INTERNATIONAL MONETARY FUND

DEMOCRATIC REPUBLIC OF THE CONGO

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STAFF-MONITORED PROGRAM AND REQUEST FOR DISBURSEMENT UNDER THE RAPID CREDIT FACILITY—DEBT SUSTAINABILITY ANALYSIS

Approved By
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Prepared by the staff of the International Monetary Fund (IMF) and the International Development Association (IDA)

Risk of external debt distress:	**Moderate**
Overall risk of debt distress	**Moderate**
Granularity in the risk rating	**Some space to absorb shocks**
Application of judgment	**No**

According to the updated Low-Income Country Debt Sustainability Framework (LIC DSF), the Democratic Republic of the Congo (DRC)'s debt-carrying capacity was assessed as weak[1]. DRC remains at a moderate risk of external and overall debt distress, with some space to absorb shocks. The country shows some vulnerabilities in debt repayment capacity due to weak revenue mobilization. Most external debt thresholds are breached under the stress tests, highlighting the country's vulnerability to external shocks. Given limited buffers, prudent borrowing policies are essential by prioritizing concessional loans and strengthening debt management policies.

[1] DRC Composite Indicator (CI) score is 1.98, which corresponds to a weak debt-carrying capacity as confirmed by April 2019 WEO assumptions and 2017 Country Policy and Institutional Assessment (CPIA).

PUBLIC DEBT COVERAGE

1. Public and publicly-guaranteed (PPG) external and domestic debt covers debt contracted and guaranteed by the central government, the Central Bank of Congo (BCC), provinces, and part of state-owned enterprises (SOEs). The public debt department (Direction Générale de la Dette Publique, DGDP) under the Ministry of Finance publishes quarterly and annual reports on its website with information on domestic and external debt based on the residency criteria. The reports summarize the debt of the central government, debt of SICOMINES (a joint venture stemming from an agreement between the Congolese government and Chinese investors) and Gécamines, guaranteed external debt of SOEs managed by the government, provinces (only the province of Maniema is missing, out of 26 provinces), and BCC's debt. Data on private sector's and other public institutions' debt are not available. Other public institutions do not have the capacity to borrow externally without a government guarantee. The authorities believe that other SOEs have not borrowed externally, however they do not receive any regular report from them. The authorities are committed to broaden the debt coverage, especially to improve SOEs debt reporting in terms of debt stock and debt service. Sicomines' infrastructure loans have a government guarantee which can only be called after 2050. Its debt service should be repaid by 2027 and is collateralized by Sicomines' earnings.[2]

Text Table 1. Democratic Republic of the Congo: Coverage of Public and Publicly Guaranteed Debt and Parameters for Contingent Liability Shocks for the Tailored Stress Test

Definition of external/domestic debt	Residency-based
Is there a material difference between the two criteria?	No

Public debt coverage

	Subsectors of the public sector	Check box
1	Central government	X
2	State and local government	X
3	Other elements in the general government	
4	o/w: Social security fund	
5	o/w: Extra budgetary funds (EBFs)	
6	Guarantees (to other entities in the public and private sector, including to SOEs)	X
7	Central bank (borrowed on behalf of the government)	X
8	Non-guaranteed SOE debt	X

Public debt coverage and the magnitude of the contingent liability tailored stress test

1	The country's coverage of public debt	The central, state, and local governments, central bank, government-guaranteed debt, non-guaranteed SOE debt		
		Default	Used for the analysis	Reasons for deviations from the default settings
2	Other elements of the general government not captured in 1.	0 percent of GDP	2	Some public institutions are not reporting to the DGDP.
3	SoE's debt (guaranteed and not guaranteed by the government) 1/	2 percent of GDP	0.5	Reflecting risks stemming from irregular data sharing with DGDP.
4	PPP	35 percent of PPP stock	0.00	
5	Financial market (the default value of 5 percent of GDP is the minimum value)	5 percent of GDP	5	
	Total (2+3+4+5) (in percent of GDP)		7.5	

1/ The default shock of 2% of GDP will be triggered for countries whose government-guaranteed debt is not fully captured under the country's public debt definition (1.). If it is already included in the government debt (1.) and risks associated with SoE's debt not guaranteed by the government is assessed to be negligible, a country team may reduce this to 0%.

Sources: Congolese authorities. IMF staff calculation.

[2] Box 1, Debt Sustainability Analysis, IMF Country Report No. 15/280.

BACKGROUND AND RECENT DEVELOPMENTS

2. **Despite vast natural resources, DRC is one of the poorest countries in the world, and it displays many aspects of fragility as it remains prone to health and humanitarian crises and violent conflicts.** The economy is highly dollarized, undiversified, and acutely vulnerable to commodity-price shocks and supply risks. The first ever peaceful presidential transition since independence took place in January 2019. The new government is keen on reestablishing active relationships with the international community.

3. **While some macroeconomic stability has been secured in recent years, the economy remains highly vulnerable to shocks.** GDP growth was 5.8 percent in 2018 and is projected to be 4.5 percent in 2019, while 12-month inflation has fallen to around 5 percent and the exchange rate has stabilized. Strict budgetary discipline led to overall fiscal surpluses in 2017–18, but deficits of 2.3 and 0.6 percent of GDP are projected for 2019 and 2020, respectively. International reserves have been low, reaching less than 2 weeks of import coverage in late 2019, a critical vulnerability that needs to be tackled decisively.

Text Table 2. Democratic Republic of the Congo: External Arrears as of End-2018

External arrears are limited and date from pre-HIPC Completion Point, amounting to US$328.7 million. Four non-Paris Club creditors hold claims against the DRC for half of the total amount in arrears and are in negotiation or under reconciliation process. The remaining half are claims to commercial creditors. Amounts have been reconciled but there are cases under litigation. A 5-year schedule for the repayment of external arrears has been assumed, starting in 2021.

Democratic Republic of the Congo - External Arrears

	2018	
	Nominal in millions of US$	Percent of GDP
	Est.	
Total External Arrears	329	0.7
Bilateral creditors	164	0.3
Commercial creditors 1/	165	0.3
Memo item:		
GDP	47,099	

Sources: Congolese authorities; IMF staff calculations
1/ Includes Sicomines debt

4. **About half of the public external debt is owed to official creditors.** At end-2018, 30 percent of the debt was owed to multilateral creditors and 19 percent to bilateral official creditors, a significant increase from 4 percent in 2014 due to borrowing from non-Paris Club creditors. The share of debt owed to commercial creditors has remained stable at a third of external debt (see Text Table 3). Sicomines' debt represents almost 40 percent of total external debt. It is assumed to be repaid over 10 and 15 years for mining and infrastructure projects, respectively.

Text Table 3. Democratic Republic of the Congo: Total Public Debt Stock, 2018

	Nominal in millions of US$	Percent of GDP	Percent of Public Debt	Percent of External Debt
	Est.			
Total Public Debt	9,476	20.1	100	
Of which: arrears	3,403	7.2	36	
Total External Debt	6,401	13.6	68	100
Of which: arrears	329	0.7	3	5
Multilateral creditors	1,916	4.1	20	30
Bilateral creditors	1,240	2.6	13	19
Commercial creditors 1/	3,245	6.9	34	51
Total Domestic Debt	3,074	6.5	32	

Sources: Congolese authorities; IMF staff calculations
1/ Includes Sicomines debt

5. **The overall domestic debt is composed of arrears.** As of 2018, total domestic debt was equivalent to US$3.1 billion, or about one third of total public debt. Reconciled legacy arrears equal US$1.9 billion, or almost 60 percent of domestic public debt. They have been audited and fall into five categories: financial debt, social debt, judiciary debt, suppliers, and rent and other services. Other legacy arrears amounting to about US$3 billion have still to be audited. According to the authorities, in the past, only 20 percent of audited arrears became validated. VAT arrears represent the second largest category of arrears with almost a quarter of the domestic debt. They are expected to be repaid against taxes due. Arrears from provinces are also included in the stock of domestic debt. Only one province did not report its stock of arrears but, according to the authorities, its amount should be marginal.

Text Table 4. Democratic Republic of the Congo: Total Stock of Domestic Debt, 2018

	Nominal in US$ million	in percent of GDP	in total domestic debt
Reconciled legacy arrears	1,866	4.0	60.7
Arrears from provinces	147	0.3	4.8
Arrears to oil companies	262	0.6	8.5
VAT arrears	799	1.7	26.0
Total	3,074	6.5	100.0

Sources: Congolese authorities; IMF staff calculations

UNDERLYING ASSUMPTIONS

6. **The medium- and long-term macroeconomic framework underlying this DSA is quite similar to the one in the 2019 Article IV.** GDP growth assumptions are slightly more conservative in the next couple of years before picking up a bit due to new mining projects which would lead to a substantial increase of exports and imports in the medium term. Fiscal policy is assumed to be looser in the first couple of years of the projection period, and over the medium and longer terms. This is based on the assumptions of more ambitious public spending on infrastructure and education and the availability of additional external and domestic financing sources in the context of improved relations with international partners.

Text Table 5. Democratic Republic of the Congo: Macroeconomic Forecast and Assumptions (comparison with 2019 Article IV DSA)

	Real GDP Growth (percent change)		Revenue (excluding grants) growth		Overall fiscal balance (percent of GDP)		Exports of goods and services growth		Imports of goods and services growth		Current account balance (percent of GDP)	
	Previous (08/19)	Current	Previous (08/19)	Current	Previous (08/19)	Current	Previous (08/19)	Current	Previous (08/19)	Current	Previous (08/19)	Current
2015	6.9	6.9	2.2	2.3	-0.4	-0.4	-17.2	-17.2	-19.1	-19.1	-3.8	-3.8
2016	2.4	2.4	-21.0	-12.6	-0.5	-0.5	14.9	14.9	11.5	11.5	-4.1	-4.1
2017	3.7	3.7	-10.2	29.7	1.4	1.4	-3.0	-3.0	-8.3	-8.3	-3.2	-3.2
2018	5.8	5.8	33.8	40.2	0.4	0.0	38.0	38.0	36.1	36.1	-4.6	-4.6
2019	4.3	4.5	3.0	19.1	-0.2	-2.7	-20.9	-18.7	-19.0	-19.5	-3.5	-3.8
2020	3.9	3.2	1.6	20.2	-0.1	-0.6	4.3	-5.4	5.6	-0.9	-4.2	-4.3
2021	3.4	3.5	10.2	8.8	0.2	-1.0	4.0	6.5	5.2	9.0	-4.4	-3.7
2022	4.5	4.5	8.5	12.8	0.2	-0.5	7.6	9.2	6.9	6.8	-4.3	-3.2
2023	4.3	4.3	8.3	13.1	0.2	-0.6	6.4	8.4	7.5	7.0	-4.4	-2.8
2024	4.6	4.6	8.4	11.9	0.1	-0.4	7.4	7.9	7.9	7.7	-4.5	-2.7
avg. 2025-39	4.5	4.6	5.8	8.7	-0.1	-0.3	5.4	3.0	5.1	2.3	-3.7	-1.2

Sources: Congolese authorities and IMF staff calculations and projections.

Box 1. Democratic Republic of the Congo: Macroeconomic Assumptions for 2019–39

Real GDP growth. GDP growth over the medium term would average more than 4 percent driven by sustained increases in mining production and a gradual recovery in investment. The newly elected President laid out his development plan that aims at supporting private sector activity, particularly in the agriculture, energy, and tourism sectors. He also plans to increase public investment, specifically in infrastructure.

Inflation. Inflation is projected to stabilize at around 5 percent, below the 7 percent target of the BCC, as the economy slowly recovers.

Primary balance. The primary fiscal balance is projected to stay close to zero percent of GDP for 2022 and later years on the basis of more prudent fiscal policies. Capital expenditure would reach 3.9 percent of GDP at the end of the projection period. It would be initially financed mostly through foreign sources, but domestic financing would increase gradually to represent about half of its financing. Revenues are computed as central government revenues plus revenue from SOEs assumed to be equivalent to their debt service flows. The latter represent an average of 4.4 percent of total revenues over the repayment period.

Current account balance. The current account balance has been stable while significantly affected by the developments in the mining sector. After a recovery in 2017, the current account deficit increased again in 2018 mainly due to capital equipment and other imports due to the presidential elections. Mineral exports constitute significant portion of exports and projected to improve, on average, over the medium term due to new mining projects, while imports are projected to rise gradually on the back of increasing demand for capital goods and intermediates for infrastructure investment. Thus, the current account deficit would average around 3 percent of GDP over the medium term.

Gross official reserves are expected to gradually rise by 2021 to about 5 weeks of imports, partly due to expatriation of BCC foreign currency deposits in local banks.

Financing assumptions. In the short-term, public debt is expected to increase to help finance the investment program of the new government, but it is expected to decrease later on. Public investment is assumed to increase gradually to more than 3.5 percent of GDP over the medium term. External financing is projected to be a mix of concessional loans and bilateral and commercial loans. Part of the financing of public investment projects would also stem from foreign grants. Additional government financing needs are assumed to be covered by treasury bonds issuance in the domestic market. The financing mix is projected to remain unchanged over the projection period as it is assumed that DRC would not be able to switch from concessional to non-concessional borrowing.

7. The realism tool's outputs compare the DSA projections to cross-country experiences and to DRC's own historical experience (Figures 3 and 4).

a. **Debt drivers:** Over the last 5 years DRC's external debt has barely changed (it actually fell), in contrast to LICs' upward PPGE debt trend. With regard to total public debt, the main driver behind its increase was the extension of debt coverage.

b. **Fiscal adjustment and growth.** The baseline scenario assumes some structural reforms in the short term to increase domestic revenue mobilization but still limited access to external financing. The baseline scenario will not be sufficient to generate inclusive and sustained growth over the medium- to long-terms.

8. **DRC's debt carrying capacity is classified as weak (Text Table 7)**. The classification of debt carrying capacity is guided by the composite indicator (CI) score, which is determined by the World Bank's CPIA and other variables, such as real GDP growth, import coverage of foreign exchange reserves, remittances as percent of GDP, and growth of the world economy. The CI also incorporates forward-looking elements, with the calculation based on a 10-year average (5 recent years of historical data and 5 years of projections). DRC's CI is 1.98 and is below the previous vintages. It can be explained by lower CPIA, which accounts for more than half of the total components of the CI index. DRC is a fragile state and highly vulnerable to external shocks. A tailored stress was set up for a commodity price shock as the country's main export products are copper and cobalt. Regarding the contingent liability stress test, a shock of 7.5 percent of GDP was used. The shock includes the default value of 5 percent of GDP for financial markets, a zero percent of GDP for risks associated with private-public partnerships (PPPs) as there are no PPPs in DRC, and 0.5 percent of GDP for SOEs to acknowledge the risk of having unreported debt due to the lack of regular reporting between the authorities and SOEs (Text Table 1).

Text Table 6. Democratic Republic of the Congo: Composite Indicator and Threshold

Debt Carrying Capacity	Weak

Final	Classification based on current vintage	the previous vintage (2015)	Classification based on the two previous vintages
Weak	Weak 1.98	Weak 2.04	Weak 2.09

Tables

Applicable thresholds

APPLICABLE	
EXTERNAL debt burden thresholds	
PV of debt in % of	
Exports	140
GDP	30
Debt service in % of	
Exports	10
Revenue	14

APPLICABLE	
TOTAL public debt benchmark	
PV of total public debt in percent of GDP	35

Note: The current vintage refers to the 2019 April WEO vintage; The previous vintage refers to the 2018 October WEO vintage.

EXTERNAL DEBT SUSTAINABILITY

Baseline

9. External debt would be sustainable in the baseline scenario, but with vulnerabilities stemming from some structural weakness. All indicators remain well below the indicative thresholds for the PV of debt ratios and for the debt service ratios. Specifically, the PV of PPG external debt-to-GDP ratio peaks at 9.2 percent in 2019 against a 30 percent threshold. The debt service-to-revenue is 11.3 percent in 2019, well below the threshold (14 percent), and steadily declines starting in 2021 throughout the rest of the projection period. The results show some space to absorb shocks in the Congolese economy although the low level of government revenues may undermine future debt sustainability and the ability of the government to borrow externally to finance its development and public investment plans.

Alternative scenarios and stress tests

10. Several external debt ratios breach their thresholds under the extreme shock[3] scenario (Figure 1). Under the exports shock scenario, the ratios of the PV of debt-to-exports, debt service-to-exports and debt service-to-revenue breach their respective thresholds, reflecting DRC's vulnerability to export shocks. The mining sector constitutes the main source of export receipts and a key driver of economic growth and it is very sensitive to the volatility of international prices. The results also highlight the need to build buffers given low FX reserves at the BCC.

11. The low level of revenues explains why the country is classified as having a moderate risk of debt distress despite a low stock of external debt. As shown in Figure 5, the debt service-to-revenue ratio shows only some space for additional borrowing in the short term without worsening the debt rating. Revenues averaged only 9.5 percent of GDP in 2016–17, compared with 20 percent of GDP in SSA. Increasing revenue mobilization is a priority to create fiscal space to be able to invest in much needed infrastructure and priority sectors and generate inclusive growth.

12. Risks stem from commodity prices and the ability to carry meaningful reforms. As illustrated in the commodity price stress test, the country is highly vulnerable to external shocks because it is strongly dependent on volatile mining exports. The DRC needs to build buffers through prudent macroeconomic and indebtedness policies. The DGDP needs to prepare a medium-term debt strategy consistent with the sustainability of debt and efficient use of borrowed resources. In this regard, the authorities need to ensure the high quality of projects being financed and to prioritize concessional borrowing.

[3] Nominal export growth (in USD) is set to its historical average minus one standard deviation, or to the baseline scenario's projection minus one standard deviation, whichever is lower in 2021–22.

PUBLIC DEBT SUSTAINABILITY

Baseline

13. Consistent with the 2019 AIV DSA, domestic debt remains high During the past years, authorities have made strong efforts to account for and reconcile accumulated arrears to suppliers and VAT arrears to the private sector accrued during the recent economic crisis. Total domestic debt now represents 6.5 percent of GDP, which brings total public debt to 20.3 percent of GDP at end-2018. The ratio of the PV of total debt-to-GDP remains below the threshold during the projection period. The baseline scenario assumes an ambitious repayment profile of arrears over the next 15 years. A conservative assumption of full amount is projected to be repaid to provision for the unaudited amount. However, while repayment of legacy arrears from social and financial are repaid in full, legacy arrears from other categories are subject to a discounted payment. Overall, the authorities expect to repay 72 percent of the legacy arrears. The PV of public debt-to-GDP ratio would reach 16.4 percent in 2019, well below the 35 percent threshold, and would follow a downward trajectory the following years, declining to 5.8 percent by 2029.

Alternative scenarios and stress tests

14. Stress tests confirm DRC's vulnerability to external shock and repayment capacity. Based on the evolution of ratios of the PV of debt-to-GDP and to revenue, the most extreme shock is the commodity price shock, in line with the findings of the previous section (Figure 2). The PV of debt-to-GDP peaks at 31.7percent, still below the 35 percent threshold in 2021 and declines thereafter. The most extreme shock for the debt service-to-revenue ratio is the combined contingent liabilities shock (e.g., bank recapitalization). The ratio of debt service to revenue would reach more than 50 percent in 2021, while being forecasted to be below 10 percent in 2019.

RISK RATING AND VULNERABILITIES

15. The external and overall risk of debt distress for the DRC remain moderate. Under the external indicators, the debt service-to-revenue ratio is below the 14 percent threshold in the first years of projections and declines steadily afterwards. However, lower revenues or higher borrowing (or both) could push the rating to high risk of debt distress, even more so in the case of non-concessional borrowing. Moreover, as shown in the stress tests, the country is prone to severe shocks, especially through the export channel. External arrears are below 1 percent of GDP qualifying as *de minimus* case, so they do not affect the risk rating consideration. Domestic arrears rose significantly in recent years and will likely increase further after completion of the audit of legacy arrears. It is important that the authorities refrain from accumulating additional domestic arrears and prepare realistic plans to repay them. The current low level of domestic debt still justifies the moderate risk of debt distress rating.

Text Table 7. Democratic Republic of the Congo: Risk Ratings

	External Debt Distress Rating	Overall Risk Rating
Mechanical overall debt distress rating	Moderate	Moderate
Final external debt distress rating	Moderate	Moderate
Judgement was applied	No	No

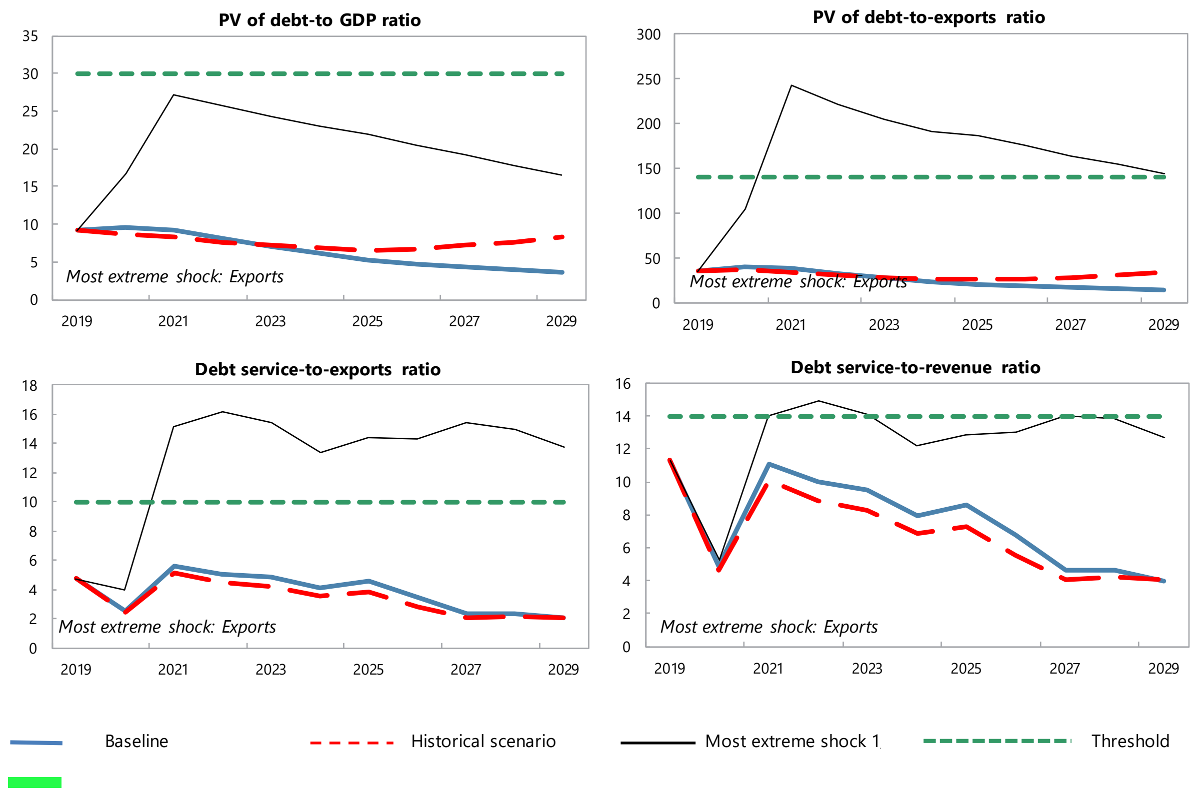
Sources: Country authorities; and staff estimates and projections.

16. Despite low total public debt levels, low debt repayment capacity remains one of the key vulnerabilities. The weak revenue mobilization is reflected in debt service-to-revenue ratios with only some space to absorb negative shocks, especially at the beginning of the projection period (Figure 5). A cautious borrowing policy, as well as prudent fiscal policy supported by domestic revenue mobilization and structural reforms including for better management of public investments, will be key to supporting the authorities' ambitions to scale up public investment in infrastructure.

AUTHORITIES' VIEWS

17. The authorities broadly agreed with the overall assessment of the country's debt sustainability. The new government supported increased transparency and full disclosure of public debt. The authorities committed to further broaden debt coverage, especially for SOEs, and to audit the rest of the legacy arrears. While committed to prioritize concessional borrowing, they also noticed the scarcity of it. They agreed with the need to prepare a medium-term strategy to help frame the debt policy and strengthen debt management capacity.

Figure 1. Democratic Republic of the Congo: Indicators of Public and Publicly Guaranteed External Debt under Alternatives Scenarios, 2019–2029



Customization of Default Settings		
	Size	Interactions
Tailored Stress		
Combined CL	Yes	
Natural disaster	n.a.	n.a.
Commodity price	No	No
Market financing	n.a.	n.a.

Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

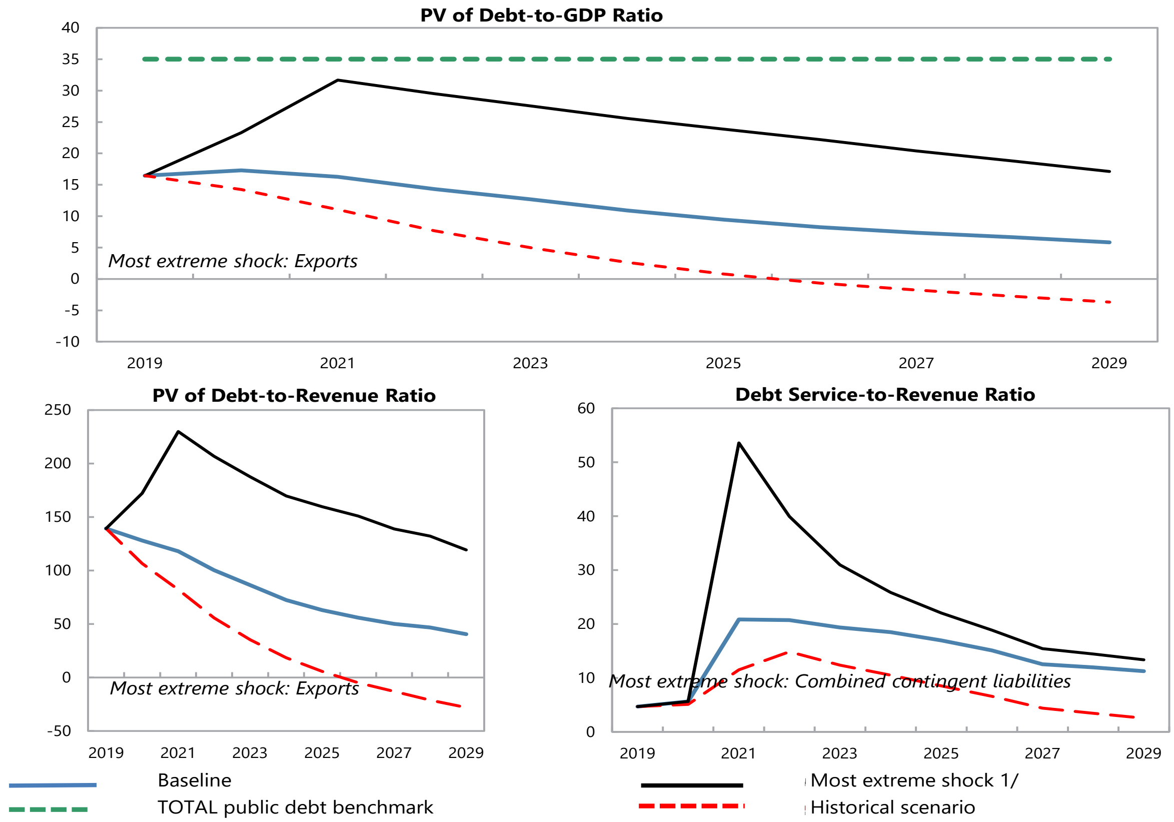
Borrowing assumptions on additional financing needs resulting from the stress tests*		
	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	1.9%	1.9%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	29	29
Avg. grace period	5	5

* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2029. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Figure 2. Democratic Republic of the Congo: Indicators of Public Debt under Alternative Scenarios, 2019–2029



Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	39%	39%
Domestic medium and long-term	0%	0%
Domestic short-term	61%	61%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	1.9%	1.9%
Avg. maturity (incl. grace period)	29	29
Avg. grace period	5	5
Domestic MLT debt		
Avg. real interest rate on new borrowing	0.0%	0.0%
Avg. maturity (incl. grace period)	1	1
Avg. grace period	0	0
Domestic short-term debt		
Avg. real interest rate	0.1%	0.1%

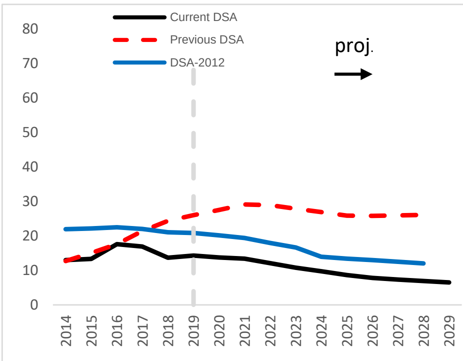
* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

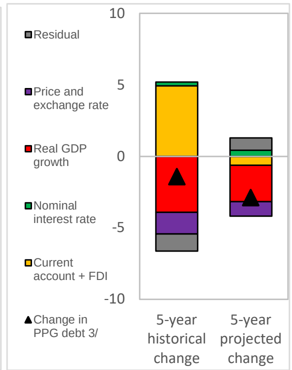
1/ The most extreme stress test is the test that yields the highest ratio in or before 2029. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Figure 3. Democratic Republic of the Congo: Drivers of Debt Dynamics – Baseline Scenario

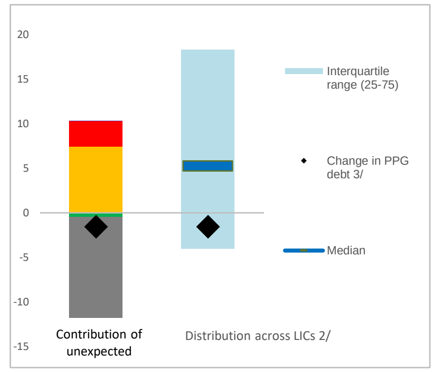
Gross Nominal PPG External Debt
(in percent of GDP; DSA vintages)



Debt-creating flows
(percent of GDP)

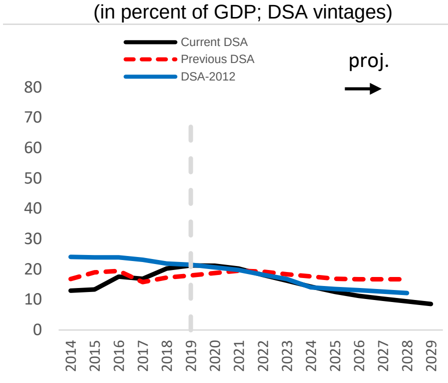


Unexpected Changes in Debt 1/
(past 5 years, percent of GDP)

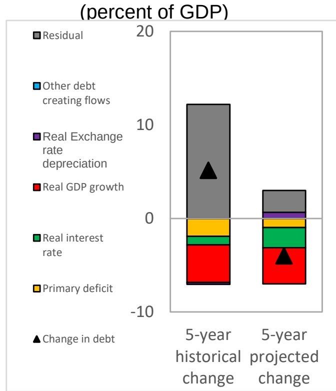


Public debt

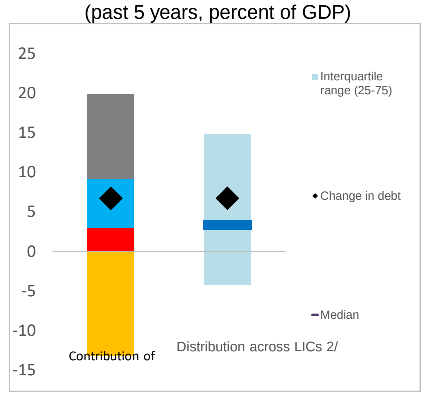
Gross Nominal Public Debt
(in percent of GDP; DSA vintages)



Debt-creating flows
(percent of GDP)



Unexpected Changes in Debt 1/
(past 5 years, percent of GDP)



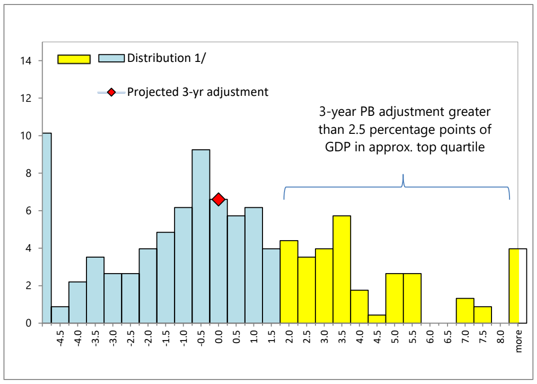
1/ Difference between anticipated and actual contributions on debt ratios.

2/ Distribution across LICs for which LIC DSAs were produced.

3/ Given the relatively low private external debt for average low-income countries, a ppt change in PPG external debt should be largely explained by the drivers of the external debt dynamics equation.

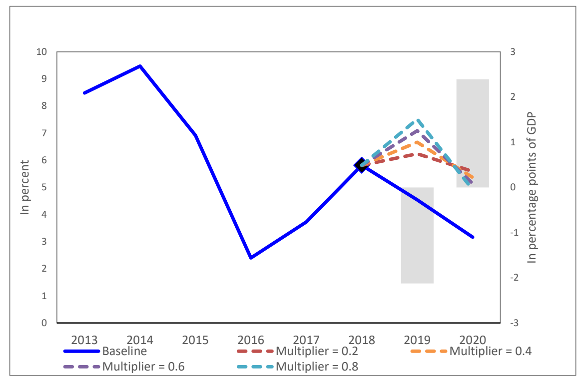
Figure 4. Democratic Republic of the Congo: Realism Tools[1]

3-Year Adjustment in Primary Balance
(Percentage points of GDP)



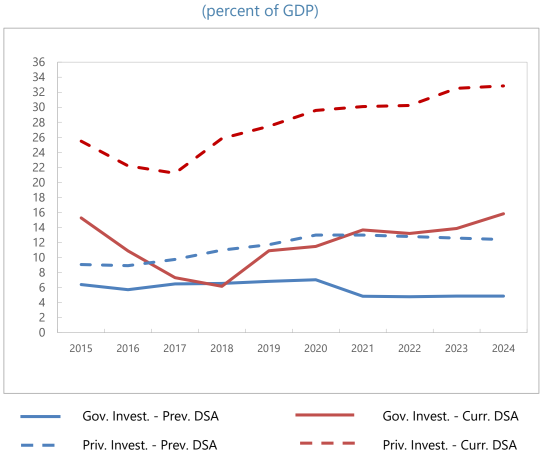
1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

Fiscal Adjustment and Possible Growth Paths 1/

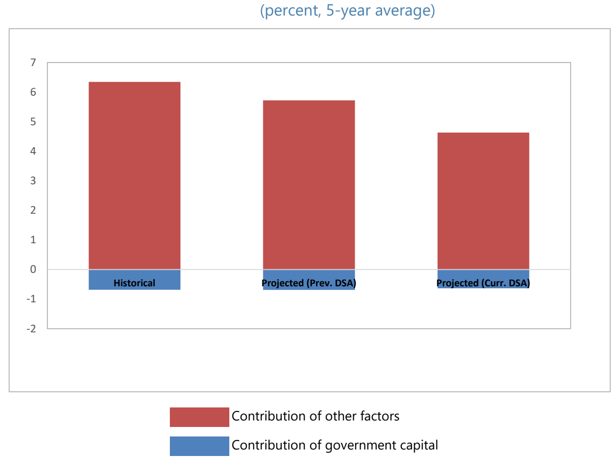


1/ Bars refer to annual projected fiscal adjustment (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).

Public and Private Investment Rates
(percent of GDP)

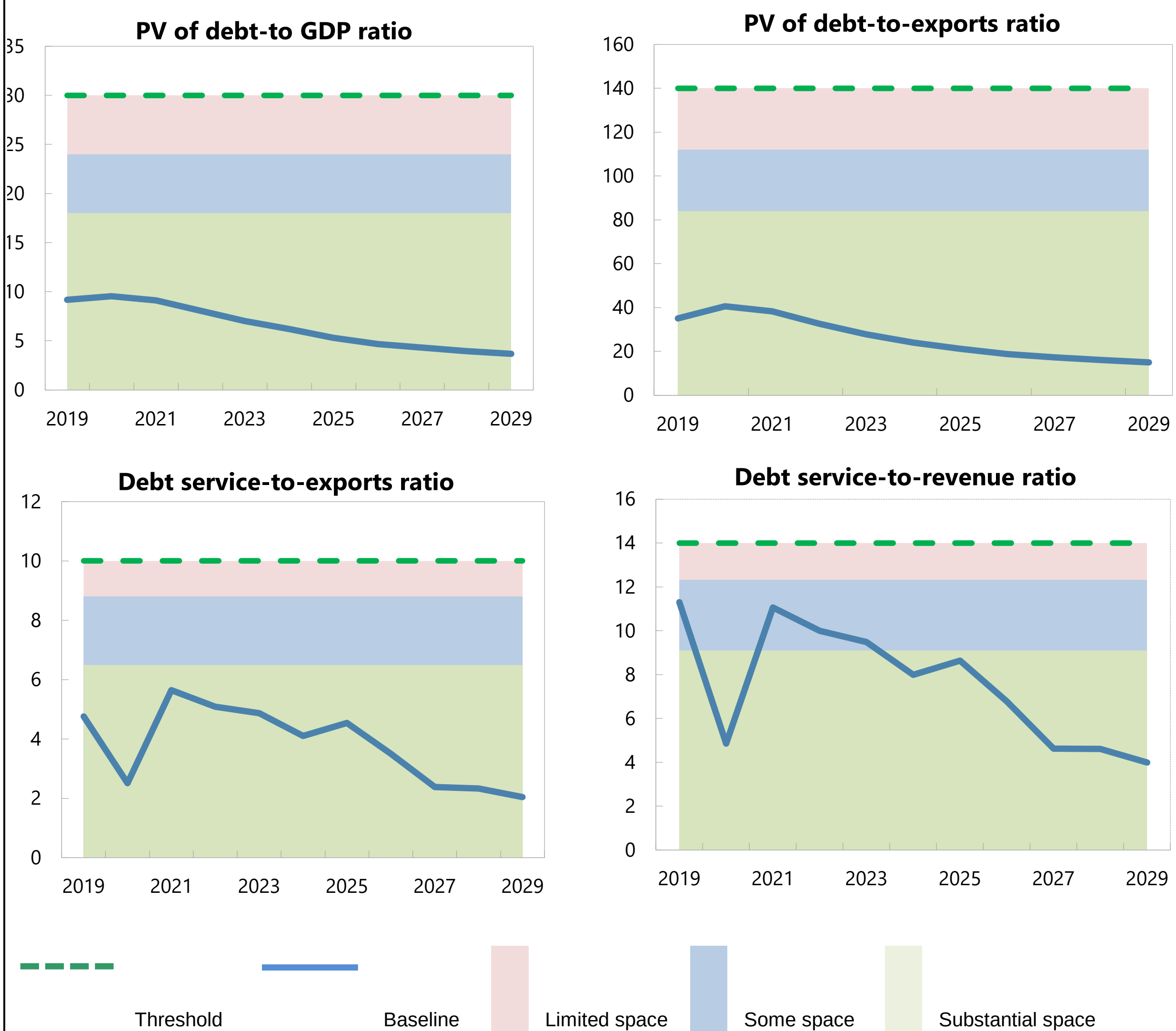


Contribution to Real GDP growth
(percent, 5-year average)



1/ Public and private investment rates are preliminary and based on national accounts information. Some discrepancies with fiscal accounts information are expected.

Figure 5. Democratic Republic of the Congo: Qualification of the Moderate Category 2019-2029[1]



Sources: Country authorities; and staff estimates and projections.

1/ For the PV debt/GDP and PV debt/exports thresholds, x is 20 percent and y is 40 percent. For debt service/Exports and debt service/revenue thresholds, x is 12 percent and y is 35 percent.

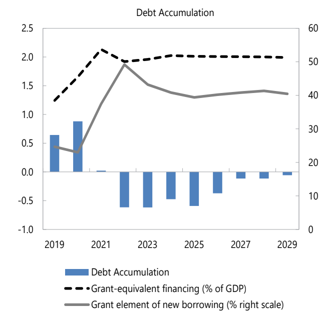
DEMOCRATIC REPUBLIC OF THE CONGO

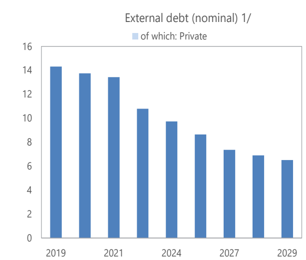
Table 1. Democratic Republic of the Congo: External Debt Sustainability Framework, Baseline Scenario, 2016–2039

(in percent of GDP, unless otherwise indicated)

	Actual			Projections												Average 8/	
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2039	Historical	Projections
External debt (nominal) 1/	17.6	16.9	13.7	14.3	13.8	13.4	12.1	10.8	9.7	8.6	7.8	7.4	6.9	6.5	4.9	23.3	10.1
of which: public and publicly guaranteed (PPG)	17.6	16.9	13.7	14.3	13.8	13.4	12.1	10.8	9.7	8.6	7.8	7.4	6.9	6.5	4.9	23.3	10.1
Change in external debt	4.2	-0.7	-3.2	0.6	-0.6	-0.3	-1.3	-1.3	-1.1	-1.1	-0.8	-0.5	-0.5	-0.4	-0.1		
Identified net debt-creating flows	2.0	0.0	-1.5	0.0	0.3	-0.6	-1.1	-1.3	-1.1	-1.2	-1.5	-1.4	-1.6	-1.8	-2.0	-1.7	-1.0
Non-interest current account deficit	4.1	3.2	4.6	3.3	4.8	3.5	3.0	2.6	2.6	2.4	2.0	2.0	1.7	1.4	0.5	4.2	2.7
Deficit in balance of goods and services	6.1	3.7	3.6	2.4	3.4	4.1	3.6	3.3	3.3	3.1	2.6	2.6	2.3	2.0	0.9	4.4	3.0
Exports	32.8	31.0	34.1	26.2	23.5	23.9	24.7	25.2	25.8	24.9	24.9	24.9	24.5	24.5	16.1		
Imports	38.9	34.7	37.7	28.7	26.9	28.0	28.3	28.5	29.1	28.0	27.6	27.5	26.9	26.5	17.0		
Net current transfers (negative = inflow)	-3.6	-3.4	-2.6	-1.3	-1.6	-2.8	-2.9	-2.9	-2.9	-2.8	-2.8	-2.7	-2.7	-2.6	-1.9	-4.2	-2.5
of which: official	-3.2	-1.9	-0.6	-0.8	-1.4	-2.6	-2.6	-2.6	-2.7	-2.6	-2.6	-2.5	-2.5	-2.4	-1.9		
Other current account flows (negative = net inflow)	1.6	2.8	3.5	2.2	3.0	2.2	2.3	2.2	2.2	2.1	2.1	2.1	2.1	2.0	1.5	4.0	2.2
Net FDI (negative = inflow)	-2.5	-2.8	-2.7	-3.2	-3.6	-3.9	-3.7	-3.5	-3.4	-3.3	-3.2	-3.2	-3.1	-3.0	-2.3	-4.0	-3.4
Endogenous debt dynamics 2/	0.5	-0.4	-3.3	-0.2	-1.0	-0.3	-0.4	-0.3	-0.3	-0.3	-0.2	-0.2	-0.2	-0.2	-0.2		
Contribution from nominal interest rate	0.1	0.1	0.1	0.4	-0.5	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1		
Contribution from real GDP growth	-0.3	-0.6	-0.8	-0.6	-0.4	-0.5	-0.6	-0.5	-0.5	-0.4	-0.3	-0.3	-0.3	-0.3	-0.2		
Contribution from price and exchange rate changes	0.8	0.2	-2.6	...	...	...	...	...	...	...	...	...	...	...	...		
Residual 3/	2.2	-0.7	-1.7	0.7	-0.8	0.3	-0.2	-0.1	0.1	0.1	0.7	0.9	1.1	1.4	1.9	-4.8	0.4
of which: exceptional financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Sustainability indicators																	
PV of PPG external debt-to-GDP ratio	...	...	9.1	9.2	9.5	9.1	8.1	7.0	6.2	5.3	4.7	4.3	3.9	3.7	2.9		
PV of PPG external debt-to-exports ratio	...	...	26.6	35.0	40.6	38.2	32.6	27.8	24.0	21.2	18.7	17.2	16.1	15.0	17.7		
PPG debt service-to-exports ratio	2.2	1.9	1.4	4.8	2.5	5.6	5.1	4.9	4.1	4.5	3.5	2.4	2.3	2.0	1.5		
PPG debt service-to-revenue ratio	6.4	6.1	4.8	11.3	4.8	11.1	10.0	9.5	8.0	8.6	6.8	4.6	4.6	4.0	2.0		
Gross external financing need (Million of U.S. dollars)	813.1	366.3	1084.4	690.3	951.5	541.1	328.9	184.8	181.9	149.9	-286.9	-480.1	-646.3	-949.0	-2593.4		
Key macroeconomic assumptions																	
Real GDP growth (in percent)	2.4	3.7	5.8	4.5	3.2	3.5	4.5	4.3	4.6	4.1	4.1	4.2	4.2	4.3	5.3	6.1	4.1
GDP deflator in US dollar terms (change in percent)	-5.6	-1.0	18.3	1.4	2.1	1.4	1.0	1.7	1.0	1.5	1.5	1.5	1.5	1.6	1.8	3.2	1.5
Effective interest rate (percent) 4/	0.4	0.3	0.4	3.2	-3.9	1.5	1.5	1.4	1.3	1.3	1.3	1.3	1.2	1.1	1.5	0.4	1.0
Growth of exports of G&S (US dollar terms, in percent)	14.9	-3.0	38.0	-18.7	-5.4	6.5	9.2	8.4	7.9	2.2	5.7	5.7	4.3	5.8	0.0	12.9	2.9
Growth of imports of G&S (US dollar terms, in percent)	11.5	-8.3	36.1	-19.5	-0.9	9.0	6.8	7.0	7.7	1.7	4.0	5.6	3.6	4.6	0.4	9.6	2.7
Grant element of new public sector borrowing (in percent)	...	...	...	24.7	23.0	37.4	49.2	43.2	40.8	39.4	40.2	40.8	41.3	40.4	34.9	...	38.2
Government revenues (excluding grants, in percent of GDP)	11.2	9.8	10.0	11.0	12.2	12.2	12.6	12.9	13.2	13.1	12.9	12.9	12.4	12.5	12.0	11.9	12.5
Aid flows (in Million of US dollars) 5/	1040.5	754.2	537.1	612.4	990.9	1434.2	1227.7	1298.9	1409.5	1474.9	1559.7	1649.5	1744.4	1835.2	3271.6		
Grant-equivalent financing (in percent of GDP) 6/	...	...	...	1.2	1.7	2.1	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.9	...	1.9
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	46.6	62.6	70.0	88.8	88.1	88.1	87.9	88.2	88.4	88.7	88.6	89.0	...	80.5
Nominal GDP (Million of US dollars)	36,640	37,615	47,099	49,906	52,591	55,159	58,251	61,814	65,316	69,020	72,978	77,217	81,742	86,605	162,413		
Nominal dollar GDP growth	-3.4	2.7	25.2	6.0	5.4	4.9	5.6	6.1	5.7	5.7	5.7	5.8	5.9	5.9	7.2	9.6	5.7
Memorandum items:																	
PV of external debt 7/	...	...	9.1	9.2	9.5	9.1	8.1	7.0	6.2	5.3	4.7	4.3	3.9	3.7	2.9		
In percent of exports	...	...	26.6	35.0	40.6	38.2	32.6	27.8	24.0	21.2	18.7	17.2	16.1	15.0	17.7		
Total external debt service-to-exports ratio	2.2	1.9	1.4	4.8	2.5	5.6	5.1	4.9	4.1	4.5	3.5	2.4	2.3	2.0	1.5		
PV of PPG external debt (in Million of US dollars)			4278.9	4581.4	5021.2	5033.1	4693.4	4333.3	4039.4	3652.1	3396.1	3312.4	3223.8	3177.1	4629.3		
(PVt-PVt-1)/GDPt-1 (in percent)				0.6	0.9	0.0	-0.6	-0.6	-0.5	-0.6	-0.4	-0.1	-0.1	-0.1	0.1		
Non-interest current account deficit that stabilizes debt ratio	-0.2	3.9	7.8	2.7	5.4	3.8	4.4	3.9	3.6	3.5	2.8	2.4	2.2	1.8	0.6		

Definition of external/domestic debt	**Residency-based**
Is there a material difference between the two criteria?	**No**





Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as [r - g - ρ(1+g) + Ɛα (1+r)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, ρ = growth rate of GDP deflator in U.S. dollar terms, Ɛ=nominal appreciation of the local currency, and α= share of local currency-denominated external debt in total external debt.

3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

4/ Current-year interest payments divided by previous period debt stock.

5/ Defined as grants, concessional loans, and debt relief.

6/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

7/ Assumes that PV of private sector debt is equivalent to its face value.

8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

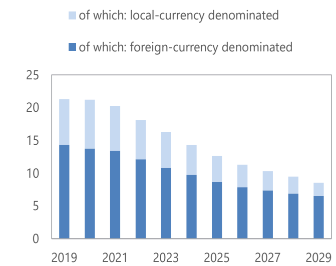
Table 2. Democratic Republic of the Congo: Public Sector Debt Sustainability Framework, Baseline Scenario, 2016–2029

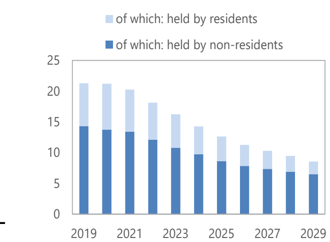
(in percent of GDP, unless otherwise indicated)

	Actual			Projections							Average 6/	
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2029	Historical	Projections
Public sector debt 1/	17.6	16.9	20.3	21.3	21.2	20.3	18.1	16.2	14.3	8.5	23.9	14.9
of which: external debt	17.6	16.9	13.7	14.3	13.8	13.4	12.1	10.8	9.7	6.5	23.3	10.1
Change in public sector debt	4.2	-0.7	3.4	1.0	-0.1	-0.9	-2.1	-1.9	-2.0	-0.9		
Identified debt-creating flows	3.3	-3.6	-4.6	1.2	-2.5	-1.4	-1.9	-1.9	-1.9	-1.5	-4.8	-1.5
Primary deficit	0.2	-1.6	-0.4	1.8	-0.6	-0.4	-0.9	-0.8	-1.1	-1.0	-1.9	-0.7
Revenue and grants	14.0	11.7	11.1	11.8	13.5	13.8	14.3	14.7	15.1	14.3	14.4	14.2
of which: grants	2.8	2.0	1.1	0.8	1.4	1.6	1.7	1.8	1.8	1.8		
Primary (noninterest) expenditure	14.2	10.1	10.7	13.6	12.9	13.4	13.4	13.8	14.0	13.3	12.4	13.5
Automatic debt dynamics	3.1	-2.0	-4.2	-0.5	-1.8	-1.0	-1.0	-1.0	-0.8	-0.5		
Contribution from interest rate/growth differential	-0.4	-0.9	-1.2	-0.9	-1.9	-1.1	-1.2	-1.0	-0.9	-0.5		
of which: contribution from average real interest rate	-0.1	-0.2	-0.3	0.0	-1.2	-0.4	-0.3	-0.3	-0.2	-0.1		
of which: contribution from real GDP growth	-0.3	-0.6	-0.9	-0.9	-0.7	-0.7	-0.9	-0.7	-0.7	-0.4		
Contribution from real exchange rate depreciation	3.5	-1.1	-3.0	...	...	...	...	...	...	...		
Other identified debt-creating flows	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Privatization receipts (negative)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Recognition of contingent liabilities (e.g., bank recapitalization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Debt relief (HIPC and other)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other debt creating or reducing flow (please specify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Residual	0.9	2.9	8.0	0.2	2.4	0.5	-0.1	0.0	0.1	0.6	-1.1	0.6
Sustainability indicators												
PV of public debt-to-GDP ratio 2/	...	...	15.7	16.4	17.3	16.3	14.3	12.7	10.9	5.8		
PV of public debt-to-revenue and grants ratio	...	...	141.8	139.2	127.9	118.0	100.4	86.3	72.5	40.6		
Debt service-to-revenue and grants ratio 3/	5.1	5.1	4.3	4.7	5.7	20.8	20.7	19.4	18.5	11.3		
Gross financing need 4/	0.9	-1.0	0.1	2.3	0.1	2.5	2.1	2.0	1.7	0.6		
Key macroeconomic and fiscal assumptions												
Real GDP growth (in percent)	2.4	3.7	5.8	4.5	3.2	3.5	4.5	4.3	4.6	4.3	6.1	4.1
Average nominal interest rate on external debt (in percent)	0.4	0.4	0.4	3.2	-4.0	1.5	1.5	1.4	1.3	1.2	0.4	1.0
Average real interest rate on domestic debt (in percent)	-3.8	-29.8	-22.7	-2.9	-5.3	-3.9	-3.4	-3.9	-3.0	-3.0	-11.6	-3.5
Real exchange rate depreciation (in percent, + indicates depreciation)	26.8	-6.7	-19.0	...	...	...	...	...	...	...	-1.8	...
Inflation rate (GDP deflator, in percent)	4.3	43.1	29.8	3.0	5.7	4.9	4.6	5.3	4.5	5.1	15.4	4.9
Growth of real primary spending (deflated by GDP deflator, in percent)	-14.2	-26.1	12.1	32.3	-2.1	7.5	4.7	7.7	5.6	5.0	4.0	6.5
Primary deficit that stabilizes the debt-to-GDP ratio 5/	-4.0	-0.9	-3.7	0.7	-0.6	0.5	1.3	1.0	0.9	-0.1	-2.9	0.4
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

Definition of external/domestic debt	**Residency-based**
Is there a material difference between the two criteria?	**No**

Public sector debt 1/





Sources: Country authorities; and staff estimates and projections.

1/ Coverage of debt: The central, state, and local governments, central bank, government-guaranteed debt, non-guaranteed SOE debt . Definition of external debt is Residency-based.

2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.

3/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.

4/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.

5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio ((-): a primary surplus), which would stabilizes the debt ratio only in the year in question.

6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Table 3. Democratic Republic of the Congo: Sensitivity Analysis for Key Indicators of PPG External Debt, 2019–2029

(in percent)

	Projections 1/										
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
	PV of debt-to GDP ratio										
Baseline	9	10	9	8	7	6	5	5	4	4	4
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	9	9	8	8	7	7	7	7	7	8	8
B. Bound Tests											
B1. Real GDP growth	9	10	10	9	8	7	6	5	5	4	4
B2. Primary balance	9	11	12	12	11	11	10	9	9	8	8
B3. Exports	9	17	27	26	24	23	22	21	19	18	17
B4. Other flows 3/	9	11	12	11	10	9	8	8	7	7	6
B5. Depreciation	9	12	9	8	7	6	5	4	3	3	3
B6. Combination of B1-B5	9	15	15	13	12	11	10	9	8	8	7
C. Tailored Tests											
C1. Combined contingent liabilities	9	11	12	12	11	10	9	9	8	8	8
C2. Natural disaster	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
C3. Commodity price	9	11	12	11	10	9	8	7	6	6	5
C4. Market Financing	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
Threshold	30	30	30	30	30	30	30	30	30	30	30
	PV of debt-to-exports ratio										
Baseline	35	41	38	33	28	24	21	19	17	16	15
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	35	36	35	31	28	26	26	27	29	31	34
B. Bound Tests											
B1. Real GDP growth	35	41	38	33	28	24	21	19	17	16	15
B2. Primary balance	35	45	50	48	45	41	40	37	35	34	32
B3. Exports	35	105	**243**	**222**	**205**	**191**	**186**	**176**	**164**	**154**	**144**
B4. Other flows 3/	35	48	52	46	40	36	33	30	28	26	25
B5. Depreciation	35	41	31	25	21	17	14	12	11	10	9
B6. Combination of B1-B5	35	71	55	72	64	58	54	49	45	42	40
C. Tailored Tests											
C1. Combined contingent liabilities	35	49	51	47	43	40	38	35	34	33	31
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	35	51	54	46	40	35	32	29	26	24	22
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	140	140	140	140	140	140	140	140	140	140	140
	Debt service-to-exports ratio										
Baseline	5	3	6	5	5	4	5	4	2	2	2
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	5	2	5	5	4	4	4	3	2	2	2
B. Bound Tests											
B1. Real GDP growth	5	3	6	5	5	4	5	4	2	2	2
B2. Primary balance	5	3	6	5	5	5	5	4	3	3	3
B3. Exports	5	4	15	16	15	13	14	14	15	15	14
B4. Other flows 3/	5	3	6	5	5	4	5	4	3	3	3
B5. Depreciation	5	3	6	5	5	4	4	3	2	2	2
B6. Combination of B1-B5	5	3	9	8	8	7	7	7	5	5	4
C. Tailored Tests											
C1. Combined contingent liabilities	5	3	6	5	5	4	5	4	3	3	2
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	5	3	6	6	5	5	5	4	3	3	3
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	10	10	10	10	10	10	10	10	10	10	10
	Debt service-to-revenue ratio										
Baseline	11	5	11	10	9	8	9	7	5	5	4
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	11	5	10	9	8	7	7	6	4	4	4
B. Bound Tests											
B1. Real GDP growth	11	5	12	11	10	9	9	7	5	5	4
B2. Primary balance	11	5	11	11	10	9	10	8	6	7	6
B3. Exports	11	5	14	**15**	**14**	12	13	13	**14**	14	13
B4. Other flows 3/	11	5	11	11	10	9	9	8	6	6	6
B5. Depreciation	11	6	14	12	11	10	10	8	5	5	4
B6. Combination of B1-B5	11	5	13	12	11	10	10	10	7	7	7
C. Tailored Tests											
C1. Combined contingent liabilities	11	5	11	11	10	9	9	8	5	5	5
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	11	5	12	12	11	9	10	8	6	6	5
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	14	14	14	14	14	14	14	14	14	14	14

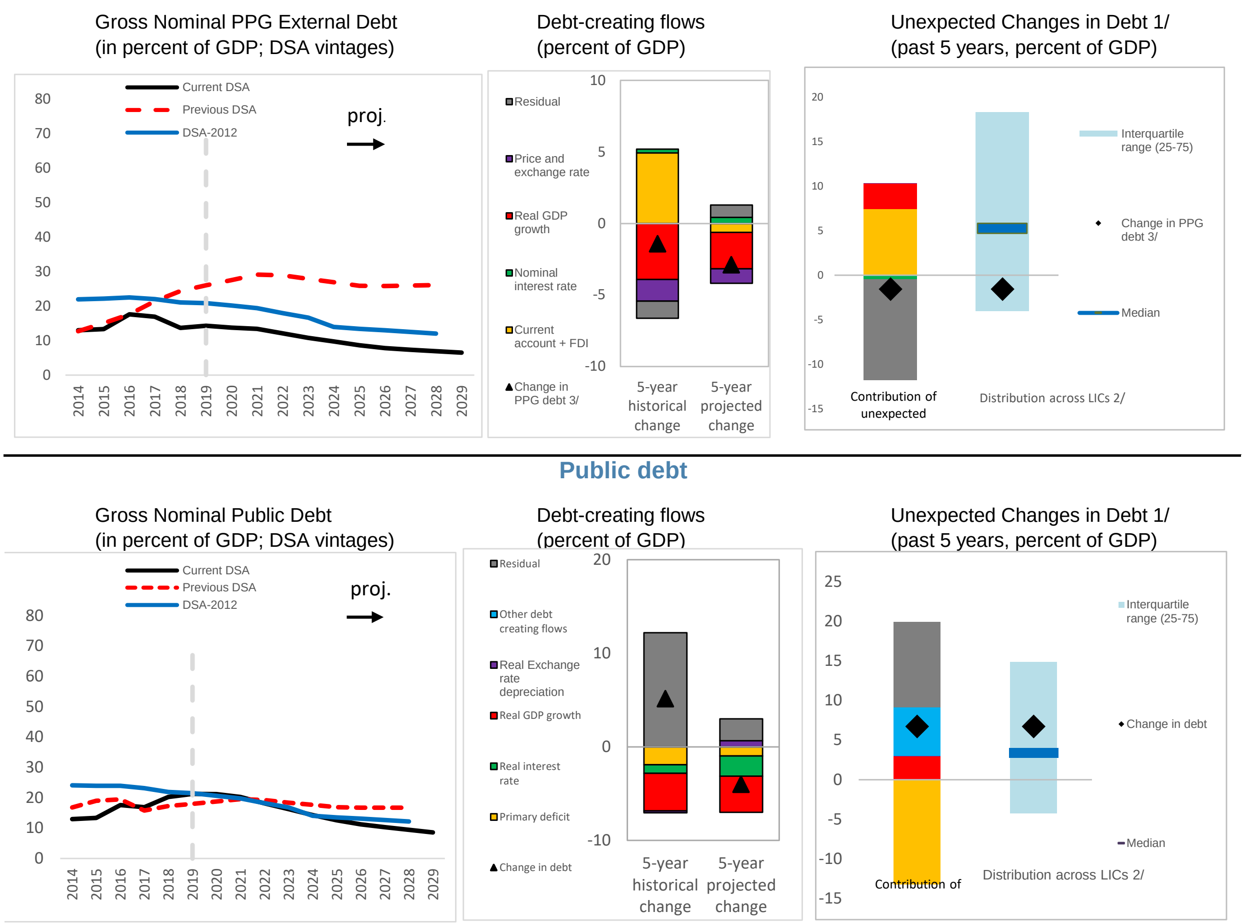
Sources: Country authorities; and staff estimates and projections.
1/ A bold value indicates a breach of the threshold.
2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.
3/ Includes official and private transfers and FDI.

Table 4. Democratic Republic of the Congo: Sensitivity Analysis for Key Indicators of Public Debt, 2019–2029

	Projections 1/										
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
PV of Debt-to-GDP Ratio											
Baseline	16	17	16	14	13	11	9	8	7	7	6
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	16	14	11	8	5	3	1	-1	-2	-3	-4
B. Bound Tests											
B1. Real GDP growth	16	18	19	17	16	15	14	13	13	13	12
B2. Primary balance	16	21	23	21	18	16	15	13	12	11	10
B3. Exports	16	23	32	30	28	26	24	22	20	19	17
B4. Other flows 3/	16	19	20	18	16	14	13	11	10	9	8
B5. Depreciation	16	18	16	14	12	9	7	6	4	3	2
B6. Combination of B1-B5	16	19	18	15	13	11	9	8	7	6	5
C. Tailored Tests											
C1. Combined contingent liabilities	16	24	22	20	18	16	14	13	12	11	10
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	16	18	19	18	18	17	16	16	15	15	15
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
TOTAL public debt benchmark	35	35	35	35	35	35	35	35	35	35	35
PV of Debt-to-Revenue Ratio											
Baseline	139	128	118	100	86	72	63	56	50	47	41
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	139	107	82	56	35	19	6	(5)	(13)	(21)	(28)
B. Bound Tests											
B1. Real GDP growth	139	135	134	120	109	98	92	89	87	88	84
B2. Primary balance	139	155	168	144	125	109	98	91	84	81	73
B3. Exports	139	172	230	207	188	170	160	151	139	132	119
B4. Other flows 3/	139	140	142	124	108	94	84	77	69	65	58
B5. Depreciation	139	138	120	99	81	63	49	38	28	20	11
B6. Combination of B1-B5	139	140	131	105	87	71	60	53	47	44	38
C. Tailored Tests											
C1. Combined contingent liabilities	139	176	160	137	120	104	94	86	80	77	70
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	139	145	144	136	127	116	110	106	103	105	101
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Debt Service-to-Revenue Ratio											
Baseline	5	6	21	21	19	19	17	15	13	12	11
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	5	5	12	15	12	11	9	7	4	3	3
B. Bound Tests											
B1. Real GDP growth	5	6	24	27	27	28	27	26	24	24	23
B2. Primary balance	5	6	40	50	37	29	24	20	17	17	16
B3. Exports	5	6	22	24	22	21	19	19	19	19	18
B4. Other flows 3/	5	6	21	21	20	19	17	16	14	13	13
B5. Depreciation	5	6	23	20	21	19	18	15	12	11	10
B6. Combination of B1-B5	5	6	20	29	23	20	17	15	12	12	11
C. Tailored Tests											
C1. Combined contingent liabilities	5	6	54	40	31	26	22	19	15	14	13
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	5	6	23	23	29	32	31	30	27	27	26
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Sources: Country authorities; and staff estimates and projections.
1/ A bold value indicates a breach of the benchmark.
2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.
3/ Includes official and private transfers and FDI.

Figure 3. Democratic Republic of the Congo: Drivers of Debt Dynamics – Baseline Scenario



1/ Difference between anticipated and actual contributions on debt ratios.

2/ Distribution across LICs for which LIC DSAs were produced.

3/ Given the relatively low private external debt for average low-income countries, a ppt change in PPG external debt should be largely explained by the drivers of the external debt dynamics equation.