

Democratic Republic of the Congo



The Resource Governance Index (RGI) measures the quality of governance in the oil, gas and mining sector of 58 countries. Learn more and explore findings at www.revenuewatch.org/rgi.

Background

The DRC has extensive deposits of copper, cobalt, and coltan, as well as diamonds, gold, tin, iron ore, and oil. It produced 300,000 tons of copper and 3,600 carats of diamonds in 2009, making it the fourth-largest diamond producer in the world. In 2010, the DRC accounted for 51 percent of global cobalt production, and the extractive sector as a whole made up 20 percent of gross domestic product.

DRC	2000	2005	2011
Population (million)	49.63	57.42	67.76
GDP (constant 2011 international \$ billion)	5.5	8.1	15.7
GDP per capita, PPP (constant 2005 international \$)	260	277	329
Oil and gas revenue (% total government revenue)	...	17%	10%
Extractive exports (% total exports)

SOURCES: Oil and gas revenue as share of total government revenue from the Economist Intelligence Unit and the International Monetary Fund. All other data form the World Bank.

The DRC's Performance on the RGI

The DRC received a "failing" score of 39, ranking 44th out of 58 countries, partly due to an extremely low Enabling Environment score and weak Safeguards and Quality Controls.

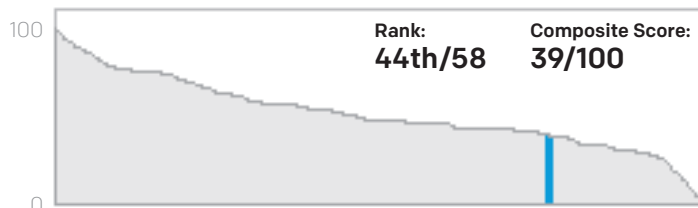
Institutional and Legal Setting

(Rank: 40th/58 Score: 56/100)

The DRC earned a "partial" score of 56, its highest on any component, reflecting a substantial legal framework but insufficient public disclosure policies.

The 2002 Mining Code clearly establishes procedures to obtain licenses. However, state-owned companies (SOCs) still hold many of the most lucrative titles and have signed numerous joint-venture contracts under opaque circumstances, undermining the competitive provisions of the Mining Code. There is no equivalent of a Freedom of Information Act.

The Finance Ministry collects all taxes from resource companies. However, in joint ventures involving SOCs, revenues such as signing bonuses, royalties, and proceeds from



asset sales go directly to the SOCs. It is unclear whether these revenues ultimately flow into the national treasury.

The DRC was accepted as an Extractive Industries Transparency Initiative candidate country in 2007 but has failed to complete the requirements for validation. It is in the process of completing a new validation report.

Reporting Practices

(Rank: 34th/58 Score: 45/100)

The DRC received a "weak" score of 45, the product of incomplete government reporting on most aspects of the extractive industries.

A decree signed in May 2011 requires the government to publish all mining, oil and forestry contracts. However, the government did not begin systematically disclosing agreements until June 2012, and a few controversial contracts remain secret. Environmental impact assessments are required, but the government does not publish them.

The Finance Ministry has published quarterly reports since early 2011 with information on royalties, aggregated bonuses, and license fees. The Mines Ministry publishes little information on revenues, but does release figures for royalties based on production volumes and data by company and block. The Central Bank publishes aggregated information on production volumes and prices in weekly statistical reports.

Safeguards and Quality Controls

(Rank: 42nd/58 Score: 42/100)

The DRC's "weak" score of 42 reflects a lack of effective oversight, particularly of state-owned companies.

While licensing procedures leave little room for discretion and include appeal provisions, parliament has no role in overseeing the process or in approving contracts, and legislators do not regularly scrutinize extractive revenues.

National law requires that the president and ministers disclose their financial interests, but in practice this information is not made public. A national audit office reviews state accounts, but its reports are not widely accessible.

Enabling Environment

(Rank: 54th/58 Score: 6/100)

The DRC received a "failing" score of 6, performing extremely

poorly on measurements of government effectiveness and the rule of law.

State-Owned Companies

(Rank: 35th/45 Score: 29/100)

There are several state-owned companies, each with its own geographical focus. The largest is the Générale des Carrières et des Mines (Gécamines), which produces copper and cobalt in Katanga province. Gécamines publishes very little information on its operations, subsidiaries, or revenues. Its financial statements are audited but difficult to find and are not regularly reviewed by parliament. In general, the only source of publicly available information on SOC revenues is the state budget.

DRC's Composite, Component and Indicator Scores

Rank (out of 58)		Score (out of 100)
44	COMPOSITE SCORE	39
40	Institutional and Legal Setting	56
	Freedom of information law	33
	Comprehensive sector legislation	100
	EITI participation	67
	Independent licensing process	100
	Environmental and social impact assessments required	50
	Clarity in revenue collection	50
	Comprehensive public sector balance	0
	SOC financial reports required	0
	Fund rules defined in law	..
	Subnational transfer rules defined in law	100
34	Reporting Practices	45
	Licensing process	83
	Contracts	67
	Environmental and social impact assessments	0
	Exploration data	0
	Production volumes	100
	Production value	33
	Primary sources of revenue	67
	Secondary sources of revenue	67
	Subsidies	0
	Operating company names	67
	Comprehensive SOC reports	17
	SOC production data	24
	SOC revenue data	0
	SOC quasi fiscal activities	17
	SOC board of directors	100
	Fund rules	..

Subnational Transfers

(Rank: 22nd/30 Score: 44/100)

Neither the central government nor provincial authorities publish data on subnational revenue transfers. According to the Constitution, 40 percent of all taxes from the mining sector are to be collected directly by the provinces where extraction takes place. However, this contradicts the Mining Code, which states that the central government is to collect all taxes and then transfer a percentage to provinces. In practice, revenues are centralized before shared and, according to provincial tax agencies, only 10 percent of the funds are effectively transferred.

Rank (out of 58)		Score (out of 100)
	Comprehensive fund reports	..
	Subnational transfer rules	100
	Comprehensive subnational transfer reports	67
	Subnational reporting of transfers	0
42	Safeguards and Quality Controls	42
	Checks on licensing process	67
	Checks on budgetary process	56
	Quality of government reports	62
	Government disclosure of conflicts of interest	100
	Quality of SOC reports	0
	SOC reports audited	33
	SOC use of international accounting standards	100
	SOC disclosure of conflicts of interest	0
	Quality of fund reports	..
	Fund reports audited	..
	Government follows fund rules	..
	Checks on fund spending	..
	Fund disclosure of conflicts of interest	..
	Quality of subnational transfer reports	0
	Government follows subnational transfer rules	0
54	Enabling Environment	6
	Corruption (TI Corruption Perceptions Index & WGI control of corruption)	6
	Open Budget (IBP Index)	13
	Accountability & democracy (EIU Democracy Index & WGI voice and accountability)	8
	Government effectiveness (WGI)	1
	Rule of law (WGI)	2

■	Satisfactory	■	Weak
■	Partial	■	Failing