poverty by promoting growth that would extend beyond petroleum to food staples, forestry, and export crops.

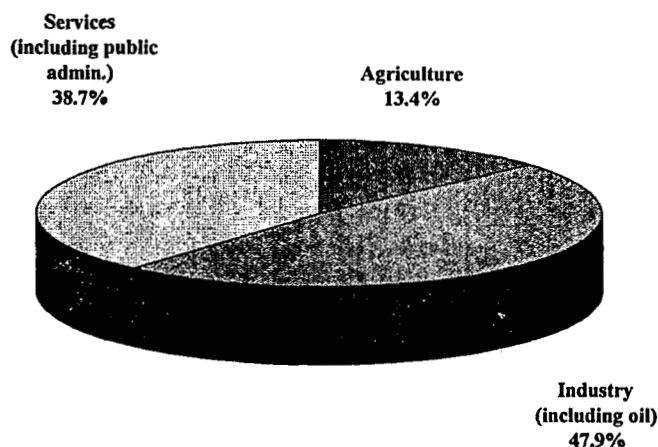
13. To improve growth and also food security, internal trade in food staples could be intensified through the reduction of transport costs. The priority effort would be to open the road between Brazzaville and Pointe Noire, to rehabilitate several roads into the countryside, and to ensure maintenance through contracts with private companies. Agricultural productivity would rise, and unit costs would fall, as farmers realized economies of scale in production and as they benefited from easier access to fuel, fertilizer, tools, and extension. This would improve the purchasing power of the urban poor by reducing the price of imports and of food produced by domestic farmers, thus improving food security. Roads are a win-win investment because the opening of the large urban market would also strengthen farmers' revenue. Rehabilitation of the main road axes and private investment to rehabilitate the railroad would also help open the export market. The lower transport costs would benefit exports of tropical wood and would promote investment in traditional export crops such as sugar, cocoa, and coffee.

14. The rehabilitation of the main Brazzaville-Pointe Noire road is necessary for improvement in other areas. It is difficult to pay arrears and separation payments to public sector employees without raising the price of goods in Brazzaville, yet this could be avoided if goods could be brought in by road and therefore at lower cost. In addition, it would not be possible to launch any large-scale reconstruction of civil-conflict-damaged *quartiers* without raising the price of construction materials, again because of the condition of the road and rail routes to the sea.

15. Renewed growth of agriculture could be sustained through human welfare and labor productivity enhancing investments in health and education. An effort to improve public health through investments in sewerage and water supply would reduce malaria, diarrhea and other diseases. Public health would benefit from these investments and from action to establish, fund, and operate health districts that would provide preventive and primary care. Some high priority uses of scarce health funds would be for AIDS prevention, for primary health services in rural enclaves, for persons displaced by the civil conflict, and for street children. The focus could then shift to adequate funding, at a minimum, of the operation and rehabilitation of primary education to assure the development of the more productive labor force needed for eventual advancement into new industries that return higher real incomes.

1. BACKGROUND: ECONOMIC DEVELOPMENTS THAT INCREASED POVERTY.

Chart 1.1:
Shares of Major Sectors in Real GDP in 1995



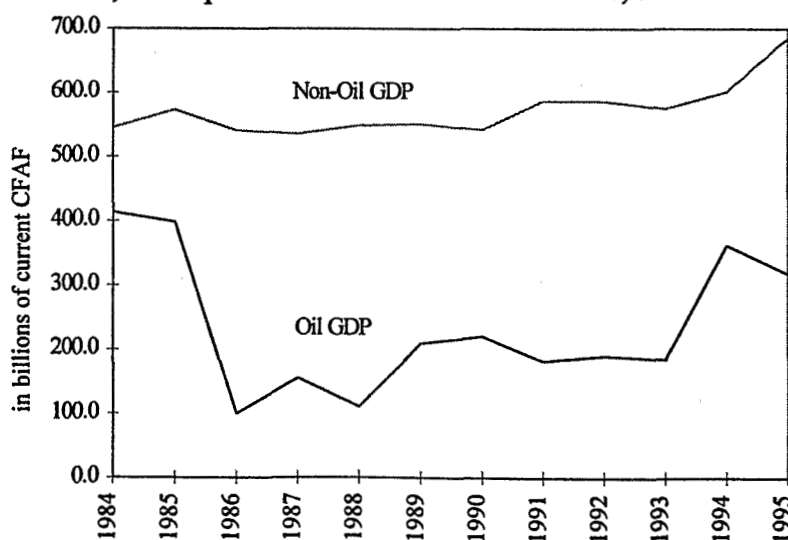
A. ECONOMIC BACKGROUND

1.1 The Congolese economy is dominated by highly urbanized industrial and service sectors, but has a relatively small agricultural sector (Figure 1.1).

1.2 This structure evolved over a generation when the formal economy was largely run by the state and private initiative and enterprise were discouraged. Traditionally, public sector employment weighed heavily on public finances. Salaries were high relative to the traditional sector while the modern private sector paid

well but remained small. This system could persist because, as recently as the 1980s, the Congo received abundant oil revenues from its off-shore wells along with substantial external assistance. A pervasive sense of dependence on the Government apparently developed as many became dependent on public spending.

1.3 Relatively high spending and salaries in the public sector attracted migration to Brazzaville, the capital and seat of the civil service, and to Pointe Noire, the port and oil center --



so that a majority of the population lives in the two cities. The rural exodus was also linked to the inefficiency of the state plantations and of domestic food crop production, which led to poor nutrition in the countryside. Yet, weakness in agriculture did not stop nominal GNP per capita from exceeding US\$1,000 in mid-1980s, double the level for sub-Saharan Africa.

Figure 1.2: Nominal Oil & Non-Oil GDP

B. MULTIPLE EXTERNAL SHOCKS

1.4 After 1985, the Congo was struck by multiple shocks which harmed public welfare by reducing the resources available for imports and for the government budget. First, the decline in the price of oil in the mid-1980s sharply reduced the availability of resources. GDP originating in oil declined sharply, while non-oil GDP was stagnant (Figure 1.2). Following the decline of

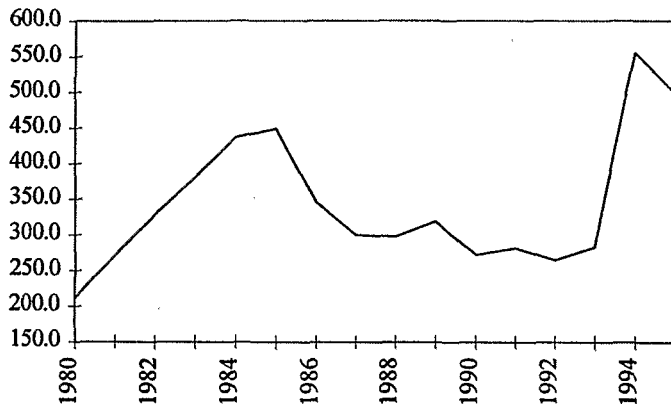


Figure 1.3: Official Nominal Exchange Rate CFAF per US Dollar

petroleum receipts in 1985-86 the Government carried out an adjustment program concluded with the Bretton Woods institutions that aimed at liberalization of the economy. Resources were reduced however as agricultural exports lost competitiveness because of an appreciation of the exchange rate of the CFA franc, which is linked to the French franc, against the US dollar over 1985-87 (Figure 1.3).

At about the same time, the dollar price of export commodities declined. These developments in turn discouraged investment in sugar, cocoa, and coffee so that the condition of the plantations deteriorated.

C. THE CIVIL CONFLICT

1.5 The economic shocks were compounded by the social tensions of 1990 that led to the political reforms and the tensions of 1993 that led to the tragedy of civil war. Differences over the outcome of the first round of parliamentary elections in June 1993 triggered fighting between private and politically-oriented militias. While exact losses are unknown, the fighting apparently killed 1 to 3 thousand people and the resulting fear spurred large population movements along ethnic lines.

1.6 The main short-term economic cost of the conflict was the temporary cutting of the train route between Brazzaville and Pointe Noire on the sea, which set the price of food imports soaring in the months ahead of the devaluation in January 1994. The gap in prices in Brazzaville and Pointe Noire narrowed considerably when train service was partly restored in the second half of 1994. The major long-term damage was the widespread destruction of housing, with the Government estimating about 10,000 damaged or destroyed in several *quartiers* of Brazzaville and its suburbs. The physical damage was compounded by the invisible barrier of fear that ethnic conflict imposes on the flow of labor and therefore on the efficiency of the labor market and on trade.

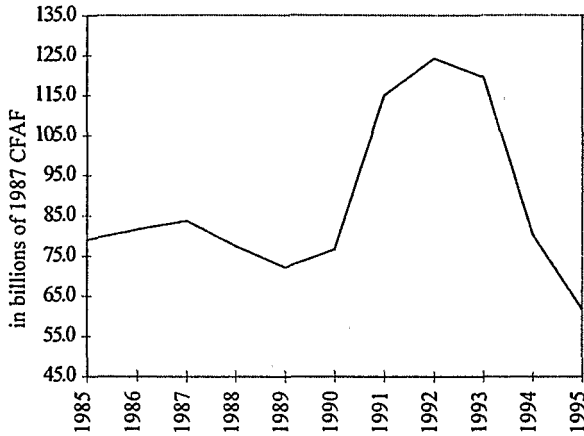


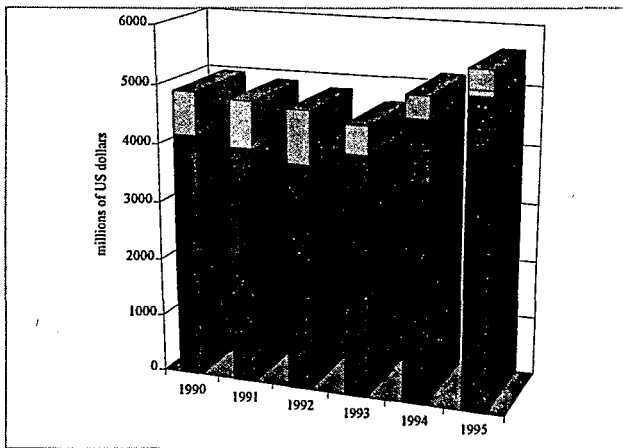
Figure 1.4: Real Wages and Salaries

complication was the 45 percent increase in average salaries in the civil service in 1991. Figure 1.4 shows the sudden surge in real wages and salaries in the formal sector in 1991, which consists almost entirely of the civil service and state enterprises. Since 1993, the Government has moved to limit its wage costs by contracting the civil service by 7 percent and by lowering salaries (Figure 1.4). The civil service wage bill, which had reached almost 18 percent of GDP in 1993, fell to 11 percent in 1995. Even so, the Congo now has salary arrears of about 10 months.

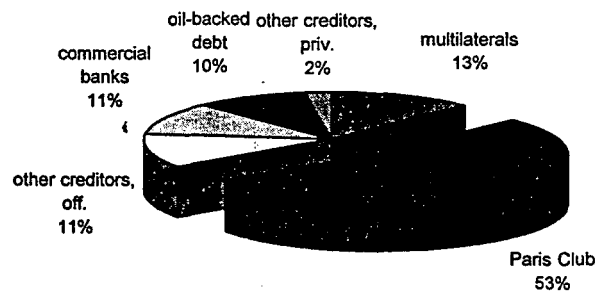
D. AN EMPLOYMENT POLICY SHOCK

1.7 The external and civil shocks were compounded by policies aimed at suppressing open unemployment. The Government had long used the education system, and in particular university education, as a sink to prevent youth unemployment. Moreover, between 1985 and 1992 the Government hired about 25,000 persons, raising total public sector employment to about 80,000; of these, about 10,000 were hired in 1991. A further

Chart 1.5: External Debt



Congo: Composition of External Debt



E. A DEBT POLICY SHOCK.

1.8 Since oil revenues had declined, the Government funded the increased civil service wage bill and service of earlier debt through heavy borrowing on commercial terms from oil companies, foreign commercial banks, and suppliers using expected government revenue as collateral. This led to a sizable accumulation of external debt and debt service burden, and an accumulation of external payment arrears (Figure 1.5).

1.9 As a result the Congo is one of the most heavily indebted countries in Africa. At end-1995, Congo's external debt was estimated at US\$5.6, including arrears estimated at US\$1.8 billion (Table 1.5). Total debt amounted to 289 percent of GDP and 433 percent of export

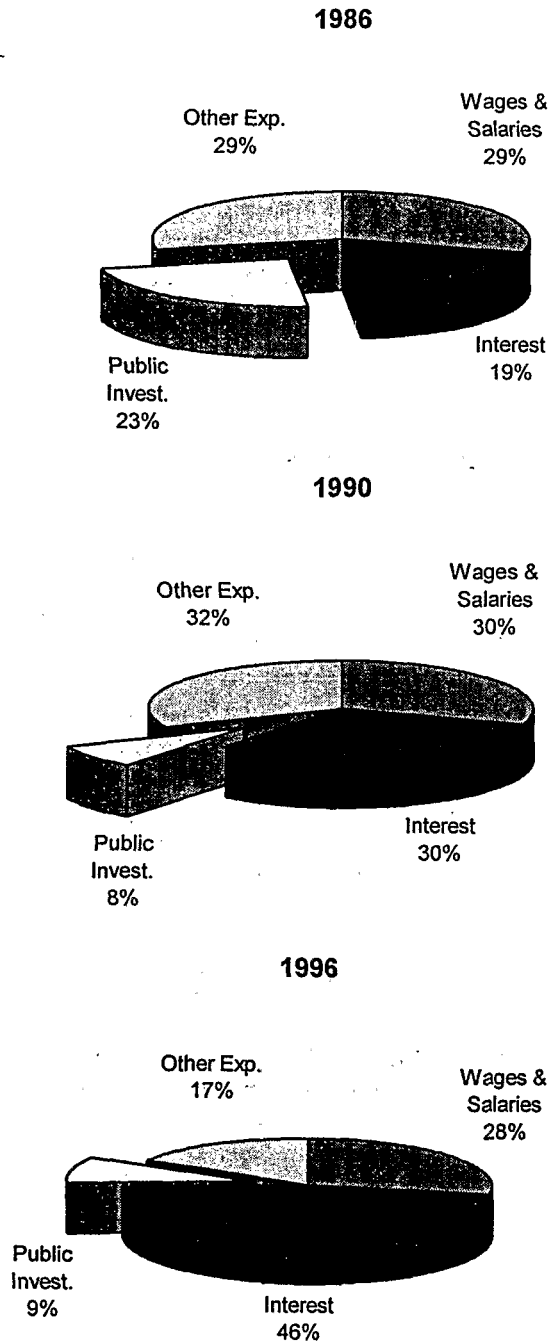


Figure 1.6 Planned government expenditures by major component.

earnings. Scheduled debt service due at end-1995 amounted to US\$ 733 million, or 55 percent of export earnings and 147 percent of government revenues.

1.10 This level of debt proved unsustainable: from 1986 to 1996 scheduled interest payments more than doubled to 46 percent, although wages and salaries remained steady at around 29 percent of total government expenditures. Pressure to pay the large scheduled interest obligations may have limited public investment, despite the build-up of arrears on interest on the debt. Public investment contracted from 23 percent of expenditures in 1986 to 9 percent in 1996, touching a record low of 2 percent in 1991 (Figure 1.6). Other, non-wage, current expenditures were cut almost in half from 1990 to 1996, and expenditures on the social sectors were virtually limited to payments of salaries of personnel. The accumulation of debt, the reduction of non-wage current expenditure and of investment, and the low quality of investment financed by the debt, lowered growth and contributed to the increase in poverty.

F. DETERIORATION OF HEALTH-RELATED INFRASTRUCTURE.

1.11 The result of the shocks and policy slippages was to reduce funds available for basic development expenditures. The most visible consequence of the shortage of funds is the deterioration of the public infrastructure that had been built in the age of abundant oil revenue. The drainage and sewage system is partly broken and does not cover parts of the city, and there is no garbage collection. Standing water and seepage have obvious consequences for malaria and diarrhea.

G. DETERIORATION OF TRANSPORT INFRASTRUCTURE.

1.12 The most fundamental aspect of the crisis in basic development expenditures is apparently the deterioration of the transport system, which directly affects food supply and food security. The domestic food that does reach Brazzaville originates in the Bouenza, and other parts of the fertile Niari Valley region (peanuts, manioc, and vegetables), in the Sangha and Plateaux regions to the North (peanuts, onions, potatoes, yams, and manioc), and in the Brazzaville hinterland in the Pool (vegetables, manioc, fruit). Supplies of fish arrive by river boat from upstream sources from the Congo, Central African Republic, and Zaire and some vegetables are also imported from Zaire. A high proportion of food consumed in Brazzaville are imports that arrive from the port of Pointe Noire on the Atlantic Ocean.

1.13 The road system and the railway have deteriorated so that supplies from these regions are often delayed or partly cut. In effect, Brazzaville is partly isolated from domestic food supplies and from imports. Brazzaville is far from most food-producing rural areas and is connected to Pointe Noire by a 520 km long rail line and by a road, which is impassable during the rainy season and hardly usable during the dry season. Tonnage of merchandise carried by train has slipped steadily because of lack of maintenance and the decline of activity at Pointe Noire (Figure 1.7). The main road extending north (Route National 2) is passable, but few other roads to food producing areas are easily passable for any extended distance.

H. TRANSPORT COSTS

1.14 These supply problems result in an impressively high food price level in Brazzaville, which is supported by wide margins between urban and rural prices. The

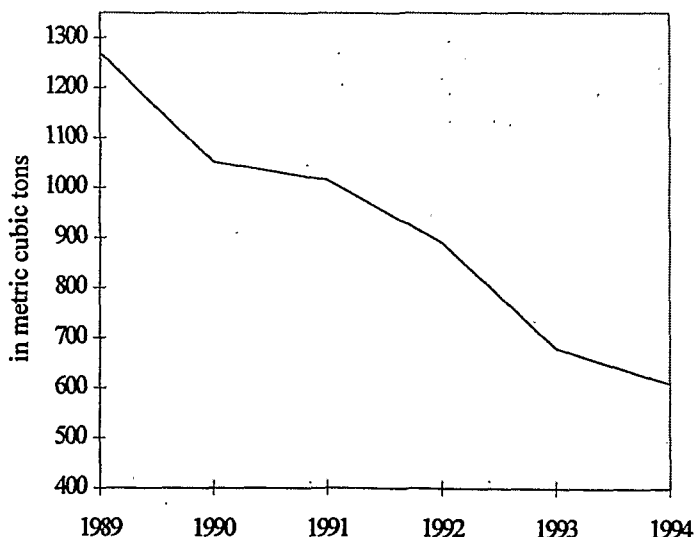


Figure 1.7: Merchandise Carried on the Congo Railroad

margins reflect direct costs of transport by rail or truck. The margins may also reflect other large but implicit costs of transit, such as spoilage of perishables and other losses during long trips, the financing of inventory in transit, and the risk that the food will not be delivered because the routes are impassable.

1.15 A recent survey shows that gross wholesale price margins were relatively large in December 1995, and that direct transport costs explain about a

quarter to half of the margin (Table 1.1). Directly comparable data for earlier years are not available, but a similar survey conducted at the end of 1993 showed smaller gross margins; in several instances, direct transport cost were also smaller than in 1995 (Table 1.2). Consumer price data, gathered in May 1994, provide further insight: the prices of basic food products in Brazzaville are sometimes two to more than three times more expensive than in rural areas (Annex Table 1). Together, these price surveys suggest large and possibly rising transport costs --both direct and implicit. Moreover, these large differences in rural and Brazzaville prices illustrate the potential to increase both rural incomes and urban purchasing power and food security by rehabilitating and maintaining secondary roads.

1.16 The high price of imported food in Brazzaville is yet another cause of the low purchasing power of the poor. The differentials between consumer prices in Brazzaville and Pointe Noire in May, 1994 illustrate the incentives to transport imports to Brazzaville; the failure of these differentials to narrow may mean that transport costs are rising (Annex Table 2). Unfortunately, there are no available surveys of transport costs from Pointe Noire to Brazzaville. It is known that rail tariffs increased by only 20 percent over 1992-95 (less than the rate of inflation). However, the decline of rail tonnage and the delays and uncertainty suggest that indirect costs of rail transport may be high.

1.17 There may be many other reasons for low efficiency that relate to the methods used in agriculture and to the quality of the soil. For instance, small farmers bring their produce to rural collection points on their back because they do not have pack animals or wheelbarrows.

I. TAXATION OF AGRICULTURE.

1.18 Relatively high tax rates on imports of food also helps explain weak food security and high urban food prices: imports of edible oils are subject to total taxes of approximately 45 percent, egg and sugar of 75 percent (Annex Table 3). The high tax rates on imports of some agricultural inputs discriminates against domestic production. The import tax on chickens, for instance, is 25 percent, but the import tax on feed used in the domestic industry is over 45 percent (Annex Table 4). These taxes are separate from the more than 36 percent corporate income tax rate that would apply to a commercial grower.

1.19 The high rate of taxation of agricultural exports is remarkable, since most governments seek to subsidize rather than tax exports. Exports of coffee and cocoa are subject to a variety of export taxes that sum to about 25 percent (Table 1.3). Taxes, high transport costs, and other difficulties have limited exports of these commodities to negligible amounts, and export volumes have expanded only recently with the rise in international prices. Still, it is surprising that the taxes have not been suppressed, since the low export volumes imply little loss of fiscal revenues. Saris-Congo, the only

producer and exporter of sugar, benefits from special arrangements that free it from nearly all taxes.

Table 1.1 Wholesale Gross Margins and Direct Transport Costs of Food in Dec 1995
(in percentage points)

Food product	Purchased at: (distance from Brazzaville)	Gross Margin <u>1/</u>	<i>of which:</i> Direct transport cost
Manioc (grated)	Mouyoundzi	67	25
Manioc (Foufou)	Kinkambou	200	25
Manioc (Chikwangue)	Gambona (315 kms.)	100	50
Plantain	Kindamba (200 kms.)	218	50
Yams	Kindamba (200 kms.)	100	26
Potatoes	Djambala (375 kms.)	120	24
<u>1/</u> Wholesale price at Brazzaville minus rural purchase price as a share of the purchase price.			

Source: Groupe AMTA Sud & SEP Développement (1996a).

Table 1.2: Wholesale Gross Margins and Direct Costs of Food in Nov.- Dec. 1993
(in percentage points)

Food product	Purchased at: (distance from Brazzaville)	Gross Margin <u>1/</u>	<i>of which:</i> Direct transport cost
Manioc (Foufou)	Mindouli (150 kms)	19	10
Manioc (Foufou)	Kimba (340 kms)	58	42
Manioc (chikwangue)	Plateaux (160 kms)	76	64
Peanut	Miyoundzi (250 kms)	26	18
Plantain	Bouenza (200 kms)	63	13
Avocado	Boko (150 kms)	100	33
<u>1/</u> Wholesale price at Brazzaville minus rural purchase price as a share of the purchase price.			

Source: Gergely (1993)

Table 1.3: Export Taxes on Agricultural Commodities
(in percentage points)

Tax	Coffee	Cocoa	Sugar
Gross sales tax (TCA export)	2.00	2.00	0
Exit tax (Droit de sortie) <u>1/</u>	12.25	10.00	0
Inspection tax (Conditionnement et Scellé) <u>1/</u>	0.50	0.5	0
Stabilization Fund tax <u>1/</u>	8.00	8.00	0
SGS tax (Société Générale de Surveillance) <u>1/</u>	1.15	1.15	0
Other taxes and fees (estimate) <u>2/</u>	1.71	2.77	?
Approximate Total	25.61	24.42	0+
<u>1/</u> Tax on FOB export value. <u>2/</u> Computer costs, fixed fees, port taxes, supplementary hours of work of Customs and misc.			

Source: Groupe AMTA Sud & SEP Développement (1996b) & World Bank estimates

1.20 The consequences for urban poverty of the high levels of transport and tax costs on food prices is apparent in the profile of poverty that is appears in the next section. The

consequences for rural poverty are not as well understood, but may be reflected in the some of the social indicators, and in particular, those for health and nutrition.'

2. INDICATORS OF POVERTY AND A POVERTY PROFILE

2.1 The increasing extent of poverty in the Congo is visible from the indicators of macro-economic, social sector (i.e. health, education), and household expenditure. The macro-economic indicators demonstrate a long-term decline: nominal GNP per capita, for instance, fell from US\$890 in 1980 to US\$590 in 1995 and inflation-adjusted (real) GDP per capita in US dollars fell even further (Table 2.1). While real GDP per capita in US dollars suffered a dramatic decline from US\$1,290 to US\$547 over 1980-95. The social sector indicators are consistent with this trend and illustrate the consequences for public welfare. Increases in poverty in the 1990s must be seen as a continuation of this longer term trend. Evidence from household expenditure surveys suggest that, since 1992-93, household consumption has deteriorated sharply.

Table 2.1: Congo - Social Sector Indicators of Poverty

	1980	1985	1990	1992	1993	1994	1995
<i>Macroeconomic indicators</i>							
GNP per capita in US\$, Atlas method <u>1/</u>	890	1,020	1,030	1,090	870	670	590
Real GDP per capita in constant 1987 US\$ <u>1/</u>	1,290	857	1,115	1,182	1,060	496	547
Note: Population, in millions <u>1/</u>	1.67	1.92	2.28	2.37	2.44	2.52	2.60
<i>Survival Prospects</i>							
Life expectancy at birth (years) <u>1/</u>	51	52 <u>b/</u>	--	--	51	--	50 <u>4/</u>
Infant mortality, per thousand <u>1/</u>	87	84 <u>b/</u>	--	--	84	--	--
Mortality of children under five, per thous. <u>1/</u>	--	--	--	--	109	--	--
Maternal mortality, per 100,000 live births <u>8/</u>	--	650-900	--	--	--	--	--
<i>Preventive health indicators</i>							
Population per physician	--	4,000 <u>a/</u>	--	--	--	--	--
Malaria, no. of cases <u>6/</u>	--	--	--	19,678	13,691	20,654	--
Diarrhea, no. of serious cases <u>6/</u>	--	--	--	40,905 <u>d/</u>	--	--	--
Access to safe water: urban <u>1/</u>	--	42 <u>f/</u>	--	--	--	--	--
rural <u>1/</u>	--	7 <u>f/</u>	--	--	--	--	--
Vaccination: Tuberculosis <u>1/</u>	--	--	90	--	63	--	--
Measles <u>1/</u>	--	--	75 <u>d/</u>	--	55	--	--
DPT <u>1/</u>	--	71 <u>e/</u>	79 <u>d/</u>	--	60	--	--
<i>Nutrition indicators</i>							
Urban children with low birth-weight, % <u>1/</u>	--	12 <u>a/</u>	--	16	--	--	--
Rural children with low birth-weight, % <u>7/</u>	--	12	--	29	--	--	--
Underweight mothers in rural areas, % <u>7/</u>	--	22 <u>b/</u>	--	--	40	--	--
<i>Education indicators</i>							
Illiteracy rate, male <u>1/</u>	--	34	30 <u>c/</u> <u>3/</u>	--	--	--	17.4 <u>9/</u>
female <u>1/</u>	--	62	56 <u>c/</u> <u>3/</u>	--	--	--	32.8 <u>9/</u>
Primary school-admission rate, % <u>g/</u> <u>3/</u>	--	121	88 <u>d/</u>	--	--	--	--
Primary school-repetition rate, %, <u>g/</u> <u>5/</u>	26	24 <u>b/</u>	--	--	36	--	--
Primary School pupil/teacher ratio <u>g/</u> <u>5/</u>	54	62 <u>b/</u>	--	--	75	--	--
Transition rate from primary school, % <u>h/</u> , <u>3/</u>	--	65	56 <u>d/</u>	--	--	--	--
<i>a/ 1986, b/ 1987, c/ 1989, d/ 1991, e/ 1988, f/ 1985-88, g/ first grade of primary school, h/ passage from last grade of primary to first grade of secondary school.</i>							

Sources: 1/ World Bank; 2/ UNICEF; 3/ UNESCO; 4/ UN Population Division; 5/ *Coopération française*; 6/ WHO; 7/ Government of Congo; 8/ UNICEF & CNSEE; 9/ USAID.

A. SOCIAL SECTOR INDICATORS OF POVERTY

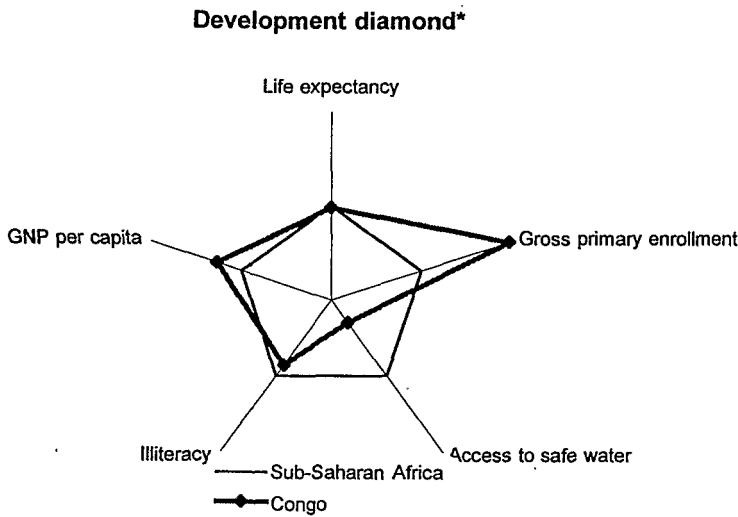


Figure 2.1

Access to safe water was only 42 percent in urban areas and 7 percent in rural areas, which appears low considering that infrastructure investment and maintenance budgets could be funded during the previous decade. Enrollment in primary schooling was very high, but many students remained illiterate; the quality of education at all levels appears to have been low, with high rates of repetition and school dropout. Other signs of deterioration are the increases in the pupil-teacher ratios and the repetition rate in primary schools between the 1986-87 and 1993-94 school years.

2.3 The nutrition indicators tend to confirm the hypothesis of worsening poverty: the percentage of urban children with low birth-weight, for instance, increased from 12 percent in 1986 to 16 percent in 1992, and nutrition was apparently worse among rural children and mothers. There may also have been a decline in nation-wide child vaccination rates for tuberculosis, measles, and DPT.

B. POVERTY PROFILE

2.4 In contrast to the social indicators, a poverty profile measures poverty as defined by household income, or more often, by its proxy, household expenditures on goods and services. Such information is useful in judging how poor a country is compared with others and for measuring a country's progress in overcoming poverty over time. A profile also measures the distribution of expenditures across quintiles, which are groups of 20 percent of the population, ranked from the poorest to the richest. This aspect of a profile is often useful in identifying the poor to whom public services and investment can be targeted. Finally, information on the spending of the poor on specific goods and services is sometimes useful in assessing the incidence of government taxes or subsidies on the poor.

2.5 The poverty profile used in this Assessment is based on household expenditure surveys carried out by the *L'Institut Français de la Recherche Scientifique pour le Développement en*

2.2 The social indicators show that the Congo is poor in terms of survival, preventive health, nutrition, and literacy, with the indicators generally at or below the averages for sub-Saharan Africa (Table 2.1). Furthermore, the Congo was poor in terms of the indicators even when it had a relatively high per capita income. In 1987, for instance, life expectancy at birth was 52, at about the average for Sub-Saharan Africa. Several reports from hospitals put maternal mortality at a relatively high 650 to 900 per 100,000 live births.

Coopération (ORSTOM) and the *Direction Générale de la Recherche Scientifique et Technique* (DGRST) of the Congo in 1993 and 1995 in Brazzaville, which has about 45 percent of the nation's population. The weakness of this statistical basis for the Assessment is the absence of a household survey, or even a recent census, in rural areas. It was simply not possible to conduct a rural survey quickly and at a reasonable cost.

2.6 The DGRST-ORSTOM surveys consist of a sample of about 200 and 300 households in January 1993 and December 1995, respectively, in Brazzaville. The surveys were conducted by a team led by Mr. Jean-Pierre Massamba, a researcher at the DGRST, with the cooperation of Mr. Yves Martin-Prevel, a researcher at the ORSTOM-Brazzaville. The surveys focused on households with children under one, since they were originally intended to support research into infant nutrition. It is not known whether this introduces any bias into the results, although there is no evidence of bias. The surveys appear to be of high quality in that the surveyors were subjected to considerable supervision and the resulting data were checked for consistency and errors were corrected by the DGRST-ORSTOM team. Moreover, the results of the survey are consistent with other, and independent surveys.

C. CONTRACTION OF HOUSEHOLD EXPENDITURE

2.7 The main and striking finding of the profile is that nominal household expenditures barely increased over 1993-95, a period of considerable inflation, and that inflation-adjusted (real) expenditures contracted by almost 40 percent, so that, seen from the perspective of household consumption, the economy continued its longer-term downward trend (Table 2.2). This increase in poverty can be understood in the context of the public-sector dominated system of the 1970s and 1980s, the contraction of agriculture in the 1980s, and the fiscal crisis that followed and that led to the deterioration of roads and rail lines, and the civil conflict. By 1995, food consumption of Brazzaville households had declined considerably and household were often subject to food insecurity.

Table 2.2: Monthly Household Expenditures per Person in Brazzaville in 1993 and 1995

	1993	1995	% change
<i>In current CFAF</i>			
Total	12788	13126	2.6
Food	7652	8168	6.7
Nominal non-food	5136	4958	-3.5
<i>In 1993 CFAF ^{a/}</i>			
Total	13278	8020	-39.6
Food	8114	4886	-39.8
Non-food	5164	3134	-39.3
<i>a/ Data for each year were collected over a three month period and are adjusted for inflation by January 1993 prices.</i>			

Sources: DGRST-ORSTOM and World Bank

Table 2.3: Indexes of Relative Poverty in Brazzaville in 1993 and 1995
(Poverty line is defined as the 40th percentile of spending per person in January 1993, or 8,950 CFAF)

Occupation	1993		1995	
	No. of households	% below line	No. of households	% below line
Managerial & Professional	12	0.0	15	30.1
Other salaried public sector	55	40.1	66	67.3
Other salaried private sector	30	38.9	60	62.2
Informal sector	38	50.4	88	74.4
Retired	10	50.0	22	79.7
Unemployed	15	27.1	32	86.2
Other	34	48.6	8	32.6
Total	194	40.0	299	69.3

Note: Calculations are from data on expenditure per person in January 1993 CFAF.

Sources: DGRST-ORSTOM and World Bank.

Table 2.4: Gini Indices for Household Expenditures in Brazzaville in 1993 & 1995
(in percentage points)

1993	37.4
1995	39.7
Note: A large index number indicates greater inequality.	

Sources: DGRST-ORSTOM & World Bank

2.8 This tendency to contraction of consumption is confirmed by an independent study of household expenditure on food that was conducted in Brazzaville by Agricongo, an independent agricultural research and training institute (Yolande Ofueme-Berton, 1996). The Agricongo study found an 11 percent decline in nominal expenditures on food over 1992-95, compared with the DGRST-ORSTOM's 6.7 percent increase for 1993-95. After adjustment for inflation, the Agricongo surveys would indicate an even greater real contraction than the DGRST-ORSTOM surveys, though over a year longer period.

D. POVERTY RATES

2.9 Any definition of the poverty line is somewhat arbitrary, but such lines are nevertheless useful in measuring the change in poverty over time or across countries. A relative measure of poverty is used to measure changes over time. The poorest 40 percent of household spent less than 8,950 CFAF per person per month in 1993 (Table 2.3). So 8,950 CFAF, adjusted for inflation over time, is defined as the relative poverty line. By 1995, about 69 percent of the population had fallen below the inflation-adjusted line, indicated a worsening of poverty in terms of real consumption.

2.10 In the 1993 sample, households in which the head of household worked in the informal sector or was retired were most likely to be poor (Table 2.3). None of the households headed by managerial and professional workers, mostly *cadre* in the civil service, were poor, although this information arises from a relatively small sample. The poverty rate among households headed

by the unemployed was also low. By 1995, the percentage of persons falling below the line had increased for all occupations, with the greatest deterioration occurring for households headed by an unemployed person. The poverty rate for households headed by managerial and technical workers had deteriorated from zero to 30 percent, and there was a 27 percentage point increase in the poverty rate among households headed by other salaried employees in the public sector.

E. DISTRIBUTION OF EXPENDITURES

2.11 The DGRST-ORSTOM surveys not only suggest that poverty increased, but also that the poor suffered a greater decline than the (relatively) rich. In short, there was a shift in the distribution of expenditures toward greater inequality, as indicated by the rise in the Gini index and by the downward shift of the Lorenz curve (Table 2.4 and Chart 2.1).

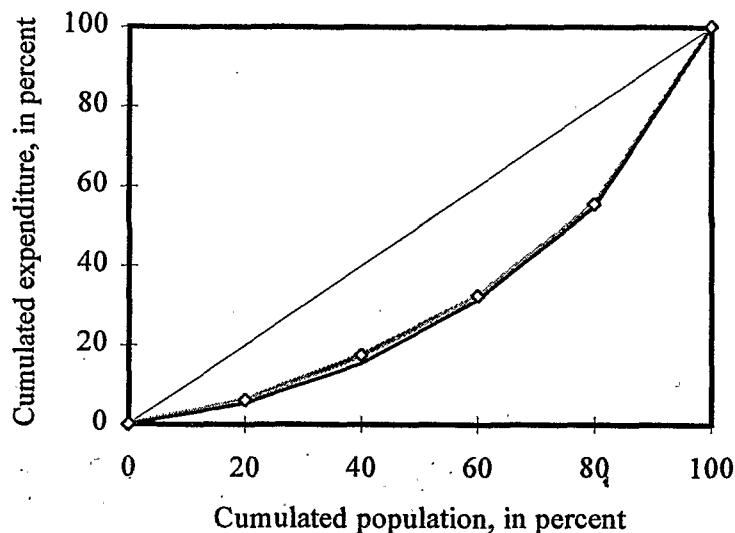


Figure 2.1: Distribution of the Population by Expenditure per Person in Constant CFAF in Brazzaville in 1993 and 1995

F. THE COMPOSITION OF EXPENDITURE

2.12 There was a tendency for nominal expenditures to shift away from non-food goods, from relatively luxurious goods, and from imported goods (Annex Table 5). The share of food in household expenditure rose by 2.4 percentage points over 1993-95, the share of non-food items fell, by definition, by an equal amount. The biggest declines in shares in food expenditures were for meat, fish and tubers while there was an increase in the expenditure shares of more easily available local goods, such as a vegetables (2 percentage points) and drinks and alcohol (1.4 percentage points). Among the poorest two quintiles there was an even more pronounced increase in the share of vegetables and a sharp decline in the share of milk products.

2.13 Within the sample as a whole, there was a sharp increase in the share of expenditures on health and hygiene in non-food expenditures. This may reflect the increase in prices of medicines that followed devaluation and limited possibilities for substitution away from

imported medicines. The poorest quintile, however, experienced a sharp decline in the share of these expenditures.

G. AN INTERNATIONAL COMPARISON OF POVERTY

2.14 The use of an absolute measure of poverty, in this case US\$1 per day in expenditure per person, allows for an international comparison of poverty rates. This 'dollar a day' poverty rate was 30 percent in 1993 when the exchange rate of the CFAF was 283 per dollar (Table 2.5). The dollar a day poverty rate rose to 70 percent in 1995, following the devaluation of the CFAF to 500 per dollar. However this does not mean that the poverty rate more than doubled in terms of real consumption, as the devaluation distorts the comparison overtime (because the poverty line is not constant over time).

2.15 The dollar a day measure places the Congo amid other poor African countries during 1992-93, with a poverty rate above Tanzania and South Africa, at around the level of Nigeria, and well below those in Madagascar, Niger, and Kenya. This comparison must be qualified as the rate for the Congo is for an urban area while the rates for some other countries cover rural areas. Differences in survey methods may also distort the comparison. Total expenditures of an household may even vary with the number of individual goods and services surveyed.

Table 2.5: An International Comparison of Absolute Poverty Rates
(Poverty line is defined as US\$1 per day)

	Survey year	Percent of population below poverty line
Congo, Brazzaville urban area	1993	30.0
Kenya	1992	50.2
Madagascar	1993	72.3
Niger	1992	61.5
Nigeria	1992-93	28.9
South Africa	1993	23.7
Tanzania	1993	16.4
Zambia	1993	34.6

Sources: World Bank and DGRST-ORSTOM.

3. SOCIAL COSTS OF ADJUSTMENT

3.1 The poverty profile demonstrates the deterioration of consumption over a period when the Congo was engaged in a program of structural adjustment. The survey of household expenditures shows a contraction in real consumption, and suggests a contraction in the consumption of imported goods. Furthermore, the evidence on poverty by occupation shown above suggests an increase in the proportion of civil servants and retirees who are poor. This is potential evidence of the social costs of structural adjustment in the Congo, and in particular of: (i) the devaluation of the CFAF in January 1994, and (ii) the down-sizing of the civil service and state-owned enterprises.

A. THE DEVALUATION

3.2 The influence of the devaluation on poverty cannot be understood separately from other events which occurred at about the same time. The most significant of these is the continuing deterioration of the road system and the railroad between Brazzaville and Pointe Noire, and the ethnic conflict that temporarily blocked the railroad in early 1994. The resulting increase in transport costs compounded the rise in import prices that flowed from the devaluation.

3.3 The household survey reports on expenditures rather than on physical consumption, but it does suggest that by shifting to locally produced goods the population of Brazzaville reduced the impact the devaluation (and transport cost increase) on their consumption. The best example of this is the increase in the share of expenditures on vegetables. Such a shift is more difficult in the case of medicines, which are not produced locally, so the survey shows a large increase in expenditures over 1993-95. However the poorest quintile actually lowered its expenditure on health, which would be consistent with lower physical consumption, perhaps combined with a switch to traditional medicine.

3.4 The loss of purchasing power that followed the rise in consumer prices should have been increasingly counterbalanced by an increase in incomes as more competitive export prices encouraged exports and foreign investment in export crops. With time, the increase in economic activity should have more than compensated for the initial loss; in the long-term the Congo would achieve a net gain in real consumption. This did not occur, in part because of the high rate of taxation on export crops and in part because of transport costs: as a result farmers in the Congo receive only a quarter of the FOB (freight on board) export price of Cocoa and Coffee, compared with about half in Cote d'Ivoire and 90 percent in Indonesia. It seems that although the devaluation was a necessary step in economic recovery, it was an insufficient step because it was not supported by rehabilitation of priority roads and rail and by a reversal of tax policies that discriminate against domestic agriculture.

B. DOWNSIZING OF THE PUBLIC SECTOR AND POVERTY

3.5 A reduction of the size of the public sector is as fundamental a part of an anti-poverty strategy as devaluation. Civil-service salaries dominate the budget, and combined with debt service, crowd out current expenditures on health, education, and priority investments, such as roads, that would stimulate durable growth and reduce poverty.

3.6 The entire public sector, including public enterprises and the military, comprises less than 100,000 out of a population of 2.6 million, so even with dependents, public sector employees comprise a small minority. The poverty profile showed that, on average, civil service managers and professionals are relatively well off, although their status has deteriorated over time, and especially with the salary reduction of 1995. There is however much diversity in income among groups of civil servants: ordinary civil servants are paid poorly compared to employees of certain semi-autonomous organizations such as the university and the university hospital center. Moreover the employees of certain state-enterprises, such as the SFCO and the SNDE are relatively poorly paid and suffer from delays in payment of up to 10 months while employees of HydroCongo and the ONPT are better paid and are paid on time.

3.7 There is no minimizing the difficulty of the adjustment facing employees leaving the public sector and attempting the transition into a small and slowly growing non-oil private sector. The difficulty of the transition is magnified by the numerous dependents of many public sector workers, and by the lack of preparation for private activity. The helps explain why the poverty profile showed that there is some concentration of poverty among retirees, many of which are former civil servants.

C. SETTLEMENT OF SALARY ARREARS AND SEPARATION OBLIGATIONS

3.8 The settlement of the state's obligations to its employees and the transition of some employees into the private sector is a serious matter that will influence the sustainability of program of macro-economic reforms. The most immediate macro-economic problem hindering settlement is the size of the obligations. Resolution of legal obligations under a scenario that assumes down-sizing of a bit less than 27,000 workers implies an impressive fiscal cost of 310 CFAF (Table 3.1).

3.9 A further complication is that payments to public sector employees appear linked with short-term spurts of inflation in Brazzaville. For instance, there was a spurt of inflation in January 1996, when civil servants were paid two months of back-pay. The reason is apparently that the supply of goods to Brazzaville is limited by inadequate routes, that is, supply is inelastic with regard to prices. So when current or departing public sector employees receive large payments, as a group, they bid up the prices of goods in Brazzaville. The effect in the short-term is to limit the real benefit to the recipients, and even worse, to distribute goods away from other, poorer, inhabitants of Brazzaville.

3.10 Another problem hindering resolution of the Government's obligations are the significant differences between labor agreements with various public enterprises. For instance, according to their agreements, an employee of the ONPT receives on average 10 million CFAF while an employee of the ATC would on average receive only 500,000 CFAF. Moreover, the Government is not formally legal liable for the obligation of the state enterprises, and the capacity of the enterprises to pay separation payments are unequal. So a significant number of employees of public enterprises in liquidation would not receive any compensation, or arrears in salaries, unless the state intervenes with a subsidy.

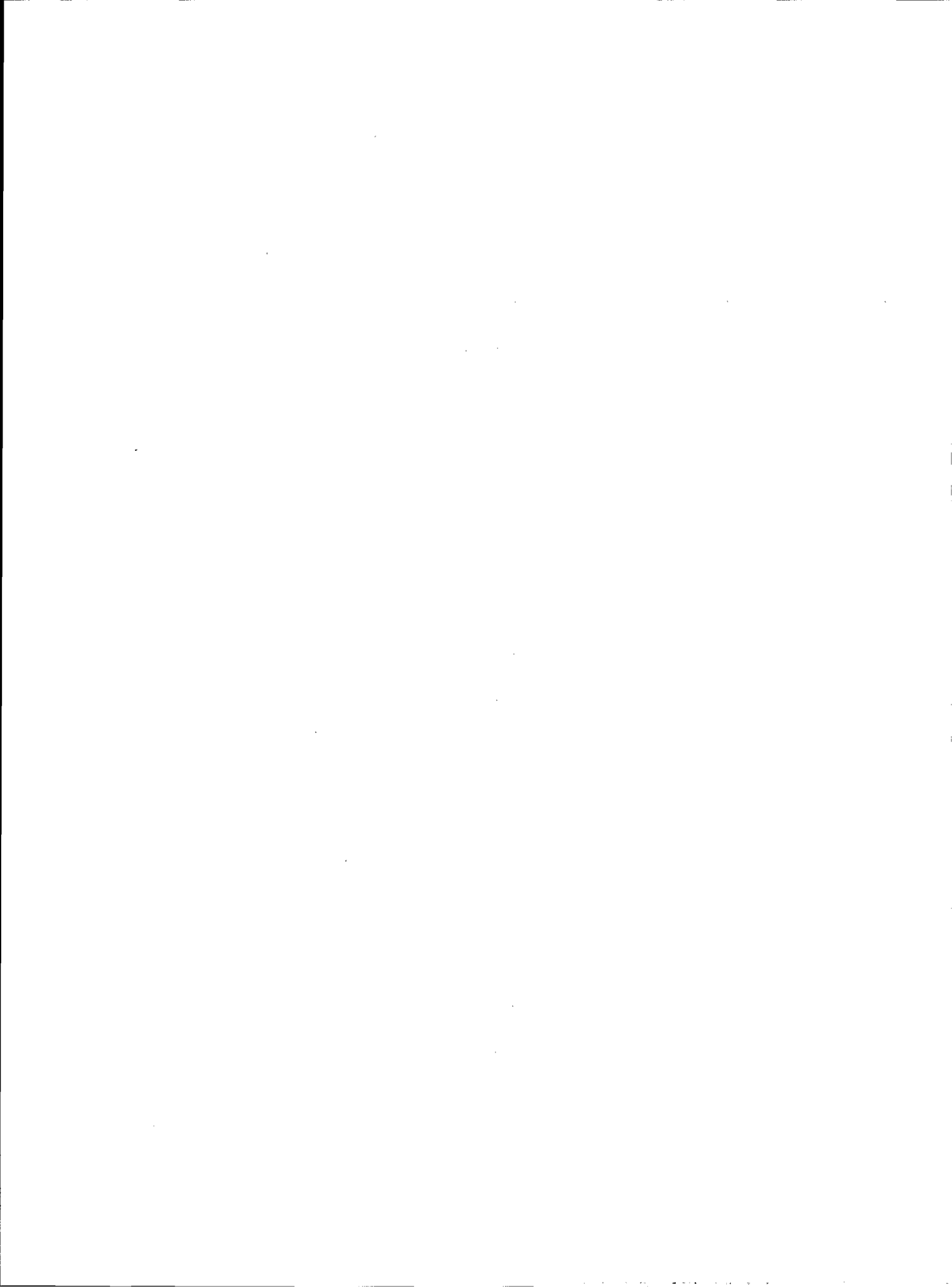
D. PARTICIPATIVE OPTIONS FOR REINSERTION

3.11 The payment of separation benefits and of arrears would ease the transition of departing public sector employees, but would not provide a permanent solution. Besides this would be a passive: there are other more participative options such as the formation of banks to make small, and even micro, credits to those interested in launching businesses. Some former public sector employees are interested in returning to agriculture, considering the crisis in obtaining food. So another possibility is to provide training and small tools to a pilot group. A limited training program for private employment could be worthwhile when the private employer is willing to guarantee employment and both employee and employer are willing to demonstrate their commitment through contribution to the costs.

Table 3.1: Direct Social Costs in a Scenario for Public Sector Retrenchment

	Government	Public Enterprises	Total
Number of workers	70,000.0	26,851.0	96,851
Contraction scenario <u>a/</u>	10,000.0	16,792.0	26,792
Separation payments	20.0	44.9	64.9
Salary arrears (billions of CFAF)	124.1	27.8	151.9
Social Security arrears (bills of CFAF)	44.3	49.1	93.4
Total cost (billions of CFAF)	188.4	121.8	310.4
<u>a/</u> assumes that purchasers of state enterprises do not retain redundant workers.			

Source: World Bank.



4. CONCENTRATIONS OF POVERTY - DISPLACED PERSONS AND RURAL AREAS

4.1 The most severe manifestations of poverty do not appear to flow from macro-economic and structural adjustment, but from more fundamental sources. There is a high rate of severe poverty, for example, among people displaced by the civil conflict of 1993-94. There is also some evidence from nutrition studies that rural poverty may be more severe than urban poverty, especially in isolated areas. Other possible groups of severely poor people are not covered here for lack of statistical information: orphans, street children, female-headed households with small children, retirees and the elderly without family support, and the handicapped. It would be worthwhile to conduct a nation-wide household survey to support the development of policies that target these kinds of poverty. The survey would gather information on the health, nutrition, education, and household expenditures alongside information on the composition of the households.



Photo 4.1: Internal refugee children in front of the Brazzaville school they live in

A. DISPLACED PERSONS

4.2 Between June 1993 and February 1994 a politically-oriented civil conflict opposed people from the Pool and Greater Niari region. There was occasional combat in Brazzaville, and the conflict disturbed Dolisie and several smaller towns in the south. About 1,000 to 3,000 people are believed to have been killed, although no exact figure is available. The killing provoked fear in *quartiers* where people from diverse regions had lived in peace, fear that drove people from their homes to what often became ethnically homogeneous areas. Many people from the Pool region fled from the Brazzaville

quartier of M'filou to Bacongo and Makélékélé, while people with origins in the Greater Niari region fled from those *quartiers* to Moungali and M'filou. The settlement of displaced people in the new areas was complicated by the destruction of about 6,800 and damage to about 3,700 homes during and immediately after the conflict.

4.3 Many displaced persons adjusted following the civil conflict. Some former farmers voluntarily returned to their villages of origin and resumed farming. Others started small businesses or started cooperatives to grow vegetables or raise small animals. Some were able to settle in other *quartiers* through their own efforts or with help from their families.

B. PROFILE OF DISPLACED PERSONS

4.4 According to a census of displaced persons conducted by the Ministry of Health, about 34,000 households, or 240,000 people were displaced by the conflict. The Census has been processed to reduce double counting of households, but number is probably still somewhat overstated because flight led to confusion and fragmentation of households among several relatives and sites. However, a detailed European Community survey of the most damaged *quartiers* and visits by the World Bank Mission confirm the presence of large numbers of displaced persons living in precarious conditions (Marie Monimart, et. al., 1996).

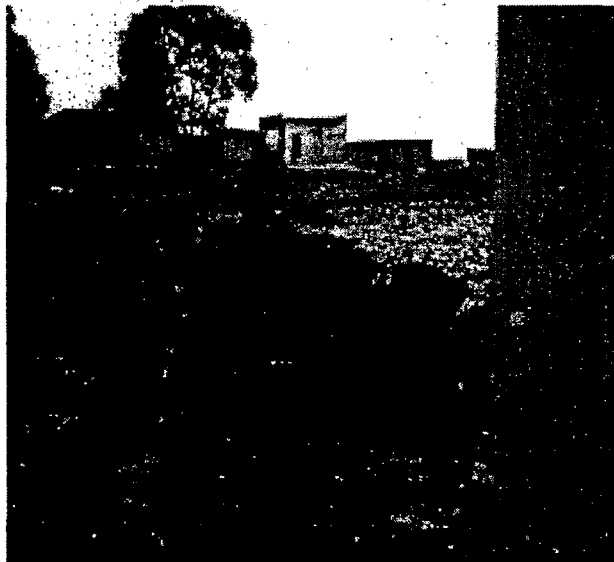


Photo 4.2: Displaced persons in Brazzaville live in the building at the right which has been undermined by erosion of a garbage dump and is in danger of falling into the abyss.

4.5 The European Community survey found that many displaced persons had held salaried jobs or had small or micro-enterprises before the conflict and were in the middle or upper income quintiles. According to the survey, some have been able to subsist while

others slipped into seemingly permanent poverty. The survey indicates that 53 percent of the displaced persons retained their economic activity: almost half of these were civil servants, who seem to have suffered the least. However 47 percent lost their economic activity, including 61 percent of all artisans. The most severely affected of all sub-groups were single-parent households headed by widows or divorced women, which comprise 29 percent of all displaced persons. Finally there is also a group of false displaced persons who are, for the most part, squatters in abandoned buildings. Furthermore, it is possible that some persons falsely claim they are displaced in the hope receiving assistance.

C. LIVING CONDITIONS

4.6 Some of the poorest displaced people live in seven groups of about 5,000 persons each: one group is in a complex of old chicken coops, another is in an abandoned factory. On a visit to displaced persons, the World Bank mission witnessed crowding, unsanitary conditions, and disease. Families were crowded into small enclosures on the floor in buildings housing many families. Most people slept on broken-down paper boxes, sometimes even sleeping on puddles left by leaking roofs. Standing water outside the shelter was a source of mosquitoes that attack at night, as there were no screens or netting. Potable water is also scarce, and many people were too sick to stand, visibly sweating or shuddering with fever, possibly malaria. Many children were visibly malnourished, and some had open sores and pus. One enclosure confined a severely handicapped person left to crawl without aid or supervision.

4.7 The European Community survey indicates that 60 to 73 percent of sick displaced persons are children who suffer mainly from malaria, respiratory illnesses, and skin infections, including those associated with sleeping on the ground. Among displaced women, about 90 percent of pregnancies are unwanted; childbirth is often at home, without sanitation, and on cardboard.

D. ASSISTANCE TO DISPLACED PERSONS

4.8 There has been surprisingly little assistance to displaced persons either in the form of emergency relief or in terms of economic reinsertion of people and rehabilitation of infrastructure. The Government has not provided emergency food, health care, medicine, sewerage or emergency housing. Immediately after the crisis however, the Government made some relatively large payments to displaced persons for damages to housing. It is not clear what the rules for distributing the funds were nor how much was paid. These payments may have stimulated claims for damages and led to expectations that further and large settlements may lie in the future. The Government also appointed a Minister-Delegate of Health for Displaced Persons, who is actively seeking assistance, especially for the large-scale reconstruction of housing. The Government's financial contribution to reconstruction was the disbursement, recently, of about 150 million CFAF to the Minister-Delegate for a pilot project to manufacture bricks and build several houses. The Government has built about 10 model homes for displaced persons at the

Base-Vie site. Finally, the Government sponsored a national day to collect funds for displaced persons.

4.9 There has also been little support from foreign official sources. One of the exceptions is a shipment of food aid that the World Food Program sent immediately after the crisis. Furthermore, the *Coopération française* supported some small-scale distribution of food and medicine through local NGOs. The European Community is now planning a pilot project for the reconstruction of about 250 houses in areas that are still ethnically mixed. This relatively small-scale project would require the participation of the future inhabitants in construction labor and would be supported by efforts to launch income-generating activities and by some limited sanitation works.

4.10 There has also been almost no support from international NGOs. The main exceptions are some small contributions received by Caritas-Congo from Catholic organizations in Europe. Several local NGOs, and especially the religious organizations, have succeeded in providing some services to displaced persons: Caritas-Congo, for instance, operates some dispensaries for basic medicines and several schools.

4.11 A survey of displaced persons found that their greatest priority is a source of revenue (38 percent), followed by lodging (29 percent), and bedding (18 percent). This points to initiatives to generate income through, for instance, micro-credit, assistance in launching micro-enterprises, or for the short-term, employment in reconstruction activities. Some investment in roads, market places, schools and clinics would help restore the economic viability of the conflict-damaged *quartiers* and would encourage private efforts at reconstruction of homes. The health conditions in these *quartiers* suggests that drainage of standing water, sewerage, and the supply of potable waters could yield an impressive return in health.

E. RURAL VERSUS URBAN POVERTY

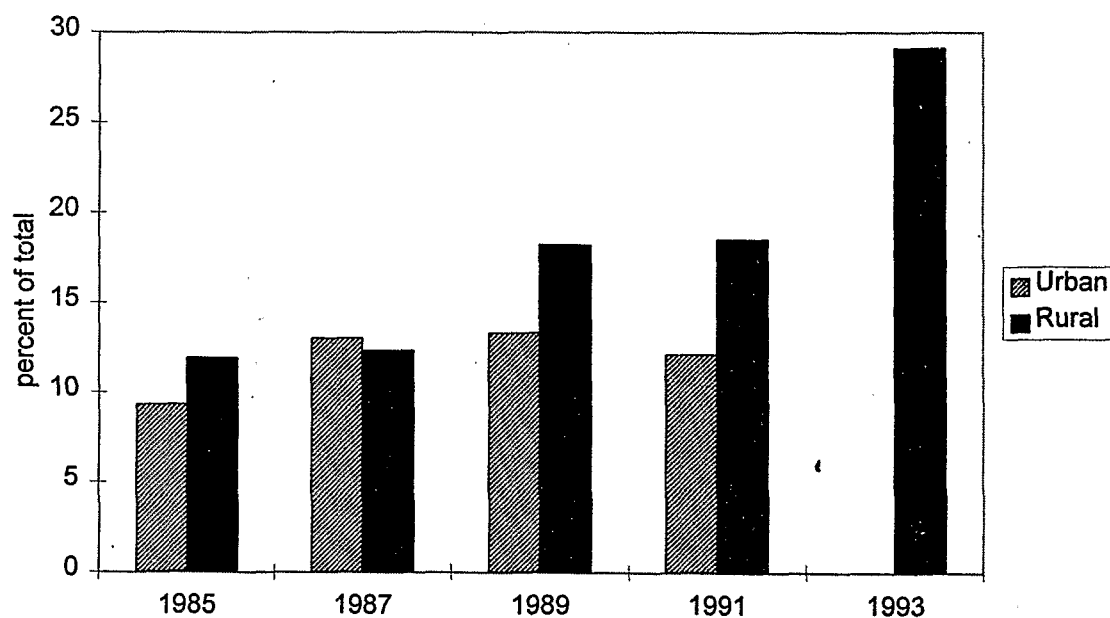
4.12 Most of the quantitative information available on poverty in rural areas emerges from nutrition studies. These suggest that, as in other parts of Africa, nutrition in rural areas was generally weaker than in urban areas in the 1980s and the early 1990s (*Plan d'Action sur la Nutrition*, 1996). For example, the percentage of babies born underweight in rural areas has been increasing and was higher than in urban areas in the 1980s, and has been increasing (Figure 4.1, no figures are available for urban areas in 1993). The high percentage of underweight babies would be consistent with weak maternal nutrition.

4.13 The only other indicators of nutrition in all of rural Congo are from a relatively outdated survey conducted in 1987. A study of the Body Mass Indicator, and indicator of energy deficiency and low work capacity, by Francis Delpeuch, et. al. (1994), finds that this form of nutrition was worse in rural than in urban areas in 1987 (Table 4.1). More limited information suggests that this relation may have persisted through to at least 1991-92. Poorer people, as measured by an index of socio-economic indicators, suffered higher rates of this malnutrition in Brazzaville, but the index was not closely related to

malnutrition in the countryside (Table 4.2). This may occur because income is more evenly distributed in the countryside. There has been no national evidence on rural nutrition of children since 1987, but there have been several studies of particular regions.

F. ENCLAVES OF RURAL POVERTY

4.14 Another recent study of specific rural areas identifies specific enclaves of high and worsening malnutrition in the Central Plateaus, Mayombe Forest, and Pool regions. Rates of stunting are relatively high and rising while rates of wasting have been lower (Table 4.3). Stunting indicates long term protein and energy deficiency that effects height/age while wasting can indicate a more transitory deficiency.



Source: Government of Congo (1996).

Figure 4.1: Babies Underweight at Birth in Urban versus Rural Areas: 1985-93

Table 4.1: Body Mass Index in Urban versus Rural Areas
(kilograms / height in meters**2)

<i>Urban:</i>	
Brazzaville, 1986, Mothers	23.1
Brazzaville, 1991, Men	22.1
Women	23.2
<i>Rural:</i>	
Rural nation-wide, 1987, Mothers	21.2
Rural Plateaus, 1992, Men	20.2
Women	20.5

Source: Delpuech, et. al. (1994).

Table 4.2: Chronic Energy Deficiency in Urban versus Rural Areas by Socio-Economic Group: 1991/92

(prevalence in percentage points)

Socio-economic scale (from lowest to highest quintile)	Eastern Brazzaville 1991	Central Plateaus 1992
1	15.3	19.8
2	11.2	23.6
3	10.3	21.9
4	9.4	22.4
5	9.6	16.9

Source: Delpeuch, et. al. (1994).

Table 4.3: Stunting and Wasting in Three Rural Areas: 1987-94

(prevalence in percentage points)

	Stunting	Wasting
<i>Central Plateaus</i>		
1987	26.1	8.5
1993	27.0	4.2
<i>Mayombe Forest</i>		
1987	37.5	8.2
1994	39.6	5.1
<i>Pool</i>		
1987	22.1	4.5
1993	30.9	3.5

Source: Mme. Tchibindat, Government of Congo (1996).

G. POVERTY AMONG WOMEN.

4.15 The available survey data do not, unfortunately, provide information on women-headed households and on poor women. The limited available data on nutrition show that women experience more than men and that nutrition problems are relatively widespread among mothers. Maternal mortality appears high and female literacy and school enrollment are weak relative to men (Table 2.1). The Congolese Ministry for the Integration of Women in Development has done some work in understanding the status of women in health and education, but more is necessary. Better understanding of women's contribution to agriculture, where they apparently provide a majority of labor, and of the constraints to their contribution would allow the development of policies to increase women's well-being. The main issue may prove to be women's right to land, and to the product of land. Another major issue may be the burden on women's time of arising from trips to fetch water and wood.

5. PUBLIC EXPENDITURES ON HEALTH AND EDUCATION

5.1 Any sustained advance out of poverty would require improvements in health and education that would improve human well-being and productivity. An examination of public expenditures should provide insight into the potential for more effective action.

A. HEALTH NEEDS AND RESOURCES

5.2 Public health needs significant improvement in terms of the indicators reviewed in Chapter I: infant mortality, maternal mortality at child-birth, and maternal and infant nutrition -- especially in rural areas (Table 1.1). The most common diseases that strike infants from birth to 4 are fevers, including malaria, ear, nose and throat infections, dermatological infections, and diarrhea, and the frequency of disease is similar for children 5 to 14. Another major health problem is sexually transmissible diseases, which were associated with feminine sterility of 15 percent of the national population in 1984. At present, there are an estimated 21 to 25,000 cases of AIDS and between 80 and 120,000 people are seropositive. The nationwide prevalence rate is 3.3 percent and the urban rate is 7 percent, and AIDS has become the leading cause of death in the 19 to 45 age group.

5.3 The Congo's main human resources in overcoming these problems are 240 doctors, about 1,200 nurses with diplomas, and about 1,500 with certificates. The available personnel are not distributed equitably across regions: there are more than 20,000 inhabitants per doctor in Likouala, Lekoumou, and Pool and there are more than 2,500 inhabitants per nurse in Likouala, Bouenza, and the Plateaus. In theory, the geographical coverage of publicly-provided health installations is adequate, and sometimes even greater than the norm, with an average of 5,000 inhabitants per dispensary or health center. In practice, lack of budgetary resources and training have considerably reduced the coverage and especially the quality of service.

B. DECENTRALIZATION

5.4 During the 1980s, Government provided health services through a pyramidal structure, from health posts at the base up to the University Hospital (*Centre Hospitalier Universitaire de Brazzaville*, CHUB) at the pinnacle. The system was intended to provide preventive and basic curative care but functioned poorly because it was chronically under-funded and suffered from lack of medicines and unmotivated personnel. In 1990 the Ministry of Health launched plans to apply the Bamako initiative in the Congo, while retaining the dual structure for services: integrated health centers and hospitals.

5.5 In 1992, the Government moved further by adopting the National Plan for Health Development (*Plan national de développement sanitaire*, PNDS) --which has the force of law. The aims of the PNDS are to improve public health by:

- (a) decentralizing the provision of health care by establishing or strengthening health districts
- (b) developing nation-wide primary health care
- (c) reinforcing national capacity for running the health system.

5.6 The PNDS aims, specifically, at setting up 30 health districts, and integrated health centers within each district. Each health district would serve 100-150,000 people in urban areas and 25-100,000 in rural areas while each center would serve 10-15,000 people in urban areas and 2,500-10,000 in rural areas. To achieve true decentralization, authority over the allocation of the budgets for medicines and personnel should be decentralized.

C. PLANNED SPENDING

5.7 The government has made some progress toward meeting national needs and the goals of the PNDS by increasing the share of planned spending on health in total budgetary spending -- and in GDP (Figure 5.1). Another positive step was the increase in planned spending to combat AIDS. These steps are particularly significant since budgetary resources are severely constrained. While planned expenditures have increased, only fragmentary information is available on the evolution of actual expenditures --despite intensive efforts by the main donors. This is apparently because the budget has broken down as a tool for operating the publicly-financed part of the health system. Actual expenditures on certain items are sometimes far below budgeted amounts, while expenditures on some items may exceed the budget.

D. EFFECTIVENESS OF PUBLIC EXPENDITURES ON HEALTH

5.8 The structure of the planned budget places the effectiveness of expenditures in question. Planned investment in health absorbs a small fraction of the health budget: furthermore, the actuals were zero over 1992-95 (Table 5.1). Most planned expenditures are to pay personnel, and

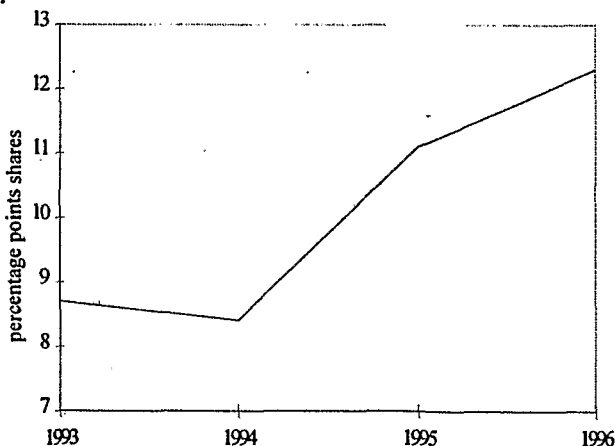


Figure 5.1: Share of Health in Total Planned Public Expenditure

there is almost nothing planned for materials such as medicines. Moreover, there have been almost no actual current expenditures on for maintenance of health equipment and structures over 1992-96. An attempt to estimate actual expenditures on personnel by examining *ordonnancements* (payment orders) showed that the Government attempted to pay more than the budgeted amount to personnel, possibly to resolve arrears in salaries.

Table 5.1: Structure of Planned Public Spending on Health
(in millions of current CFA Francs and in percentage point shares)

	1993	1994	1995	1996
Total (millions of CFAF)	18,216.0	17,716.0	19,761.0	22,317.0
Total (%)	100.0	100.0	100.0	100.0
Investment (%)	5.6	1.8	1.9	6.1
Current (%)	94.6	98.2	98.1	93.9
Personnel (%)	61.4	64.7	52.3	42.5
Materials (%)	2.9	4.9	7.7	6.8
Common charges (%)	6.4	4.0	2.8	3.3
Transfers (%)	23.7	24.6	35.3	41.3

Source: Ministry of the Budget.

Table 5.2: Structure of Planned Public Current Expenditures on Health by Services
(in millions of current CFA Francs and in percentage point shares)

	1994	1995	1996
Total (in millions of CFA francs)	14,653.0	16,639.0	14,153.0
Total (% points)	100.0	100.0	100.0
Central administration	29.7	25.3	28.6
Regional departments	43.6	36.7	38.2
CHUB	17.1	30.0	24.7
Misc.	0.7	0.8	0.9
Other hospitals	8.9	7.2	7.6

Source: Ministry of the Budget.

Table 5.3: Geographic Distribution of Planned Public Current Expenditures on Health
(in millions of current CFA Francs and in percentage point shares)

	1994	1995	1996
Total (millions of CFAF)	14,653.0	16,639.0	14,153.0
Total (%)	100.0	100.0	100.0
<i>Brazzaville</i>	56.6	64.3	62.4
Central Administration	29.7	25.3	28.5
DRS. Brazzaville	7.0	5.7	6.0
CHUB	17.1	30.1	24.7
Other	0.7	0.8	0.9
Hospitals	2.1	2.4	2.3
<i>Regions</i>	43.4	35.7	37.6
Regional Departments	36.6	30.9	32.3
Hospitals	6.8	4.8	5.3

Source: Ministry of the Budget.

5.9 Another aspect of effectiveness of spending is consistency with attaining the aims of the PNDS. Planned current expenditures do not reflect the emphasis placed by the PNDS on decentralization and on basic services. The distribution of current expenditures has hardly changed, with most funds going for central administration, and hospitals (Table 5.2). Most current expenditures are planned for Brazzaville and especially for administration and the university hospital (CHUB) there (Table 5.3).

E. FINANCING OF HEALTH

5.10 Part of the reason for ineffective expenditures is the use of scarce fiscal resources to pay personnel, some of whom are not needed, or who would be more effectively employed elsewhere. The Government has succeeded in reducing over-staffing at the CHUB, but there are still about 600 workers who could be redeployed or made redundant.

Table 5.4: Sources and Types of Financing of the Health Sector in 1992

Source	Ministry of Health	Other Ministries a/	Public enterprises	Private sector b/	Total
in millions of current CFA francs	27,000	4,500	2,400	25,300	59,200
% share in total	45.6	7.6	4.1	42.7	100.0
Type	State budget	Insurance	Direct	Bi and multilateral aid	Total
in millions of current CFA francs	24,500	6,500	24,700	3,500	59,200
% share in total	41.4	11.0	41.7	5.9	100.0

a/ Ministries of Defense and Labor; b/ private for profit and non-profit entities.

Source: G. Foulon, et. al., *Analyse du système de santé au Congo, 1993.*

5.11 An underlying problem may be that insufficient resources are devoted to health. A study conducted in 1992 suggests that there is hope in this area, as there is some private financing of public needs and the private sector is already financing almost 43 percent of health expenditures (Table 5.4). It appears that the share of Government financing has diminished since 1992 while private financing, and especially the revenues of private pharmacies, have increased. The private sector funds public provision through fees collected for services and medicines at public facilities, although cost recovery needs improvement, especially in the CHUB. The ability of communities to finance decentralized medical services appears linked to the availability of medicines and the constitution of local management committees.

5.12 The private sector funds private provision of health services through fees collected at more than 170 clinics and offices and 170 pharmacies. This financing is augmented by the efforts of about 125 non-governmental organizations including foundations and religious groups. The health indicators suggest that the public and private sector together have not yet succeeded in providing preventive and basic primary care. So far, international financing is relatively small, and has room to expand to support a strategy that would achieve the aims of the PNDS.

F. THE EDUCATION SYSTEM

5.13 The number of private schools has also been growing as the public system deteriorates. The public and private systems have been strongly influenced by the French system, and are similar to the systems in Gabon, Cameroon, and the Central African Republic. About half the schools were denominational during the early years of independence, but these were later nationalized by the former People's Republic of the Congo. The system was then modified

toward a Soviet block pattern but was reformed after 1990. The public system is now administered by the Ministry of Primary and Secondary Education and the Ministry of Higher and Technical Education.

5.14 Primary education lasts six years and leads to a *certificat d'étude primaire élémentaire* (CEPE); a test, the *concours d'entrée en premier cycle du secondaire*, can provide entry to secondary school. Secondary education is available in the form of general education in the *Colleges* and *Lycées* while vocational education is available in *Colleges* and *Lycées techniques*, and is divided into lower (4 year) and upper (3 year) levels. Upper level secondary education leads to corresponding types of baccalauréats, while the lower level technical schools offer *brevets* which give access to mid-level jobs. Post-primary training is provided in two agricultural training centers, *Centres de formation agricoles*, and in a number of vocational training centers, *Centres des métiers*.

G. EDUCATIONAL OUTCOMES AND COVERAGE

5.15 Past efforts in education have raised the adult literacy rate to 75 percent, one of the highest in the region (Table 5.5). The female literacy rate is well below the male rate, but nevertheless is higher than in most other African countries. Overall coverage at the primary level was also relatively high in 1991 when about 88 percent of all children of school entry age entered the first grade of primary school. Another indicator of coverage is the primary school gross enrollment rates, which was a relatively high 124 percent in 1993. A gross enrollment rate of over 100 percent means that enrollment exceeds the number of children of primary school age.

H. EFFICIENCY

5.16 This implies that the efficiency of primary education is low because many children are repeating grades and that some are still in primary school once they are past primary school age. Other indicators of efficiency, such as the primary and secondary school repetition rates and the average number of years needed to complete primary school, suggest that the Congo has one of the most inefficient systems in Africa. The average repetition rates rise as high as 50 percent for specific grades. Moreover, pass rates on the lower secondary school exit exam have declined since 1981. Resources have instead gone into secondary school where the student/teacher ratio improved between 1980 and 1990. The student/teacher ratio for the system as a whole reflects the relatively large number of staff engaged in administration and school inspection.

I. QUALITY AND GENDER EQUITY

5.17 One reason for low efficiency is the low quality of education. For instance, the student/teacher ratio was at a relatively high level of 73 in 1993. High student/teacher ratios have been reported in urban areas, with extremes of over 150 students per classroom. Texts and writing materials are often not available and the school buildings are often in poor repair. Another aspect of quality is the participation of girls: this is satisfactory at the primary level

where the ratio of girls to boys is 91 percent, although at the secondary school level the ratio drops to 64 percent (UNESCO, 1994).

Table 5.5: Indicators of education in the Congo and in Africa
(in percentage point shares, or as indicated)

	Year	Congo	Gabon	Central African Republic	Cameroon	Franco-phone Africa	Anglo-phone Africa
<i>Outcomes & coverage</i>							
Adult literacy rate	1995	74.9	63.2	60.0	63.4	46.0	67.8
Adult literacy rate, female	1995	67.2	53.3	52.4	52.1	32.4	56.8
Primary sch. gross enrollment rate	1993	124.0	134.0	67.6	87.0	69.0	98.0
Secondary sch. gross enrollment rate	1993	55.8	34.5	20.0	32.3	21.0	25.4
<i>Efficiency</i>							
Average years to complete primary school (years)	1989	14.9	12.0	11.7	NA	NA	NA
Primary school repetition rate	1993	36.0	33.0	NA	NA	25.0	8.0
Secondary school repetition rate	1993	36.0	32.0	NA	NA	25.0	8.0
<i>Quality</i>							
Primary student / teacher ratio	1993	73.0	48.0	113.0	53.0	44.0	35.0
Secondary student / teacher ratio	1993	27.0	27.0	57.0	24.0	23.0	18.0
<i>Gender Equity</i>							
Primary school gross enrollment rate, female	1993	118.0	136.0	57.0	81.0	62.0	105.0
Secondary school gross enrollment rate, female	1993	43.5	31.0	NA	22.2	14.0	22.5
Females/total primary school enrollment	1993	48.0	50.0	39.0	46.0	44.0	49.0

Source: World Bank, UNESCO.

J. BUDGET INTENTIONS

5.18 The limited data available on the budget help to explain the decline of quality of education. There was an 18 percent nominal decline in 1995 in the budget for recurrent non-wage costs and for transfers (Table 5.6). These figures represent intentions to spend, but it is not known how much was actually spent for these purposes. The budget for non-wage recurrent costs of primary and general secondary education and of central administration have been reduced across-the-board by about two-thirds but the budget for school inspection has been reduced by 30 percent. Transfers to regional authorities and to the University have been cut by a more modest 17 percent.

5.19 Most of the large transfer to the university is for scholarship payments, *bourses*, to university students, which has been cut least of all --by 14 percent. Over 80 percent of all students at the university received *bourses* and almost 4,000 students studying abroad were allocated *bourses*. The formerly generous scholarship program for secondary education have been reduced, by about 30 percent for general secondary education and by over half for technical education.

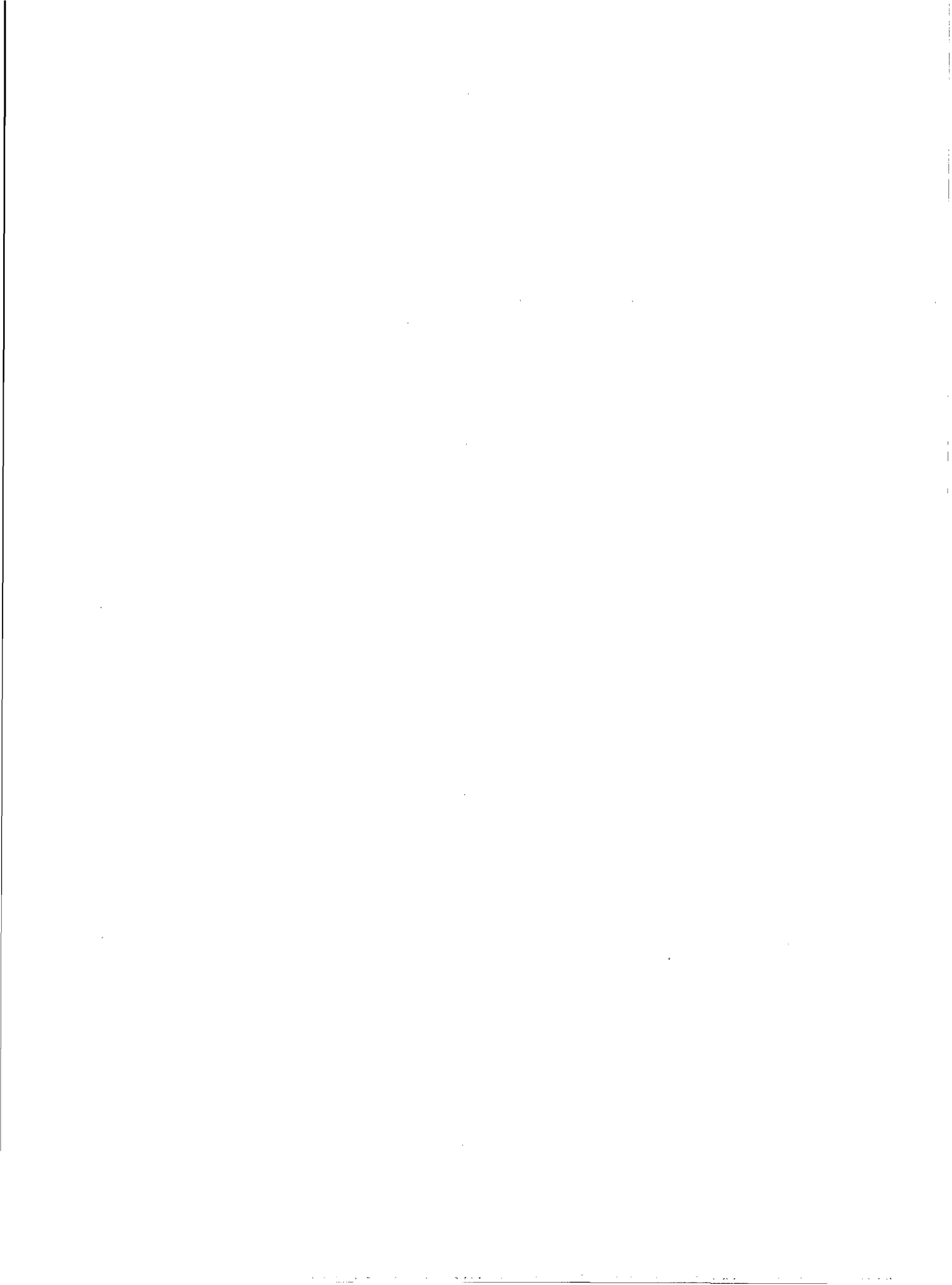
K. PRIORITIES IN ALLOCATING EDUCATION RESOURCES.

5.20 Little is known about current staffing and the current wage bill, but it is known that there were between 8,000 and 12,000 education staff in 1993. While some urban schools were over-staffed, there was a lack of teachers in some rural areas, particularly at the secondary level, and there was an excessive proportion of personnel in administrative and inspection posts. Therefore, in 1992 administrative overheads came to almost one third of all recurrent expenditure and the amount of wages paid for administration was nearly as high as teacher salaries for primary and general education combined.

5.21 So there is potential to improve quality by shifting staff from administration and inspection to teaching. Nevertheless recruitment of teachers has apparently continued despite a hiring freeze. It is difficult to assess the allocation of education resources any further because actual expenditures are unknown. The information available on the non-salary recurrent budget and from other sources suggests that primary education has lost resources relative to the University, where the *bourses* have been protected, in an overall atmosphere of budgetary stringency.

Table 5.6: Education Budget for Recurrent Non-Salary Costs and Transfers

	1994 (1000s of CFAF)	1995 (1000s of CFAF)	Percentage change
<i>Ministry of National Education (MNE)</i>			
<i>recurrent non-salary</i>			
Administration	471,337	164,979	-65.0
Schools	7,132	2,493	-65.0
Inspection	3,940	2,790	-29.2
sub-total, MNE, recurrent non-salary	482,409	170,262	-64.7
<i>Transfers, of which</i>			
Education, Brazzaville & Regions ^{1/}	346,000	288,000	-16.8
University ^{1/}	9,300,000	7,750,000	-16.7
<i>Scholarships, of which</i>			
Higher education	6,931,915	5,942,614	-14.3
General Secondary	485,750	334,476	-31.1
Post-primary (vocational & technical)	66,175	32,400	-51.0
Secondary technical (vocational & technical)	322,260	132,365	-58.9
sub-total, MNE, transfers including scholarships	18,801,000	15,636,000	-16.8
<i>Ministry of Culture, Technical Education, and National Heritage (MCTENH)</i>			
of which vocational and technical education	13,190	5,587	-57.6
sub-total, MCTENH	104,700	36,953	-64.7
Total, both ministries (MNE & MCTENH)	19,388,109	15,843,215	-18.3
^{1/} recurrent non-salary. Source: Government of Congo, 1995 Budget.			



6. A STRATEGY TO REDUCE POVERTY

A. MANAGEMENT OF GOVERNMENT EXPENDITURES.

6.1 Each chapter sets forth examples where the Government faced a choice between making actual expenditures of its limited resources for a development purpose or for an alternative use. In the case of education, the planned recurrent non-salary budget for schools was reduced severely, and reduced much more than university scholarships which benefit youth from upper-income groups. Health expenditures were directed toward payment of salaries in Brazzaville and the University Hospital rather than toward health districts that would provide primary care in the regions. Persons displaced by the civil conflict received almost no assistance in reintegration and reconstruction. In the key transport sector, the Government launched an investment program, but did not begin reconstruction of the key axes that connect Brazzaville to the sea and to the main food-producing regions. Reversal of this pattern, through redirection of public resources to development priorities, is a prerequisite to the reduction of poverty and the improvement of food security.

6.2 The effectiveness of a well-directed budget in reducing poverty would be hindered by the limited technical capacity to operate through a budget. Actual expenditures differ significantly from those that appear in the budget voted by the parliament. Expenditures appear driven by immediate needs rather than by the budget; incoming funds are often spent, for instance, on salaries or arrears to public sector employees while treasury funds are not available for budgeted maintenance. Assistance to reinforce the budgetary system by training government personnel is therefore necessary to assure that an expenditure program to reduce poverty is executed.

6.3 The Government could enhance its capacity to spend on basic services such as health, sanitation, and education through a restructuring of the public sector. Funds could be generated through a reduction of the civil service from 70,600 at end 1995 to at least 61,000 by 1999. A debt workout could reduce the ratio of debt service to government revenues from 147 percent in 1995 to 48 percent in 1999. The Government's budget and domestic debt could be reduced through the privatization of public enterprises, and this would also promote private growth.

B. SOURCES OF GROWTH.

6.4 Restructuring the budget would form part of a larger effort to reduce poverty by promoting broad-based growth. Nevertheless, the program is likely to harm some persons during a transition period. An option for improving incomes over the near-term is a labor-intensive public works program executed by private contractors. To ease the transition of persons separated from public service the Government could resolve claims for separation payments equitably and resume payment of pensions and arrears in salaries. This capital would allow some former public sector employees to launch small enterprises. With appropriate assistance, some others could make the transition into agriculture.

6.5 Petroleum is likely to be the primary source of growth of GDP over the near-term: its impact on poverty would depend almost entirely on the use of the associated government revenues. Aside from petroleum, there appears to be considerable potential for expansion of food crops. Large urban-rural price differentials and high transport costs indicate that volumes of trade could grow with improvement of transport, especially of the road system.

6.6 The priority public investment effort could then be to open the road between Brazzaville and Pointe Noire, to rehabilitate the roads to the main food-producing regions, and to ensure maintenance through contracts with private companies. Agricultural productivity would rise, and unit costs would fall, as farmers realized economies of scale in production and as they benefited from easier access to fuel, fertilizer, tools, and extension. This would improve the purchasing power of the urban poor by reducing the price of imports and of food produced by domestic farmers. Roads are a win-win investment because the opening of the large urban market would also strengthen farmers' revenue.

6.7 The rehabilitation of the Brazzaville-Pointe Noire road is necessary for improvement in other areas. It is difficult to pay arrears and separation payments to public sector employees without raising the price of goods in Brazzaville, yet this could be avoided if goods could be brought in by road. For the same reason, it would not be possible to launch any large-scale reconstruction of civil-conflict-damaged *quartiers* without raising the price of construction materials.

6.8 Once the road system and railroad are rehabilitated, growth could spread to exports of tropical woods, to sugar, cocoa, and coffee, and possibly even to new and higher value tropical agriculture. Growth would benefit from the elimination of taxes on exports of cocoa and coffee and from rationalization of taxes on imports of agricultural inputs. A sustained reduction of public employment would support growth in agricultural exports by assuring the international competitiveness of labor. With appropriate assistance, some interested and qualified former public sector employees could make the transition into agriculture.

C. SANITATION, HEALTH AND EDUCATION.

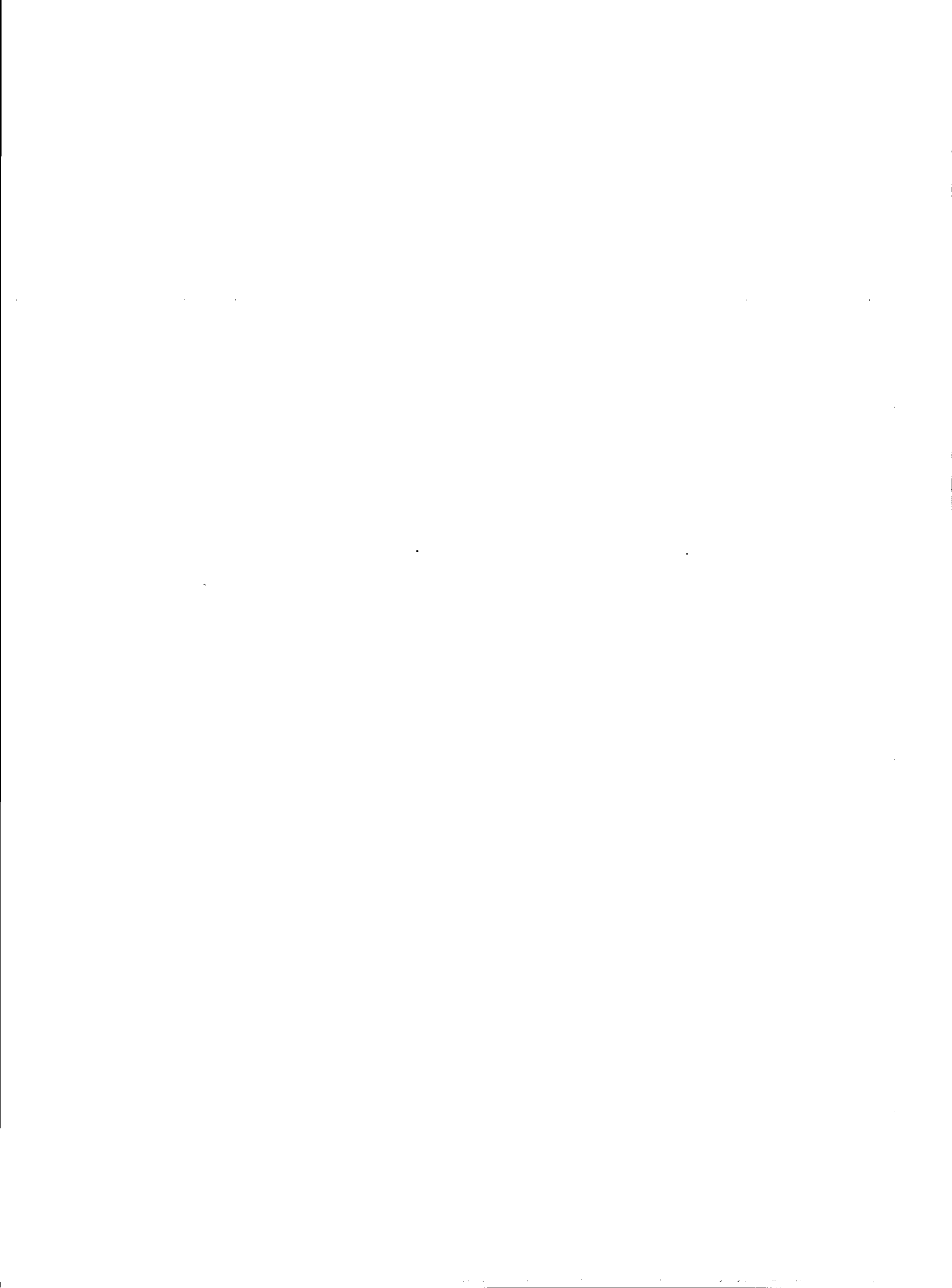
6.9 Sustained growth would require an improvement in public health and restoration of at least the primary education system, otherwise labor productivity would lag. Investments in sewerage and water supply would reduce malaria, diarrhea and other diseases. Action to establish, fund, and operate health districts would improve public health efficiently by providing primary care to poor persons. The Government could make a positive start by funding and launching a single health district in a rural area. Some high priority uses of scarce funds are for AIDS prevention and to provide minimum primary health services in rural enclaves, to persons displaced by the civil conflict, and to street children.

6.10 The focus could then shift to the rehabilitation of the primary education system to assure the development of the more educated labor force needed to sustain any increase in real incomes. The first steps would be to adequately fund at least primary education, possibly from savings in university *bourses* and administrative wages, and to assure that teachers are paid and that they

work. The student-teacher ratio could be brought down by shifting school inspectors and other administrative staff to the classroom. More work is needed to better understand the curriculum changes and other quality improvements that would reduce repetition rates and increase enrollment and achievement of girls.

D. MONITORING POVERTY REDUCTION.

6.11 The Congo would need to develop nation-wide surveys that are updated regularly to monitor the reduction of poverty to develop and adapt policies to reduce poverty effectively. A nation-wide survey of household expenditures would identify the extent and geographic distribution of poverty and identify concentrations of poverty and thus allow the development of policies targeted to alleviate concentrations of poverty. The survey should be designed to identify potential concentrations of poverty by region, in rural enclaves, and among groups such as women heads of household with small children, street children and orphans, the handicapped, and displaced persons. The survey could then be update every year or two by rapid, smaller sample, and low-cost surveys. These surveys should also include information on education, health, and nutrition. To assure food security, it would be useful to complete the demographic and health survey that is in progress, which contains a nutrition component, and to conduct occasional follow-up surveys.



ANNEX TABLES

Annex Table 1: Consumer Prices of Selected Foods in Brazzaville and in Rural Areas - Oct.

(in CFA Francs)

Product	Brazzaville	Boko (150 kms) <u>a/</u>	Mvouti (300 kms) <u>b/</u>	Lekana (300 kms) <u>c/</u>
Manioc, tuber (kg)	258	144	93	--
Manioc leaves (kg)	178	155	45	143
Sweet potato (kg)	319	--	--	--
Plantain (kg)	400	269	133	95
Eggplant (kg)	458	332	160	225
Mango (kg)	285	249	--	--
Chicken, live (1)	1338	1300	835	817

a/ SW of Brazzaville, b/ in the Niari valley near Louboumo; c/ in the Plateaux.

Source: Government of the Congo, CNSEE.

Annex Table 2: Prices of Selected Consumer Imports in Brazzaville and in Pointe Noire - May 1995

(in CFA Francs)

Product	Brazzaville	Pointe Noire
Powdered milk (400gm)	2,130	1,424
Rice (kg)	285	252
Wheat flour (kg)	334	275
Canned mackerel (155 gm)	220	186
Salted tuna (kg)	1,667	1,375
Salted capitaine fish (kg)	3,576	4,000
Bic Pen (1)	100	88
Household soap (50gm)	175	134
Light bulb (1)	698	400

Source: Government of the Congo, CNSEE.

Annex Table 3: Taxes on Selected Food Imports

(in percentage points)

Food	Customs (Tarif Extérieur Commun)	Gross Sales (Taxe sur le Chiffre d'Affaires)	Temporary Surtax	Total
Corn (for consumption)	10	5	0	15
Meat	20	5	0	25
Chicken (uncut)	20	5	0	25
Rice (for consumption)	20	5	0	25
Edible oils	30	15.25	0	45.25
Yogurt	20	15.25	30	65.25
Eggs	30	15.25	30	75.25
Sugar	30	15.25	30	75.25

Source: Groupe AMTA Sud & SEP Développement (1996b) & World Bank estimates.

Annex Table 4: Taxes on Selected Imports of Agricultural Inputs

(in percentage points)

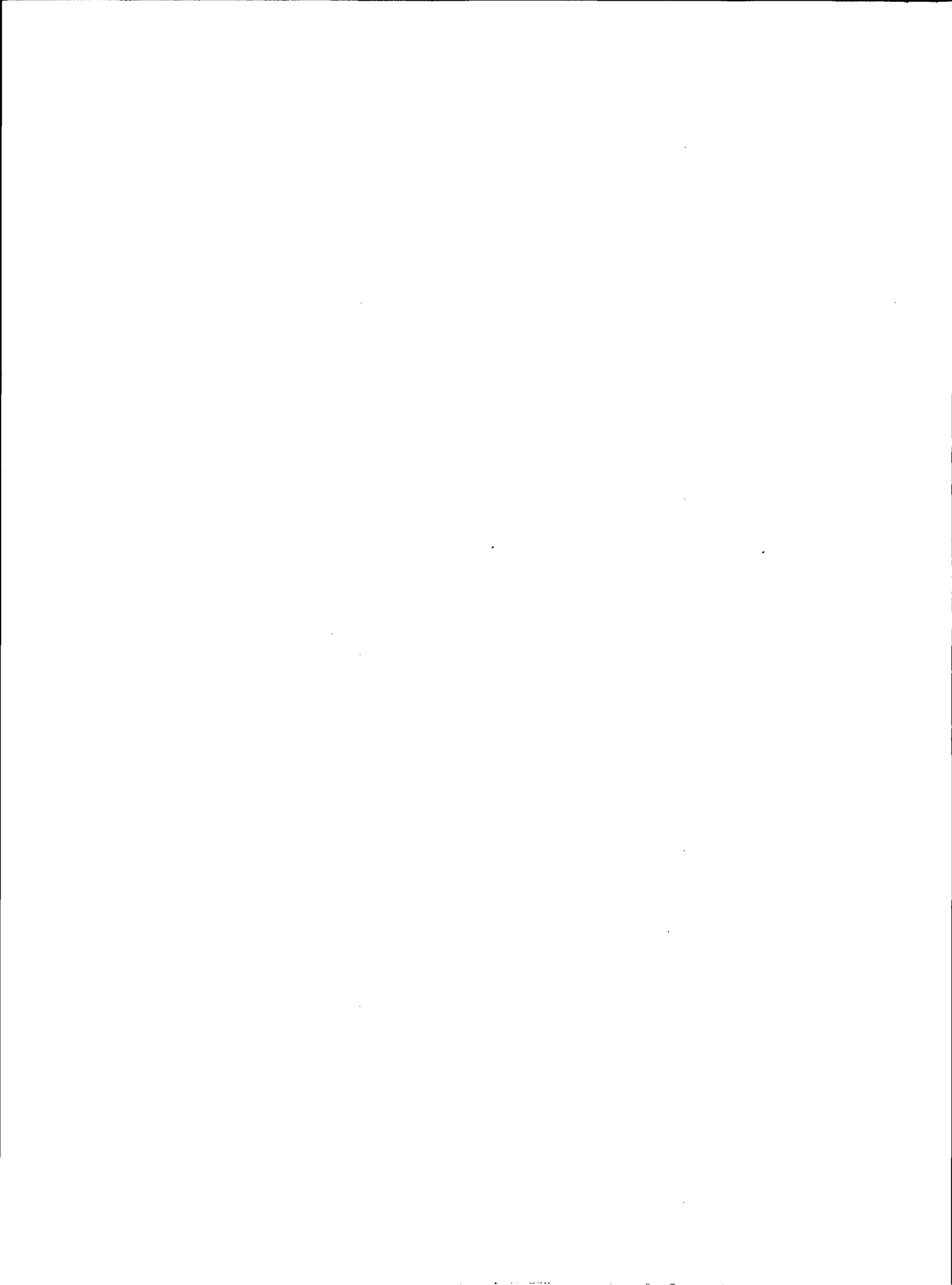
Input	Customs (Tarif Extérieur Commun)	Gross Sales (Taxe sur le Chiffre d'Affaires)	Temporary Surtax	Total
Veterinary products	5	0	0	5
Planting equipment	5	15.25	0	20.25
Agricultural hand tools	20	15.25	0	35.25
Animal feed	30	15.25	0	45.25

Source: Groupe AMTA Sud & SEP Développement (1996b).

Annex Table 5: Structure of Nominal Monthly Expenses per Person in Brazzaville in 1993 and 1995 by Quintile and type of Expenditures

	Units	Quintiles 1993 (from poor to rich)					1993 Total	Quintiles 1995 (from poor to rich)					1995 Total
		1	2	3	4	5		1	2	3	4	5	
Monthly expenditure per-capita	FCFA	4024	7217	9692	14804	28935	12788	3492	6651	10600	15338	29446	13126
Food	% share	78.8	68.6	68.9	53.8	53.7	59.8	82.6	74.5	69.7	61.7	54.7	62.2
Non-food	% share	21.2	31.4	31.1	42.2	46.3	40.2	17.4	25.5	30.3	38.3	45.3	37.8
Food expenditure	FCFA	3170	4952	6674	8556	15534	7652	2886	4957	7386	9465	16101	8168
Cereals	% share	11.8	12.1	13.4	11.5	11.2	11.8	12.1	11.6	11.6	13.2	13.3	12.7
Tubers	% share	21.7	21.6	20.2	18.9	14.8	18.2	21.6	20.5	21.1	18.2	12.9	17.1
Meat and fish	% share	39.4	41.6	39.8	40.8	43.9	41.8	37.9	39.4	38.8	35.5	38.9	38.1
Leguminous plants	% share	1.5	1.3	1.5	1.3	1.2	1.3	1.8	2.1	1.6	1.6	2.0	1.8
Vegetables	% share	9.1	8.4	7.3	8.3	6.8	7.7	12.7	11.0	10.2	9.8	8.6	9.7
Sugar, salt, condiments	% share	5.3	4.0	4.2	3.8	3.5	3.9	4.3	4.3	4.9	5.2	4.6	4.7
Oils, fats	% share	7.0	6.1	5.4	5.9	5.0	5.6	8.5	7.1	6.5	6.5	6.1	6.6
Milk products	% share	3.2	4.2	4.3	4.8	5.8	4.9	0.4	2.9	2.9	6.1	6.0	4.7
Fruits	% share	0.1	0.0	0.2	0.3	0.6	0.3	0.1	0.5	0.6	1.2	1.4	1.0
Drinks, alcohol	% share	0.0	0.5	1.4	1.6	2.8	1.5	0.7	0.4	1.3	2.3	5.2	2.9
Other	% share	0.9	0.1	2.3	2.8	4.3	2.9	0.0	0.2	0.5	0.5	0.9	0.6
Non-food expenditures	FCFA	854	2265	3017	6248	13401	5136	606	1694	3213	5873	13345	4958
Health, hygiene	% share	40.0	26.3	40.2	28.9	28.1	29.0	26.2	42.8	34.0	40.3	33.2	35.4
Clothing	percent % share	2.8	8.4	7.1	10.1	11.1	10.1	0.8	6.4	4.0	8.1	8.9	7.7
Rent	% share % share	8.9	15.5	9.7	19.5	17.3	16.8	10.6	7.3	15.6	12.4	13.1	12.8
Energy, water	% share	31.5	19.7	23.0	14.6	13.3	16.1	47.8	19.0	21.9	16.6	17.1	18.5
Transport, leisure	% share	12.1	25.1	15.6	17.0	15.2	16.4	14.9	15.1	12.1	11.5	12.0	12.2
Other	% share	4.7	5.1	4.3	10.0	15.0	11.5	0.0	9.4	12.4	11.2	15.7	13.4

Source: ORSTOM and the World Bank



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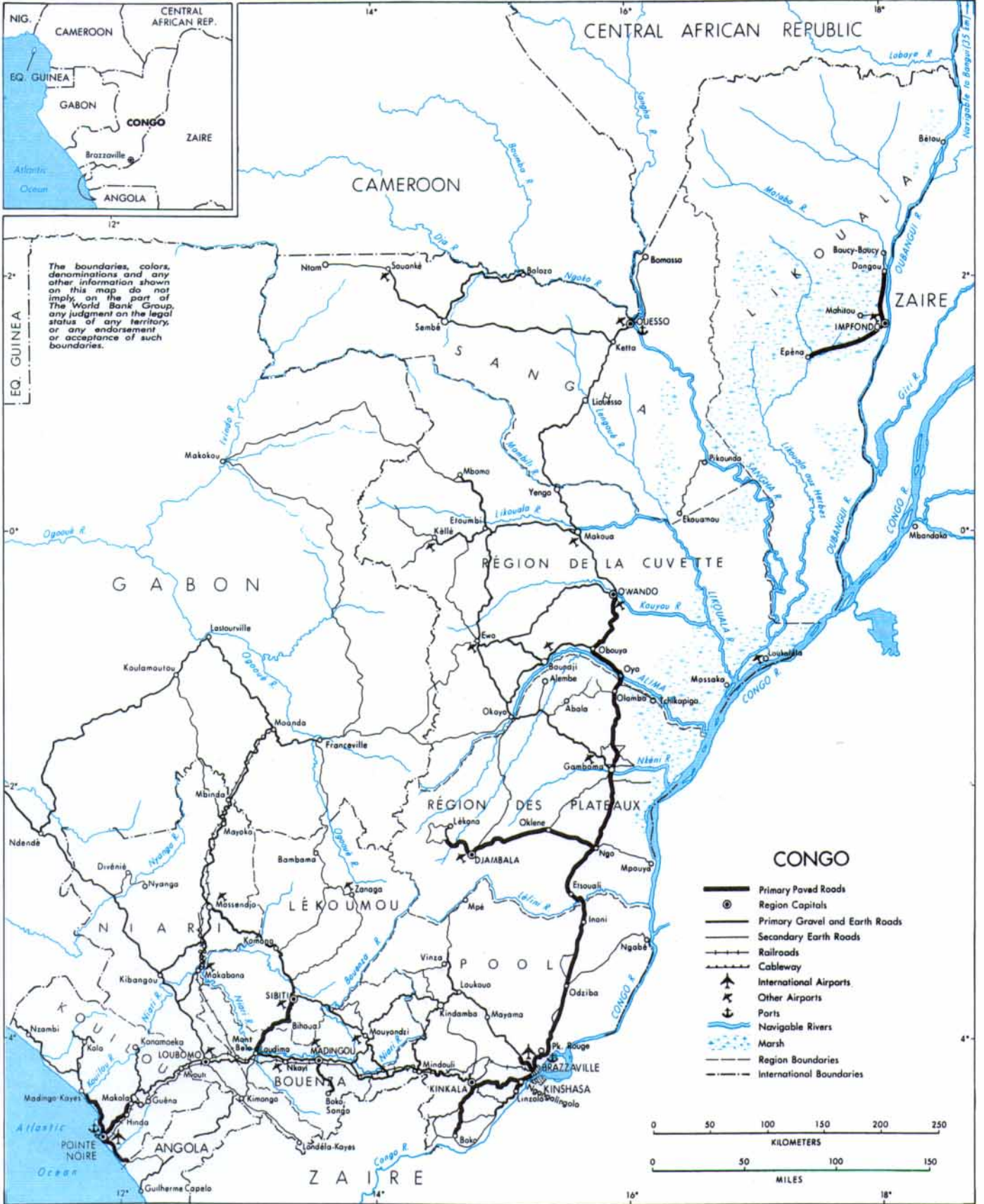
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