

# REPUBLIC OF CONGO

UNITARY COUNTRY

AFRICA

## BASIC SOCIO-ECONOMIC INDICATORS

Income group - LOWER MIDDLE INCOME Local currency - Franc CFA (XAF)

### POPULATION AND GEOGRAPHY

AREA: **342 000** km<sup>2</sup>

POPULATION: **4.5** million inhabitants (2014), an increase of 2.6% per year (2010-14)

DENSITY: **13** inhabitants/km<sup>2</sup>

URBAN POPULATION: **65.4%** of national population

CAPITAL CITY: **Brazzaville** (40.6% of national population)

Sources: World Bank database, UNDP-HDR, ILO

### ECONOMIC DATA

GDP: **28.3** billion (current PPP international dollars) i.e. 6 277 dollars per inhabitant (2014)

REAL GDP GROWTH: **6.78%** (2014 vs 2013)

UNEMPLOYMENT RATE: **7.2%** (2014)

FOREIGN DIRECT INVESTMENT, NET INFLOWS (FDI): **5 502** (BoP, current USD millions, 2014)

GROSS FIXED CAPITAL FORMATION (GFCF): **41.3%** of GDP (2014)

HUMAN DEVELOPMENT INDEX: **0.591** (medium), rank **136**

## TERRITORIAL ORGANISATION AND SUBNATIONAL GOVERNMENT RESPONSIBILITIES

MUNICIPAL LEVEL	INTERMEDIATE LEVEL	REGIONAL OR STATE LEVEL	TOTAL NUMBER OF SNGs
<b>94</b>	<b>-</b>	<b>12</b>	<b>106</b>
MUNICIPALITIES (COMMUNES) AVERAGE MUNICIPAL SIZE: <b>51 193 INHABITANTS</b>		DEPARTMENTS (DÉPARTEMENTS)	

**MAIN FEATURES OF TERRITORIAL ORGANISATION.** The Republic of Congo (or Congo Brazzaville, or Congo) is a unitary country with a two-tier subnational government structures. The subnational level is made of 12 departments, including two departments with a specific status, corresponding to both departmental and municipal councils: Brazzaville, the administrative capital, and Pointe Noire, the economic capital. Then, the country has 6 cities with a municipal status (including Brazzaville and Pointe Noire). The departments and municipalities of Brazzaville and Pointe Noire each have their respective budgets. Representatives at both levels are directly elected. Municipalities and districts are then divided into sub-municipalities and urban sub-districts, 2753 villages, without administrative autonomy. Decentralization is enshrined in the constitution since 2002 (Art. XVI) and the 2003 judicial framework (after past attempts in 1973, 1979, and 1992). Its implementation follows a devolution process. Since then, the departmental councils have been renewed twice following local elections. Subnational governments are autonomous administrative entities, yet the central State through the national law that allocates their responsibilities, resources, operating and for supervision of their activities. Currently, the laws on local governments are specific within 9 laws. The departments are supervised by national delegates as Prefects (préfets) and Sub-prefects (sous-préfets). The current context of accelerated growth and urgent need of infrastructures could lead to rapid progress in the decentralization process if the national environment and frameworks allow for developing subnational governments responsibilities and resources.

**MAIN SUBNATIONAL GOVERNMENTS RESPONSIBILITIES.** Despite the 9 laws adopted on decentralization between 2003 and 2005, the judicial framework on local governments' responsibilities is still incomplete and the lack of clear framework leads to some mismatch between department and municipal responsibilities. In addition, The Mayors-Administrators of the sub-districts of Brazzaville and Pointe Noire are nominated by the Central Level, leading to conflicts with the Municipal Mayors on their jurisdictions. According to the law N°10-2003, local governments are devolved responsibilities in order to increase accountability to the citizens and better meet local needs. Municipalities and departments often share different functions of the same sectors of activities. These include, limited to subnational capabilities to exercise these responsibilities: local affairs (art.15), planning, public education, health, environment, tourism, sport and culture, trade, public infrastructures and transportation, employment. At the national level, an on-going project aims at supporting the implementation of decentralization and local development.

## SUBNATIONAL GOVERNMENT FINANCE

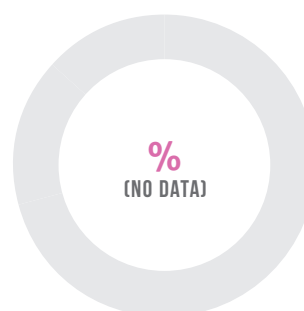
EXPENDITURE	% GDP	% GENERAL GOVERNMENT (same expenditure category)	% SUBNATIONAL GOVERNMENT
TOTAL EXPENDITURE (2010)	<b>0.4%</b>	<b>1.9%</b>	<b>100%</b>
CURRENT EXPENDITURE	0.4%	-	99.5%
STAFF EXPENDITURE	0.2%	5.3%	43.5%
INVESTMENT	-	-	-

Subnational expenditures remain very low in Republic of Congo despite the slow progress in decentralization since 2003. In 2010, they accounted for 0.4% of GDP and 1.9% of overall public expenditures. Moreover, subnational expenditures were essentially dedicated to current expenditures, including for the half to staff expenditures (43.5% of subnational governments expenditures). Local public investment is not yet operational, as the rest of subnational expenditures were spent on capital transfers.

## EXPENDITURE BY FUNCTION

## % SUBNATIONAL GOVERNMENT EXPENDITURE

- GENERAL PUBLIC SERVICES
- DEFENCE
- SECURITY AND PUBLIC ORDER
- ECONOMIC AFFAIRS
- ENVIRONMENTAL PROTECTION
- HOUSING AND COMMUNITY AMENITIES
- HEALTH
- RECREATION, CULTURE AND RELIGION
- EDUCATION
- SOCIAL PROTECTION



There is a lack of official data on economic classification of expenditures by subnational governments, as opposed to the national level. The very high share of current expenditures in subnational governments expenditures (99.5%) in 2010 leaves no concrete room for manoeuvre for subnational authorities, compared to the wide array of responsibilities devolved upon them by law.

REVENUE BY TYPE	% GDP	% GENERAL GOVERNMENT (same revenue category)	% SUBNATIONAL GOVERNMENT
TOTAL REVENUE (2010)	0.8%	1.2%	100,0%
TAX REVENUE	0.2%	2.8%	27,7%
GRANTS AND SUBSIDIES	0.5%	-	60.1%
OTHER REVENUES	0.1%	-	12.2%

Subnational governments in the Republic of Congo are encountering massive financial difficulties, and they rely mainly on allocations from State. The Law 10-2003 stipulates that for each devolved responsibility, the central government should transfer the corresponding amount of resources, either under the devolution of local taxes, shared taxation or intergovernmental transfers.

**TAX REVENUE.** Tax revenues of subnational governments include the tax on building occupancy, that replace since 2014 the tax on rent value of office buildings, with the aim of strengthening local governments own resources. This tax is set at between 60 and 12 thousands FCFA for residential occupancy, and between 60 000 and 1.2 million FCFA for professional occupancy.

**GRANTS AND SUBSIDIES.** Grants and subsidies represent the highest share of local governments revenues (60.1%). Most of the time, the transfer of responsibilities to subnational governments is compensated by transfer, through the global decentralization transfer (dotation globale de décentralisation). By decret, this transfer should provide each department and municipality with 1 billion FCFA for the implementation of public projects. Yet this transfer is often late and misallocated. Subnational governments also perceive a share („additional cents“) of the VAT and of registration rights.

**OTHER REVENUES.** Other expenses include patents and licenses, whose amounts are variable depending on the nature of activity, facilities, locality and other economic parameters. Complex calculation formula lead to a weak collection of these types of resources.

OUTSTANDING DEBT	% GDP	% GENERAL GOVERNMENT
OUTSTANDING DEBT (2013)	-	-

At the time being, subnational governments in the Republic of Congo have not accessed borrowing to finance their expenditures.

A joint- study of:



Sources: IMF-GFS • Alternatives citoyennes, 24 August 2015, Collaborative multi-stakeholders program PCPA-Congo • Law N°10-2003 on the allocation of responsibilities to local governments • F. Breitzer MOUNZEO, The Congolese taxation system (2013) • National Statistical Institute of Congo