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On the creation of Adam: What debt relief means for education in the DRC

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Abstract

In this paper, we assess to what extent large-scale debt relief, irrevocably granted to DRC in 2010 after a decade long bumpy process, has impacted on post-conflict reconstruction, governance and public service delivery in the country, more particularly in the education sector. In principle, this link potentially works through two main channels, one being increased overall resource availability, the other one through imposed conditionality to receive the debt relief. We show that resource availability indeed increased for the sector, with positive effects on e.g. teacher wages and pupil enrolment, but it did little in improving pro-poor service delivery in education. The latter is complicated by the political economy of the education sector, characterized by a system that basically transforms schools into tax points (through school fees, rather than being financed by transfers from the central level) with redistribution of proceeds to all stakeholders, a system that was rather reproduced, instead of challenged or reversed during the recent period of debt-relief induced resource hikes and conditionalities.

JEL codes:

Keywords: debt relief, education, Heavily Indebted Poor Countries Initiative (HIPC), Democratic Republic of Congo (DRC), pro-poor spending

1. Introduction

In Michelangelo's famous painting on the Creation of Adam, the spectator's eye is triggered to the center of the painting, the place where an Almighty God is almost –but not quite- touching Adam's finger: how on earth was Adam created? And is there (still) close contact and influence between both possible? We are left in suspense. God's ways are allegedly unfathomable, but what about the supposed impact of the debt relief process on realizing pro-poor growth? In this paper, we try to answer this question for the case of the DRC.

On the one hand, debt relief was part and parcel of the process of post-conflict reconstruction that was set in motion approximately 10 years ago. In 2010, after a decade-long, bumpy process of trying to build a sufficient track record of economic and governance reforms, the DRC was granted irrevocable and large-scale debt relief by the international community under the HIPC (Heavily Indebted Poor Countries) and MDRI (Multilateral Debt Relief Initiative) debt relief initiatives. These initiatives were the international community's response to crippling debt overhang problems in heavily-indebted, poor countries (the HIPCs, including DRC). They aimed at restoring not only foreign debt sustainability ('cleaning the external debt slate'), but also, especially through the follow-up MDRI initiative, contributed to increasing resource availability for poverty-reducing expenditures.

On the other hand, major advances have been made in post-conflict reconstruction, economic growth, governance and public service delivery. In theory, the potential role of debt relief in achieving all this works through two main channels. The first is increased resource availability, both directly (through debt service savings that can be rechanneled into development spending) as well as indirectly (by eliminating 'debt overhang' which has a positive effect on both domestic resource availability through higher growth, as well as foreign resource availability through more aid and foreign private investment). The second, and maybe even more important channel works through conditionalities attached to the deal, focusing on structural reforms to improve the quality and governance of public sector delivery.

The jury is still out however on whether, and how, the final end of pro-poor growth was achieved. True, official rhetoric claims proof of higher resource availability and improvements in public service delivery, but critical voices assert the purely fictitious nature of debt relief savings and the complete inability of donors to trigger any form of durable structural reforms, especially in a weak state and governance context such as that of the DRC. In making a detailed analysis of the evolution of resource availability in the education sector (including from debt relief), as well as the structural and governance reforms undertaken during that period, based on recent own work (Marysse et al, 2012, De Herdt et al, 2012), we qualify both extreme viewpoints. We show that resource availability indeed increased for the sector, with positive effects on e.g. teacher wages and pupil enrolment, but it did little in improving the provision of pro-poor service delivery in education. The latter is complicated by the political economy of the education sector, characterized by a system that emerged during the "period of transition" of the 90s, where parents replaced the state in financing the sector, through school fees. This system enabled not only the schools but the education system as a whole to survive a period of a virtually absent state. Thus, the system basically transformed schools into tax points, with redistribution of proceeds to all stakeholders. A system that was rather reproduced, however, instead of being challenged or reversed during the recent period of debt-relief induced resource hikes and conditionalities.

The remainder of the paper is structured as follows. Section 2 sketches the concrete

framework of international (HIPC and MDRI) debt relief practice in which the concrete process for DRC is embedded. Section 3 applies this to the concrete situation of the DRC, providing first an overview of the genesis and evolution of external debt in the DRC up to the current situation, followed by a more technical description of the process and the amount of debt relief granted to DRC, describing the concrete conditionality process and tackling also the thorny issue to what extent the debt relief granted was indeed providing more resources to the country on a net basis. Section 4 presents some results in terms of macro-economic and fiscal consequences of the debt relief. From section 5 on, we move to the education sector, as one of the sectors which mostly benefited from the debt relief process. After briefly discussing the structure of financing education in DRC, we analyze to what extent debt relief was able to improve the functioning of the sector, either through the increase of resource availability, and/or through governance changes induced by conditionality. Section 6 concludes.

2. The HIPC debt relief framework

Following different unsuccessful attempts of the donor community in the eighties and nineties to "clean the external debt slate" of highly debt burdened, poor debtor countries, the international community launched the Heavily Indebted Poor Country (HIPC) Initiative in 1996. In 1999, following a comprehensive review of the Initiative and a strong call from the public opinion, HIPC was 'enhanced' in order to provide faster, deeper and broader debt relief and strengthen the links between debt relief, poverty reduction and social policies.

In practice, the HIPC Initiative works in two steps. In order to get access to the initiative, a country has to be eligible to borrow from the World Banks and the IMFs concessional lending windows and have established a satisfactory track record in programs of these two institutions. Furthermore, the country should have set out a (Interim) Poverty Reduction Strategy Paper (PRSP), through a broad-based participatory process, explaining inter alia how the resources freed by debt relief would directed to poverty reducing expenditures. Finally, the country's external debt should be deemed unsustainable. To evaluate whether this is the case, both the volume of the outstanding debt and the time dimension of it are taken into account by calculating the Present Value (PV) of all future debt service payments. When, following traditional debt relief mechanisms, the PV of external debt would still exceed 150% of the country's exports or 250% of a country's fiscal revenue, the country's external debt is considered unsustainable. When all these conditions are fulfilled, a country reaches decision point and starts receiving interim debt relief in the form of debt service cancellation.

Next, in order to receive full and irrevocable relief of a country's debt stock, a set of conditionalities ex-ante agreed with the debtors had to be fulfilled to reach "completion point". Some of them are linked to a continued satisfactory performance under IMF and World Bank programs, or the implementation of the PRSP, while others focus more on specific structural and social reforms. The duration of this second phase is variable, floating, and depends on the efforts of the country itself and the macroeconomic and political stability. As of now, 36 countries (including the DRC, discussed here) have fully completed the trajectory.

Although this type of debt relief was deemed to be more effective than traditional debt relief and eligible countries realized debt sustainability (Cassimon & Essers, 2013), some HIPC country creditors decided to go beyond HIPC terms granting additional debt relief to HIPCs (only), further cleaning the slate. Paris Club bilateral creditors decided to cancel their own remaining eligible claims, and, from 2005 on, some major multilateral creditors (IMF, World Bank, the African Development Fund and the Inter-American Development Bank (since 2007))

did the same through the Multilateral Debt Relief Initiative, again for HIPCs only. The EU added its own similar supplement, called the 'EU Initiative for the LDCs'.

3. The history, process and mechanisms of debt relief in DRC

3.1. DRCs history of debt and debt relief

For the DRC, the root of the debt sustainability problems can be traced back to the short period between 1973 and 1975. At the end of 1972, outstanding debt was 544 million USD representing 25% of gross national income (GNI), and debt service was only 5% of exports. These debt ratios, well below the sustainability thresholds, changed drastically in just over two years. At the end of 1975 outstanding debt had increased to nearly 3 billion USD, about 90% of GDP, and debt service doubled to 10% of exports. More than 60% of this additional debt resulted from four major projects (INGA I, II, Inga Shaba - 800 million USD; the Tenke Fungurume Mining Company - 320 million USD; Maluku/SOSIDER - 182 million USD; the Cimenterie Nationale state-owned cement plant - 100 million USD), having the official aim of modernizing/industrializing the country; however, none of them fulfilled their promises, especially after being nationalized.

In June 1976, the first Congolese debt rescheduling was agreed, revealing that the debt problem appeared very early. Following unpaid debt services and penalty interest rates, the problem kept aggravating in the late seventies This snowballing phenomenon was briefly halted in the beginning of the 1980s by a short period of repayment focus within the scope of the IMF-monitored structural adjustment, which also contributed to the collapse of the education and health sectors, as half the state's budget was dedicated to repaying the debt. But from 1985 on, the country's economic policy was marked by the collapse of the formal economy and a policy of letting the debt cumulate further, resulting in a breach with the international creditor and donor community and a de facto moratorium on debt service payments in the 1990s, lasting until the start of the third Republic and Joseph Kabila's accession to power, in 2001. At that time, in 2001, DRC's total external debt had reached approximately 12.9 billion USD in nominal terms, mainly due to the accumulation of arrears. In fact, of this 13 billion USD, arrears amounted to 78.2% of the total at that moment, and the country was accumulating additional debt service arrears at a rate of about 700 million USD per year given the near non-payment of debt service. Only then, the transformation of the Congolese political context, influenced by Western political forces and the donor community, would lead to a re-establishment of normal relations with the international community, that would allow DRC to be eligible for the large-scale international debt relief initiatives, and the HIPC and MDRI initiatives in particular, that were launched in the meantime, from the mid-1990s on.

3.2. The HIPC debt relief process[1]

As already discussed in the previous section, debt relief is granted in different phases. Since most of the Congolese debt consisted of arrears, the first phase focused on the clearance of those arrears. The arrears to multilateral creditors (the IMF, World Bank (WB) and the African Development Bank (ADB)) were cleared by replacing the old unpaid debt with new debts under concessional terms, using bridging loans provided by certain bilateral donors. The arrears due to the Paris Club were cleared by the agreement of 13 September 2002, a so-called 'flow' rescheduling agreement agreed under Naples terms (implying a debt reduction rate of 67%), which covered 8,980 million USD of debt, expressed in present value (PV) terms, including 8,490 million USD in arrears at 30 June 2002 and 490 million of debt service due between 1

[1] For an extensive overview of the concrete process and the amounts treated, see Marysse et. al. (2012).

July 2002 and 30 June 2005 (the latter being the originally foreseen completion point date). Even though this agreement was strictly speaking a 'flow' type agreement (meaning that it treated and relieved only debt service due during the three year agreement period), it enabled creditors to reduce the stock of debt (arrears) by 4,640 million USD immediately and reduce the debt service due to Paris Club creditors from (stricto sensu) 9,090 million to 380 million USD between 30 June 2002 and 30 June 2005. The DRC therefore enjoyed special treatment because in principle, within the scope of the HIPC process, arrears are only cancelled when reaching the HIPC completion point.

As will be seen more in detail below, it is the conditions accompanying international cooperation decisions that may influence change in the country's economic governance. So, in order to arrive at the decision point which allows access to the HIPC program and debt relief, the government had to carry out (macro) economic reforms. To stabilize the macroeconomic situation, the new Kabila government implemented a significant adjustment program covering the period from June 2001 to March 2002, with the technical support of the IMF. This program was essentially aimed at cutting hyperinflation, liberalizing the economy and initiating major structural reforms. It also included 50 million USD in new grant aid from the World Bank (WB). The program succeeded in breaking the vicious cycle of hyperinflation and currency depreciation. Progress was also made in terms of strengthening public finances (see section 4). As a result of this good performance, both the IMF (through a Poverty Reduction and Growth Facility (PRGF) program loan) and the WB (through an Economic Recovery Credit and a Multisector Program for Urgent Rehabilitation and Reconstruction) decided to endorse and support the Government's Economic Program (GEP) covering the period from April 2000 to July 2005. In March 2003, the results of the GEP were judged to be extremely positive. For the first time in 13 years, economic growth was positive in 2002. Annual inflation was reduced from triple digits to 16% and budget performance was better than expected, with revenues slightly up and spending slightly down. This enabled the DRC to reach decision point status of HIPC in 2003. After this period, the prospect of elections and the departure of the Minister of Finance, who was judged too independent, led to a lapse in budgetary discipline. The government returned to its old habits of money creation for political purposes. This resulted in the interim program and the country going 'off track' for over two years.

The time span from decision point to completion point (2003 to 2010) was exceptionally long for the DRC. Instead of a typical three-year interim period, the DRC needed seven years because the conditions for reaching the completion point could not be achieved within the initially planned timeframe. Two root causes, one external and one internal, were the main reason for this delay. Internally, budgetary slippages of 2005 and 2006 demonstrated the need for a stricter observance of governance and, externally, the 2008 – 2009 global crisis illustrated the Congolese economy's vulnerability to external crises. Consequently, since 2006, new arrears were built up again and certain creditors consequently suspended interim HIPC debt relief. Before being able to reach the completion point, these new arrears had to be cleared again through a new Paris Club agreement in February 2010. This agreement covered approximately 2,957 million USD, relating to the new arrears at 30 June 2009 and the current maturities for the period of the PRGF Program.

The DRC ultimately reached completion point in July 2010. At that moment, the eligible nominal debt was estimated at 10,772 million USD, corresponding to a present value (PV) of 8,801 million USD. Taking into consideration a revision of the export average, the necessary debt reduction to reach the 150% sustainability threshold was estimated at 7,252 million

USD in PV. This reduction implied a common reduction factor of 82.4%. Based on the principle of equiproportional distribution, the multilateral contribution would represent 2.6 billion USD in PV (including 854 million for the WB International Development Association, 1009.7 million for the African Development Bank, 471.5 million for the IMF and 298.3 million for other multilaterals). Paris Club bilateral creditors would provide 4.1 billion USD of debt relief in PV terms, and official non-Paris Club bilateral creditors added 229 million USD in PV. The balance of approximately 315.5 million USD would be attributable to commercial creditors. The details for the Paris Club creditors were stipulated in the agreement of November 2010, an agreement by which these creditors also decided to go further and reduce eligible debts by up to 100%. At completion point, the DRC also received additional multilateral debt relief from the Multilateral Debt Relief Initiative (MDRI), estimated at 1.2 billion USD. As a consequence, until 2043, the debt service was therefore further reduced by 32 million USD per year on average, and after 2043 by 4 million USD a year until 2053. After full execution of these deals, total foreign debt of DRC would reduce to slightly less than 2 billion USD (in PV terms), or about 57.5% of exports, with remaining annual debt service on that debt in future years being never more than 100 million USD (a maximum of 2% of 2010 DRC exports).

3.3. Are debt savings fictitious?

It is clear that this large amount of debt cancellation (altogether more than 8 billion USD in PV terms) does not translate into huge debt service gains in cash flow terms, especially not in the case of DRC, for a number of reasons. First of all, most of its debt relief includes the cancellation of historically accumulated arrears, instead of current or future debt service; in this way, the debt reduction process is truly one of 'cleaning the slate' without putting additional resources on the table. As discussed, in 2002 DRC already received a rescheduling of bilateral debt (Paris Club arrears), including a large cancellation of about 4.6 billion USD in PV terms; this amount should indeed be considered fictitious. Furthermore, the upper panel of table 1 provides some estimates of the *annual debt service* relief resulting from debt relief granted during the interim period 2003-2009. The table shows that still a considerable part of it, in the period between 2003 to 2005, was related to the clearing of historic arrears.

Second, how (large) stock reductions translate into annual debt service savings depends on the original contractual debt service schedule of the debt cancelled. As shown in table 1, the annual cash flow relief from these deals never amounts to more than a few hundreds of millions USD per year: current debt service relief increased from slightly more that 100 million USD in 2003 to more than 400 million USD in the period 2007-9. More importantly even, especially in the case of DRC, contractual debt service relief only translates into cash flow savings to the extent that the debt could (or would) have been serviced otherwise (in the absence of the debt relief deal); as DRC was not servicing its debt at all before 2001, this becomes the basis for radical critics of debt relief to claim that, in this case, debt service savings are purely fictitious[2].

[2] In fact, and truly so, this means that DRC is paying more debt service after debt relief than before (when it did not service its debt), which means that *less* resources are available instead of more.

Table 1: Annual debt relief estimates and the evolution of poverty-reducing spending (current million USD)

			2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Annual debt relief	Total debt relief		313	509	411	398	448	416	443	390	528	478	511
	Of which	Arrears clearance	201	344	100	0	0	0	0	0	0	0	0
		Current debt service relief	111	166	311	398	448	416	443	390	528	478	511
HIPC grants (revenue-side)		Budgeted	24	72	186	255	407	333	277	238	375	210	208
		Executed[3]	16	105	55	98							
HIPC expenditures		Budgeted	24	112	113	191	407	70	277	238	375	210	265
		Executed	0	11	146	132	407	35	251	196	333	121	102
MDRI debt relief in the budget			n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	108	107
Pro-poor spending		Budgeted	221	456	625	765	833	909	1585	3067	3480	3055	3250
		Executed	87	138	352	474	597	717	954	658	1153	1153	1226
Share of HIPC in pro-poor expenditures executed			0%	8%	42%	28%	68%	5%	26%	30%	29%	11%	8%

Source: *authors' calculations from budget execution reports (Etats de Suivi Budgétaire, ESB), IMF (2010), and calculations as in Marysse et al. (2012).*

However, we argue that this is not fully the case, for two main reasons. First of all, the counterfactual that nothing could or would have to be paid in the absence of a deal is not correct; even countries like the DRC cannot refrain from any debt service to at least multilaterals like the IMF and the WB, making that part of debt service relief a genuine cash flow gain. In fact, this is explicitly included in the HIPC mechanism: for each individual case the IMF/WB, together with country authorities, try to establish what part of the total (HIPC) debt relief could/would have been serviced in the absence of the deal. Typically, this is the part labelled as 'HIPC grants', reflecting the notion that this is truly identical to receiving new (aid) money in the form of a grant. This is also done in the case of the DRC: table 1 presents the part of current debt service relief that is considered a true cash flow saving (the HIPC grant part). In the case of DRC it shows that *true direct cash flow savings* available for additional spending range from 24 million USD in 2003, to more than 400 million USD in 2007 and back to around 200 million USD in 2013. To monitor the use of these HIPC grants, the Congolese authorities initially had to deposit this interim HIPC assistance into a special Treasury Account at the Central Bank. This burdensome practice has been discontinued in 2007 and is replaced by the newly introduced PFM system which allows separate tracking of HIPC flows. The table furthermore shows the expenditures budgeted and executed on the HIPC funding. From 2012 onwards, the budgeted HIPC grants are supplemented by budgetized MDRI debt relief.

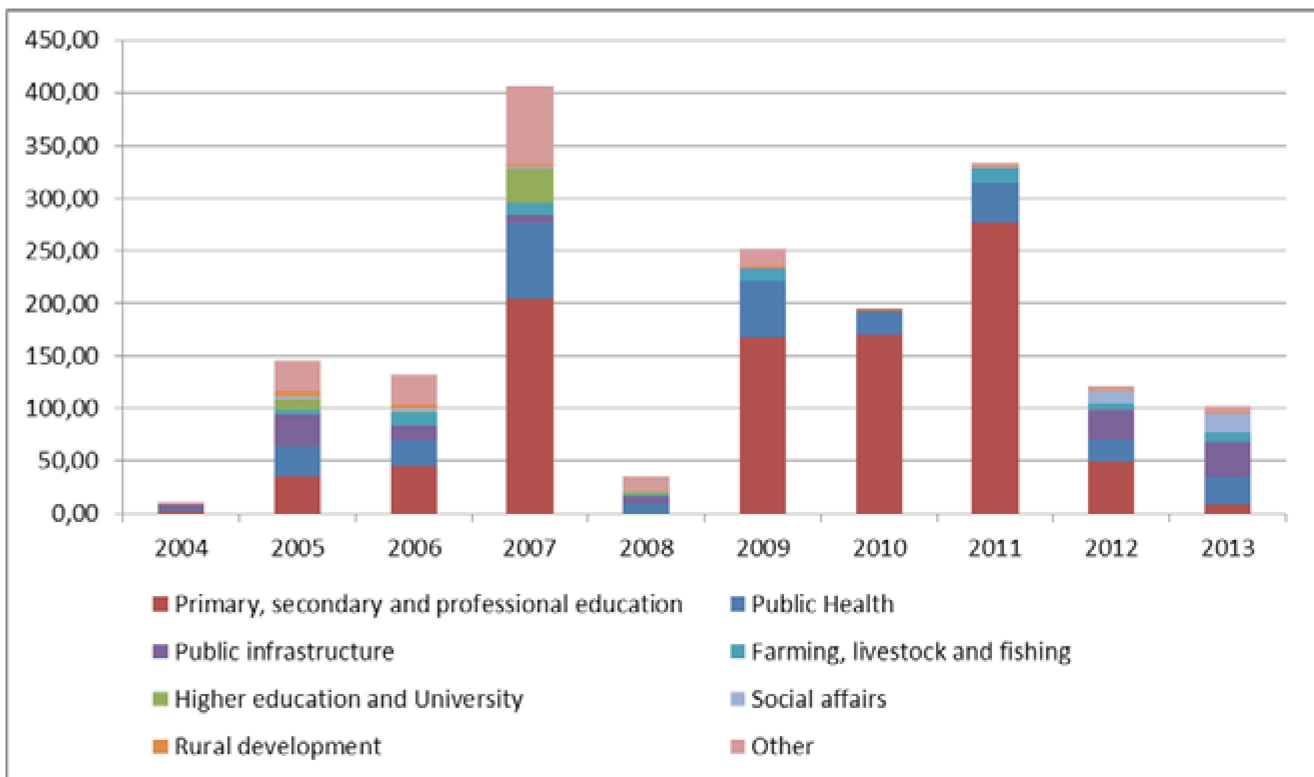
Moreover, as part of the conditionality process between decision and completion point, the international community aims to maximize the poverty reducing impact of the cash flow savings by earmarking its use, i.e. requiring that *at least* that part of (HIPC only) debt relief is used for additional, monitorable poverty-reduction expenditures (See also trigger 3 in table 2). In consultation with local authorities, the international community makes up a country-specific

[3] Until 2007 the government deposited HIPC assistance in a special account at the Central Bank. Given the newly introduced PFM system, this practice has been discontinued in 2007 (IMF, 2010).

list of expenditures which are considered poverty-reducing. The final part of table 1 shows the total amount of pro-poor expenditures in the Congolese budget and the share of HIPC-financed expenditures in it. Overall, it shows that poverty reducing spending outperformed the cash flow savings part of HIPC debt relief. As a share of pro-poor expenditures, HIPC funding has decreased over the last years to less than 10%.

To see which pro-poor expenditures are financed with the HIPC funding, figure 1 looks at the sectoral composition of HIPC expenditures between 2004 and 2013. The figure shows that education is the main recipient of HIPC funding. Over the whole period, more than half of HIPC funding is spent on primary, secondary and professional education.

Figure 1: HIPC expenditures by administration (in current million USD)



Source: authors' calculations from budget execution reports (Etats de Suivi Budgétaire, ESB).

Even if these direct cash flow savings would turn out be non-existing, the reduction of debt overhang and the restoration of debt sustainability, as well as the conditionalities may lead to substantial, *more indirect*, effects through improved governance, growth, etc. which should translate into higher external resource availability (foreign aid and other lending, FDI) as well as a growing tax base and government revenues. Before we assess these effects in section 4, we detail this process conditionality for the DRC in the next section.

3.4. Process Conditionality

Although the debt relief granted to the DRC is considerable, at least on paper, the most important way through which the debt relief initiative was supposed to exert an impact was the conditionality processes. Debt relief was not only used to resolve the debt overhang, but also to improve macro-economic stability, promote a poverty reduction strategy and launch reforms in governance and public service provision. The Congolese authorities and the Bretton

Woods Institutions firmly established this commitment by agreeing on a number of particular benchmarks (or 'triggers'), apart from the more general ones on macro-economic management and PRSP. These country-specific triggers focused on the use of budget savings for poverty reduction; public expenditure management; future debt management; governance and service provision in priority sectors. Table 2 provides an overview of the particular requirements related to these conditionalities, and the final assessment of the IMF/WB at completion point.

Reforms were started in each of these areas, strengthening the positions of those wanting to move forward in government and politics –but likewise weakening the position of the forces benefiting from a status quo. A final reason for the delay in reaching the completion point is a conditionality related to debt sustainability found in the Chinese contracts of 2007 and 2008. Indeed, if these contracts had been signed without the intervention of the IMF in particular, the impact of the Chinese contract on the country's future debt sustainability and public finance would have been disastrous; in fact, it would have increased the debt stock by an amount similar to the debt stock reduction under negotiation (see Marysse et al, 2012). The joint intervention of the IMF/WB in the negotiation process over the Chinese contracts has been hailed as a success, due to the mere fact that certain clauses have been modified and the IMF and WB were able to prevent a significant increase in the future debt burden of DRC[4].

4. Macro-level results

As already discussed in section 3, in order to stabilize the macro-economic situation and gain access to the HIPC Initiative, the government of Joseph Kabila implemented a significant adjustment program between June 2001 and March 2002, with the technical support of the IMF. This program essentially aimed at cutting hyperinflation, liberalizing the economy and initiating major structural reforms. Figure 2 shows the evolution since then of two key macroeconomic indicators, inflation and economic growth. First, this program succeeded in breaking the vicious cycle of hyperinflation; since then, the DRC managed to stabilize inflation at relatively low levels, especially in the most recent years, only briefly interrupted in 2008-2009 due to the global financial crisis fall-out. Secondly, the economic reforms also resulted in the first positive economic growth rates in 13 years, a trend which continued the following years and was only interrupted by the global economic crisis in 2008; as shown also in figure 2. IMF Growth forecasts before the crisis foresaw a continuation of the upward trend in absence of the crisis. Between 2008 and 2013 growth was below IMF forecasts, but still positive. The upward trend resumed in recent years. Even if we cannot fully attribute this trend shift to the debt relief process, it is clear that promised debt relief was an important 'carrot' which helped produce this DRC economic shift and seek reintegration in the donor community.

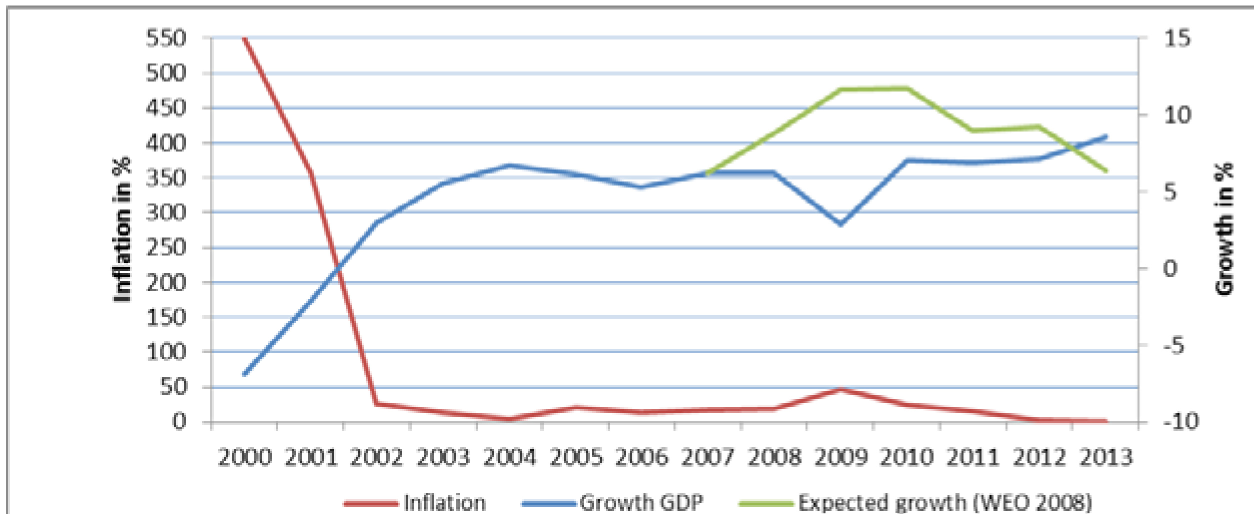
[4] In fact, at the same time this was a missed opportunity, as the contract still contains certain weaknesses due to the awkward status of the Congolese government in the negotiation process. Indeed, for the long-term development of the DRC, the contract is very unfair because the tax revenues owed to the state for mining operations are minimal. Furthermore, no clause provides for infrastructure maintenance. Finally, the halving of infrastructure investments, aimed at curbing future debt, also raises questions (Marysse et al. 2012).

Table 2: Democratic Republic of the Congo: Status of Floating Completion Point Triggers

Trigger	Status/Comments
1. PRSP	
Completion of a full PRSP through a participatory process and its implementation for one year, duly documented in the DRC's annual progress reports and confirmed as satisfactory by a JSAN.	**Implemented**. The JSAN confirmed satisfactory preparation and implementation of the strategy. Staff also deemed overall implementation of the PRGS during the 12 months leading up to the completion point as satisfactory, with high budget execution rates and budgetary allocations for priority spending, good initial results on social outcomes, and significant progress on structural reforms.
2. Macroeconomic stability	
Continued maintenance of macroeconomic stability after reaching the decision point, as shown by satisfactory performance under the IMF's ECF-supported program	**Implemented**. The staff report for the First ECF Review was circulated to the IMF Executive Board concurrently with the HIPC document on June 14, 2010.
3. Use of budgetary savings	
Use of budgetary savings resulting from enhanced HIPC Initiative-related debt service relief during the interim period for poverty-related expenditures in accordance with the I-PRSP, with supporting documentation.	**Implemented**. HIPC resources have been allocated to key areas with greatest impact on poverty, e.g., social sectors and security.
4. Public expenditure management	
(a) Implementation of a modernized budget-execution system, providing information from commitment to payment, and allowing for the monitoring of arrears;	**Implemented**. New modern budget-execution system covering the four key stages of expenditure management in use since 2008 at the 'Chaine de la Dépense' unit of MOF
(b) Adoption and implementation of a double-entry government accounting system and a new chart of accounts; and	**Implemented**. Double-entry government accounting system and new chart of accounts was adopted. These have been used for budget execution since 2008.
(c) Production of quarterly budget execution reports using economic, administrative, and functional classifications.	**Implemented**. Budget execution reports called ESBs have been produced quarterly since 2008 using the three most widespread international classifications. These reports also provide the status of budget arrears monthly.
5. Governance and service delivery in priority sectors	
(a) Completion of a budget-tracking exercise on health, education, rural development and infrastructure expenditure, consisting of (i) monitoring the execution of poverty-related public expenditure; (ii) evaluation by user groups of the quality of related public services; and (iii) evaluation by service-providers of constraints to effective provision; and	**Implemented**. Budget-tracking exercise to monitor the execution of social sector expenditures completed. Survey of users and providers of four essential public service delivery items completed in 2010.
(b) Adoption and implementation of a new procurement code and key implementing decrees.	**Implemented**. New procurement code passed by Parliament in April 2010 and all key implementing steps and documents adopted including the establishment of key institutions and the adoption of a manual of procedures. An implementation report will be prepared by November 2010.
6. Social and rural sectors	
Adoption of satisfactory sectorial development strategies and related implementation plans for health, education and rural development.	**Implemented**. The government adopted in 2010 satisfactory development strategies and related action plans for all three sectors, which were developed on the basis of reliable analyses and consultations with stakeholders
7. Debt management	
Installation and full activation of a computerized debt-recording system, covering all public and publicly guaranteed debt, as well as public enterprise debt not carrying the guarantee of the State that can: (a) produce monthly debt-service projections, and incorporate actual disbursement and debt-service payment execution data; and (b) support the centralization of debt information in a single center. In addition, monthly debt-service projections will be published in advance on a quarterly basis.	**Implemented.** Computerized debt-recording system covering all the various types of public debt installed and fully activated. Monthly debt-service statements, including debt-service projection, produced on a quarterly basis and sent to the MOF for payments. All debt information is now centralized at the OGEDEP.

Source: reprinted from IMF (2010).

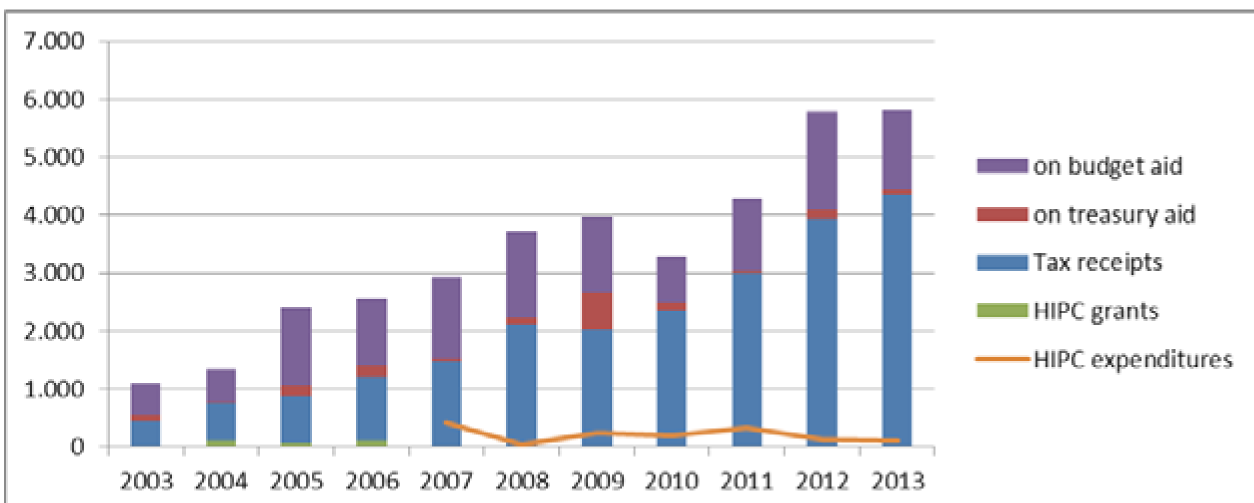
Figure 2: Prudent positive effects on stability and growth, 2000-2013



Source: IMF World Economic Outlook database.

This resumption of economic growth and macroeconomic stability, combined with the pacification of the country, had also large effects on the evolution of the Congolese budget and the inflow of aid. Figure 3 shows that the state budget, including aid resources registered on the budget, witnessed an impressive nearly 6-fold increase over the period 2003-2013, from around 1bn USD to nearly 6bn USD in 2012-2013. As such, even if debt relief did not directly lead to a significant increase in resources, the conditionalities involved contributed indirectly to a large increase in domestic (taxation) resources, partly through a growth dividend, but also to an increase in external resources (aid) given to the country. As such, significantly more resources have become available for public spending in general, including for poverty reducing spending.

Figure 3: Evolution of tax receipts, aid and HIPC resources, 2003-2013, current USD



Source: authors' calculations from budget execution reports (Etats de Suivi Budgétaire, ESB.

Note: HIPC debt relief in the budget shown as executed HIPC grants between 2003 and 2006; from 2007 onwards shown as executed HIPC expenditures.

The effectiveness of this new approach to debt relief can be assessed in different ways: did it result in sufficient debt relief? Does it indeed enhance economic growth? And what about its claims to trigger a process of pro-poor growth? While we discussed the first question elsewhere, both in general (see e.g. Cassimon and Essers 2013) as in the particular case of DRC (see e.g. Marysse et.al., 2012),we concentrate in this paper on the last questions, with a particular focus on education, as one of the most important "pro-poor" sectors on which the process focused (see figure 1): if at all there would be an impact in terms of pro-poor growth, this impact would have to become visible *there first*. Also, we do not try to assess the effects of this new approach in general, we just concentrate on how it worked for the case of the DRC. This case-study approach does however oblige us to peer into the black box of mechanisms constituting the process of debt relief. A theory-based evaluation perspective (Pawson and Manzano-Santaella, 2012) focuses on the different routes through which the debt relief initiative was ex-ante supposed to have an impact.

5. Linking debt relief, education and poverty reduction

While evaluating the debt relief process, the IMF was quite clear that "…the country has implemented the policy measures ('triggers') required to reach the completion point, a stage in which debt relief from both the HIPC Initiative and MDRI becomes irrevocable. The triggers included satisfactory implementation of the country's poverty reduction and growth strategy, maintenance of macroeconomic stability, improvements in public expenditure and debt management, and improved governance and service delivery in key social sectors such as health, education and rural development."[5] One of the questions that remain, however, is to what extent the money earmarked as "pro-poor expenditures" and invested in the so-called "key social sectors" can really be considered as pro-poor.

In order to obtain a more accurate picture, we focus on the impact of the debt relief process on the education sector. In fact, the education sector was the most important "beneficiary" among the key social sectors targeted by the debt relief process[6]. Table 3 shows that within the period 2003-2013 more than half of HIPC expenditures focused on the education sector. Looking from the side of the education budget, HIPC financed nearly half of the overall budget.

While HIPC funding has been an important financial resource base for the education sector, the table also shows a high variance over time. This need not be a reason for concern as HIPC resources are in fact domestic taxes which are fictitiously attributed to HIPC. The overall education budget, in contrast to the HIPC share in it, shows a nearly continuous upward trend and is not showing a similar variance. A more worrying problem for the sustainability of the education budget could be the external pressure associated with the HIPC funding through the conditionalities attached. Following HIPC, the budget of the Ministry of Primary, Secondary and Professional Education increased spectacularly from around 16 million USD in 2003 to over 250 million USD in 2008 and back to 179 by 2010, at completion point. The table however shows that after reaching HIPC completion point the education budget has increased further and, as a percentage of the overall expenditures, education even gained in importance after 2010.

[5] IMF, press release July 1, 2010, downloaded from www.imf.org 5/12/2011.

[6] Apart from earmarking debt relief for use in education as done through HIPC, a potential alternative, more direct way of earmarking debt relief to education spending is through the use of so-called debt-for-education swaps, in which debt is cancelled provided the government deposits its local currency equivalent in a counterpart fund which is used for financing education spending. This practice has not been used in the case of DRC; in fact it has been shown that these swaps are less efficient than the HIPC approach, as they carry most of the drawbacks of the old-style project aid approach (see e.g. Cassimon et al. 2011).

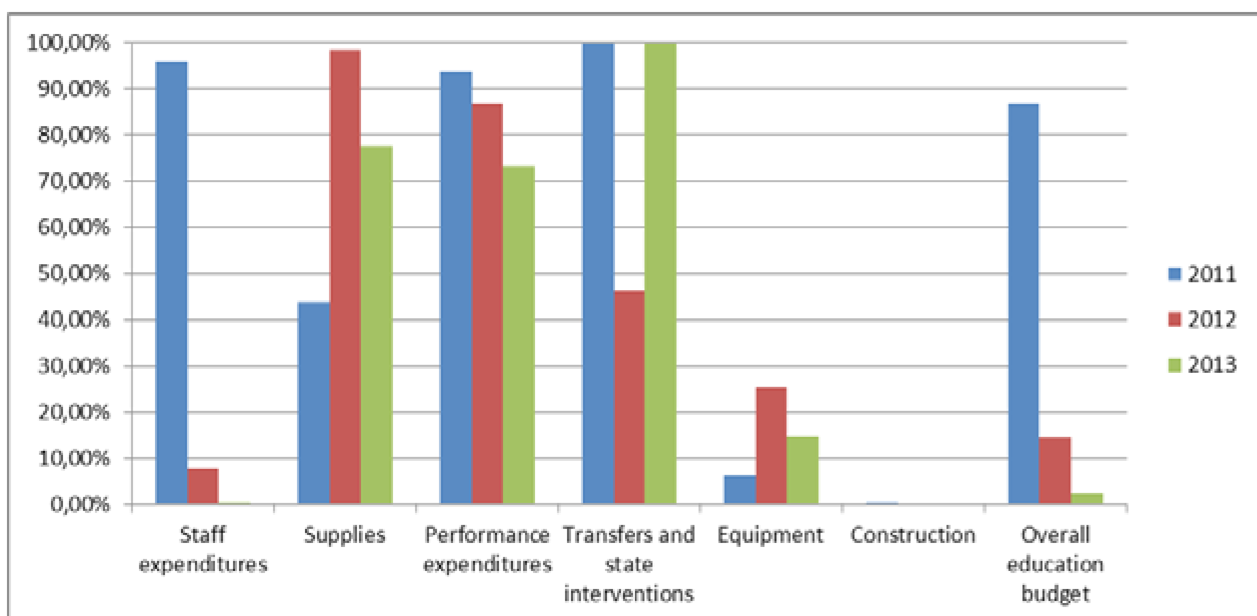
Table 3: Comparison of HIPC and education expenditures (in current mln USD)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2003-2013
HIPC expenditures	0,0	10,9	146,2	132,3	406,8	34,9	251,3	196,2	333,2	121,2	102,2	1735,2
of which education	0,0	2,0	35,6	44,7	208,8	0,2	167,7	170,4	279,1	52,7	11,3	972,4
Overall budget	698,5	1008,8	1309,0	1471,3	1783,1	2418,0	2616,0	2516,7	3817,3	3919,5	3827,3	25385,6
of which education	15,9	12,8	84,8	137,0	209,9	255,2	205,2	178,7	322,3	351,6	405,2	2178,6
Share of education in HIPC expenditures		18,6%	24,3%	33,8%	51,3%	0,6%	66,7%	86,8%	83,7%	43,5%	11,0%	56,0%
Share of HIPC in education expenditures	0,0%	15,9%	41,9%	32,7%	99,5%	0,1%	81,7%	95,3%	86,6%	15,0%	2,8%	44,6%
Share of education in overall expenditures	2,3%	1,3%	6,5%	9,3%	11,8%	10,6%	7,8%	7,1%	8,4%	9,0%	10,6%	8,6%

Source: authors' calculations based on the budget execution reports (Etats de Suivi Budgétaire).

The variance in HIPC funding attributed to the education budget is also visible when looking at the different expenditure categories in the education budget as depicted in figure 4. While in 2011 HIPC was financing more than 80% of the overall expenditures, this was also the case for half of the six expenditure categories. In the following year, its overall importance decreased but its contribution to certain expenditure categories remained important.

Figure 4: Share of HIPC contribution to different expenditure categories and overall education budget (2011-2013)



Source: author's calculations from budget execution reports (Etats de Suivi Budgétaire, ESB)

In order to arrive at a more accurate picture, we focus on the impact of this debt relief process on the education sector. As illustrated before, the education sector was the most important "beneficiary" among the sectors targeted by the debt relief process; yet, a recent education study does report an observed pattern of mis-targeting of the education budget: per pupil finance by the state increases for secondary compared to primary school, and for higher educa-

tion compared to secondary education. In part, this also reflects the fact that most of the expenditures of the education sector have been –and continue to be- financed by parents themselves (World Bank 2013). One of the consequences of this is that, compared to different determinants of primary school achievement like gender, province or the rural/urban distinction, the income quintile one belongs to is the single most important predictor of whether or not one will be able to obtain the primary school certificate, varying from 94% for the richest quintile to 41% for the poorest quintile (RDC 2014, Chapter 6).

In other words, there is quite some contrast between the DRC's "success" in attaining the completion point, which implies, inter alia, its improved governance and service delivery in the key social sector of education, and, on the other hand, the glaring disparities existing in the education sector up to today: one has the impression that the state apparatus was indeed re-constructed also in the education sector, but that its return did hardly change anything for the poorer layers of society. In order to understand this state of affairs, we propose to dig deeper into the way in which the debt relief process worked for the education sector.

5.1. State withdrawal from education and emergence of an alternative financing system[7]

Although the DRC is currently categorized as 'post-conflict', the roots of the current crisis in Congo go very deep. An important turning point was reached in 1983, when the state's education budget almost evaporated. Through the structural adjustment program implemented between 1982 and 1987, the budget for education was cut from 25% to 7% of national state expenditure. With the "transition period", that officially started when president Mobutu announced the end of the one-party State, in April 1990, and the ensuing economic and political turmoil, the state budget suffered a further blow and the education budget was reduced to 24 million USD, or around 4 USD per pupil in public primary schools.

Table 4. Evolution the State's budget for primary education

	Budget Ministry of Education		
	Million USD	**USD/pupil**	**USD/head**
1982	781	159,67	27,17
1987	97	23,44	2,88
2002	24	4,45	0,44
2006	112	6,82	0,93

Sources: Data of 1982, 1987 and 2002 World Bank (2005); for 2006/8 Ministère du Budget (ESB-files); for data on pupils 2007-8 MEPSP (2009: 8); for data on exchange rates and rates of inflation, BCC (2008).

Interestingly, though, there was a concomitant steep increase in parents' contributions to schools, from around 22 million USD at the end of the 1980s to around 114million USD (constant dollars) in 2006–7 (Table 5). According to these estimates, parents' financial contribution to public schools roughly equaled the state contribution in 2006.

[7] This part draws heavily on De Herdt et. al. 2012.

Table 5: Estimate of annual school fees reported by public primary schools in 1987–2006 (in constant USD of 2006)

	1987-88		2002-03		2006-07	
	Amount	% of total	Amount	% of total	Amount	% of total
Minerval (registration fee)	$0,16	2,9%	$0,34	2,3%	$0,18	1,4%
Insurance	$0,08	1,4%			$0,12	0,9%
Functioning costs	$3,13	58,0%	$5,58	36,8%	$2,88	21,8%
School documents			$0,31	2,1%	$0,18	1,4%
Parents' association	$0,08	1,4%				
Motivation fee (teacher top-up)	$1,96	36,2%	$8,94	58,9%	$9,83	74,5%
TOTAL (USD per pupil)	**$5,41**	**100%**	**$15,17**	**100%**	**$13,19**	**100%**
TEN AFEP (6th Grade test)°			$2,59	17,0%	$4,61	35%
Number of pupils	4.156.032		5.470.977		8.200.000	
TOTAL DRC (in million USD)	**$22,48**		**$85,10**		**$113,54**	

° Applies only to pupils in the 6th grade

Sources: Constructed on the basis of Davezies et al. (1988), World Bank (2005), and Verhaghe (2007). Number of pupils in 2006–07: World Bank–PARSE (2007). Conversion in constant dollars using the index of market prices reported by Institut de Recherches Economiques et Sociales.

The details of schools' stated fees show that 'top-ups' and 'functioning fees' are the heaviest burden on parents' shoulders. Top-ups have gradually increased in importance over time. They cover a real top-up of official salaries as well as payment of non-registered teachers (approximately one-third of all teachers). Functioning fees, which finance general school operating costs rather than salaries, have decreased in importance. They were gradually replaced by an extra fee for taking the final grade test. This test was introduced at the national level in the late 1990s, and is highly controversial: it is meant to provide a standard of quality control, but in fact this objective is undermined by a multiplicity of loopholes in the implementation process. Many see it as just another way to finance the system[8].

It is important to note, however, that this alternative system of education finance did not only enable the teachers and schools themselves to cope with the imploding state budget, part of the budget (visible in the "minerval", the "functioning costs" and the TENAFEP) was also siphoned off to the education administration, up to the district, provincial and even national levels. As such, schools have increasingly become tax units. To illustrate the different administrations to which school fees are redistributed, we offer the example of the redistribution of functioning costs paid by parents of conventionized schools in the province of Equateur during the school year 2008/9. The number of state and non-state administrative offices that function in part on the basis of parents' contributions is impressive. Around 70% of the portion of school fees that does not remain at the school level is allocated to the administrative units of these non-state actors – mainly the religious networks.

[8] This came up in several interviews with resource persons in the state administration, the religious networks, and in donor organizations.

Table 6: Redistribution of functioning costs to be paid per pupil each trimester in the conventionalized networks, Equateur Province, 2008/9 (in Francs Congolais)

Level	State Actors		Non-state Actors		Total
District	District-level administration	4,5	District Coordination	110,0	**132,5 (59%)**
	Antenna of SECOPE (salary administration)	4,5			
	Antenna of SERNIE (pupil administration)	4,5			
	Antenna of PRS (pension administration)	4,5			
	Antenna of inspection service	4,5			
Province	Provincial level administration	9,0	Provincial Coordination		**79,0 (35%)**
	Provincial level of SECOPE	7,0			
	Provincial level of SERNIE	4,5			
	Provincial level of PRS	4,5			
	Provincial level of inspection service	9,0			
	Governor	4,5			
Nation	Fund for the promotion of national education	4,5	National Coordination	4,5	**13,5 (6%)**
			Parent's Association	4,5	
Totals		65,5 (29%)		159,5 (71%)	**225,0 (100%)**

Source: Circulaire of the Catholic Network, Co-ordination of Mbandaka (Equateur Province), 17 September 2008.

One element that certainly played an important role in explaining this remarkable dynamic of state implosion generating an explosion of quasi-public arrangements to cope with it, is the domination of the Congolese education sector by a limited set of religious networks. Up to today, about three-quarters of all primary school pupils go to so-called 'conventionized' schools, "managed" by the churches but "organized" by the State, as fixed in the 1977 convention between the State and different churches. Their dominance is even greater in the countryside. Among them, the Catholic Church occupies the most important place, with approximately 50% of all pupils. In the urban centers, the Catholic network is also disproportionately present at the wealthier end of the market.

This system is not recent, and in fact has its roots in colonial times. It partly reflects the Belgian system of 'free schools', run by the Catholic Church but largely financed by the state, and partly reflects the 'concessionary' colonial state system that contracted private actors to take up public duties (Poncelet et al., 2010). 'Conventionized' schools are "managed" by the churches but "organized" by the State, as fixed in the 1977 convention between the State and different churches. In principle, the state defines the pedagogical programs, oversees and guarantees the quality, and subsidizes public schools. This is done in four ways: drafting regulations through which the legal framework of the education sector is organized; organizing the educational administration; organizing an inspection service; and paying personnel, including not only teachers but also administrative staff at school level and at the level of the 'co- ordinations' themselves. The religious networks manage schools: they hire teachers and also sometimes mobilize other resources, for instance to build or gain access to basic infrastructure. They also have their own inspection services. In actual practice, however, the state is unable to impose its regulatory framework on the non-state religious networks. The Catholic Church in particular has de facto a much more powerful position, which tends to impact on the state regulatory framework rather than the other way round (Titeca et.al., 2013).

5.2. The impact of debt relief

Given the situation as sketched above, the education sector strategy worked out by the "thematic group" where donors and the DRC government defined their policy for the education sector, was built on the supposition that school costs are a major hurdle to accessing (primary) school. Indeed, school costs can be conceived as an indirect tax, paid disproportionately by the poorer layers of society, and any reduction in school costs would thus have immediate positive, pro-poor effects. One mechanism to finance this objective was the mobilization of external finance, aid, to invest in schools' operating costs. The other mechanism was debt cancellation in return for a commitment to transform debt service into expenditures, including salary payments, in the education sector. We will discuss each of these mechanisms in turn in the sections below.

5.2.1. External financing of schools' functioning costs

While awaiting an audit of the salary payment system[9], the donors opted to invest first in a system of capitation grants, through HIPC-funding from 2005 to 2007, then through a direct funding project by the World Bank called PURUS (Projet d'Urgence de Réhabilitation Urbaine et Social) from 2007 to 2010 (in addition to some financially less substantial interventions by other donors). Each public school (conventionized as well as official) was granted a minimum amount of 150 USD (through HIPC funding) or 250 USD (through PURUS) per trimester, an amount that was increased depending on the number of (registered) classes. In total, around 6 million USD of HIPC money and 45 million USD of PURUS was disbursed in this way. The funds were channelled through the wage administration division SECOPE (Service de Contrôle et de Paiement des Enseignants), which was supposed to be the administrative structure through which the money would go directly to the schools, avoiding the religious networks. The grant was accompanied by a modification in the regulatory framework for school costs: A decree was written to limit the freedom of provinces and schools to ask for new categories of school costs. The grant was also limited to specific outlays (furnishing, painting, etc. of school buildings): these specifics were mentioned in a booklet that was distributed together with the grant itself. Lastly, the outlays were to be managed by the (officially installed) school management councils ('conseils de gestion'), who would in turn have to report to the parents' associations ('comités des parents').

On the basis of our field visits, we can confirm that the material objective has indeed been attained: though some irregularities have been noted, most of the money was used for its intended purpose. However, it is also clear that the initiative has had little positive impact on the participatory structures of the schools. In general, the grants have been managed by headmasters, in collusion with some teachers or parents who provided the signatures. Though the parents' associations do play an active role in many schools–notably in raising funds for school costs–they were not involved in the management of the funds. One hypothesis advanced to explain this situation is that since the fund now finances the schools, this gives the administrative services a reason to demand an increasing proportion of school costs: as someone else is already financing functioning costs at school level, the logic of fungibility suggests that the portion of school-level functioning costs paid by parents can be redirected to higher levels. This effect has been reinforced by the decision to channel funds directly to the schools (by making use of the wage administration) instead of through the religious networks, a decision that has been perceived by others as breaking the convention between the state and the churches, which

[9] This audit has started, but to date it has not been finished.

delegated school management to the churches. In its lack of respect for a century-old pattern of 'concessions', this initiative has clearly been seen by the religious networks as a provocation. This being said, we do not want to imply that if the grants had been channelled through the church networks things would have turned out differently. We simply do not know what would have happened.

What we do know is that it is an illusion to think that the national-level legal framework has a direct effect on local-level behaviour. Even though the grants were used for their intended purpose, the impact on the school costs paid by parents was non-existent, since the reduction in school-level functioning costs was offset by an increase in the 'taxes' to be paid to higher administrative levels.

5.2.1.1. *HIPC-finance of salaries*

Besides school functioning costs, HIPC cash flow savings were also directed towards the education budget. This turned out to be by far the most important mechanism in budgetary terms, going well beyond the initial US$6 million invested in functioning costs. As illustrated in table 3, between 2003 and 2013 HIPC financed nearly half of the growing education budget, nearly 1 billion USD.

What interests us here, however, is the impact of the increased budget on school costs and on schooling itself. It turns out that most of it (around 80 per cent) has been used to pay the wage bill of the education sector. So it appears that what donors were reluctant to finance in a direct way was nevertheless financed indirectly, through the mechanism of debt cancellation. As these HIPC-resources are only checked on their quality as "pro-poor expenses" at the macro-level, nothing prevents them from being used to pay wages at the sectoral level.

The refinancing of the budget of the Ministry of Primary, Secondary, and Professional Education first made it possible to increase teachers' wages. Wages did indeed increase from US$13 a month in 2001/2002 to US$35 in 2007/2008, as the concrete outcome of negotiations between the teachers' unions and the government that resulted in the Mbudi Agreement of 2004. Though salaries nearly tripled, they remained below the poverty line however: in other words, teachers could not live on the official salary only.[10] By implication, the pressure to reproduce the system described above, in which schools are used as tax points to top up salaries at all levels, was not eliminated.

The increase in the state budget also made it possible to pay newly enlisted teachers. The number of teachers on the state's payroll increased dramatically, from 142,900 units in 2001/2002 to 214,200 teachers in 2007/2008, according to the Social Security Department.[11] According to data from the school networks themselves, the number of registered schools increased by 65 per cent and the number of registered teachers by 61 per cent between 2001 and 2007. These data can also be confirmed by our field research: though realities differ between provinces, everywhere there are reports of a considerable increase in the number of schools, up to the point of speaking of 'a spectacular explosion of new schools', in the words of the head of the education administration of Mbandaka.

What is striking in this respect is that the donors have always refused to pay for new teachers as long as the payroll administration was not audited, to minimize the risk of leakage. There are, however, two major sources of pressure to increase the number of teachers on

[10] The Mbudi Agreement fixed salaries at $205 but projected this result at the end of a series of stepwise increments. The $35 per month is the real value of what is left of the first step.

[11] Banque Centrale du Congo (BCC), *Rapport Annuel 2006*, Kinshasa, DRC.

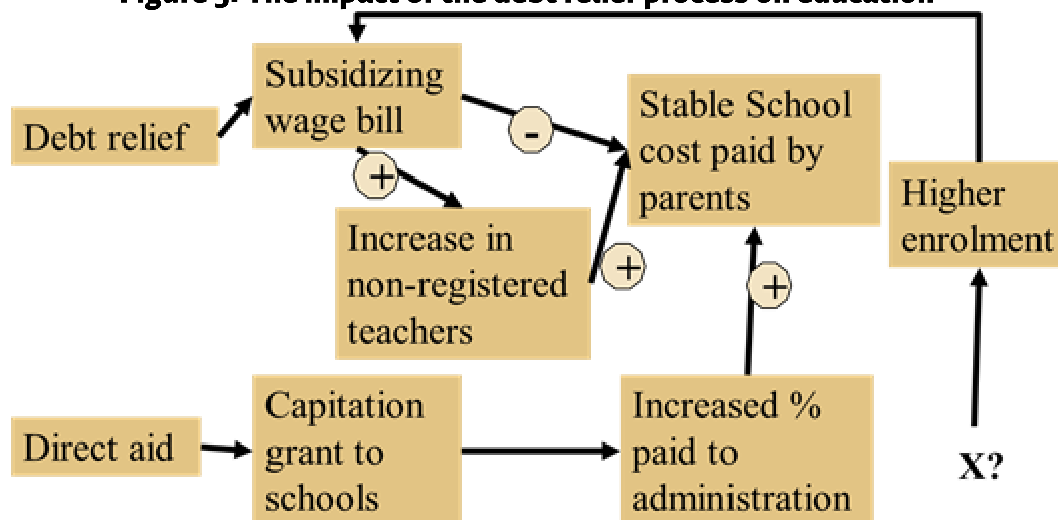
the payroll. First, officially recognizing new schools and teachers is a response to school-level expectations that the state will fund their school. The number of non-recognized teachers is estimated at approximately 40% of all teachers (Verhaghe, 2006, p. 39). Until they are officially registered, these teachers have to count on parents' contributions and on the expectation that they will be paid officially one day. Second, we should not forget that the education sector accounts for approximately one third of all public employment in the DRC. The school is in many cases the only 'face' of the state in a village, and accounts for a major part of the resources politicians can mobilize to funnel to their political constituency. Indeed, although the idea of a social contract presupposes that the state 'delivers' to its citizens in general, for individual political actors it may be more immediately rewarding to funnel resources to the particular villages of their constituency. From this perspective, it is no coincidence that the dramatic increase in the number of publicly recognized schools took place in the period just before the elections of 2006.

5.2.1.2. *How debt relief did not relieve school costs*

Figure 5 depicts our own reconstruction of how donor investment in the education sector has worked in practice. On the one hand, the mechanism of direct aid resulted in real investment at school level, but it also contributed to an increase in the percentage siphoned off to the non-state administration. On the other hand, debt relief financed the wage bill, but the negative effect this had on school costs paid by parents was offset both by the increasing tariffs demanded by the education administration and, especially, by the increase in non-registered teachers. Thus, the net effect was a reproduction of the existing system that basically transforms schools into tax points and redistributes the proceeds to all stakeholders.

In this setting, school enrolment is a policy variable for schools, as manipulated by the local-level school networks to attract more funding from the national level. The new dynamics do however all but challenge the existing configuration of actors that maximizes quantity at the cost of quality. The system seems in fact to have been expanded: it includes more schools, more teachers, and more pupils, but it has not changed practices with respect to school fees. One explanation for this is probably that the salary increase was insufficient to make the basic argument for paying school costs disappear. Further, donors' reluctance to contribute to wages certainly did not help in making the system more transparent. Though the increased capacity of the (representatives of the) state to appoint teachers could be considered as a peace dividend, this is not the same as improving the performance of a public service. There is a significant tension here.

Figure 5: The impact of the debt relief process on education



6. Conclusion

The process of debt relief that took place in the DRC is not necessarily typical for the way in which debt relief processes have been unfolding elsewhere. To start with, the debt relief process was intimately connected to a process of 'post-conflict reconstruction' in the DRC (even if the conflict is still lingering, and even if reconstruction of a state that eventually failed is not necessarily a good idea). For this, and other reasons, the debt relief process was also a long and bumpy process. Yet we do think that the case of the DRC is quite interesting precisely because it is an a-typical case of debt relief. The process was indeed accompanied by quite limited 'new' resource inflows, and the additional resources that were mobilised were not channelled through the Congolese government or state administration. Thus, the transformation of debt service to social expenses was the only way in which HIPC increased the available amount of resources in the Congolese budget. A crucial question is therefore: what really happened with this money? Was it really financing pro-poor expenditures?

At the macro-side of the debt relief story, there is a lot of good news to tell for the case of the DRC: macro-indicators show a return to positive growth rates, lower inflation figures, increasing budgetary resources a reinvigorated state and a growing economy. The question remains however to what extent this dynamic was also 'pro-poor'. On the basis of the data available for the education sector, the answer must be negative. This has to do with the institutional set-up of a quasi-public state that emerged during the transition period; a complex of institutional arrangements emerged within and around the public sector, and the mere re-fueling of the state apparatus, predominantly by resources linked either directly or indirectly to the debt relief process, did nothing to dismantle these structure, to the contrary, they rather reinforced them. One of the major consequences of this is that the system of school fees has been basically left untouched. According to a recent estimate, approximately 3/4th of the education budget for primary schools is paid for by parents (RDC 2014). No wonder, then, that this system works rather to reproduce existing inequalities than to correct for them.

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