

ProGERIM

Management of local revenues from the extractive sector in the Democratic Republic of Congo

The challenge

The Democratic Republic of Congo is one of the most resource-rich countries in the world, but the country has not yet been able to sufficiently benefit the population from this wealth. With a share of more than 20% of the country's gross domestic product (GDP), mining is a key economic sector that generates almost a third of the state's income. So far, however, the revenues from the mining sector have not led to a noticeable reduction in extreme poverty in the country.

In an effort to improve this situation and redistribute revenues for the benefit of a broader population, the Congolese government reformed the mining code in 2018. Since then, the territorial entities (Entité territoriale décentralisée, ETD) affected by mining activities have received 15 % of the royalties (Redevances Minières) to be paid by the mining companies.

These revenues are substantial compared to the total budgets previously allocated to the ETDs concerned. While this sudden, and often drastic, increase in the budget represents a significant opportunity for local development, it poses significant challenges for the ETDs in terms of participatory development planning and efficient and transparent financial management. Nevertheless, local public finances represent an extraordinary potential. Here, thanks to the principle of independence from the political and administrative obstacles that exist at the level of central government, sustainable and inclusive socio-economic development can be initiated at the local level and framework conditions for growth and poverty reduction can be created.

Project	Management of local revenues from the extractive sector in the Democratic Republic of Congo
Client	Federal Ministry for Economic Cooperation and Development (BMZ)
Regions of intervention	Provinces of Haut-Katanga and Lualaba, Democratic Republic of the Congo
Partner Ministry in DRC	Ministry of Planning of the Democratic Republic of Congo (<i>Ministère du Plan</i>)
Duration	01.06.2021 – 31.05.2024

Our approach

The project aims to strengthen local inclusive socio-economic development by supporting partner municipalities in the two provinces of Haut-Katanga and Lualaba to use their revenues from the extractive sector more efficiently and sustainably. The project also works with the provincial planning divisions to improve their support for the municipalities in planning and administrative processes.

At the institutional level, the project contributes to increasing efficiency and transparency in the working procedures and administrative processes of local authorities by providing technical, process and organisational advice, in order to improve the use of funds. Local authorities and their local development committees are sensitised to inclusive, participatory and gender-sensitive local planning procedures and to the investment of public funds in basic services and economic development measures.

In order to strengthen transparency and accountability, the project supports organised civil society through capacity building and process support to better fulfil its supervisory and control function.

Networking and cooperation are central components of the methodological approach. By promoting peer-to-peer exchange



formats, learning experiences among the ETDs and with higher-level government agencies are communitarised and provide impulses for sustainable planning and management of local tax revenues in the ETDs that are not directly accompanied by the project.



The project's intervention regions

The benefits

Long-term revenue and expenditure planning in local authorities in Haut-Katanga and Lualaba provinces are more participatory and gender-sensitive, ensuring that investments are geared towards the needs of all stakeholders. Investments in inclusive socio-economic development are increased through improved strategic planning processes and are implemented more efficiently. Through more efficient and corruption-sensitive financial management, more and targeted investments are made in basic services and economic development measures, thereby increasing local human capital and laying the foundations for improved local value creation.

Supporting civil society and government institutions in maintaining their oversight and monitoring functions enables transparent governance and public accountability.

By sharing knowledge on economic development planning, learning experiences and positive practices are shared beyond the project's partner municipalities with other municipalities in the project regions, thus contributing to a broader effectiveness of the measures.

Success factors

A key success factor for the project is the development and dissemination of basic knowledge and experience in efficient financial management and participatory development planning. In particular, the continuous involvement of the population is crucial in order to align development measures with the interests and needs of the population. This is the only way to leverage the considerable potential of additional revenues for local development. To strengthen the knowledge of local administrations, the project conducts further education and training in basic aspects of efficient and transparent financial management. The provision of learning materials on a digital platform developed by the project also promotes self-learning among the partners.

In order to ensure the involvement of the population in the planning and spending of funds, the project supports its partners in the development and implementation of instruments of citizen participation and sensitises local authorities to the importance of participation and accountability. In addition, the project strengthens the capacity of civil society organisations to represent the interests of the population through training and capacity-building measures.

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