

Table 1. Democratic Republic of the Congo: Selected Economic and Financial Indicators, 2000–0:

	2000	2001	2002		2003		2004		2005	
	Est.	Est.	EBS/02/76	Prel. Est.	EBS/02/76	Prog.	EBS/02/76	Proj.	EBS/02/76	Proj.
	(Annual percentage change)									
Output and prices										
Real GDP	-7	-2	3	3	5	5	6	6	7	7
GDP deflator	516	403	23	27	9	14	6	7	6	6
Consumer prices, annual average	550	357	25	26	9	13	6	6	5	5
Consumer prices, end of period	511	135	13	18	6	6	6	6	5	5
External sector										
Exports, f.o.b. (in U.S. dollar terms)	-8	-1	8	15	11	6	18	21	23	22
Imports, f.o.b. (in U.S. dollar terms)	49	19	36	33	42	29	24	23	8	11
Export volume	-4	-5	8	14	11	10	13	16	12	11
Import volume	51	24	37	31	40	26	22	22	6	9
Terms of trade	-3	9	3	0	8	-6	4	3	4	9
Nominal effective exchange rate 1/	-83	-84	...	-71	...	...	...	...	...	...
Real effective exchange rate 1/	-18	-6	...	-58	...	...	...	...	...	...
	(Annual change in percent of beginning-of-period broad money, unless otherwise indicated)									
Money and credit										
Broad money	493	217	35	22	....	17	....	....	....	....
Net foreign assets	-710	-695	36	2	....	9	....	....	....	....
Net domestic credit	343	31	2	-17	....	8	....	....	....	....
Net credit to the government	272	-7	-6	-18	....	0	....	....	....	....
Credit to the private sector	61	37	7	0	....	8	....	....	....	....
Credit to the parastatals	10	0	1	0	....	0	....	....	....	....
Central bank refinance rate (level in percent) 2/	120	140	...	24	....	....	....	....	....	....
	(In percent of GDP)									
Central government finances										
Revenue (excluding grants)	5.1	6.2	7.3	7.9	8.4	8.3	9.6	9.5	11.1	10.8
Grants (excluding humanitarian aid)	0.0	0.0	1.2	0.3	4.7	3.7	6.4	4.6	5.2	4.8
Expenditure 3/	11.1	7.9	11.0	8.9	18.1	16.8	21.1	20.7	18.2	20.3
Domestic primary cash balance 4/	-3.9	0.6	0.9	1.4	2.4	2.1	3.8	3.5	5.4	4.8
Overall balance (commitment basis)	-6.0	-1.6	-2.5	-0.6	-5.0	-4.8	-5.1	-6.6	-2.0	-4.8
Overall consolidated cash balance 5/	-4.1	0.5	-0.4	-0.1	-1.7	-2.0	-2.3	-4.0	-1.0	-2.4
Investment and saving										
Gross national savings	-1.2	0.5	11.0	9.2	15.9	14.6	16.9	15.2	16.1	16.3
Government	-5.6	-1.5	2.8	1.3	6.9	4.8	8.7	5.8	7.8	7.3
Nongovernment	4.4	2.1	8.3	7.9	9.1	9.8	8.2	9.4	8.3	9.0
Gross domestic savings	4.4	3.2	6.8	3.7	8.2	5.2	9.9	7.6	11.7	10.0
Government	-3.6	-0.2	1.9	1.1	2.7	2.5	4.1	3.9	5.7	5.2

Nongovernment	8.1	3.5	4.9	2.7	5.4	2.7	5.8	3.7	6.0	4.8
Investment	3.5	5.2	9.9	9.1	16.5	15.7	19.9	19.9	18.8	20.3
Government 6/	0.5	0.1	2.9	1.1	8.5	6.2	10.9	9.4	8.8	9.3
Nongovernment 7/	3.0	5.1	7.0	8.0	8.0	9.5	9.0	10.5	10.0	11.0

(In millions of U.S. dollars, unless otherwise indicated)

Balance of payments										
Exports of goods and nonfactor services	963	961	1,101	1,109	1,226	1,178	1,431	1,407	1,741	1,698
Imports of goods and nonfactor services	920	1,067	1,286	1,405	1,769	1,781	2,158	2,170	2,322	2,404
External current account, incl. grants, before debt relief (in percent of GDP)	-4.6	-4.7	-3.7	-3.2	-4.7	-5.0	-7.7	-8.6	-7.3	-7.8
External current account, excl. grants, before debt relief (in percent of GDP)	-9.5	-10.2	-9.1	-9.7	-12.2	-14.2	-14.9	-17.2	-11.6	-15.5
External current account, incl. grants, after debt relief (in percent of GDP) 8/	-4.6	-4.7	1.1	0.1	-0.5	-1.1	-3.0	-4.7	-2.6	-4.0
Gross official reserves (end of period)	51	22	111	86	216	178	260	254	321	341
Gross official reserves (weeks of imports)	3.8	1.4	6.2	4.2	10.0	7.7	9.3	9.1	9.6	10.6
External public debt										
Total, including IMF 9/	12,609	13,880	8,890	9,890	9,159	10,159	9,415	10,415	9,430	10,430
Net present value (NPV) of debt 10/	11,888	13,110	...	...	...	...	...	...	...	...
Scheduled debt service										
(including interest on arrears) 8/	724	728	56	38	178	155	319	259	357	291
In percent of exports of goods and nonfactor services	75	76	5	3	15	13	22	18	21	17
In percent of government revenue	331	218	50	8	21	22	27	29	27	27
Exchange rate										
Units of local currency per U.S. dollar (end of period) 11/	50	312	...	382	...	...	...	...	...	...
Nominal GDP (in billions of Congo francs)	297	1,464	1,976	1,911	2,270	2,281	2,556	2,579	2,893	2,935

Sources: Congolese authorities; and staff estimates and projections.

1/ Change in annual average. Minus sign indicates depreciation. For 2002, as of October.

2/ For 2002, as of December.

3/ Including interest due on external debt (before rescheduling) and, from 2003 onward, expenditure financed by resources released under the enhanced HIPC Initiative.

4/ Revenue (excluding grants) minus expenditure (excluding interest on debt and foreign-financed expenditure).

5/ Cash balance after interest rescheduling (including enhanced HIPC Initiative). Before 2002, excludes central bank operations.

6/ From 2003 onward, includes investment financed by resources released under the enhanced HIPC Initiative.

7/ From 2003 onward, includes capital projects financed through nongovernmental organizations.

8/ After possible debt relief from bilateral creditors and enhanced HIPC Initiative related assistance. Reflects staff estimates of the impact of the September 2002 Paris Club agreement.

9/ End-of-period debt stock, including arrears and before enhanced HIPC Initiative related assistance.

10/ The net present value of external public debt is about 94 percent of the nominal value, reflecting the significant stock of arrears.

11/ For 2002, as of December 30.

Table 2A. Democratic Republic of the Congo: Monthly Treasury Cash-Flow Plan, 2002

(In millions of Congo francs)

	Jan.–Sep.			Oct.–Dec.			Total 2002				
	Prog.	Prel. Est.	Diff.	Prog.	Proj.	Diff.	Prog.	In percent of GDP	Proj.	In percent of GDP	Diff.
Total revenue and grants	115,350	116,397	1,047	52,274	40,729	-11,544	167,624	8.5	157,127	8.2	-10,497.1
Total revenue	101,820	112,427	10,608	42,126	38,656	-3,470	143,946	7.3	151,083	7.9	7,137.8
Customs and excises (OFIDA)	41,501	39,170	-2,331	16,565	16,800	235	58,066	2.9	55,970	2.9	-2,095.8
Direct and indirect taxes (DGC)	29,281	29,162	-119	12,448	11,600	-848	41,729	2.1	40,762	2.1	-966.7
DGRAD	8,606	9,353	747	3,710	2,650	-1,060	12,316	0.6	12,003	0.6	-312.3
GECAMINES	489	0	-489	685	0	-685	1,174	0.1	0	0.0	-1,173.5
MIBA	2,178	873	-1,305	2,089	0	-2,089	4,267	0.2	873	0.0	-3,394.1
Petroleum	17,578	24,439	6,862	4,998	4,654	-344	22,576	1.1	29,093	1.5	6,517.4
Production	10,344	19,749	9,404	2,890	3,154	264	13,234	0.7	22,903	1.2	9,668.3
Distribution	7,234	4,691	-2,543	2,108	1,500	-608	9,342	0.5	6,191	0.3	-3,150.9
Other	2,186	722	-1,464	1,632	132	-1,500	3,818	0.2	854	0.0	-2,964.0
Off-budget revenue 1/	0	8,707	8,707	0	2,820	2,820	0	0.0	11,527	0.6	11,526.9
Total grants	13,530	3,970	-9,560	10,148	2,073	-8,074	23,678	1.2	6,043	0.3	-17,634.9
Total expenditure 2/	120,349	115,096	-5,253	56,035	44,599	-11,436	176,384	8.9	159,695	8.4	-16,688.9
Current expenditure	74,367	76,570	2,203	31,111	30,275	-836	105,478	5.3	106,845	5.6	1,367.4
Wages	31,194	27,579	-3,615	11,675	13,727	2,052	42,868	2.2	41,306	2.2	-1,562.6
Interest payments	9,080	11,965	2,885	4,126	3,337	-789	13,206	0.7	15,302	0.8	2,095.7
External debt (interest payment after debt relief)	3,972	713	-3,258	2,979	2,010	-968	6,950	0.4	2,723	0.1	-4,226.9
Domestic debt (interest payment)	5,109	11,252	6,143	1,147	1,326	179	6,256	0.3	12,579	0.7	6,322.6
Other current expenditure	27,698	32,086	4,388	12,161	11,404	-757	39,859	2.0	43,490	2.3	3,631.1
Institutions	5,941	11,653	5,712	2,638	3,495	856	8,579	0.4	15,147	0.8	6,568.1
Ministries	9,612	14,327	4,715	5,239	5,125	-114	14,851	0.8	19,452	1.0	4,601.0
Centralized payments (utilities)	5,913	2,507	-3,406	2,293	1,050	-1,243	8,206	0.4	3,557	0.2	-4,649.2
Provinces	2,596	3,344	748	1,870	1,614	-256	4,466	0.2	4,958	0.3	492.3
Other	3,636	255	-3,381	121	121	0	3,757	0.2	376	0.0	-3,381.1
Transfers and subsidies	6,396	4,940	-1,455	3,148	1,807	-1,341	9,544	0.5	6,747	0.4	-2,796.8
MIBA and GECAMINES	0	150	150	0	0	0	0	0.0	150	0.0	150.0

Transfers to public agencies and budgets annexes	2,127	438	-1,689	1,195	0	-1,195	3,323	0.2	438	0.0	-2,884.5
Retrocessions to revenue collecting agencies	4,268	4,352	84	1,953	1,807	-146	6,221	0.3	6,159	0.3	-62.3
Off-budget expenditure 1/	0	8,707	8,707	0	2,820	2,820	0	0.0	11,527	0.6	11,526.9
Capital expenditure	23,968	5,220	-18,748	18,093	4,765	-13,328	42,061	2.1	9,985	0.5	-32,076.1
Foreign-financed Investment	19,307	3,970	-15,337	14,480	3,973	-10,507	33,787	1.7	7,943	0.0	-25,843.5
Congolese-financed Investment	4,101	1,113	-2,987	3,173	746	-2,427	7,274	0.4	1,859	0.1	-5,414.5
Emergency program	561	137	-424	439	45	-394	1,000	0.1	182	0.0	-818.1
Net lending 3/	6,644	7,986	1,343	-900	0	900	5,744	0.3	7,986	0.4	2,242.4
Other operations	136	82	-54	64	64	0	200	0.0	146	0.0	-54.0
Contingency-unallocated social expenditure 4/	9,396	70	-9,326	6,822	3,780	-3,042	16,218	0.8	3,850	0.2	-12,368.0
Reserve fund	760	0	-760	240	0	-240	1,000	0.1	0	0.0	-1,000.0
Repayment of domestic arrears 5/	1,970	2,854	884	0	0	0	1,970	0.1	2,854	0.1	884
Wage arrears 5/	1,970	1,920	-50	0	0	0	1,970	0.1	1,920	0.1	-50
Nonwage arrears	0	933	933	0	0	0	0	0.0	933	0.0	933
BCC treasury deficit	3,107	9,288	6,181	606	2,276	1,670	3,713	0.2	11,564	0.6	7,851
IDI Diamond expenditure	0	4,318	4,318	0	620	620	0	0.0	4,938	0.3	4,938
Consolidated primary surplus (cash basis)	4,081	13,267	9,185	365	-533	-898	4,446	0.2	12,734	0.7	8,287
Monthly balance (cash basis)	-1,892	14,908	16,799	-3,155	-974	2,181	-5,047	-0.3	13,933	0.7	18,981
Consolidated balance (cash basis)	-4,999	1,301	6,300	-3,761	-3,870	-109	-8,760	-0.4	-2,568	-0.1	6,192
Cumulated balance (cash basis)	-4,999	1,301	6,300	-8,760	-2,568	6,192	-8,760	-0.4	-2,568	-0.1	6,192
Total financing	4,999	-1,301	-6,300	3,761	3,870	109	8,760	0.4	2,568	0.1	-6,191
Nonbank (certificates of deposit, net)	-2,096	-5,909	-3,813	-1,354	-1,700	-346	-3,450	-0.2	-7,609	-0.4	-4,159
BCC and other banking system 6/	-5,147	-19,949	-14,802	1,147	7,639	6,492	-4,000	-0.2	-12,310	-0.6	-8,310
Foreign financing	12,243	26,893	14,650	3,967	-2,069	-6,036	16,210	0.8	24,824	1.3	8,614
Nonresident banks 3/	6,953	7,097	144	0	0	0	6,953	0.4	7,097	0.4	144
Amortization (net payment) 7/	-6,140	-4,867	1,272	-4,605	-3,969	636	-10,745	-0.5	-8,836	-0.5	1,908
Additional financing	11,429	24,664	13,234	8,572	1,900	-6,672	20,001	1.0	26,564	1.4	6,562
<i>Of which:</i> project loans	5,776	0	-5,776	4,332	1,900	-2,432	10,109	0.5	1,900	0.1	-8,209
<i>Of which:</i> budget loans	5,653	24,664	19,011	4,240	0	-4,240	9,893	0.5	24,664	1.3	14,771
Discrepancy	0	-2,336	-2,336	0	0	0	0	0	-2,336	-0.1	-2,336

Sources: Congolese authorities; and staff estimates and projections.

1/ Off-budget revenue and expenditure include offsetting operations between the government and the petroleum distribution sector, and offsetting operations with GECAMINES (State mining company).

2/ Including domestic arrears and Central bank of the Congo (BCC) operations. A surplus of the BCC appears as a minus.

3/ Net lending are advances to the state petroleum company (COHYDRO) financed mainly by drawing on the government account at the Rand Merchant Bank (nonresident Bank) where petroleum production revenue was deposited in 2001.

4/ Contingent expenditure that was to be mobilized only if the debt-rescheduling assumptions materialized (CGF 13.8 billion) and COHYDRO reimbursed the government (CGF 2.4 billion, beginning in May).

5/ Including reimbursment of wage arrears accumulated from October 2001 to Freburay 2002.

6/ Net banking system credit to the government plus treasury balance at the central bank.

7/ Including US\$8.2 million payment in settlement of the Red Mountain case in June 2002.

Table 2B. Democratic Republic of the Congo: Monthly Treasury Cash-Flow Plan, 2003

(In millions of Congo francs)

	Jan.–Mar.	Apr.–Jun.	Jan.–Jun.	Jul.–Sep.	Oct.–Dec.	Jul.–Dec.	Total 2003	
	Prog.	Prog.	Prog.	Prog.	Prog.	Prog.	Prog.	In percent of GDP
Total revenue and grants	55,563	60,371	115,934	82,406	76,566	158,972	274,906	12.1
Total revenue	41,590	44,209	85,799	52,272	52,323	104,595	190,394	8.3
Customs and excise (OFIDA)	14,795	17,922	32,716	21,456	22,261	43,716	76,433	3.4
Direct and indirect taxes (DGC)	11,942	10,515	22,458	15,608	15,997	31,605	54,062	2.4
DGRAD (including revenue from public enterprises)	4,038	4,859	8,896	4,198	2,958	7,156	16,052	0.7
GECAMINES	327	327	654	327	327	654	1,308	0.1
MIBA	1,097	1,097	2,195	1,097	1,097	2,195	4,389	0.2
Petroleum	9,391	9,489	18,880	9,586	9,684	19,270	38,150	1.7
Production	4,923	4,974	9,898	5,026	5,077	10,102	20,000	0.9
Distribution	4,468	4,514	8,982	4,561	4,607	9,168	18,150	0.8
Other	0	0	0	0	0	0	0	0.0
Total grants	13,973	16,162	30,135	30,135	24,243	54,378	84,512	3.7
<i>Of which:</i> project grants	8,081	16,162	24,243	24,243	24,243	48,486	72,729	3.2
<i>Of which:</i> HIPC debt relief	5,892	0	5,892	5,892	0	5,892	11,783	0.5
Total expenditure 1/	60,295	70,832	131,127	100,103	89,400	189,504	320,631	14.1
Current expenditure	42,447	35,589	78,036	49,901	38,158	88,060	166,095	7.3
Wages	12,774	14,428	27,202	14,751	15,398	30,149	57,351	2.5
Military and police	4,395	4,482	8,878	4,527	4,617	9,144	18,021	0.8
Civilians	8,379	9,945	18,325	10,224	10,781	21,005	39,330	1.7
Interest payments	14,388	1,662	16,050	15,050	2,411	17,460	33,511	1.5
External debt (interest payment after debt relief)	14,144	1,419	15,563	14,806	2,167	16,973	32,536	1.4
Domestic debt (interest payment)	244	244	488	244	244	488	975	0.0
Other current expenditure	13,485	13,954	27,439	14,329	14,610	28,939	56,379	2.5
Institutions	2,375	2,375	4,750	2,375	2,375	4,750	9,500	0.4
Ministries	5,141	5,358	10,499	5,532	5,662	11,194	21,693	1.0
Centralized payments (utilities)	4,195	4,372	8,567	4,514	4,620	9,133	17,700	0.8
Provinces	1,537	1,602	3,139	1,654	1,693	3,347	6,485	0.3
Other	237	247	484	255	261	516	1,000	0.0

Transfers and subsidies	1,799	5,545	7,344	5,771	5,740	11,511	18,855	0.8
MIBA and GECAMINES	0	3,325	3,325	3,325	3,325	6,650	9,975	0.4
Transfers to public agencies and budgets annexes	250	250	500	250	250	500	1,000	0.0
Retrocessions to revenue-collecting agencies	1,549	1,970	3,519	2,196	2,165	4,361	7,880	0.3
Capital expenditure	14,741	29,182	43,923	43,123	43,173	86,295	130,218	5.7
Foreign-financed investment	13,691	27,382	41,073	41,073	41,073	82,145	123,218	5.4
Congolese-financed investment	1,050	1,800	2,850	2,050	2,100	4,150	7,000	0.3
Net lending	0	0	0	0	0	0	0	0.0
Other operations	0	0	0	0	0	0	0	0.0
HIPC-related expenditure	0	2,946	2,946	3,928	4,910	8,837	11,783	0.5
Reserve	15	1	17	16	2	18	35	0.0
Repayment of arrears	1,000	1,000	2,000	1,000	1,000	2,000	4,000	0.2
BCC treasury deficit	2,092	2,114	4,207	2,136	2,158	4,293	8,500	0.4
Consolidated primary surplus (cash basis)	9,655	-8,799	857	-2,647	-10,424	-13,071	-12,215	-0.5
Monthly balance (cash basis)	-2,640	-8,347	-10,987	-15,561	-10,677	-26,238	-37,226	-1.6
Consolidated balance (cash basis)	-4,733	-10,461	-15,194	-17,697	-12,834	-30,531	-45,725	-2.0
Cumulated balance (cash basis)	-4,733	-15,194	-15,194	-32,891	-45,725	-45,725	-45,725	-2.0
Total financing	4,733	10,461	15,194	17,697	12,834	30,531	45,725	2.0
Nonbank (certificates of deposit, net)	0	0	0	0	0	0	0	0.0
BCC and other banking system 2/	-634	2,229	1,595	-702	-894	-1,596	0	0.0
Foreign financing	5,367	8,232	13,598	18,399	13,728	32,127	45,725	2.0
Nonresident banks	0	0	0	0	0	0	0	0.0
Amortization (net payment)	-15,962	-2,988	-18,950	-18,598	-3,102	-21,700	-40,651	-1.8
Additional financing	21,329	11,220	32,549	36,998	16,830	53,827	86,376	3.8
<i>Of which:</i> project loans	5,610	11,220	16,830	16,830	16,830	33,659	50,489	2.2
<i>Of which:</i> budget loans	15,719	0	15,719	20,168	0	20,168	35,887	1.6
Discrepancy	0	0	0	0	0	0	0	0.0

Sources: Congolese authorities; and staff estimates and projections.

1/ Including domestic arrears and Central Bank of the Congo (BCC) operations. A surplus of the BCC appears as a minus.

2/ Net banking system credit to the government plus treasury balance at the BCC.

Table 3. Democratic Republic of the Congo: Action Plan to Strengthen the Institutional Capacity of the Central Bank of the Congo

Measures	Implementation Timetable
<b>Banking supervision</b>	
Clarify the responsibilities of the Central Bank of the Congo (BCC) staff involved in bank supervision and restructuring.	January 2003
Proceed with an in-depth review of the nature and composition of prudential ratios, taking account of the situation of institutions, international standards in the field, and consistent with Southern African Development Community (SADC) regional initiatives.	Draft in 2003 for implementation after the balance sheets of the institutions subject to review are cleaned up
Define a specific framework for periodic statements to provide the information required for supervision, in consultation with the Congolese Banking Association.	March 2003
Proceed with an inventory of cooperatives and other financial institutions that are currently not covered by banking supervision.	June 2003
Formalize the process of programming on-site audits (statement of reasons and order of priority based on risk).	Field audit program for 2003
Formalize the operational organization of desk audits and implement a standard framework for reporting on an ongoing basis. Strengthen on-site controls and conduct general purpose missions.	End-2003
<b>The combating of money laundering and the financing of terrorism</b>	
Sensitize the Congolese Banking Association so that it can define rules for vigilance and good conduct applicable to its members.	During 2003
<b>Accounting and internal audit</b>	
Establish methods of accounting and accounts reconciliation concerning IMF accounts.	January 2003
Produce financial statements for the year ended December 31, 2002 in accordance with the International Accounting Standards (IAS) template.	March 2003
Complete the audit of fiscal year (FY) 2002 and publish the audited accounts.	May and June 2003
Appoint the BCC Board of Directors and statutory auditors.	January 2003



Adoption by the Board of internal regulations to (i) establish an audit committee; (ii) adopt the IAS; and (iii) institutionalize audits in accordance with IAS subsequent to FY 2002.	March 2003
Publish a legal instrument indicating the reliance of the statutory auditors on the audit report prepared by an internationally recognized independent firm, in addition to their core duties.	March 2003
Adopt by presidential decree the BCC-cashier to the government convention.	January 2003
Ensure that BCC produces a financial statement reflecting all adjustments resulting from the FY 2000 and FY 2001 audits, including the cleaning up of suspense accounts.	March 2003
Systematically follow up and resolve any issues identified in the audit reports, including discrepancies with the treasury accounts or other account differences; eliminate any unsupported or uncollectible accounts; and dispose of all suspense accounts, including those under “other items” in the Integrated Monetary Survey.	December 2002
Adjust and correct program data (stocks and flows) as of December 2001 and September 2002 for errors detected during the FY 2001 external audit and by the IAD.	December 2002
Include the IAD in the review of program data by having it participate in the semiannual audits by an external audit firm and by reviewing the quarterly performance indicators under the program. The IAD should produce reports on these audits.	December 2002– January 2003
Monitor the accounts’ cleanup and review balance-sheet provisions and adjustments in coordination with the committee created for that purpose. Produce a final report on these adjustments.	
Complete an internal audit of foreign exchange reserves management.	March 2003
Have an external audit firm audit the BCC’s net foreign assets and net domestic assets, net bank credit to government, BCC credit to nonfinancial public sector enterprises, and BCC credit to the nonfinancial private sector.	Within the required time frame for program review, including December 2002
Draft manuals of control for domestic and foreign currency payments, explicitly establishing the division of labor among the units involved, describing payment authorization procedures, and envisaging regular bank reconciliations with correspondents.	September 2003
Open a separate account at the Bank for International Settlements (BIS) for IMF disbursements; any use will be subject to specific ex ante controls.	December 2002
Adopt procedures for monthly reconciliation of foreign assets and liabilities with the statements prepared by banking correspondents.	February 2003

Reduce the number of domestic and foreign banking correspondents. January 2003

Ensure adoption by the Board of guidelines for foreign exchange reserves management. April 2003

Define the duties of the Audit Committee. April 2003

**Monetary and exchange operations**

Establish monetary programming for flows of Congo franc banknotes and foreign currency. January 2003

Draft a Treasury Directorate reorganization plan. April 2003

Liquefy banks' free reserves and refund the balance of certificates of deposit. January 2003

Create a new deposit facility to back deposits with the commercial banks. January 2003

Senior management approval of the plan to restructure the Foreign Services Directorate (DSE) by dividing it into two subdirectorates: SDO (the operations subdirectorates) and SDA (the support services subdirectorates). February 2003

Prepare the preliminary drafts of the procedures manuals for the two DSE subdirectorates. February 2003

Senior management adoption of the DSE procedures manuals. Senior management approval of DSE accounting reform. Mid-March 2003

Install computer and telecommunications equipment in the DSE operations office; acquire ACCESS software; and recruit an ACCESS IT specialist. March 2003

Start up technical assistance for upgrading the DSE back office. April 2003

Finalize upgrades to reserves and exchange management operations by the DSE front office. May 2003

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Table 4. Democratic Republic of the Congo: Quarterly Quantitative Performance Criteria, 2002 1/

(In millions of Congo francs, unless otherwise indicated)

	Stock 2001		Cumulative Changes 2/ 2002	
	End-December	End-December Rev.	End- September Prog.	End-September Act.
Floor on the net foreign assets of the BCC (in millions of U.S. dollars) 3/ 4/	-600	-623	0	28
Ceiling on the net domestic assets of the BCC 3/ 4/	239,772	246,721	-2,822	-1,563
Ceiling on the net bank credit to the government 4/	11,198	12,242	-5,148	-19,922
Ceiling on BCC credit to nonfinancial public sector enterprises	2,071	0	0	0
Ceiling on BCC credit to nonfinancial private sector	1,244	1,146	0	0
Ceiling on the contracting or guaranteeing of new nonconcessional external debt with original maturity of more than one year by the government or the BCC 5/	0	0	0	0
Ceiling on the contracting or guaranteeing of new nonconcessional external debt with original maturity of less than one year by the government or the BCC 6/	0	0	0	0
Ceiling on wage arrears	800	800	-800	-800
Ceiling on new external debt arrears (in millions of U.S. dollars) (continuous performance criterion)	10,082	10,925		
Memorandum item: Base money	36,914	38,348	3,023	11,530

Source: Congolese authorities.

Note: the observance of the first five performance criteria has been audited by an international firm.

1/ Quantitative performance criteria and benchmarks and the procedures for monitoring are defined in the technical memorandum of understanding attached to the letter of intent (EBS/02/76; 5/29/02).

2/ Cumulative changes are calculated from end-December 2001 onward.

3/ The stock of net foreign assets and net domestic assets of the BCC are valued at the program exchange rates (SDR1 = US\$1.26537; and US\$1 = CGF 313.6).

4/ Twenty-five percent of any revenue (excluding grants) in excess of program levels will be used to reduce the stock of certificates of deposit (CDs) issued before end-March 2002.

5/ This performance criterion applies not only to debt as defined in item No. 9 of the Guidelines on Performance Criteria with Respect to Foreign Debt, adopted on August 24, 2000, but also to commitments contracted or guaranteed for which value has not been received. Excluded from this performance criterion are rescheduling arrangements and purchases from the Fund. For purposes of this performance criterion, the term "nonconcessional" means that the debt has a grant element of less than 35 percent, calculated using currency-specific discount rates that are based on the OECD commercial interest reference rates (CIRRs).

6/ This performance criterion applies not only to debt as defined in item No. 9 of the Guidelines on Performance Criteria with Respect to Foreign Debt, adopted on August 24, 2000, but also to commitments contracted or guaranteed for which value has not been received. Excluded from this performance criterion are rescheduling arrangements, purchases from the Fund, and normal import-related credits other than for petroleum imports. For purposes of this performance criterion, the term "nonconcessional" means that the debt has a grant element of less than 35 percent, calculated using currency-specific discount rates that are commercial interest reference rates (CIRRs).

Table 5. Democratic Republic of the Congo: Quarterly Quantitative Performance Criteria and Benchmarks, 2002–031/

(In millions of Congo francs, unless otherwise indicated)

	Stock End-September 2002	Cumulative Changes 2/				
		End-December 2002 Performance Benchmarks (Revised)	End-March 2003 Performance Criteria	End-June 2003 Performance Benchmarks	End-September 2003 Performance Benchmarks	End-December 2003 Performance Benchmarks
Floor on the net foreign assets of the BCC (in millions of U.S. dollars) 3/ 4/	-595	-26	-41	-37	-31	-26
Ceiling on the net domestic assets of the BCC 3/ 4/	245,158	7,503	6,911	9,183	8,524	7,673
Ceiling on net bank credit to the government 4/	-7,680	7,639	7,005	9,234	8,532	7,639
Ceiling on BCC credit to nonfinancial public sector enterprises	0	0	0	0	0	0
Ceiling on BCC credit to nonfinancial private sector	1,146	0	0	0	0	0
Ceiling on the contracting or guaranteeing of new nonconcessional external debt with original maturity of more than one year by the government or the BCC 5/	0	0	0	0	0	0
Ceiling on the contracting or guaranteeing of new nonconcessional external debt with original maturity of less than one year by the government or the BCC 6/	0	0	0	0	0	0
Ceiling on wage arrears	0	0	0	0	0	0
No accumulation of external debt arrears (in millions of U.S. dollars) 7/ 8/	9,530	0	0	0	0	0
The BCC will make no payment of expenditure of the government that has not been authorized in advance by the Minister of Finance 9/						
The BCC will make no purchase of Congo franc notes or foreign currency in the market at a discount rate against payment in deposit money 9/						
Memorandum item:						
Base money	49,878	4,442	6,377	8,313	10,249	12,185

Sources: Congolese authorities.

Note: Until the expiration of the three-year arrangement under the Poverty Reduction and Growth Facility (PRGF) in June 2005, the observance of the first five performance criteria will be audited by an international firm.

1/ Quantitative performance criteria and benchmarks, as well as the procedures for their monitoring are defined in the attached technical memorandum of understanding (EBS/02/76; 5/6/02).

2/ Cumulative changes are calculated from end-September 2002 onward.

3/ The stock of net foreign assets and net domestic assets of the Central bank (BCC) are valued at the program exchange rates (SDR1 = US\$1.26537; US\$1 = CGF 313.6; and 1 Euro = CGF 357.62).

4/ Fifty percent of any surplus over the programmed amount of external budgetary assistance (excluding project assistance), net of debt service and including external debt service rescheduling, that has not been used to finance poverty reduction expenditure, public enterprise restructuring, and domestic debt repayment (including cross-arrears on payments that have been certified in cooperation with World Bank staff) will be used to reduce net banking system credit to the government, and the corresponding performance criterion will be lowered accordingly. The criteria on net foreign assets and net domestic assets will be raised and lowered, respectively, by the same amount. This adjustment does not apply to HIPC Initiative resources, which will be deposited in a special account at the BCC.

5/ This performance criterion applies not only to debt as defined in item No. 9 of the Guidelines on Performance Criteria with Respect to Foreign Debt, adopted on August 24, 2000, but also to commitments contracted or guaranteed the debt has for which value has not been received. Excluded from this performance criterion are rescheduling arrangements and purchases from the Fund. For purposes of this performance criterion, the term "nonconcessional" means that a grant element of less than 35 percent, calculated using currency-specific discount rates that are based on the OECD commercial interest reference rates (CIRRs).

6/ This performance criterion applies not only to debt as defined in item No. 9 of the Guidelines on Performance Criteria with Respect to Foreign Debt, adopted on August 24, 2000, but also to commitments contracted or guaranteed for which value has not been received. Excluded from this performance criterion are rescheduling arrangements, purchases from the Fund, and normal import-related credits other than for petroleum imports. For purposes of this performance criterion, the term "nonconcessional" means that the debt has a grant element of less than 35 percent, calculated using currency-specific discount rates that are based on the OECD commercial interest reference rates (CIRRs).

7/ The stock at end-September includes arrears at end-2001 plus penalty interest on arrears and accumulation of arrears on current maturities in 2002.

8/ This is a continuous performance criterion.

9/ These are continuous performance criteria as of the completion of the first review of the PRGF arrangement.

Table 6. Democratic Republic of the Congo: Prior Actions,  
Structural Performance Criteria and Benchmarks, 2002 and 2003

Measures	Timetable	Status
<b>A. Prior Actions</b>		
Audit by an international firm of five performance criteria as of end-September 2002: net foreign assets of the BCC, net domestic assets of the BCC, net bank credit to the government, BCC credit to nonfinancial public enterprises, and BCC credit to the non-financial private sector.	End-December 2002	Implemented
An 18 percent increase in petroleum product prices, in accordance with the automatic mechanism for fixing these prices.	Mid-February 2003	Implemented
Opening of a separate account at the Bank for International Settlement (BIS) to deposit the proceeds of IMF drawings; any use of these deposits will be subject to ex ante controls.		Implemented
<b>B. Structural Performance Criteria</b>		
Completion of the financial audit of the Central Bank of the Congo (BCC).	By end-September 2002	Implemented
Preparation of a list of banks to be liquidated, privatized, or restructured, and placement into receivership of the NBK, BCA, and BCCE.	By end-September 2002	List drawn up; NBK and BCA in liquidation; Decision on BCCE by end-January 2003.
Publication of a Code of Ethics and Good Conduct applicable to the whole civil service, without exception.	By end-September 2002	Implemented with brief delay
Establishment of new expenditure procedures, reinstating and rationalizing the full expenditure chain, including commitment, liquidation, payment order, and payment.	By end-March 2003	

**C. Structural Performance Benchmarks**

Preparation of a global strategy and action plan for the fight against corruption.	By end-September 2002	Implemented
Completion of the formulation of a strategy for the restructuring of the state mining company (GECAMINES).	By end-September 2002	Implemented
Drafting of an action plan, taking into account the recommendations of the BCC financial audit.	By end-December 2002	Implemented
Completion of the financial audit of the state oil company (COHYDRO).	By end-December 2002	On-going

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