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DEMOCRATIC REPUBLIC OF THE CONGO

Decision Point Document for the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative

Prepared by the Staffs of the International Monetary Fund and the International Development Association[1]

July 14, 2003

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List of Acronyms and Abbreviations

AAP	Assessment and Action Plan
AfDB	African Development Bank
AfDF	African Development Fund
BADEA	Arab Bank for Economic Development in Africa
BCC	Banque centrale du Congo
BDEGL	Banque de développement des Etats des Grands Lacs
BEAC	Banque des Etats de l'Afrique Centrale
CIRR	Commercial interest reference rate
DMFAS	Debt Management and Financial Analysis System
DRC	Democratic Republic of the Congo
DSA	Debt sustainability analysis
EMRRP	Emergency Multi-Sector Rehabilitation and Reconstruction Project
EIB	European Investment Bank
ERC	Economic Recovery Credit
EU	European Union
GDP	Gross domestic product
HIPC	Heavily Indebted Poor Countries
HIV/AIDS	Human immunodeficiency virus/acquired immunodeficiency syndrome
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
I-PRSP	Interim Poverty Reduction Strategy Paper
JSA	Joint staff assessment
LAN	Local area network
MDGs	Millennium Development Goals
MONUC	United Nations Observation Mission
NGO	Nongovernmental organization
NPV	Net present value
ODA	Official development assistance
OGEDEP	Office de gestion de la dette publique
OPEC	Organization of Petroleum Exporting Countries
PEG	Government Economic Program
PPA	Participatory Poverty Assessment
PRGF	Poverty Reduction and Growth Facility
SDR	Special drawing rights
SMP	Staff-monitored program
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development

I. INTRODUCTION

1. This paper presents an assessment of the Democratic Republic of the Congo's (DRC) eligibility for assistance under the enhanced Initiative for Heavily Indebted Poor Countries (enhanced HIPC Initiative). The Executive Boards of the IMF and IDA discussed the preliminary HIPC document (EBS/02/88, 5/24/02, and IDA Report No. 24213, 5/23/02) for the DRC on June 12 and 13, 2002, respectively. At that time, the government's interim poverty reduction strategy paper (I-PRSP) (EBD/02/81, 5/28/02, and IDA Report No. 24216, 5/24/02) and the joint staff assessment (JSA) (EBD/02/82, 5/28/02, and IDA Report No. 24216) were also discussed. On that occasion, Directors made a preliminary determination that the DRC could be eligible for assistance under the enhanced HIPC Initiative on the basis of its heavy debt burden, its track record of performance under IDA- and IMF-supported programs, and its status as an IDA-only and Poverty Reduction and Growth Facility (PRGF)-eligible country. Executive Directors also indicated that the I-PRSP provided an adequate basis for concessional assistance from IDA and the IMF. Most Directors indicated that the DRC could reach a decision point in early 2003, provided that (a) adequate progress continued to be made under the peace process; and (b) the country remained on track with its IDA- and PRGF-supported programs.

2. **Over the past two years, the DRC has made remarkable progress in consolidating the peace process (although outbreaks of violence continue to occur), stabilizing the economic situation, and creating the conditions for sustainable economic growth and poverty reduction**. An all-inclusive transitional government was nominated on June 30, 2003, to be followed by free and transparent elections after two years. The satisfactory performance under the IMF staff-monitored program (SMP), covering June 2001 to March 2002, paved the way for a PRGF arrangement of SDR 580 million, approved by the IMF's Executive Board on June 12, 2002, and renewed IDA lending, including an Economic Recovery Credit (ERC) of SDR 360.4 million (approved by IDA Executive Directors on June 13, 2002) and an Emergency Multi-Sector Rehabilitation and Reconstruction Project (EMRRP) of SDR 358.8 million (including an IDA grant of SDR 31.6 million), which was approved on August 6, 2002.[2] The first review of the PRGF-supported program was concluded by the Executive Board of the IMF on March 24, 2003. The forestry sector tranche of IDA's ERC was released on February 14, 2003, and the mining sector tranche on June 25, 2003. The DRC's demonstrable progress in the areas of peace and economic reform, as well as its heavy debt burden, continue to warrant an early HIPC Initiative decision point. **Although the outbreaks of violence imply risks, in the opinion of the IDA and IMF staffs, the DRC has met the conditions for reaching the decision point.**

3. This paper is organized as follows: Section II provides background information on the DRC's eligibility for assistance under the enhanced HIPC Initiative, the dimensions of poverty, political and security developments, and the macroeconomic and structural adjustment record to

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[2] The proceeds of the first purchase under the PRGF and the first tranche of the ERC were used mainly to repay bridge loans that had been obtained to clear the DRC's arrears with the IMF and IDA, amounting to SDR 403.9 million and US$328.6 million, respectively.

date; Section III discusses the PRSP process and the medium-term macroeconomic objectives, as well as the structural and sectoral reforms to be implemented before reaching the completion point; Section IV presents the debt sustainability analysis (DSA); Section V lists the floating completion point triggers, specifies how enhanced HIPC Initiative assistance after the decision point will be used and tracked, and discusses expected progress toward meeting the Millennium Development Goals (MDGs) as a result of the enhanced HIPC Initiative assistance; and, finally, Section VI presents issues for discussion by the Boards of Executive Directors.

II. Assessment of Eligibility

A. PRGF and IDA Status

4. **The DRC is currently an IDA-only country, with a nominal per capita GDP of about US$99 in 2002; it is eligible to receive resources under the PRGF**. As demonstrated in Section IV, the DRC will continue to need substantial concessional assistance from the international community in the medium term, and is likely to remain an IDA-only and PRGF-eligible country for many years to come.

B. Dimensions of Poverty

5. Over three decades of economic and financial mismanagement, corruption and civil strife have caused nominal GDP per capita to decline dramatically from US$286 at independence in 1960 to US$99 in 2002. Since 1996, widespread suffering from a war involving the armies of seven other African nations and several militias has claimed over 3 million lives, directly through combat and indirectly through war-induced deprivation. It is estimated that 80 percent of the population lives on less than US$0.20 per day. Emerging from this decay and destruction, the DRC may be decades away from reaching the MDGs.[3] For the year 2001, the 2003 United Nations (UN) human development index ranked the DRC 167th out of 175 countries.

6. **The effects of widespread poverty are reflected in the DRC's social statistics** (Box 1). Infant and child mortality rates are well above the already high averages for sub-Saharan Africa. The HIV/AIDS prevalence rate is especially high in those regions that have been affected by conflict, particularly among women. The number of people newly infected with HIV increased by a factor of 16 between 1990 and 2000. By December 2000, about 1.1 million people were known to be living with HIV/AIDS, and close to a million children had been orphaned by AIDS. Life expectancy declined from 52 years in 1994 to 41 years in 2001. Malaria kills over 500,000 people per year, while more than 12.5 million were infected in 2000 by the parasite causing sleeping sickness. Also, the incidence of tuberculosis and diarrheal diseases (including cholera and typhoid fever) has increased significantly.

7. The I-PRSP finds that 37 percent of the population has no access to any kind of formal health care. In 1995, only 18 percent of households had access to hygienic latrines and

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[3] The MDGs in the DRC context are described in Section V(E).

41 percent to potable water. In the eastern provinces, 41 percent of children under 5 years of age are malnourished and 26 percent are severely malnourished. The child vaccination rate is 29 percent. Educational statistics are similarly discouraging. Although literacy rates in the DRC remain higher than the average for sub-Saharan Africa, gross enrollment rates are lower and declined substantially between 1985 and 2000. In addition, the latest UNICEF survey (2001) shows that only 17 percent of children are admitted to primary school at the legally required age of 6 years, against 23 percent in 1995. The admission rate in urban areas is 33 percent, and in rural areas 10 percent. Only 34 percent of children in cities and 20 percent in rural areas, entering primary school, reach fifth grade, while 31 percent of children aged 6–14 have never attended school.

C. Recent Political and Security Developments

8. **Remarkable progress has been made in consolidating the peace process.** The new Transitional Constitution was enacted on April 4, 2003. Major General Kabila was sworn in as President of the DRC on April 7, 2003 for a two-year transition period, after which free, fair and transparent elections are to be held. An all-inclusive transition government, comprising the President, four vice-presidents, 36 ministers, and 25 vice-ministers, was nominated on June 30, 2003. An international committee has been established to monitor the transition process.

9. **However, outbursts of violence have continued to occur. In this context, fighting among rebel groups exploiting historical rivalries between two ethnic groups** (the Hemas and the Lendus) **in the northeast Ituri region has caused extensive civilian casualties,** particularly in the town of Bunia. On May 30, 2003, the UN Security Council authorized the establishment of an Interim Emergency Multinational Force (IEMF) in Bunia, comprising about 1,400 soldiers, including 700 soldiers from France, with a broader mandate than the existing UN Observation Mission in the DRC (MONUC). The Council stressed that the IEMF was to be deployed on a strictly temporary basis in order to reinforce MONUC. It demanded that all parties to the conflict in Ituri cease hostilities immediately, and that all Congolese parties and all states in the Great Lakes region cooperate with the IEMF and MONUC to stabilize the situation in Bunia. A recent UN Security Council delegation that visited the Great Lakes region stated that **stabilization of the situation in Ituri will require strong and sustained international pressure** on all parties to the conflict, as well as their foreign allies, to cease hostilities, the provision of arms, and the illegal exploitation of the DRC's natural resources. President Kabila has requested an extension of the IEMF's mandate beyond its current September 1, 2003 expiration date.

D. Macroeconomic and Structural Adjustment Record

10. **The DRC has also made remarkable progress in stabilizing the macroeconomic situation and in laying the foundations for sustainable economic growth and poverty reduction,** first via the SMP, and subsequently via the Government Economic Program (PEG), covering April 2002–July 2005, supported by an arrangement under the IMF's PRGF, as well as IDA's ERC and EMRRP.

11. **The implementation of bold and heavily front-loaded measures under the SMP marked a turnaround in the conduct of economic policy that has produced significant results**, especially by breaking the vicious circle of hyperinflation and currency depreciation. Important progress has been made in strengthening public finances via a return to normal budgetary procedures, including the centralization of revenue and expenditure, and a reduction in the use of extrabudgetary channels. A monthly treasury cash-flow plan has been strictly implemented.

12. **Through March 2003, performance under the PRGF-supported program was broadly satisfactory.** For the first time in 13 years, economic growth was positive (about 3 percent) in 2002. The end-of-period inflation rate was about 16 percent in December 2002, sharply down from 135 percent the year before. At end-May 2003, end-of-period inflation stood at 4.6 percent, owing to the rise in the prices of petroleum products of 9 percent in mid-February and 10 percent in mid-March. Adjusted for these two price increases, the inflation rate was about 2.5 percent, in line with the rate of 6 percent initially projected for the end of the year. Fiscal performance in 2002 was better than programmed, with revenue slightly higher and expenditure slightly lower than anticipated. In the first quarter of 2003, fiscal receipts (excluding grants) were in line with the program target, while overall expenditure was lower. However, **while overall fiscal performance was broadly on track, the anticipated shift in the composition of expenditure toward pro-poor spending has not materialized,** owing to a shortfall in foreign-financed investment and social outlays, and an increase in security- and sovereignty-related expenditure associated with the inter-Congolese dialogue and the security vacuum that developed after the withdrawal of foreign troops. At end-2002, while the combined share of defense, security, and institutional spending amounted to 48 percent of government primary expenditure, social expenditure accounted only for 7 percent of government primary expenditure, instead of the targeted 15 percent.

13. While implementing its stabilization measures, the DRC was able to initiate, mainly supported by IDA, (a) the rebuilding of agricultural production and the enhancement of food security; (b) the rehabilitation and reconstruction of critical infrastructure; (c) the restoration of essential social services and the rebuilding of community infrastructure; and (d) the strengthening of the institutional and administrative capacity of the government, with technical assistance from IDA and the IMF.

14. **Since early 2001, far-reaching structural measures have been put in place, resulting in the removal of major economic distortions**, notably via the unification of multiple exchange rates and the liberalization of prices, the latter including the introduction of a transparent and automatic mechanism for the pricing of petroleum products. Important changes in the judicial and regulatory environment are also under way, as illustrated by the adoption of new legislation on the exchange and payments system; a new banking law; new statutes for the Central Bank of the Congo (BCC) that enshrine its independence in the conduct of monetary policy; new investment, mining, forestry, and labor codes; the abolition of the export monopoly and the implementation of certification of origin for diamonds; and the replacement of exceptional military tribunals by civil courts for business and economic affairs.

15. **Further structural and sectoral reforms are being undertaken or initiated as follows:**

- **Banking sector reform.** With a view to reviving financial intermediation and increasing the effectiveness of monetary policy, the following measures are being implemented with IDA assistance, albeit with some delay compared with the original schedule: (a) the updating, by end-July 2003, of the already completed audits of four commercial banks; (b) the completion, by end-August 2003, of audits of the five commercial banks that have not yet been audited; and (c) the drawing up and introduction, by end-December 2003, of an appropriate recovery plan for those banks that are considered solvent on the basis of the audits. In addition, the BCC is implementing, with technical assistance from the IMF, an action plan aimed at improving its accounting system, management, and operations;
- **Concerning public enterprises**, the Steering Committee on the Reform of Public Enterprises (COPIREP) has been established, and its members are being selected. The program of voluntary separations (about 9,000 staff) at the public mining company GECAMINES, financed by IDA's ERC, will begin in late July 2003 and is expected to be completed by December 2003. The restructuring plan of GECAMINES is expected to be approved by the government at the same time. The audit of cross debts between public enterprises and the government is expected to be finalized by September 2003. Based on the results of the audit, a timetable will be established by end-2003 for the clearance of certified arrears; and
- **The government has continued to stress the promotion of good governance and measures to combat corruption.** An anticorruption strategy and an anticorruption action plan were adopted in February 2003. Results from the audits of the tax and customs administrations, as well as some public enterprises, were published in the local press and led to the replacement of a number of high-ranking public officials. All IDA and most other externally financed public projects are now subject to a transparent bidding process. Government budget execution for 2001 and 2002, as well as the yearly financial accounts of the BCC, will be audited by the General Accounting Office and an international firm, respectively. The Code of Ethics and Good Conduct, applying to all public servants, was published in November 2002.

III. Medium-Term Strategy for Poverty Reduction

A. The PRSP Formulation Process

16. **In March 2002, the government produced an I-PRSP through a participatory process that, in preparation of the full PRSP, will broaden as the country reunifies.** Consultations carried out in four provinces showed that the population considers the primary causes of poverty to be appalling governance at all levels, economic mismanagement, systematic plundering of public and natural resources, the gross inadequacy of public services, and the lack of maintenance of economic and social infrastructure. The poverty reduction strategy that resulted from these consultations envisages three phases of policy effort—stabilization, reconstruction, and development—and is based on three pillars of activity: (a) restoring peace and achieving good governance; (b) stabilizing the macroeconomic environment and achieving

pro-poor growth; and (c) placing local communities in a central position in the formulation and implementation of social and development activities. The I-PRSP has been translated into the four main national languages. Although the participatory processes underpinning the I-PRSP[4] were largely restricted to stakeholders in the provinces under government control, all parties to the inter-Congolese dialogue unanimously endorsed the economic agenda of the government embodied in the I-PRSP.

17. A National Poverty Survey, one of the first steps planned for drawing up the full PRSP, has been under preparation since June 2002. It uses a focus-group method (field-tested during November–December 2002), which is faster, but less comprehensive than a household survey.[5] The National Poverty Survey will identify poor groups and communities by reference to specific benchmarks (e.g., distance from schools, health centers, water wells). A full PRSP is to be completed in the third quarter of 2005.

18. The joint assessment of the I-PRSP by the staffs of IDA and the IMF concludes that the strategy paper provides an adequate basis for the development of a participatory full PRSP and the provision of concessional assistance. The Executive Directors of the IMF and IDA endorsed this joint assessment on June 12 and 13, 2002, respectively. The recently issued joint staff assessment of the authorities' PRSP Preparation Status Report of June 2003 recommends that Directors reconfirm their earlier conclusions.

B. Macroeconomic Objectives

19. The macroeconomic objectives for the period 2003–05[6] include, inter alia, (a) an average real GDP growth rate of 6 percent over the period 2003–05, implying an average annual increase in per capita GDP of about 3 percent; (b) a reduction in the annual inflation rate to 5 percent by 2005; and (c) a gradual increase in gross international reserves to about 11.5 weeks of non-aid imports of goods and services by 2005 (Table 1).[7] These growth patterns are consistent with those observed in other post-conflict countries, but imply levels well below those from before the war.

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[4] I-PRSP, paras. 65–72.

[5] A large-scale household survey would be of questionable value in a country that is emerging from war and subject to large movements of displaced households and individuals.

[6] Longer-term scenarios are discussed in Section IV in the context of the DSA.

[7] Debt service, debt relief, and related social expenditure data in this document are based on a debt sustainability analysis (DSA) using end-2002 as the reference date, and differ from those in the staff report on the second review under the PRGF arrangement (EBS/03/98, 7/9/03), which is based on an end-2001 DSA. The change in reference date affects the balance of payments and the budget over the medium term (see Tables 1 and 3 for details).

20. **The external current account deficit**, including grants but before debt relief, is expected to widen to 8.1 percent of GDP in 2005 (Table 2). As in other post-conflict countries, imports of investment goods, driven by the return of external assistance and reconstruction, will lead this trend. **In principle, the program is financed through 2005,** with the bulk of program financing being provided by multilateral creditors, and project financing by both multilateral and bilateral creditors. At the December 2002 Consultative Group meeting, assistance in the amount of US$2.5 billion was pledged over the 2003–05 period.

21. **Fiscal policy** will continue to aim at continued consolidation while improving transparency and tracking of public expenditure, as well as reorienting the composition of the budget toward pro-poor spending. Revenue (excluding grants) is projected to increase from 7.9 percent of GDP in 2002 to 10.2 percent in 2005, and grants from 0.4 percent of GDP to 5.7 percent (including HIPC Initiative assistance) (Table 3). Total expenditure (on a commitment basis) will rise from 10.4 percent of GDP in 2002 to 20.2 percent in 2005, driven by foreign-financed investment and the resumption of interest payments on external debt. The overall consolidated balance, on a cash basis and after debt relief, would widen to a deficit of 3.6 percent of GDP in 2005.

22. The BCC will continue to pursue a **monetary policy** aimed at price stability in the context of the floating exchange rate regime.

C. Governance, Structural, and Institutional Reforms

23. **Reducing corruption and improving governance.** The government is responding to widespread civil society skepticism about the commitment of any Congolese government—past or present—to reducing corruption. To this end, the government's anticorruption strategy, adopted in November 2002, focuses on (a) the establishment of a credible legal, regulatory, and institutional framework to combat corruption; (b) the implementation of effective sanctions against corruption; and (c) reform of key public sector institutions. With regard to the legal, regulatory, and institutional anticorruption framework, the authorities have (i) created an anticorruption commission (in August 2002); (ii) supported independent civil society watchdog structures; (iii) adopted the Code of Ethics and Good Conduct applicable to all public officials (in November 2002); and (iv) prepared an anticorruption law.[8] Sanctions will include withdrawal of business licenses and operating agreements, and fines. The government also intends to foster effective partnership among the public sector, civil society, the private sector, and international organizations specialized in the fight against corruption, such as Transparency International and Interpol, and improve public access to relevant information. Finally, reform of public institutions will include civil service reform, judicial sector reform, improved public finance management on both the revenue and expenditure sides, reform of the procurement system, increased transparency and accountability at the local level, and a major effort to improve the quality of public services in priority sectors (i.e., health, education, rural development, and infrastructure).

[8] The anticorruption law is to be discussed by parliament in the fourth quarter of 2003.

24. **Civil service reform.** The government is aware that a comprehensive reform of the public administration is needed to reduce corruption and to improve governance and public service delivery. Its strategy focuses on redefining the key missions of priority ministries and public service agencies, as well as upgrading the skill levels and productivity of their staffs. In the meantime, with the strengthening of revenue mobilization and the streamlining of the civil service, salary levels will gradually increase from their relatively low levels, while maintaining fiscal sustainability. This will help to reduce corruption, while setting up broader incentives and control systems to improve productivity and performance. Thus, emphasis will be on (a) eliminating ghost workers from the civil service payroll; (b) putting in place a retrenchment program for civil servants having reached the retirement age, for which assistance has been solicited from IDA; (c) undertaking a comprehensive civil service census; and (d) implementing a functioning and secure integrated personnel and payroll management system.

25. **The management of public financial resources**. The 2002 Public Expenditure Review, which focused on the Assessment and Action Plan (AAP) and the sectors that would benefit from HIPC Initiative assistance, has identified specific steps to strengthen public expenditure management in the short and medium term. These include the implementation of a new budget classification system and a rationalized budget expenditure chain, the full integration of externally financed projects in budget formulation and reporting, the rationalization of control and audit procedures, and the implementation of a new accounting system. The I-PRSP (para. 15) calls for specific monitoring provisions to ensure that expenditures are compatible with the National Poverty Reduction Charter.

26. **Improving the quality of public services and institutions in priority sectors.** Major efforts are planned to improve the quality of services needed to reduce poverty (see subsection D) and promote private sector-led growth. **A public expenditure tracking exercise** will be undertaken in key sectors to assess the share of public resources that is actually spent on intended uses and to verify that these resources arrive at their intended destinations (e.g., schools, health centers, agricultural extension services, and road maintenance units). This exercise will be complemented by (a) assessments by beneficiaries of the quality of services provided, and (b) assessments by service providers of the difficulties encountered in the provision of services. Work is under way on a comprehensive reform of the government procurement system, with assistance from IDA.

27. **Promotion of private sector development. A major objective of the government's economic program is to promote private sector activity** through (a) a new legal and regulatory framework and related institutions (i.e., courts, arbitration centers, and regulatory agencies); (b) a revised tax system, including simplified enterprise and indirect tax systems, based on a review that was completed in March 2003; (c) a reduction in transaction costs pertaining to enterprise creation and commercial transactions (e.g., through one-stop windows for investment and international trade transactions); (d) an improvement in financial intermediation; (e) the reform of public enterprises; and (f) the settlement of government arrears to private enterprises. Private sector development will be supported by IDA in the context of a Private

Sector Development and Competitiveness Project, currently under preparation, and future fast-disbursing operations, whose preparations are to begin shortly. Both types of operation will be supported by specific conditionalities.

D. Social and Sectoral Policies

28. **The DRC is far from meeting the MDGs related to mortality, health, and education**. Public contributions to social services (e.g., health and education) have declined to negligible levels over the last two decades, mainly as a result of a lack of government resources and the effects of conflict. The large-scale displacement of people has also seriously disrupted the delivery of social services.

29. **Health**. Since 1975, health care delivery has been based on decentralized health zones,[9] and access to primary health care services is available to 50 percent of the population, up from 10 percent in 1975. However, **public health and health services delivery have deteriorated drastically over the past decade.** Key objectives in the health sector for 2003–05 are (a) establishment of a legal and regulatory framework suitable for the development of public-private partnerships that are essential to an improvement in service provision; (b) reinforcement of existing partnerships among the public, private and non-profit participants in the sector, and local communities; and (c) better access to essential health services, through, among other things, rehabilitated infrastructure and improved human resources, and better provision of financing, medicine, and other inputs to local units, particularly for the 50 percent of the population living in targeted health zones. To this end, the I-PRSP envisages the allocation of at least 15 percent of the national budget to health sector spending by 2005, up from about one percent in 2001. These resources will be complemented by continued assistance from foreign donors, particularly under the IDA-coordinated EMRRP, whose health component envisages assistance to 55 health zones that are currently unassisted. Thus, the DRC would be able, especially at the community and health zone levels, to begin combating HIV/AIDS, malaria, sleeping sickness and other diseases, and supporting vaccination campaigns.

30. **Education. The coverage, quality, and equity of education have also deteriorated, especially in primary education.**[10] Government support of public education has become virtually nonexistent. Multilateral and bilateral external financing for education (US$12 million in 2002) lags far behind donor financing for other sectors. Most schools in the DRC are operated

[9] A health zone is a specific geographical area covering about 150,000 inhabitants and 200 communities. Each zone comprises 20 satellite health centers and a referral hospital.

[10] The country nearly achieved universal primary school enrollment in the 1970s, but by 2001 net enrollment had fallen to about half of the 6–11-year age group. There are huge gender and other disparities within and among provinces.

by nongovernmental groups, mainly churches, and are entirely financed by fees. The I-PRSP (para. 130) commits the government to providing free primary education and upgrading the quality of teachers and teacher-training institutions.

31. **To improve education, the authorities intend to conduct a thorough analysis of the education sector and develop a strategic financing plan for major reform by end-2005**, in collaboration with private sector and civil society stakeholders and donors. The government will also ensure timely payment of teacher salaries and will support programs that rehabilitate physical infrastructure, supply essential learning materials, and provide intensive in-service training. Also by end-2005, the government will have (a) clarified its role in primary education vis-à-vis other partners and drawn up a transparent framework for cost sharing in the sector; (b) allocated at least 10 percent of the national budget to education; (c) identified specific measures that will accelerate the implementation of the Education for All Initiative;[11] (d) updated the national textbook policy and distributed 5 million textbooks to primary schools; (e) put in place and implemented a policy on teacher recruitment, training, and remuneration; (f) established a policy and operational mechanism for school mapping; and (g) renovated 200 primary schools.

32. **Social protection**. The I-PRSP emphasizes the need to support grassroots approaches based on local priorities. To achieve this goal, the Ministry of Social Affairs is using a participatory approach, which includes other relevant government ministries, donors, nongovernmental organizations (NGOs), and community groups to develop a comprehensive strategy to deal with social protection issues. The primary objective for 2003–05 will be the development and implementation of this strategy, as well as the development of a coherent social-protection program, to be supported by IDA.

33. **Infrastructure**. Neglect, mismanagement, and war damage have led to the near-collapse of the DRC's infrastructure. **As the country moves from a period of stabilization to one of reconstruction, the government will initiate during 2003–05 a long-term process of infrastructure rehabilitation**, with assistance from the international community. The I-PRSP (paras. 123 and 155) describes the authorities' program for infrastructure rehabilitation, and the use of community and regional service brigades to maintain this infrastructure. Development strategies have been prepared or are being drawn up for transport, water, sanitation (I-PRSP, paras. 139–142), and electricity. IDA's EMRRP is financing activities to improve road, river, rail, and air transportation, rehabilitate the electricity and water supply networks and, in major cities, improve solid waste services, maintain and rehabilitate streets and drainage systems, and control erosion. Particular attention is being given to the rehabilitation of major roads and rural tracks, to reduce the cost of transportation.

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[11] This worldwide initiative is intended to ensure that by 2015 all children, especially girls, children in difficult circumstances, and those from ethnic minorities, have access to, and actually complete, free and compulsory primary education of good quality. In addition, it represents a commitment to eliminate gender disparities in primary and secondary education by 2005.

34. **Natural resources**. The natural resource sector (i.e., mining and forestry) is expected to make a major contribution to economic growth, export earnings, and poverty reduction. New mining and forestry codes were adopted in 2002 that aim at improving transparency and increasing the role of the private sector. Concerning the mining code, the implementing decrees were issued in April 2003. By end-2005, the government intends to have (a) completed the legal and regulatory reform programs in the mining and forestry sectors; (b) significantly improved the capacity to enforce the new mining and forestry codes; (c) substantially restructured key public enterprises operating in the mining sector through, inter alia, partnerships with the private sector; and (d) implemented a framework for community forestry management and the distribution of revenues to local communities. Strenuous efforts will be made in both sectors to implement dissuasive sanctions against illegal exploitation. These policy reforms will be supported by future IDA operations and monitored under the government's IMF- and IDA-supported economic program.

35. **Rural development**. Rural development is a key instrument for reducing poverty and improving food security. During the next three years of reconstruction, the government intends to focus on improving agricultural production capacity, enhancing the efficiency of domestic marketing, and formulating a comprehensive development strategy. These activities are supported by the EMRRP, whose rural sector component is focused on the rehabilitation of rural access roads and tracks, and the provision of agricultural extension services to farmers, particularly via distribution of seeds and pesticides.

IV. Debt Sustainability Analysis and Enhanced HIPC Initiative Assistance

36. **The debt sustainability analysis (DSA) presented in this section is an update of the one presented in the preliminary enhanced HIPC Initiative document.**[12] It was prepared jointly by the Congolese authorities and the staffs of the IMF and IDA, based on loan-by-loan data on external debt outstanding and disbursed as of end-December 2002 provided by the authorities and creditors.[13] The loan-by-loan debt reconciliation process has been completed with all of the DRC's multilateral creditors, except one,[14] and the reconciled multilateral data account

[12] Data on debt, debt service, and debt relief are derived from the 2002-based DSA presented in this section, and differ from the estimates and projections presented in the IMF staff report for the second review under the PRGF (EBS/03/98, 7/09/03), which were based on end-2001 debt data and preliminary estimates of the impact of the September 2002 Paris Club rescheduling.

[13] The debt stocks include short-term debt in arrears for more than one year.

[14] The only multilateral creditor whose debt has not been reconciled is the Banque de développement des Etats des Grands Lacs (BDEGL), which is based in Goma (eastern DRC). Communications with this creditor are difficult, and the authorities have made good-faith efforts to establish contact, without a response. Based on the DRC authorities' data, the BDEGL's claims on the DRC at end-2002 account for less than 0.1 percent, in net present value (NPV) terms, of the DRC's total stock of debt (Table 5).

for about 37 percent of the total net present value of the DRC's outstanding stock of debt at end-2002. The loan-by-loan reconciliation process has been carried out with most bilateral creditors via the review of pending or signed bilateral agreements with Paris Club creditors under the September 13, 2002 rescheduling. Overall, about 83 percent of the net present value of the DRC's total stock of external debt outstanding at end-2002 is reconciled, although, in some cases, estimates were used where full accounting data were unavailable.[15] The baseline projections presented in this section simulate the impact of a hypothetical stock-of-debt operation by Paris Club creditors on Naples terms at end-2002, as well as comparable treatment by all other official bilateral and commercial creditors. The end-2002 exchange rates and discount rates used for the calculation of the net present value (NPV) of debt are presented in Table 7.[16]

A. The Structure of External Debt

37. **The DRC's external public and publicly guaranteed debt, in nominal terms, is estimated at US$10.7 billion at end-December 2002** (Figure 1 and Table 5). After the assumed full use of traditional debt-relief mechanisms for bilateral and commercial debt, and excluding the clearance of multilateral arrears implemented in, or planned for, 2001–03, the stock of external debt outstanding in NPV terms is estimated at US$7.9 billion (Figure 2 and Table 5). Paris Club bilateral creditors account for the largest share of this debt—54.8 percent, or US$4.3 billion in NPV terms, of which the largest Paris Club bilateral creditor, the United States, accounts for US$1.2 billion in NPV terms. Multilateral creditors account for about 39.2 percent of the NPV of debt outstanding, or US$3.1 billion. The main multilateral creditors are the African Development Bank (AfDB) Group (US$1.1 billion), IDA (US$1 billion), and the IMF (US$0.6 billion). Non-Paris Club official bilateral creditors and commercial creditors account for the remaining debt outstanding (US$274 million and US$200 million, respectively, in NPV terms).

38. **External arrears**. Owing to the DRC's failure to service its debt for nearly a decade, 80 percent of the DRC's debt was in arrears at end-2001. Of the US$10.6 billion of arrears that had accumulated at end-2001 (Table 4), about 16.9 percent, or US$1.8 billion, was owed to multilateral creditors—arrears to the AfDB Group totaled US$779 million; to the IMF

[15] Among non-Paris Club official bilateral creditors, end-2002 debt stocks were taken from statements for Kuwait. For all other non-Paris Club official bilateral and commercial creditors, including London Club creditors, estimates of debt stocks were made using available original disbursement and repayment schedules. Late penalties were estimated using the same method employed for Paris Club debt, namely, using either the original contractual interest rates or end-2002 commercial interest reference rates (CIRRs). Public enterprise debt is included, except for nonguaranteed bilateral and commercial debt, for which data were unavailable at the time of the preparation of this document.

[16] The discount rates are the average currency-specific CIRRs for the six-month period July–December 2002.

US$503 million; to IDA US$190 million; and to the IBRD US$128 million. As of end-2001, arrears of US$8.2 billion were owed to Paris Club bilateral creditors, and an additional US$366 million and US$251 million in arrears were owed on non-Paris Club official bilateral and commercial debt, respectively.

39. **Treatment of multilateral arrears**. On June 12, 2002, arrears to the IMF were cleared through a bridge loan. Arrears to IDA and the IBRD, as well as those on the European Union (EU) loan administered by IDA, were cleared on July 3, 2002, also using the proceeds of a bridge loan (Box 2). The African Development Fund (AfDF) arrears were cleared on July 1, 2002 through a grant; those to the AfDB were consolidated with current maturities and reprofiled over 20 years, including a two-year grace period. Arrears to BEAC (Banque des Etats de l'Afrique Centrale) were cleared on January 9, 2001 and, more recently, arrangements to clear arrears to the International Fund for Agricultural Development (IFAD) and the Arab Bank for Economic Development in Africa (BADEA) were signed in December 2002 and March 2003, respectively. An agreement to clear arrears owed to the OPEC Fund was concluded in April 2003. The remaining multilateral creditors—with the exception of the BDEGL—have arrears clearance procedures in place based on agreed plans. In line with the method agreed with multilateral development banks (MDBs), any debt reduction provided by multilateral creditors resulting from a concessional treatment of arrears will count toward their contribution to assistance under the enhanced HIPC Initiative.[17]

40. **Paris Club agreement**. The DRC reached a rescheduling agreement with the Paris Club on September 13, 2002. The agreement provides for a flow rescheduling on Naples terms on pre-cutoff-date debt in arrears as of end-June 2002 and current maturities falling due during the PRGF arrangement period from beginning July 2002 to end-June 2005. The agreement includes exceptional treatment of short-term debt in arrears for more than one year, post-cutoff-date debt, including arrears, and a 100 percent capitalization of moratorium interest on pre-cutoff-date debt, which is to be repaid over eight years, including a grace period of four years. Non-Paris Club official bilateral creditors and commercial creditors are expected to provide debt relief on terms comparable to those of the Paris Club.

41. **Net positive transfers**. During the process of normalizing its relations with the international community, the rescheduling of arrears increases scheduled debt service from 2003 onward. On the basis of normalized relations with external creditors, however, new external resources are expected to more than offset the increased debt-service obligations and will result in net positive transfers during the interim period and beyond (Table 12).

42. **Comparison with the preliminary document**. The end-2002 debt data used in this DSA reflect updated information obtained since the preparation of the preliminary enhanced HIPC Initiative document. Prior to the preparation of the preliminary document, the DRC had not

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[17] See the Attachment to "HIPC Debt Initiative: the Chairman's Summary of the Multilateral Development Banks' Meeting," March 6, 1998, IDA/SecM98-90.

undertaken a full data reconciliation process since the previous Paris Club rescheduling in 1989. The estimate of the nominal stock of debt at end-2002 reflects the loan-by-loan reconciliation process undertaken by the authorities. The debt stock has decreased by US$2.2 billion over the end-2001 nominal debt stock reported in the preliminary document primarily due to the 2002 Paris Club rescheduling (Box 3). The NPV of debt after the assumed full use of traditional debt mechanisms at end-2002, compared to the end-2001 total, has increased by about US$0.6 billion primarily due to exchange rate and discount rate movements, as well as disbursements from the IMF and IDA in 2002.

B. Long-Term Macroeconomic Assumptions

43. **The underlying macroeconomic projections used in the DSA and agreed upon with the DRC authorities assume continued progress toward effective reunification.** They also assume the continued implementation of sound macroeconomic policies, as outlined in the current three-year program supported by the IMF's PRGF, further structural reforms, and an improvement of key social indicators through the implementation of the DRC's poverty-reduction strategy (Box 4). Prospects for the medium term reflect anticipated investment in the natural resource sectors, while the longer-term projections anticipate a gradual return to prewar production and export levels.[18] The long-term macroeconomic outlook is also critically dependent on continued concessional assistance from donors beyond the resources expected to be provided under the enhanced HIPC Initiative. Loans are expected to account for a growing proportion of gross financing, and under the PRGF-supported program all new external borrowing is assumed to contain a grant element of at least 35 percent.

44. **The authorities' sound macroeconomic policies, which have been in place since mid-2001, and their ongoing far-reaching structural reforms are already accelerating real GDP growth**. The outlook envisages a period of reconstruction (2002–05), followed by sustained development starting in 2006. Annual real GDP growth is projected to accelerate through the medium term, from 3 percent in 2002 to 7 percent in 2005 and 2006, before gradually declining to about 6 percent in 2009, 5 percent in 2013, and 4 percent in 2020 (Box 4 and Table 13). This performance is consistent with recent IMF findings on the sources of growth in the DRC (Box 5) and the experiences of other post-conflict countries.[19] Institutional capacity building is projected to permit a doubling of the government's share of GDP, so that revenue, excluding grants, will

[18] While most merchandise exports are produced in the government-controlled areas of the DRC, about 10 percent, in value terms, are estimated to be exported from areas outside effective customs control. The IMF staff estimated unrecorded exports using EU data and the IMF's direction of trade statistics, adjusted by estimates calculated by the BCC.

[19] In a sample of 16 countries that experienced conflict in the 1980s and 1990s, annual real GDP growth averaged 5.9 percent during the five post-conflict years, and some countries performed better (e.g., Mozambique, Lebanon, and Rwanda).

increase from 8 percent of GDP in 2002 to 16 percent in 2022, a level that is still well below the average for sub-Saharan Africa.

45. **Economic recovery is expected to be sustained by significant levels of official external financing (grants and loans)**, which in gross terms is expected to reach 16.3 percent of GDP in 2005, before gradually declining to about 3 percent by 2022 (Table 13). Official grants are expected to exceed official net loan flows until 2020, and the share of grants in total official assistance is expected to decline steadily until it reaches about 26 percent in 2022. Official loan assistance is assumed to be provided on IDA-comparable concessional terms until 2008; thereafter, the concessionality of credits to the DRC would gradually decline. Foreign direct investment is expected to respond to opportunities in, inter alia, the natural resource sectors. External loans to the private sector are also projected to become increasingly significant in the medium and long term as the economy strengthens.

46. **Supported by external financing, public and, subsequently, private gross investment are projected to underpin growth and exports, especially through the next decade.** Starting from an unusually small base, earnings from the export of goods and services should recover sharply, rising from about 22 percent of GDP in 2002 to about 27 percent in 2007, before declining gradually to about 25 percent by 2022. The export sector's contribution to the balance of payments will be offset by imports of investment goods related to reconstruction and recovery in the first half of the projection period. Consequently, a surplus on the trade balance of goods and services is not expected before 2019, and a surplus on the current account, including grants and after debt relief, is not anticipated before 2016.

47. **Looking forward**, if real GDP growth averages 5.3 percent over the period 2003–22, as currently projected, it will take 12 years for real GDP to return to its 1990 level. Assuming that the population continues to grow at an annual rate of about 3 percent, it will take 39 years to reach the 1990 level of real per capita GDP, and 61 years to reach the 1960 level.

C. Long-Term Macroeconomic Risks

48. The long-term macroeconomic objectives for the DRC are ambitious, and will be achieved only if the upturn in economic policies since early 2001 continues steadily. A weaker policy stance or a return to past poor policy performance, as well as more volatile or lower export prices, would represent a major setback. This section, therefore, examines the possible economic outcomes in the DRC if the government's reform program experiences delays and perhaps reversals, the security situation takes longer than expected to stabilize, and/or exports grow more slowly than currently projected. Patchy policy performance would dampen foreign investment and could lead to less concessional foreign assistance. Implementation of the infrastructure rehabilitation projects underpinning the expected return to higher production levels would also slow down. Public investment would rise more slowly from its current level of about 4 percent of GDP. Expected investment in export industries would be hindered by transport bottlenecks. The combined effect of these risks would cause a fall in the growth rate of merchandise export receipts to an annual average of about 1 percent a year during 2003–22, sharply lower than the 8 percent projected under the program. The government's fiscal position,

hampered by less rapid growth in tax revenues, would also weaken the capacity of the public sector to contribute to the delivery of basic health and education services. Key social indicators would be unlikely to show improvement and could even deteriorate further, exacerbating the consequences of the DRC's decline over the last several decades.

49. This "reduced-performance" scenario implies that average annual real GDP growth over the projection period (2003–22) could fall below 4 percent a year. With an annual population growth rate of about 3 percent, per capita incomes would rise annually by at most 2 percent during the projection period, but could decline in some years. **The per capita real income of the DRC is currently one-fourth of what it was in 1960; under this scenario, it would take about two centuries to return to the 1960 level.**

50. **The NPV of debt-to-exports ratio would, under this scenario, never fall below 150 percent during the projection period.** The total value of merchandise exports in 2022 would be about 70 percent lower than projected in the baseline scenario. Reduced export growth would also reduce real GDP and fiscal revenue growth, such that by 2022 nominal GDP and government revenue would both be about 40 percent lower than in the baseline scenario. Under these assumptions, the ratio of the NPV of debt to exports and the ratio of debt service to exports would average 633 percent and 17.1 percent, respectively, during the period 2003–05. The corresponding figures for 2006–14 are 178 percent and 14.6 percent, respectively; those for the period 2015–22 are 253 percent and 16.0 percent, respectively. In particular, the NPV of debt-to-exports ratio attains its lowest value at 165 percent in 2009 and rises to 289 percent in 2022 (Table 11 and Figure 7).

51. The growth and debt sustainability outcomes in this scenario would clearly be unacceptable for both the authorities of the DRC and the international community. This scenario highlights the critical importance of joint action by the international community, together with the government and civil society of the DRC, to implement policies that will support average annual real growth rates of at least 5–6 percent, as programmed. While this goal may seem ambitious, the experiences of Mozambique, Lebanon, and Uganda indicate that it is possible. **For the government**, this would require that macroeconomic stabilization (including prudent debt management), good governance, and a sound legal and regulatory framework supportive of outward-oriented private sector development remain high priorities. **For the international community**, this implies that good policy performance in the DRC will need to be rewarded with timely and adequate financial assistance on appropriately concessional terms, especially in the event of adverse external developments.

52. An alternative scenario incorporates the possibility that the concessionality on new borrowing could be lower than projected, which could result from higher interest rates, shorter maturities, and/or shorter grace periods. The scenario developed here looks specifically at the impact of a 3 percentage points increase in interest rates starting in 2003 and remaining in place throughout the projection period. Through 2008, higher interest rates are assumed to affect only official bilateral loans, while, from 2009 onward, interest rates are assumed to be higher on all nonconcessional loans. Additionally, the proportion of nonconcessional loans in long-term gross public disbursements is also assumed to be higher than in the base case, 30 percent on average

during 2009–22, compared with 27 percent in the base case. Both export receipts and government revenues are assumed to remain unchanged from the baseline scenario. Under these assumptions, the ratio of the NPV of debt to exports would average 580 percent over the period 2003–05, while the debt service-to-exports ratio would average 14.4 percent. The corresponding figures for 2006–14 are 110 percent and 8.6 percent, respectively; those for the period 2015–22 are 136 percent and 9.6 percent, respectively.

D. Enhanced HIPC Initiative Assistance

53. **On the basis of the macroeconomic assumptions and projections outlined in Box 4, the DRC's external debt will remain unsustainable even after the full application of traditional debt-relief mechanisms**. The NPV of the debt-to-exports ratio is estimated at 758 percent at end-2002 and would remain above 150 percent throughout the 20-year projection period (Table 10).[20]

54. The total amount of enhanced HIPC Initiative assistance required to bring the ratio of the NPV of debt to exports to 150 percent[21] would be US$6.3 billion in NPV terms, **implying a common reduction factor of 80.2 percent** (Table 6). Based on proportional burden sharing, multilateral assistance would amount to US$2.5 billion in NPV terms, Paris Club creditors would provide US$3.5 billion, non-Paris Club official bilateral creditors would provide US$219 million, and commercial lenders US$161 million.

55. The modalities and timing of the delivery of enhanced HIPC Initiative assistance will be decided by each creditor following the approval of the decision point. Nevertheless, in order to assess the impact of enhanced HIPC Initiative assistance, which would provide debt-service relief totaling US$10 billion in nominal terms over time, the following assumptions have been made:[22]

- **Paris Club bilateral creditors** are assumed to top up the September 2002 Naples flow rescheduling to Cologne terms (90 percent NPV reduction on eligible debt) during the interim period; the remaining amount of assistance is assumed to be delivered through a stock-of-debt operation on Cologne terms at the completion point;

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[20] The NPV of debt-to-exports ratio is measured using the backward-looking three-year average of exports of goods and services.

[21] The DRC does not qualify for enhanced HIPC Initiative assistance under either the fiscal or the openness criteria at end-2002: the DRC's revenue-to-GDP ratio was 7.9 percent and the exports-to-GDP ratio was 21.6 percent, both of which are far below the required minima of 15 percent and 30 percent, respectively.

[22] The estimate of total nominal assistance does not include enhanced HIPC Initiative relief delivered through the concessional treatment of multilateral arrears.

- At least comparable treatment is assumed for **non-Paris Club official bilateral** and **commercial** creditors;

- Debt relief to be provided on debt owed to **IDA** will amount to US$831 million in NPV terms. The clearance of IDA and IBRD arrears through a bridge loan and the use of concessional resources through IDA resulted in an NPV reduction of US$199 million, which will be applied to IDA's enhanced HIPC Initiative assistance. A further US$35 million in NPV terms of enhanced HIPC Initiative assistance will be delivered through the IDA post-conflict grant that was approved by IDA's Executive Directors in July 2001.[23] The balance of assistance will be delivered after the decision point through a reduction of debt service falling due on debt outstanding to IDA and disbursed at end-2002, which will continue until 2025 (Table 14);

- **IMF** assistance is estimated at US$472 million in NPV terms. Of this amount, US$153 million was delivered in the form of the concessionality associated with the disbursement in June 2002 under the PRGF arrangement that was approved following the clearance of arrears to the IMF. The IMF will commit the remaining balance of US$319 million following the approval of the decision point by the Boards of IDA and the IMF. Disbursement of interim relief, in the form of grants, will cover forthcoming debt-service obligations falling due to the IMF. Owing to the relatively low levels of debt service that will fall due under the PRGF arrangement during the interim period, most of the IMF's remaining enhanced HIPC Initiative assistance will be delivered following the completion point expected in 2006, with debt-service reduction extending through 2012 (Table 15);

- Assistance from the **AfDB Group** will amount to US$905 million in NPV terms. AfDF arrears were cleared on July 1, 2002 through a grant. AfDB arrears were consolidated with current maturities and reprofiled. The NPV reduction resulting from the clearance of arrears and the treatment of interest on the consolidated amount will be applied to enhanced HIPC Initiative relief. The remaining enhanced HIPC Initiative assistance from the AfDF will be delivered through a reduction in debt service until 2031, and the remaining enhanced HIPC Initiative assistance from the AfDB will be delivered through debt-service reduction on the principal of the reprofiled loans until 2023 (Table 16); and.

- **All other multilateral creditors** are assumed to provide debt-service reductions until their assistance meets the levels required by proportional burden sharing under the enhanced HIPC Initiative, net of any NPV reductions achieved through their arrears settlement operations.

56. **Status of creditor participation.** Based on the initial findings contained in the preliminary document, IDA and IMF staffs have initiated consultations with multilateral creditors and the Paris Club regarding their willingness to support debt relief to the DRC under

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[23] See "Assistance to Post-Conflict Countries and the HIPC Framework" (SM/01/99, 3/30/01, and IDA/SecM01-0230, 3/29/01), footnote 18.

the enhanced HIPC Initiative. All of the DRC's multilateral creditors, except the BEAC and the BDEGL, have indicated their willingness to provide enhanced HIPC Initiative debt relief to the DRC. Paris Club creditors have also indicated their willingness to participate in the enhanced HIPC Initiative for the DRC. Together, these creditor assurances account for 93 percent of total enhanced HIPC Initiative relief. The DRC authorities are seeking confirmation of non-Paris Club official bilateral and commercial creditors' participation in the enhanced HIPC Initiative with proportional burden sharing.

E. Impact of the Enhanced HIPC Initiative

57. **The DRC's external debt burden would be reduced significantly with the delivery of assistance under the enhanced HIPC Initiative** (Figures 4 and 5, and Tables 10 and 11). Under the baseline export projections, the NPV of debt-to-exports ratio would decline from 758 percent in 2002 to 97 percent in 2009. The NPV of debt-to-exports ratio, after enhanced HIPC Initiative relief, will remain relatively elevated during the interim period, owing to new borrowing to finance reconstruction. In later years, the NPV of debt-to-exports ratio would remain below 150 percent through 2022, reaching about 92 percent at the end of the projection period.

58. Other debt indicators would decline, in particular the debt-service ratio, which would fall in 2003 from 16.3 percent, after the application of traditional debt-relief mechanisms, to 13.4 percent after enhanced HIPC Initiative relief. Owing to the exceptional rescheduling of post-cutoff-date arrears and short-term debt in arrears by Paris Club creditors,[24] the ratio would fall further to 4.5 percent in 2010, before rising slightly to 7.2 percent at the end of the projection period in 2022 (Table 9). Compared with the full application of traditional mechanisms, enhanced HIPC Initiative assistance would generate savings and reduce debt service by an annual average of about US$103 million per year during the interim period (2003–05). Debt-service savings would average about US$367 million per year during 2006–12. Debt service payable after enhanced HIPC Initiative assistance is expected to average US$214 million per year during the period 2003–12.

59. The NPV of debt-to-revenue ratio would fall from 1,794 percent after traditional mechanisms in 2002 to 355 percent, after enhanced HIPC Initiative assistance, and will fall below 250 percent from 2007 through the remainder of the projection period (Table 10). The debt service-to-revenue ratio would fall from 46 percent in 2003, after traditional debt relief, to 38 percent, after enhanced HIPC Initiative assistance, before declining further to 10 percent in 2010; it will then remain relatively stable to the end of the projection period (Table 9).

60. **Bilateral assistance beyond the enhanced HIPC Initiative**. The expected delivery of bilateral assistance beyond that required by the equal burden sharing envisaged under the HIPC

[24] Under the Naples flow restructuring by Paris Club creditors in September 2002, the last payments on the rescheduled post-cutoff-date arrears and short-term debt in arrears fall due in 2009.

Initiative[25] would reduce the NPV of debt-to-exports ratio to 101 percent in 2007, compared with the 112 percent that would be attained under the enhanced HIPC Initiative alone. The estimated amount of possible bilateral assistance beyond the enhanced HIPC Initiative is about US$88 million in NPV terms (see Figure 4).

61. **Management of debt sustainability.** The long-term assumptions imply that additional external resource inflows, in the form of grants as well as loans, will ensure net positive transfers and make a large contribution to import financing for the rehabilitation and reconstruction programs (Table 12). At the same time, the government's economic program focuses on the twin objectives of increasing exports and enhancing government revenue. The staff will continue to assess debt sustainability during the interim period and will make a comprehensive reassessment at the time of the completion point.

62. The DRC's debt-management capacity is constrained (Appendix I). To ensure long-run debt sustainability, a completion point trigger is being set on the installation and activation at the public debt management office (OGEDEP) of a computerized debt-recording system, covering all public and publicly guaranteed debt. This system will permit OGEDEP to produce monthly debt-service projections for the treasury cash-flow plan.

V. The Floating Completion Point

A. Floating Completion Point Triggers

63. **The staffs of IDA and the IMF have reached understandings with the authorities on a series of completion point triggers**, summarized in Box 6, which also reflect the views expressed by Executive Directors during the discussion of the preliminary document. These include (a) the standard general triggers pertaining to (i) the preparation of a full PRSP through a participatory process and one year of implementation, duly documented in annual progress reports and confirmed as satisfactory by a JSA; (ii) maintenance of macroeconomic stability as evidenced by satisfactory performance under the program supported by the PRGF arrangement; and (iii) utilization of enhanced HIPC Initiative budgetary savings in conformity with agreements reached with IDA and the IMF (see below); and (b) specific and monitorable triggers on (i) public expenditure management; (ii) governance and service delivery in priority sectors; (iii) sectoral development strategies in the rural, health, and education sectors, and related implementation plans; and (iv) improved debt management. These triggers are considered essential to the success of the enhanced HIPC Initiative in the DRC. **Assuming that the full PRSP is completed in the third quarter of 2005, as is currently planned, the enhanced HIPC Initiative completion point could be reached in the third quarter of 2006.**

[25] Assumed to be committed by some Paris Club members on a voluntary bilateral basis.

B. The Views of the Authorities

64. The authorities of the DRC welcome the possible contribution of resources under the enhanced HIPC Initiative to their ongoing efforts to alleviate poverty. The government is elaborating its poverty reduction strategy and is committed to ensuring that the PRSP process remains participatory and focused on poverty reduction. The government has prepared indicative plans for the use of interim assistance under the enhanced HIPC Initiative. The government concurs with the triggers for a floating completion point outlined in Box 6 and hopes that donors will continue to support its efforts to reduce poverty.

65. The government also notes that the review of external debt under the enhanced HIPC Initiative has provided an invaluable opportunity to improve its management and tracking of public sector external debt and to deepen its reforms aimed at improving the management of public sector resources for poverty alleviation.

C. Monitoring the Floating Completion Point Triggers

66. **The staffs of the IMF and IDA will work together closely to monitor the completion point triggers**, with each institution leading on issues where its staff has primary competence, while also incorporating contributions of the staff from the other institutions. The IMF staff will take the lead in monitoring macroeconomic stability, and budget control and management; IDA staff will take the lead in monitoring progress in the preparation and implementation of the PRSP, as well as progress on sector-related triggers, including those pertaining to governance and service delivery. Poverty-related expenditures (including those financed by enhanced HIPC Initiative resources) and progress in improving debt management will be monitored jointly by both staffs.

D. The Use and Monitoring of Enhanced HIPC Initiative Debt Relief

67. **The authorities are committed to ensuring that the assistance under the enhanced HIPC Initiative is used to enhance poverty-related spending.** Until the completion point is reached, poverty-related expenditures, excluding those financed by external project assistance, are expected to increase by the amount of HIPC assistance. A special account will be opened at the BCC, at least for the first year of enhanced HIPC Initiative assistance, to record receipt of enhanced HIPC Initiative assistance. Use of the resources in this account will be limited to financing agreed poverty-related expenditures, and to this end, the account will be subject to independent audits, with the results made publicly available.

68. The authorities have identified their overall poverty-related expenditures in the 2003 budget using their new economic, administrative, and functional classification system, with details on each project and program, including geographic location.[26] Progress in this area was

[26] The supplementary budget for 2003 that will be presented to parliament in late July 2003 (see EBS/03/98, 7/9/03) follows the same approach.

reviewed jointly by the IMF and IDA staffs at the time of the second review under the IMF's PRGF arrangement (May–June 2003) and was found to be satisfactory. Poverty-related expenditure is expected to include, inter alia, health (i.e., medical equipment, provision of medicine, rehabilitation of health infrastructure, including health zones, health centers, and hospitals); education (i.e., renovation and equipment of schools, provision of teaching materials and textbooks); agriculture and fisheries (i.e., cropping activities, fishing, and livestock production); rural and urban development (i.e., rural roads and social housing); and social protection programs.

69. **Monitoring and evaluation of poverty-related expenditure will take into account the recommendations of the AAP** that was prepared as part of IDA's 2002 public expenditure review to help the authorities improve their capacity to monitor the use of poverty-related expenditure, including expenditure financed by enhanced HIPC Initiative assistance. In particular, the following will be done:

- The overall composition of expenditure will be tracked. Expenditures are being classified by function, administration, and economic nature based on the new budget classification system, and will be monitored by the authorities in consultation with IDA and IMF staffs to ensure a shift in the composition of expenditure toward priority sectors for growth and poverty reduction. New codes have been introduced to identify poverty-related expenditure in the budgets of particular ministries, in accordance with the I-PRSP, and will be introduced to track the geographical distribution of expenditure (Appendix II); and
- Public expenditure-tracking exercises, and related beneficiary-supplier assessments, will be undertaken in priority sectors (e.g., health and education), with assistance from IDA, to assess whether budgetary resources are used, and publicly financed goods and services provided, as intended.

70. Furthermore, these monitoring and evaluation activities will involve substantial consultation with stakeholders in the poverty-related expenditure and service delivery chain, via a participatory monitoring/oversight committee to be created in July 2003. The committee will comprise national and local representatives of civil society, as well as members of the international donor community. This approach has been effectively followed in other countries.

E. Progress Toward the Millennium Development Goals

71. The analysis supporting the I-PRSP finds that structural constraints prevent the DRC from achieving the international goal of reducing absolute poverty by half by 2015 and meeting the 2015 goal for absolute poverty reduction. Even a more modest objective of reducing the incidence of poverty from today's 80 percent to 60 percent would require a probably unattainable average annual real GDP growth rate of about 8 percent (assuming that population growth continues at about 3 percent per year). Nevertheless, the DRC authorities remain determined to make significant progress toward the MDGs (Box 7).

72. **The PEG** will support progress toward the MDGs in the interim period between the decision and completion points, while consolidating macroeconomic stability. It aims at raising the growth rate through a substantial increase in public and private investment, as well as a marked increase in exports of the DRC's abundant natural resources, while maintaining environmental sustainability. Efforts to raise the growth rate will be buttressed by the governance, structural, and institutional reforms outlined in Section III.

73. **Effective implementation of the government's programs to improve access to health care, education, and social protection** will clearly help the DRC make progress toward the health- and education-related MDGs. In the health sector, the key objective is to design and implement a costed strategy that will improve access to health care for at least 50 percent of the population in the targeted health zones. Education efforts will focus on designing a well-costed strategy for the provision of universal primary education.

VI. Issues for Discussion

74. This paper presents a decision point assessment of the DRC's eligibility for assistance under the enhanced HIPC Initiative and seeks endorsement of this assessment. Executive Directors' views are sought on the following:

- **Eligibility and decision point**. Do Executive Directors agree that the DRC is eligible for relief under the enhanced HIPC Initiative and recommend approval of a decision point?
- **Amount and delivery of assistance**. Consistent with a reduction of the NPV of debt-to-exports ratio to 150 percent, total assistance under the enhanced HIPC Initiative is estimated at **US$6.3 billion** in NPV terms. Of this amount, **US$472 million** in NPV terms (the SDR equivalent will be determined on the day of the IMF Executive Board meeting) is to be provided by the IMF, and **US$831 million** in NPV terms by IDA. Do Executive Directors agree that the IMF and IDA should provide interim assistance between the decision and completion points in line with existing guidelines?
- **Floating completion point**. Do Executive Directors agree that the **floating completion point** will be reached when the triggers in Box 6 have been met? Debt relief will be provided unconditionally only when both the completion point triggers have been met and satisfactory assurances of other creditors' participation under the enhanced HIPC Initiative for the DRC have been received.

Box 1. Selected Poverty and Living Standard Indicators
(In percent, unless otherwise specified)

Indicator	DRC Latest single year	Sub-Saharan Africa 1994–2000
Population, midyear (millions, 2001)	54	659
Population growth rate (2001)	2.7	2.6
Nominal GDP per capita (in U.S. dollars, 2002)	99	470
Infant mortality rate (per thousand, 1998)	128	91
Child mortality rate (per thousand, 1998)	207	162
Maternal mortality rate (per 100,000 live births) (1998)	1,289	...
HIV/AIDS prevalence (adults, 2001)	4.9	8.0
HIV/AIDS prevalence among women in conflict areas (2001)	8.0	...
Literacy rate (2001)		
Male	83	69
Female	54	53
Gross school enrollment rate (1998)		
Male	49.7	85.0
Female	44.0	71.0
Impact of conflict		
Child soldiers (thousands)	10.0–15.0	
Displaced persons (millions)	2.0–3.0	
Deaths from war and deprivation (millions)	3.3	

Sources: Congolese authorities; World Bank; and United Nations Children's Fund (UNICEF).

Box 2. Status of the DRC's Arrears Clearance Arrangements with External Creditors

Multilateral creditors

- **IMF**. Arrears in the amount of SDR 403.9 million to the IMF were cleared on June 12, 2002 using the proceeds of a bridge loan from Belgium, France, Sweden, and South Africa, which was, in turn, repaid through the first purchase under the PRGF arrangement that was provided on standard PRGF terms.
- **World Bank Group**. On July 3, 2002, arrears to the IBRD, IDA, and on the EU loan administered by IDA, totaling US$331.3 million, were cleared using the proceeds of a bridge loan from Belgium and France, which, in turn, was repaid using the first tranche of the ERC that was provided on standard IDA terms.[1]
- **AfDB Group**. US$48.9 million in arrears to the AfDF were cleared on July 1, 2002 using internal AfDF resources. Arrears to the AfDB totaling US$856 million were cleared retroactive to July 1, 2002. Interest arrears were reduced by a partial payment funded by bilateral resources, an AfDF loan, and a US$1 million upfront payment by the DRC. The remaining arrears were consolidated with current maturities and rescheduled over 20 years, including a two-year grace period. The initial interest payment on the consolidated amount will be paid through donor resources and will be transferred from the AfDB's net income into a revolving account to pay interest on an ongoing basis. As a result, the DRC will not pay interest on the reprofiled loans.[1]
- **BEAC**. An agreement was signed with the BEAC on January 9, 2001 that rescheduled arrears totaling SDR 28.1 million over nine years, which includes a three-year grace period.
- **IFAD**. On December 7, 2002, IFAD concluded an agreement with the DRC to reprofile arrears amounting to US$8.4 million over five years, which includes a two and a half-year grace period. The initial payment of US$1.5 million was paid by a bilateral donor.
- **BADEA**. An agreement was signed with BADEA on March 20, 2003 that rescheduled arrears of US$32 million outstanding at end-March 2003 over 15 years with no grace period.
- **OPEC Fund.** An agreement to settle arrears was concluded in April 2003.
- Arrears clearance procedures, based on agreed plans, are being finalized with the **EU and the EIB.**

Paris Club creditors

A flow rescheduling agreement on Naples terms was concluded with **Paris Club bilateral creditors** on September 13, 2002.

- **Pre-cutoff-date debt**. Arrears on principal and interest due as of June 30, 2002 were rescheduled over 40 years, with a 16-year grace period for ODA loans; 67 percent of non-ODA loans were cancelled, while the remaining 33 percent were rescheduled over 23 years with a six-year grace period.
- **Short-term debt**. One hundred percent of the amounts of principal and interest due as of June 30, 2002 will be repaid over seven years with a six-month grace period.
- **Post-cutoff-date debt**. One hundred percent of the amounts of principal and interest due as of June 30, 2002 will be repaid over seven years with a six-month grace period.

Other official bilateral and commercial creditors

- The government has initiated contacts to obtain at least as favorable terms with **other official bilateral and commercial creditors.**

[1] End-December 2002 exchange rates were used in these calculations.

Box 3. Comparison between the Preliminary Document and the Decision Point Document
(In millions of U.S. dollars, unless otherwise indicated)

	Preliminary Document 1/ End-2001	Decision Point Document End-2002	Difference	Percentage Change
Nominal stock of external debt	12,880	10,659	-2,221	-17.2
Multilateral	3,332	3,591	258	7.8
Paris Club bilateral	8,780	6,353	-2,427	-27.6
Non-Paris Club official bilateral	435	437	2	0.4
Commercial	166	279	113	68.2
Short-term debt in arrears for more than one year 2/	167	0	-167	...
NPV of external debt				
Before traditional mechanisms	12,130	8,404	-3,725	-30.7
After traditional mechanisms	7,267	7,868	601	8.3
Exports of goods and services (three-year average)	996	1,038	42	4.2
NPV of debt-to-exports ratio (in percent)	730	758	28	3.9
Common reduction factor (in percent)	79.4	80.2	0.8	1.0
NPV of enhanced HIPC Initiative debt relief	5,773	6,311	539	9.3

Sources: Creditor statements; Congolese authorities; and staff estimates.

1/ EBS/02/88 (5/24/02) and IDA Report No. 24213 (5/23/02).
2/ The decision point document does not have a separate category of short-term debt in arrears for more than one year. Instead, this debt is classified with its relevant creditor country.

Box 4. Main Assumptions in the Debt Sustainability Analysis

The following macroeconomic assumptions have been used for the 20-year baseline DSA projections:

- **Real GDP growth** averages 5.3 percent over 2003–22, rising from an average of 4.7 percent over 2002–04 to 7 percent over 2005–06, and subsequently decelerating gradually to 4 percent.

- **The annual rate of inflation**, as measured by the consumer price index, is projected to decelerate from 16 percent in 2002 to 5 percent in 2005 and beyond.

- **The fiscal sector** is assumed to double its share in the economy and revenue, excluding grants, is assumed to increase from about 8 percent of GDP in 2002 to 16 percent in 2022.

- **Gross official external financing** (grants plus loans) is expected to average 14.8 percent of GDP during 2003–05 before declining to about 3 percent of GDP in 2022, roughly the same share as in the early 1990s. External financing, net of principal repayments, is expected to remain positive throughout the projection period, averaging about 12 percent of GDP over 2003–05 before declining to about 1 percent of GDP in 2022. The composition of gross financing is expected to shift away from grants toward loans. Official grants are assumed to average about 7.5 percent of GDP through 2003–05, to fall to about 1 percent by 2022. All official grants are assumed to pass through the treasury from 2009 onward.

- **Official loan financing** is initially assumed to be mostly at concessional rates on terms comparable to those of IDA. Modest amounts of government borrowing on nonconcessional terms (one-year grace period and eight-year maturity at a 5 percent interest rate) are assumed to start in 2011.

- **Private capital flows**. Foreign direct investment is assumed to average about 4 percent of GDP during the projection period. Private borrowing on nonconcessional terms (one-year grace period and five-year maturity at a 7 percent interest rate) is assumed to begin in 2011.

- **Growth in goods and services export receipts (in U.S. dollars)** is assumed, after a relatively small increase in 2003, to reach a peak rate of 15.4 percent in 2005, and then to decline continuously to 3.4 percent by 2022. The share of exports of goods and services in GDP is projected to rise from 21.6 percent in 2002 to 27.2 percent in 2008, and to decline gradually to 24.6 percent by 2022.

- **Imports of goods and services** in U.S. dollars are projected to reach, after their steep increase in 2002, a growth rate of 23.4 percent in 2004, and decline continuously thereafter. However, the composition of imports is expected to shift significantly and aid-related imports are expected to fall from about 11.5 percent of GDP in 2005 to about 1 percent by 2022.

- **Gross official reserves** are projected to reach 11.6 weeks of non-aid imports of goods and services by 2005 and about 36 weeks of non-aid imports by 2022.

Box 5. Sources of Growth

The staff of the IMF has conducted a study on the sources of growth in the DRC (SM/02/52, 2/06/03). The main finding of this paper is that inappropriate economic policies (through their effects on total factor productivity and investment) badly hurt economic growth in the DRC during 1960–2000. Looking forward, the study concludes that the right policies are being put in place to lay the foundation for reconstruction and improved economic performance.

Growth accounting exercise. A growth accounting exercise is used to decompose the sources of growth in output per worker between changes in physical capital per worker and total factor productivity (TFP). The main results are summarized as follows:

- **At the macro level.** Annual output per worker posted a negative average annual growth rate of 3.3 percent during 1960–2000. Negative TFP growth contributed to 60 percent of this decline, while the decline in physical capital per worker accounted for 40 percent.

- **At the sectoral level.** In the agricultural sector, which experienced zero average annual TFP growth during 1960–2000, negative physical capital growth explained the negative annual average growth of output per worker of 1.7 percent over this period. In the transport sector, TFP declines accounted for 92 percent of the negative annual average 6 percent growth of output per worker during 1960–2000. The mining sector recorded some TFP growth gains, but mining output per worker fell by an average of 4.1 percent per year, owing to the rapid decline in physical capital per worker.

Sectoral contributions to real GDP. An analysis of sectoral contributions to economy-wide growth indicates that the mining and transport sectors account for the negative average annual real GDP growth rate of 0.3 percent during 1960–2000.

Policy determinants of growth. An econometric analysis of the policy determinants of growth reveals that high inflation rates and large budgetary deficits had a substantial negative impact on economic growth during 1960–2000. Political turmoil, conflicts, and war also exacerbated this poor performance.

Medium-term growth prospects

Sound macroeconomic policies and **far-reaching structural reforms** are already having a positive effect on growth through improved resource allocation. The DRC's growth prospects are also enhanced by its untapped potential in the mining, agriculture, forestry, and energy sectors. Copper production to date has declined to about 5 percent of its 1985 peak of more than 500,000 metric tons; cobalt production has fallen by 70 percent from pre-conflict levels; zinc production has virtually ceased, compared with a capacity of 200,000 metric tons; gold production has practically ceased, compared with a capacity of 6 metric tons; tin production has ceased; and manganese production is very low, compared with a capacity of 360,000 metric tons.

In light of the far-reaching structural and sectoral reforms being enacted and envisaged under the Government Economic Program (PEG), as well as the increase in foreign-financed projects, **an average growth rate of 6 percent is projected over the next three years, 2003–05**, which is in line with that of other post-conflict countries.

Box 6. Triggers for the Floating Completion Point

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 joint staff assessment (JSA).

2. Macroeconomic stability

Continued maintenance of macroeconomic stability after reaching the decision point, as evidenced by satisfactory performance under the PRGF-supported program.

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.

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; (b) adoption and implementation of a double-entry government accounting system and a new chart of accounts; and (c) production of quarterly budget execution reports using economic, administrative, and functional classifications.

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 (b) adoption and implementation of a new procurement code and key implementing decrees.

6. Social and rural sectors

Adoption of satisfactory sectoral development strategies and related implementation plans for health, education, and rural development.

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.

Box 7. Millennium Development Goals for 2015 and Targets

	Targets for the DRC	The DRC's Status
Eradicate extreme poverty and hunger	Reduce by half the number of people whose income is less than US$1 per day.	Urban average per capita expenditure believed to be well below US$1 per day; and rural figure much lower still (2001).
	Reduce from 16 million to 8 million the number of people who suffer from hunger.	16 million people malnourished (2000); chronic child malnutrition rate 13 percent.
Achieve universal primary education	Ensure that boys and girls alike will be able to complete primary school.	Primary school completion rate varies by province from 27 percent to 72 percent (provinces under government control, 2001).
Promote gender equality and empower women	Eliminate gender disparity in primary and secondary education, preferably by 2005, and at all levels no later than 2015.	Gross enrollment rate: 49.7 percent (boys), 44.0 percent (girls).
Reduce child mortality	Reduce under-5-year-old mortality rate by 136 per thousand, from 207 to 71.	207 per thousand (1998).
Improve maternal health	Reduce maternal mortality by 867 deaths per 100,000 live births to 422.	1,289 per 100,000 live births (1998).
Combat HIV/AIDS, malaria, and other diseases	Halt and begin to reverse the spread of HIV/AIDS.	HIV infection rates increased sixteen-fold during 1990–2000, and 8 percent of women in conflict areas are HIV positive.
	Halt and begin to reverse the prevalence of malaria and other major diseases.	Malaria caused 52.4 percent of all registered deaths; more than 500,000 deaths per year and 120 million acute cases per year. Tuberculosis caused 40 percent of registered deaths. Sleeping sickness caused 12.5 million infections.
Ensure environmental sustainability	Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources.	New forestry code (2002) reflects sustainable practices. Ongoing pillaging of natural resources covered in report to the UN Security Council (2002).

Sources: I-PRSP (2002); and Public Expenditure Review, 2002.

Figure 1. Democratic Republic of the Congo: Composition of the Stock of External Debt at End-December 2002, Before Full Use of Traditional Debt-Relief Mechanisms

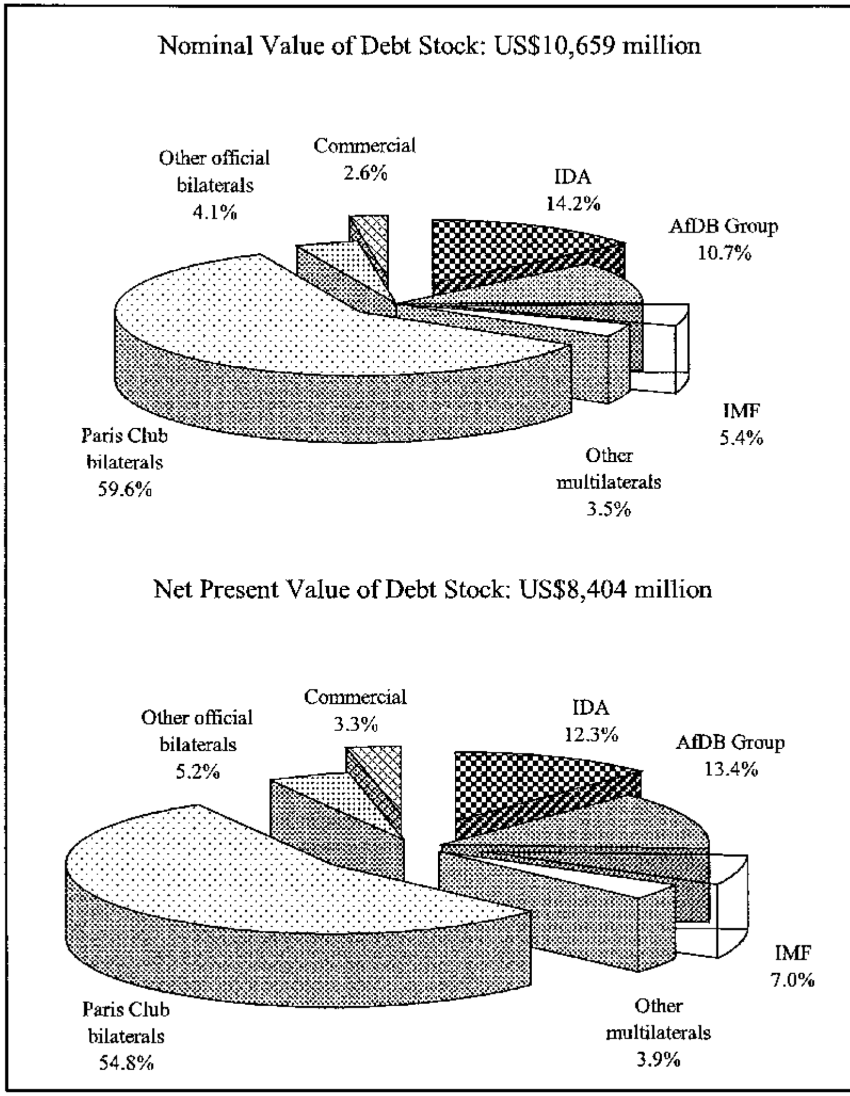
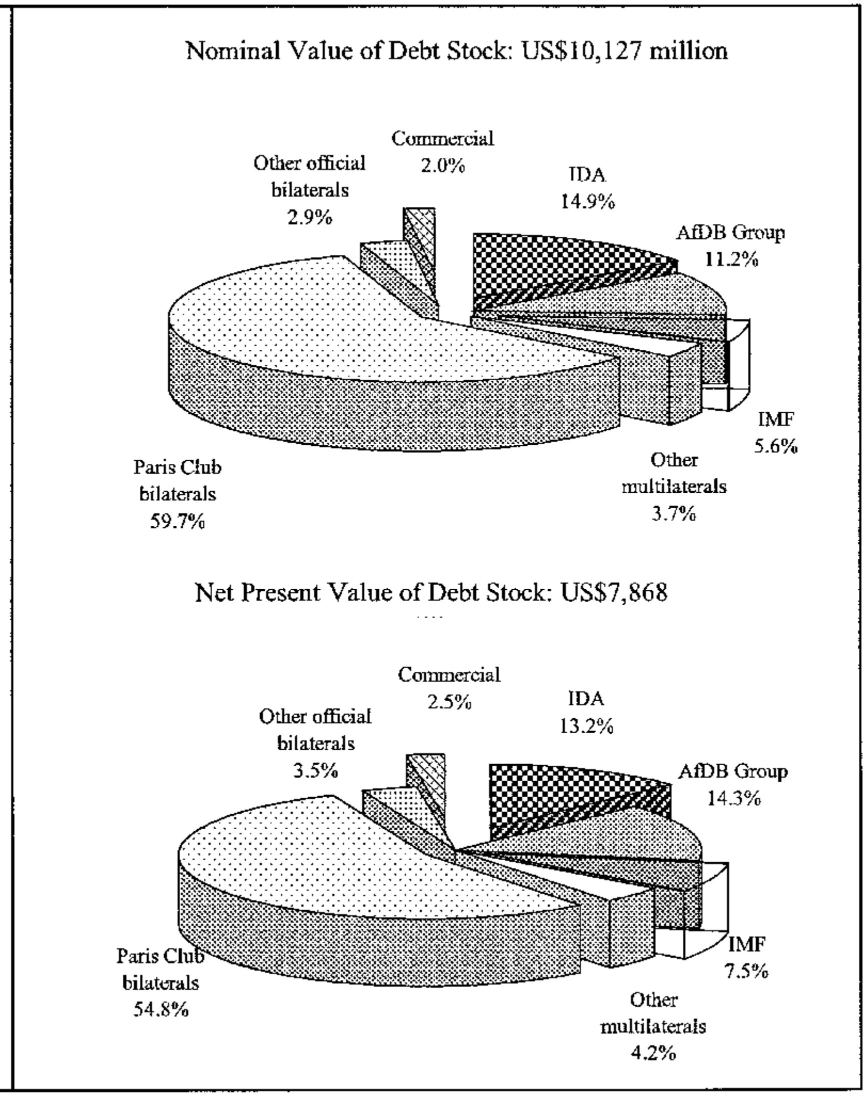
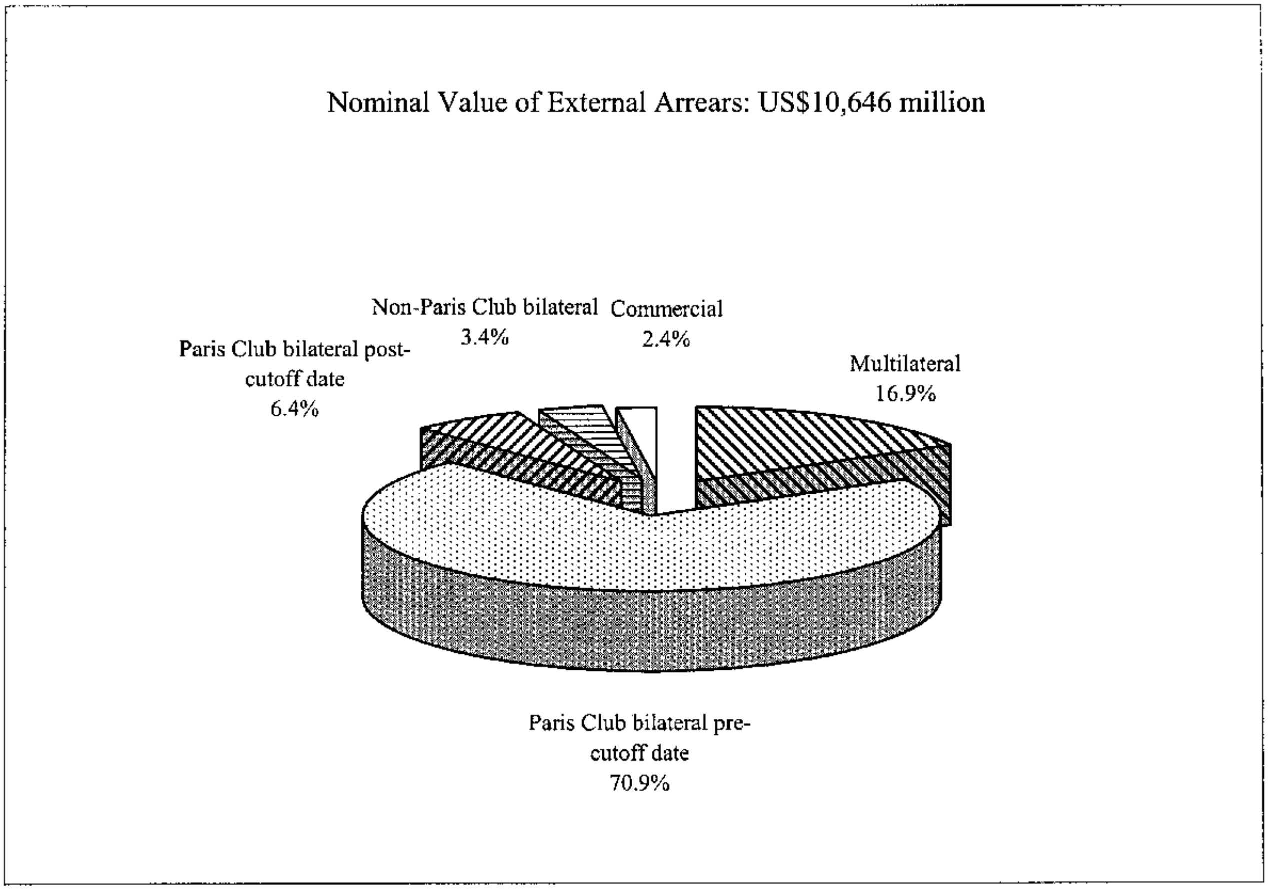


Figure 2. Democratic Republic of the Congo: Composition of the Stock of External Debt at End-December 2002, After Full Use of Traditional Debt-Relief Mechanisms



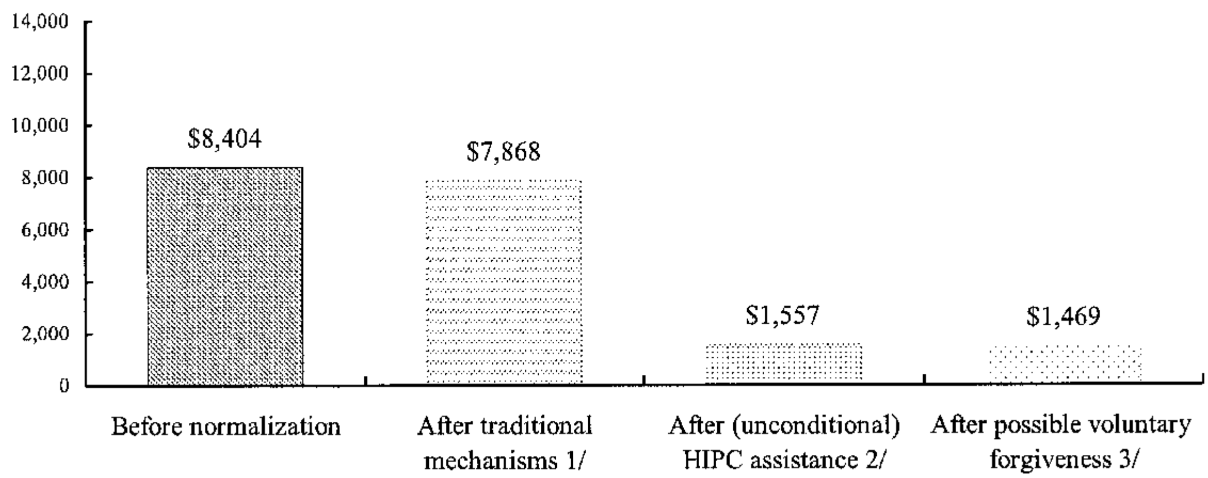
Sources: Congolese authorities and staff estimates.

Figure 3. Democratic Republic of the Congo: Composition of External Arrears at End-December 2001, by Creditor Type
(In percent of total)



Sources: Congolese authorities and staff estimates.

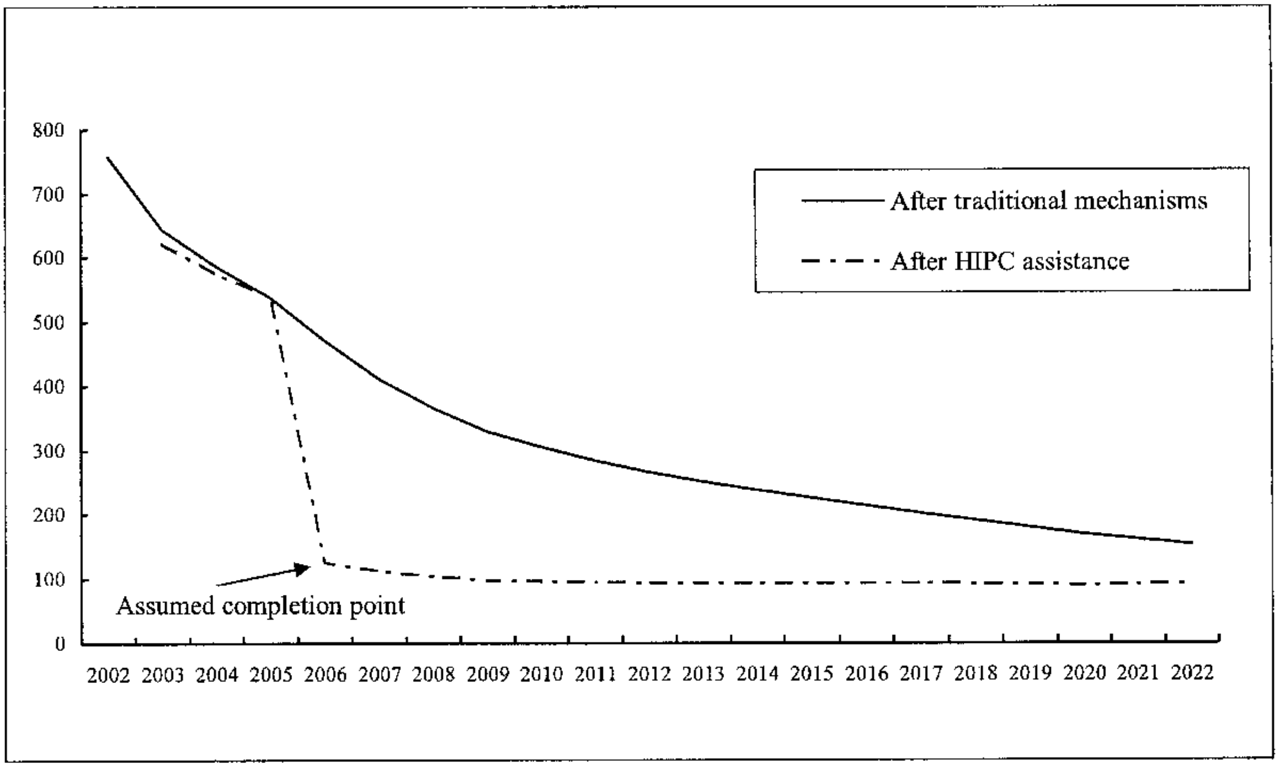
Figure 4. Democratic Republic of the Congo: Effect of Debt Relief in NPV Terms on NPV of Public External Debt, End-2002
(In millions of U.S. dollars)



Sources: Congolese authorities; and staff estimates and projections.

1/ Net present value after traditional debt relief reflects a hypothetical stock-of-debt operation by Paris Club creditors on Naples terms at end-2002, and at least comparable action by other official bilateral and commercial creditors on eligible debt (pre-cutoff date and non-ODA).
2/ Assumes interim relief under the enhanced HIPC Initiative during August 2003–July 2006 and full delivery of assistance from the third quarter of 2006. For assumptions on the modalities by which relief is delivered, see footnote 3 of Table 9.
3/ Reflects assistance beyond the enhanced HIPC Initiative provided by some Paris Club creditors on a voluntary basis.

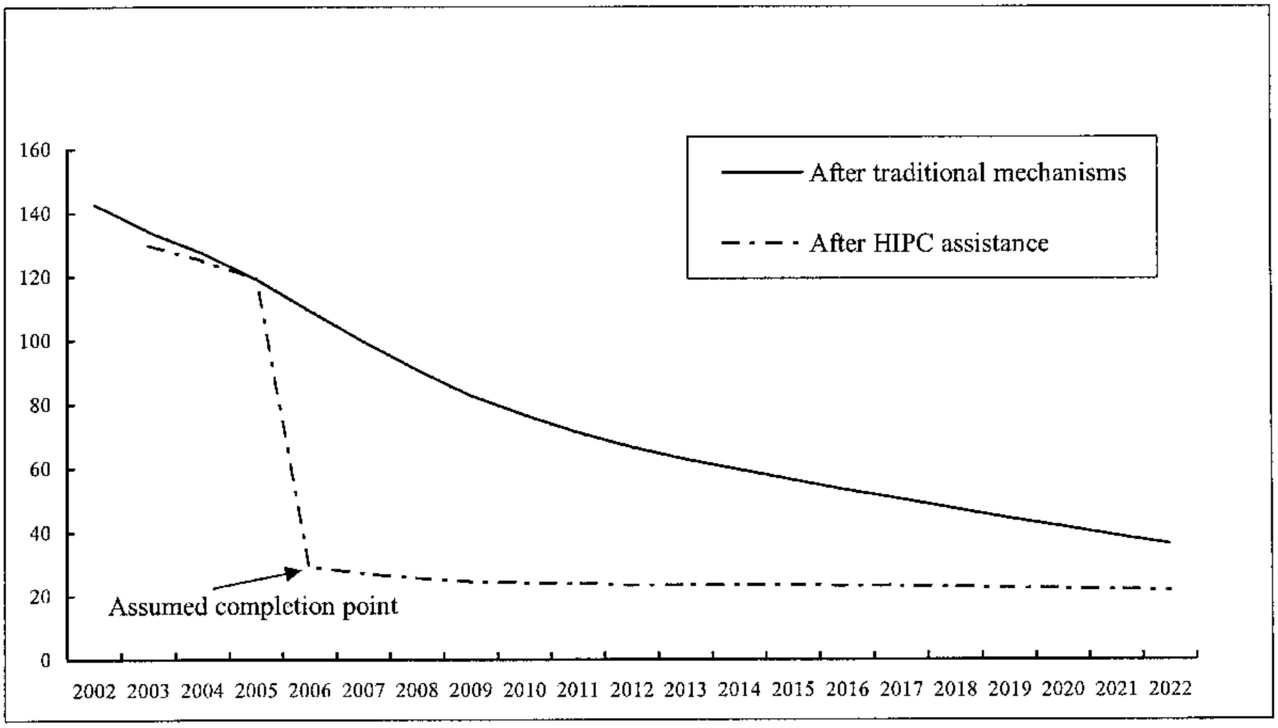
Figure 5. Democratic Republic of the Congo: External Debt Profile,
Net Present Value of Debt-to-Exports Ratio, 2002–22 1/
(In percent)



Sources: Congolese authorities; and staff estimates and projections.

1/ Includes new borrowing from 2003 onward.

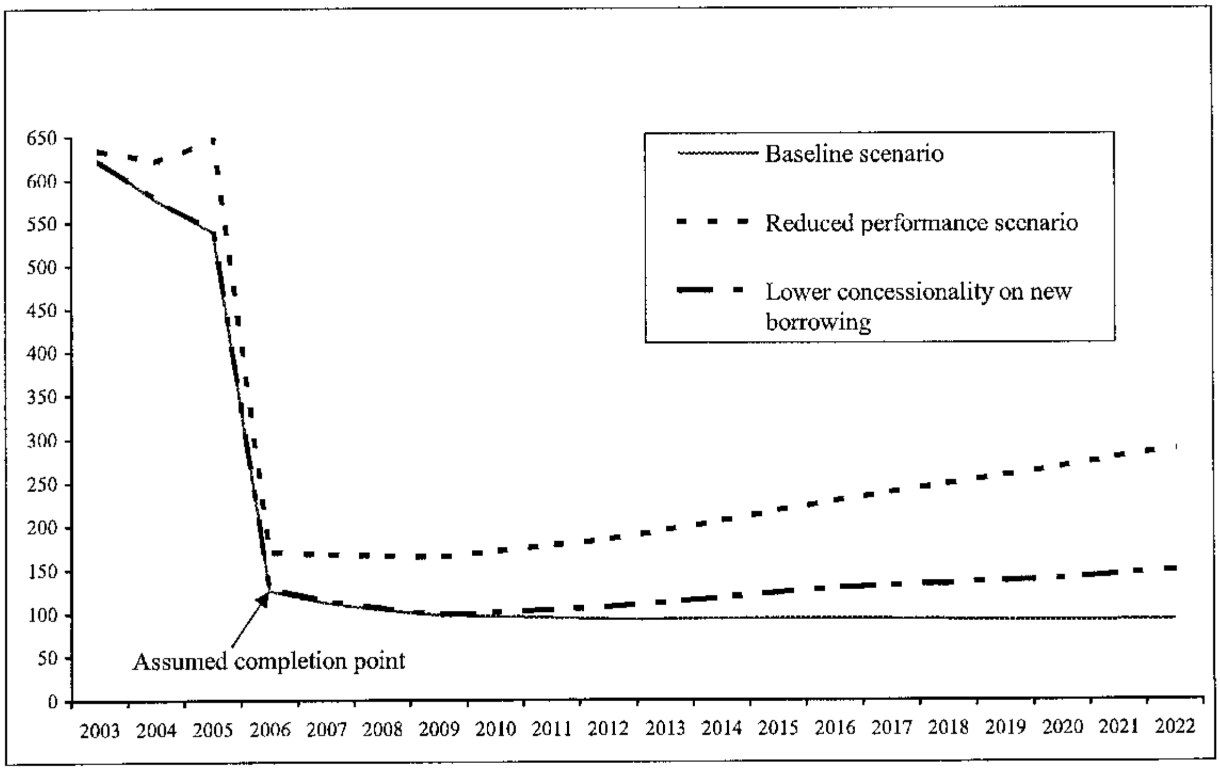
Figure 6. Democratic Republic of the Congo: External Debt Profile,
Net Present Value of Debt-to-GDP Ratio, 2002–22 1/
(In percent)



Sources: Congolese authorities; and staff estimates and projections.

1/ Includes new borrowing from 2003 onward.

Figure 7. Democratic Republic of the Congo: Net Present Value of Debt-to-Exports Ratio, Different Scenarios, 2003–22 1/
(In percent)



Sources: Congolese authorities; and staff estimates and projections.

1/ Includes new borrowing from 2003 onward.

Table 1. Democratic Republic of the Congo: Selected Economic and Financial Indicators, 2000–05

	2000	2001	2002			2003			2004		2005	
	Est.	Est.	Staff Report 12/	Staff Report 13/	HIPC	Staff Report 12/	Staff Report 13/	HIPC	Staff Report 13/	HIPC	Staff Report 13/	HIPC
						(Annual percentage changes)						
Output and prices												
Real GDP	-7	-2	3	3	3	5	5	5	6	6	7	7
GDP deflator	516	403	27	27	27	14	14	14	8	8	6	6
Consumer prices, annual average	550	357	25	25	25	13	14	14	7	7	5	5
Consumer prices, end of period	511	135	15	16	16	6	8	8	6	6	5	5
External sector												
Exports, f.o.b. (in U.S. dollar terms)	-8	-1	15	24	24	6	6	6	14	14	16	16
Imports, f.o.b. (in U.S. dollar terms)	49	19	33	31	31	29	22	22	23	25	20	19
Export volume	-4	-5	14	15	15	10	7	7	14	14	9	9
Import volume	51	24	31	30	30	26	12	12	23	24	18	18
Terms of trade	-3	9	0	6	6	-6	-9	-9	0	0	6	6
Nominal effective exchange rate 1/	-83	-84	-71	-71	-71	...	...	...	...	...	...	...
Real effective exchange rate 1/	-18	-6	-58	-58	-58	...	...	...	...	...	...	...
						(Annual change in percent of beginning-of-period broad money, unless otherwise indicated)						
Money and credit												
Broad money	493	217	22	26	26	17	20	32	...	...	...	...
Net foreign assets	-710	-695	2	10	10	9	16	27	...	...	...	...
Net domestic credit	343	31	-17	-16	-16	8	8	8	...	...	...	...
Net credit to the government	272	-7	-18	-17	-17	0	0	0	...	...	...	...
Credit to the private sector	61	37	0	1	1	8	8	8	...	...	...	...
Credit to parastatals	10	0	0	0	0	0	0	0	...	...	...	...
Central bank refinance rate (level in percent) 2/	120	140	24	24	24	27	25	25	...	...	...	...
						(In percent of GDP)						
Central government finances												
Revenue (excluding grants)	5.1	6.2	7.9	7.9	7.9	8.3	8.3	8.3	9.0	9.0	10.1	10.2
Grants (excluding humanitarian aid)	0.0	0.0	0.3	0.4	0.4	3.7	2.6	2.8	3.4	3.9	5.3	5.7
Expenditure 3/	11.1	7.9	8.9	10.4	10.4	16.8	15.2	13.8	18.6	18.1	20.6	20.2
Domestic primary cash balance 4/	-3.9	0.6	1.4	1.4	1.4	2.1	1.7	1.7	3.0	3.1	4.5	4.5
Overall balance (commitment basis)	-6.0	-1.6	-0.6	-2.0	-2.0	-4.8	-4.4	-2.7	-6.3	-5.1	-5.2	-4.4
Overall consolidated cash balance 5/	-4.1	0.5	-0.1	0.0	0.0	-2.0	-1.4	-0.7	-3.7	-3.3	-3.4	-3.6
Investment and saving												
Gross national saving	-1.2	0.5	9.2	11.1	11.1	14.6	13.7	14.3	14.6	15.1	16.9	17.8
Government	-5.6	-1.5	1.3	1.3	1.3	4.8	3.1	3.9	4.4	5.1	7.0	7.0
Nongovernment	4.4	2.1	7.9	9.8	9.8	9.8	10.6	10.5	10.2	10.0	9.9	10.8
Gross domestic saving	4.4	3.2	3.7	4.9	4.9	5.2	5.8	5.8	7.6	7.6	8.9	8.9
Government	-3.6	-0.2	1.1	1.1	1.1	2.5	2.1	2.1	2.9	2.7	3.8	3.7
Nongovernment	8.1	3.5	2.7	3.8	3.8	2.7	3.7	3.7	4.7	4.9	5.1	5.3
Investment	3.5	5.2	9.1	9.0	9.0	15.7	13.5	13.5	18.1	18.4	21.0	21.2
Government 6/	0.5	0.1	1.1	1.0	1.0	6.2	4.0	4.0	7.6	7.9	10.0	10.2
Nongovernment 7/	3.0	5.1	8.0	8.0	8.0	9.5	9.5	9.5	10.5	10.5	11.0	11.0
						(In millions of U.S. dollars, unless otherwise indicated)						
Balance of payments												
Exports of goods and services	963	961	1,109	1,189	1,189	1,178	1,265	1,265	1,437	1,437	1,659	1,659
Imports of goods and services	920	1,067	1,405	1,415	1,415	1,781	1,686	1,686	2,063	2,080	2,448	2,461
External current account, incl. grants, before debt relief (in percent of GDP)	-4.6	-4.7	-3.2	-2.9	-2.9	-5.0	-3.8	-2.5	-7.7	-7.0	-8.6	-8.1
External current account, excl. grants, before debt relief (in percent of GDP)	-9.5	-10.2	-9.7	-9.4	-9.4	-14.2	-11.7	-10.3	-14.8	-14.1	-16.1	-15.6
External current account, incl. grants, after debt relief (in percent of GDP) 8/	-4.6	-4.7	0.1	2.1	2.1	-1.1	0.1	0.8	-3.5	-3.3	-4.1	-3.4
Gross official reserves (end of period)	51	22	86	75	75	178	191	222	254	287	341	381
Gross official reserves (weeks of non-aid-related imports)	3.8	1.4	4.2	3.6	3.6	7.7	8.0	9.4	9.1	10.2	10.5	11.6

continued

Table 1. Democratic Republic of the Congo: Selected Economic and Financial Indicators, 2000–05 (concluded)

	2000	2001	2002			2003			2004		2005	
	Est.	Est.	Staff Report 12/	Staff Report 13/	HIPC	Staff Report 12/	Staff Report 13/	HIPC	Staff Report 13/	HIPC	Staff Report 13/	HIPC
External public debt												
Total stock, including IMF 9/	12,609	13,280	9,890	10,434	10,659	10,159	8,728	8,203	9,082	8,551	9,474	8,942
Net present value of debt (NPV) 10/	11,888	12,504	...	7,163	8,404	...	7,456	7,734	7,838	8,055	8,131	8,244
Scheduled debt service (incl. interest on arrears) 8/	724	728	38	35	34	155	180	150	219	220	207	256
In percent of exports of goods and services	75	76	3	3	3	13	14	12	15	15	12	15
In percent of government revenue	331	218	8	8	7	22	30	25	30	29	20	25
Exchange rate												
Units of local currency per U.S. dollar (end of period) 11/	50	312	382	382	382	...	418	418	...	...	...	...
Nominal GDP (in billions of Congolese francs)	297	1,464	1,911	1,915	1,915	2,281	2,298	2,298	2,627	2,627	2,989	2,989

Sources: Congolese authorities; and staff estimates and projections.

1/ Change in annual average. Minus sign indicates depreciation.
2/ For 2003, as of May 22.
3/ Includes interest due on external debt (includes debt service on 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, foreign-financed expenditure, and HIPC-related expenditure).
5/ Cash balance after interest rescheduling (including HIPC). Before 2002, excludes the 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 by nongovernmental organizations (NGOs).
8/ Negotiation of agreements with Paris Club creditors, following the September 2002 Paris Club rescheduling, continued into 2003 and, as a result, amounts associated with these agreements and due in 2002 were not finalized. Consequently, amounts are carried over to 2003 when these agreements are signed and the amounts due determined. Similarly, amounts due to non-Paris Club and commercial creditors have not been finalized and are carried over to 2004. From 2003, debt service reflects possible assistance under the enhanced HIPC Initiative. Debt-service data based on the end-2002 DSA in the present document, whereas debt service in the staff report for the second review of the PRGF-supported program based on the end-2001 DSA.
9/ End-of-period debt stock, including arrears and before possible enhanced HIPC Initiative assistance.
10/ The net present value of external public debt is about 79 percent of the nominal value in 2002, reflecting the significant stock of arrears.
11/ For 2003, as of June 11.
12/ See IMF EBS/03/12 (2/05/03).
13/ See IMF EBS/03/98 (7/09/03).

Table 2. Democratic Republic of the Congo: Balance of Payments Summary, 2000–22
(In millions of U.S. dollars, unless otherwise indicated)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Averages 2003–12	Averages 2013–22
Current account	-198	-250	-159	-134	-420	-530	-612	-618	-653	-658	-606	-555	-495	-457	-382	-351	-299	-213	-114	-58	27	121	233	-528	-149
Merchandise trade	212	74	27	-145	-303	-400	-408	-409	-425	-421	-359	-315	-256	-196	-119	-35	56	132	219	312	337	346	333	-344	138
Exports, f.o.b.	892	880	1,088	1,150	1,312	1,528	1,746	1,956	2,126	2,292	2,466	2,640	2,826	3,010	3,207	3,417	3,640	3,860	4,093	4,329	4,503	4,662	4,802	2,004	3,952
Imports, f.o.b.	-680	-807	-1,061	-1,296	-1,616	-1,927	-2,153	-2,365	-2,551	-2,713	-2,824	-2,954	-3,082	-3,206	-3,326	-3,452	-3,584	-3,728	-3,874	-4,017	-4,166	-4,315	-4,469	-2,348	-3,814
Of which: aid-related imports	-140	-194	-237	-328	-460	-572	-557	-549	-530	-530	-470	-465	-447	-419	-370	-319	-285	-276	-260	-236	-230	-223	-217	-491	-283
Services	-169	-179	-252	-276	-340	-403	-433	-454	-471	-487	-490	-477	-455	-436	-419	-395	-360	-310	-254	-188	-117	-33	61	-429	-245
Receipts	71	81	102	115	125	131	138	149	164	180	197	214	233	253	274	297	321	346	373	402	431	462	495	165	365
Expenditure	-240	-260	-354	-390	-465	-534	-571	-602	-635	-667	-687	-692	-689	-689	-693	-691	-682	-656	-627	-590	-548	-495	-434	-593	-611
Of which: aid-related imports	-69	-88	-109	-125	-158	-179	-160	-140	-135	-127	-113	-112	-107	-101	-89	-76	-68	-66	-62	-57	-55	-54	-52	-136	-68
Income	-388	-412	-297	-215	-296	-334	-329	-309	-312	-316	-320	-336	-346	-354	-351	-359	-358	-367	-372	-375	-375	-364	-322	-311	-360
Receipts	17	20	21	23	24	24	25	29	35	47	61	76	99	124	159	191	227	260	293	331	370	412	459	44	282
Expenditure	-405	-432	-318	-238	-320	-358	-355	-337	-347	-363	-381	-411	-444	-478	-509	-550	-585	-626	-666	-706	-745	-776	-781	-355	-642
Of which: interest payments on public debt 1/	-385	-410	-285	-206	-244	-245	-253	-244	-232	-224	-217	-214	-210	-204	-204	-205	-208	-210	-210	-211	-210	-210	-208	-229	-208
Of which: interest payments on private debt	0	0	0	0	0	0	0	0	0	0	0	-1	-2	-3	-4	-5	-7	-12	-16	-20	-23	-25	-27	0	-14
Current unrequited transfers	146	268	363	502	520	606	558	554	554	566	562	573	562	528	507	438	364	332	294	194	182	172	160	556	317
Of which: official	210	295	361	430	424	491	424	398	372	392	423	437	427	396	378	314	262	239	212	181	172	163	151	422	247
Capital and financial account	-388	-315	148	-1	229	297	293	284	256	259	273	214	253	288	245	246	184	89	-20	-86	-185	-296	-430	236	4
Official capital	-339	-308	136	40	176	136	-20	-76	-114	7	99	72	36	1	-43	-58	-102	-131	-165	-217	-255	-299	-347	35	-161
Gross disbursements 2/	0	10	398	193	420	507	488	500	500	501	394	392	391	390	333	314	314	335	356	362	383	406	431	429	362
Net additional disbursements	0	10	72	193	420	507	488	500	500	501	394	392	391	390	333	314	314	335	356	362	383	406	431	429	362
Amortization 1/	-339	-318	-263	-153	-243	-371	-508	-576	-614	-495	-295	-319	-355	-389	-376	-372	-416	-466	-521	-578	-638	-705	-778	-393	-524
Private capital (net)	-50	-7	12	-41	53	162	314	360	370	252	174	141	217	286	289	303	286	220	144	131	70	3	-83	200	165
Of which:																									
Gross disbursements	0	0	0	0	0	0	0	0	0	0	0	13	14	15	16	35	37	80	85	90	96	102	108	3	66
Amortization	0	0	0	0	0	0	0	0	0	0	0	0	0	-3	-7	-11	-15	-20	-26	-42	-59	-73	-88	0	-34
Foreign direct investment	74	82	117	136	209	281	332	381	391	392	394	530	570	610	620	608	561	542	530	524	431	406	377	361	521
Errors and omissions	-242	-144	-149	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Overall balance	-829	-709	-161	-135	-190	-233	-319	-334	-397	-400	-334	-341	-242	-170	-137	-105	-115	-124	-134	-144	-158	-175	-198	-292	-146
Financing	829	709	-10,169	-75	-76	-127	-131	-258	-316	-316	-317	-320	-323	-327	-332	-338	-345	-353	-362	-372	383	-395	-408	-226	-361
Net change in non-Fund arrears	742	698	-10,142	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net banking sector reserves (increase, -)	87	11	-26	-75	-76	-127	-131	-258	-316	-316	-317	-320	-323	-327	-332	-338	-345	-353	-362	-372	-383	-395	-408	-226	-361
Of which : Net Fund credit	17	16	21	73	73	73	0	-57	-114	-243	-257	-272	-158	-44	-29	-15	0	0	0	0	0	0	0	-88	-9
Financing gap before exceptional assistance	0	0	-10,330	-210	-267	-360	-450	-592	-713	-715	-650	-661	-565	-496	-468	-443	-459	-477	-496	-515	-541	-569	-605	-518	-507
Exceptional assistance	0	0	10,330	209	267	360	449	592	713	715	650	661	565	496	468	443	459	477	496	515	541	569	605	518	507
Items related to arrears clearance	0	0	9,960	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Assistance on debt service 3/	0	0	370	209	267	360	449	592	713	715	650	661	565	496	468	443	459	477	496	515	541	569	605	518	507
Of which : HIPC debt relief 4/	...	...	...	33	80	226	369	446	500	497	437	443	396	378	345	315	328	343	360	376	398	423	452	343	372
Memorandum items:											(In percent of GDP, unless otherwise indicated)														
Current account balance, incl. grants, before debt relief	-4.6	-4.7	-2.9	-2.5	-7.0	-8.1	-8.6	-8.0	-7.7	-7.2	-6.2	-5.2	-4.3	-3.8	-2.9	-2.5	-2.0	-1.3	-0.7	-0.3	0.1	0.6	1.1	-6	-1
Current account balance, incl. grants, after debt relief 5/	-4.6	-4.7	2.1	0.8	-3.3	-3.4	-3.1	-2.0	-1.6	-1.6	-1.6	-0.9	-0.8	-0.6	-0.2	-0.2	0.2	0.9	1.5	1.8	2.3	2.7	3.2	-2	1
Gross official reserves (in millions of U.S. dollars)	51	22	75	222	287	381	481	612	767	925	1,083	1,243	1,404	1,568	1,733	1,902	2,074	2,251	2,431	2,617	2,808	3,006	3,209	741	2,360
In weeks of nonaid imports	3.8	1.4	3.6	9.4	10.2	11.6	12.4	14.0	15.8	17.7	19.2	21.1	22.7	24.2	25.3	26.4	27.6	29.0	30.3	31.5	33.0	34.5	36.0	15	30

Sources: Congolese authorities; and staff estimates and projections.

1/ Debt-service data based on the end-2002 DSA in the present document, whereas debt service in the staff report for the second review of the PRGF-supported program based on the end-2001 DSA. Includes debt service on current maturities and on reschedulings following the delivery, from 2003, of possible assistance related to the enhanced HIPC Initiative. Negotiation of agreements with Paris Club creditors, following the September 2002 Paris Club rescheduling, continued into 2003 and, as a result, amounts associated with these agreements and due in 2002 were not finalized. Consequently, amounts are carried over to 2003 when these agreements are signed and the amounts due determined. Similarly, amounts due to non-Paris Club and commercial creditors have not been finalized and are carried over to 2004.

2/ Includes a disbursement by IDA (valued at US$326 million at end-2001 exchange rates) in 2002 to repay the bridge loan used to clear arrears in July 2002.

3/ Debt-service data based on the end-2002 DSA in the present document, whereas debt service in the staff report for the second review of the PRGF-supported program based on the end-2001 DSA. Includes debt relief from multilateral creditors provided from 2002 onward following the clearance of arrears, which includes debt relief on the accumulation of arrears on current maturities in 2002. Also includes debt relief under the September 2002 Paris Club rescheduling, which provides a Naples flow rescheduling on pre-cutoff date debt, deferral of arrears on post-cutoff-date maturities at end-June 2002, deferral of post-cutoff-date maturities due in the second half of 2002, and capitalization of all moratorium interest during the IMF-supported program. Comparable treatment by non-Paris Club official bilateral creditors and commercial creditors is assumed. Additional debt relief is anticipated from 2003 under the enhanced HIPC Initiative.

4/ HIPC Initiative debt relief is equivalent to the marginal debt relief provided under the enhanced HIPC Initiative, after treatment of arrears by multilateral creditors and the September 2002 Paris Club rescheduling.

5/ Debt-service data based on the end-2002 DSA in the present document, whereas debt service in the staff report for the second review of the PRGF-supported program based on the end-2001 DSA. Includes debt relief on interest from multilateral creditors, debt relief on interest from official bilateral and commercial creditors under the September 2002 Paris Club rescheduling, enhanced HIPC Initiative relief on interest and principal payments falling due in the interim period, and the consolidation of penalty interest on arrears accumulated in 2002.

Table 3. Democratic Republic of the Congo: Summary of Central Government Financial Operations, 2000–05

	2000	2001	2002	2003		2004		2005	
	Est.	Est.	Prel. Est.	Staff Report 13/	HIPC	Staff Report 13/	HIPC	Staff Report 13/	HIPC
	(In percent of GDP, unless otherwise specified)								
Total revenue and grants	5.1	6.2	8.3	10.8	11.1	12.3	12.9	15.4	15.9
Total revenue	5.1	6.2	7.9	8.3	8.3	9.0	9.0	10.1	10.2
Customs and excise (OFIDA)	1.7	2.1	2.9	3.7	3.7	4.5	4.5	5.0	5.0
Direct and indirect taxes (DGC)	1.3	1.5	2.1	2.3	2.3	2.3	2.3	2.9	2.9
Petroleum (royalties and taxes)	0.4	0.3	1.6	1.3	1.3	0.9	0.9	0.8	0.8
Off-budget revenue	1.3	1.7	0.6	0.1	0.1	0.0	0.0	0.0	0.0
Other	0.4	0.6	0.7	0.9	0.9	1.2	1.2	1.4	1.4
Total grants	0.0	0.0	0.4	2.6	2.8	3.4	3.9	5.3	5.7
Of which: HIPC assistance 1/	...	...	...	0.4	0.7	1.1	1.7	2.2	2.6
Total expenditure	11.1	7.9	10.4	15.2	13.8	18.6	18.1	20.6	20.2
Current expenditure	9.4	6.6	8.8	10.9	9.4	10.5	9.4	9.6	8.8
Wages	2.5	1.6	2.1	2.2	2.2	2.5	2.5	2.2	2.2
Interest due 2/ 3/	2.1	1.3	3.2	5.1	3.6	5.0	3.9	4.4	3.6
Transfers and subsidies	0.8	0.3	0.3	0.9	0.9	0.5	0.5	0.6	0.6
Other current expenditure	4.1	3.3	3.2	2.7	2.7	2.4	2.4	2.4	2.4
Of which: centralized payments 4/	0.6	0.9	0.8	0.7	0.7	0.8	0.8	0.8	0.8
Off-budget expenditure	1.3	1.2	0.6	0.1	0.1	0.0	0.0	0.0	0.0
Capital expenditure	0.4	0.1	0.5	3.8	3.8	7.0	7.0	8.9	8.9
Foreign-financed	0.0	0.0	0.3	3.3	3.3	6.7	6.7	8.5	8.5
Domestic-financed	0.4	0.1	0.2	0.5	0.5	0.3	0.3	0.4	0.4
Other operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Guarantee and Contingency Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net lending	0.1	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Unallocated poverty-related expenditure 5/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
HIPC-related expenditure	...	...	...	0.4	0.4	1.1	1.7	2.2	2.6
Overall balance (commitment basis)	-6.0	-1.6	-2.0	-4.4	-2.7	-6.3	-5.1	-5.2	-4.4
Domestic primary balance (commitment basis) 6/	-3.9	-0.3	1.1	1.8	1.8	3.2	3.2	4.6	4.6
Change in arrears 7/	1.9	2.2	0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Overall balance (cash basis, before interest rescheduling)	-4.1	0.5	-1.8	-4.5	-2.8	-6.4	-5.3	-5.4	-4.5
Domestic primary balance (cash basis) 6/	-3.9	0.6	1.4	1.7	1.7	3.0	3.1	4.5	4.5
Central bank operational result 8/	...	...	-0.6	-0.4	-0.4	-0.4	-0.4	-0.3	-0.3
Overall consolidated balance (cash basis, before interest rescheduling)	...	...	-2.4	-4.9	-3.2	-6.8	-5.6	-5.7	-4.8
Total financing	4.0	-0.4	2.6	4.9	3.2	6.8	5.6	5.7	4.8
Domestic financing	4.0	0.1	-1.0	0.0	0.0	0.0	0.0	0.0	0.0
Banks	4.0	-0.1	-0.6	0.0	0.0	0.0	0.0	0.0	0.0
Nonbanks (certificates of deposit)	0.0	0.2	-0.4	0.0	0.0	0.0	0.0	0.0	0.0
Foreign financing	0.0	-0.5	3.6	4.9	3.8	6.8	5.6	5.7	4.8
Non domestic non resident banks	0.0	-0.5	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Amortization due before debt relief 3/	-7.9	-6.0	-4.8	-4.6	-2.8	-4.1	-4.1	-3.9	-5.7
Variation of arrears 9/	7.9	6.0	-188.0	0.0	0.0	0.0	0.0	0.0	0.0
New loans	0.0	0.0	1.3	3.5	3.5	6.5	7.0	6.7	7.7
Financing gap before debt relief	0.0	0.0	-194.5	-6.0	-2.5	-4.4	-2.7	-3.0	-2.8
Arrears consolidation 9/	0.0	0.0	106.1	0.0	0.0	0.0	0.0	0.0	0.0
Arrears cancellation 9/	0.0	0.0	81.8	0.0	0.0	0.0	0.0	0.0	0.0
Debt relief before HIPC assistance	0.0	0.0	6.7	6.0	3.1	4.4	2.7	3.0	2.8
Financing gap after debt relief 10/	0.0	0.0	0.0	0.0	-0.6	0.0	0.0	0.0	0.0
Discrepancy 11/	-0.1	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0
	(In percent of GDP, unless otherwise specified)								
Memorandum items:									
GDP (in billion of CGF)	297	1,464	1,915	2,298	2,298	2,627	2,627	2,989	2,989
Current primary expenditure (cash basis)	7.3	4.4	5.3	5.9	5.9	5.6	5.6	5.3	5.3
Domestic primary cash balance excl. unall.exp.	-3.9	0.6	1.4	1.7	1.7	3.0	3.1	4.5	4.5
Overall consolidated cash balance 12/	-4.1	0.5	0.0	-1.4	-0.7	-3.7	-3.3	-3.4	-3.6

Sources: Congolese authorities; and staff estimates and projections.

1/ Reflects revised calculation of HIPC assistance from 2002-based DSA. HIPC assistance is equal to (a) for official bilateral and commercial creditors, the difference between debt service due after a hypothetical Naples stock operation at end-2002 and debt service due after HIPC relief; and (b) for multilateral creditors, the difference between debt service due after arrears clearance operations and debt service due after HIPC relief.

2/ Scheduled interest before any treatment, plus interest on the September 2002 Paris Club rescheduling from 2002, and interest on the rescheduling under the enhanced HIPC Initiative from 2003. Exludes interest on arrears before 2002.

3/ Negotiations of agreements with Paris club creditors, following the September 2002 Naples rescheduling, are still ongoing. As a result, amounts associated with these agreements and due in 2002 have not been finalized. Consequently amounts are carried over to 2003 when it is expected that these agreements will be signed and the amounts due determined. Similarly, amounts due to non-Paris Club and commercial creditors have not been finalized and are carried over to 2004. From 2003 onward, debt service reflects possible rescheduling under the enhanced HIPC Initiative.

4/ In 2001 and 2002, includes a preliminary estimate for accumulation of arrears on utilities (CGF 12 billion). Utilities payments and arrears to be surveyed in 2003.

5/ Contingent expenditure that will be mobilized only if the debt rescheduling assumptions materialize.

6/ The domestic primary balance is defined as revenue (excluding grants) less expenditure (excluding interest on debt, foreign-financed expenditure and HIPC-related expenditure).

7/ Internal and external arrears. External arrears accruing in the first months of 2002 before the debt relief operations are not shown as they are consolidated during the same year.

8/ Central bank operational net losses amounted to CGF 15.7 billions in 2001 (1 percent of GDP).

9/ In 2002, arrears include interest and principal.

10/ Nonzero financing gap in 2003 owing to the revision of debt service data with the completion of the 2002-based DSA after the negotiation of the 2003 budget and completion of the IMF staff report for the second review of the PRGF-supported program. Automatic adjusters will modify the program's performance criteria to account for changes in programmed debt service.

11/ Discrepancy between monetary and fiscal data.

12/ Cash balance after interest rescheduling (including HIPC). Before 2002, excludes BCC operations.

Table 4. Democratic Republic of the Congo: Stock of External Arrears at End-2001
(In millions of U.S. dollars, unless otherwise indicated)

Creditor	Arrears as of End-2001 1/	Percent of Total
Multilateral creditors	1,800.1	16.9
IBRD	128.0	1.2
IDA	189.6	1.8
AfDB Group	778.5	7.3
AfDB	737.9	6.9
AfDF	40.6	0.4
IMF	503.4	4.7
European Investment Bank	21.0	0.2
European Union (EU administered)	79.8	0.8
European Union (IDA administered)	2.3	0.0
IFAD	7.6	0.1
BADEA	21.5	0.2
OPEC Fund	0.7	0.0
IFC	26.0	0.2
BDEGL	6.3	0.1
BEAC	35.3	0.3
Bilateral and commercial creditors	8,845.6	83.1
Paris Club	8,229.4	77.3
Pre-cutoff	7,546.8	70.9
Post-cutoff	682.5	6.4
Non-Paris Club	365.6	3.4
Commercial	250.6	2.4
Total	10,645.6	100.0

Sources: Creditor statements, Congolese authorities, and staff estimates.

1/ Includes short-term debt in arrears and estimated penalty interest on arrears.

Table 5. Democratic Republic of the Congo: Nominal Stock and Net Present Value of External Debt Outstanding, by Creditor Group, Before and After Traditional Debt Relief, at End-December 2002

	Nominal Debt Stock		NPV of Debt		Nominal Debt Stock After Traditional Debt Relief		NPV of Debt After Traditional Debt Relief 1/	
	US$ million	Percent of total	US$ million	Percent of total	US$ million	Percent of total	US$ million	Percent of total
Total	10,659.0	100.0	8,404.4	100.0	10,127.0	100.0	7,868.1	100.0
Multilateral	3,590.6	33.7	3,084.3	36.7	3,590.6	35.5	3,084.3	39.2
IDA 2/	1,511.6	14.2	1,036.5	12.3	1,511.6	14.9	1,036.5	13.2
AfDB Group	1,135.7	10.7	1,128.4	13.4	1,135.7	11.2	1,128.4	14.3
AfDB 3/	962.6	9.0	981.4	11.7	962.6	9.5	981.4	12.5
AfDF 3/	173.1	1.6	147.0	1.7	173.1	1.7	147.0	1.9
IMF 3/	571.0	5.4	588.4	7.0	571.0	5.6	588.4	7.5
European Investment Bank	25.2	0.2	25.2	0.3	25.2	0.2	25.2	0.3
European Union	205.4	1.9	170.1	2.0	205.4	2.0	170.1	2.2
EU administered by IDA 3/	10.2	0.1	7.6	0.1	10.2	0.1	7.6	0.1
IFAD	28.2	0.3	21.7	0.3	28.2	0.3	21.7	0.3
IFC 4/	30.0	0.3	30.0	0.4	30.0	0.3	30.0	0.4
BADEA	21.7	0.2	21.7	0.3	21.7	0.2	21.7	0.3
OPEC Fund	0.7	0.0	0.7	0.0	0.7	0.0	0.7	0.0
BDEGL	7.8	0.1	7.8	0.1	7.8	0.1	7.8	0.1
BEAC 3/ 5/	43.0	0.4	46.2	0.5	43.0	0.4	46.2	0.6
Bilateral and commercial	7,068.4	66.3	5,320.1	63.3	6,536.3	64.5	4,783.8	60.8
Paris Club 6/	6,352.7	59.6	4,608.5	54.8	6,043.4	59.7	4,310.1	54.8
Pre-cutoff date	5,282.8	49.6	3,701.2	44.0	4,973.5	49.1	3,402.8	43.2
ODA	794.5	7.5	530.5	6.3	627.6	6.2	370.2	4.7
Non-ODA	4,488.4	42.1	3,170.7	37.7	4,345.9	10.6	3,032.6	38.5
Post-cutoff date	1,069.9	10.0	907.3	10.8	1,069.9	2.7	907.3	11.5
ODA	275.1	2.6	208.9	2.5	275.1	2.7	208.9	2.7
Non-ODA 5/	794.8	7.5	698.4	8.3	794.8	7.8	698.4	8.9
Austria	97.1	0.9	44.3	0.5	97.1	1.0	44.3	0.6
Belgium	1,361.0	12.8	591.3	7.0	1,298.7	12.8	522.8	6.6
Brazil	1.7	0.0	1.5	0.0	1.7	0.0	1.5	0.0
Canada	30.7	0.3	22.9	0.3	30.7	0.3	22.9	0.3
France	1,074.9	10.1	865.6	10.3	1,074.9	10.6	865.6	11.0
Germany	415.1	3.9	337.1	4.0	415.8	4.1	334.0	4.2
Italy	529.1	5.0	422.3	5.0	529.1	5.2	422.3	5.4
Japan	696.3	6.5	562.6	6.7	682.9	6.7	540.0	6.9
Netherlands	284.2	2.7	253.4	3.0	239.0	2.4	210.5	2.7
Norway	19.0	0.2	10.4	0.1	19.0	0.2	10.4	0.1
Spain	18.1	0.2	15.8	0.2	18.1	0.2	15.8	0.2
Sweden	116.1	1.1	67.1	0.8	116.1	1.1	54.8	0.7
Switzerland	11.3	0.1	10.3	0.1	11.3	0.1	10.3	0.1
United Kingdom	123.5	1.2	93.6	1.1	123.5	1.2	93.6	1.2
United States	1,574.8	14.8	1,310.3	15.6	1,385.6	13.7	1,161.2	14.8
Other official bilateral	436.9	4.1	433.0	5.2	290.1	2.9	273.6	3.5
Pre-cutoff date	281.8	2.6	281.9	3.4	138.3	1.4	129.2	1.6
ODA	27.7	0.3	27.7	0.3	27.7	0.3	19.5	0.2
Non-ODA	254.2	2.4	254.2	3.0	110.6	1.5	109.7	1.8
Post-cutoff date	155.1	1.5	151.1	1.8	151.9	0.3	144.4	1.8
ODA	29.0	0.3	25.9	0.3	29.0	0.3	24.2	0.3
Non-ODA 5/	126.1	1.2	125.2	1.5	122.9	1.2	120.1	1.5
Burundi	4.0	0.0	4.0	0.0	1.3	0.0	1.3	0.0
China	38.8	0.4	35.5	0.4	38.8	0.4	33.7	0.4
Egypt	9.3	0.1	9.3	0.1	9.3	0.1	9.1	0.1
Israel	18.3	0.2	18.3	0.2	18.3	0.2	18.0	0.2
Kuwait	95.5	0.9	95.5	1.1	41.7	0.4	41.3	0.5
Namibia	1.9	0.0	1.8	0.0	0.6	0.0	0.7	0.0
Rwanda	0.8	0.0	0.8	0.0	0.3	0.0	0.3	0.0
Saudi Arabia	27.7	0.3	27.7	0.3	27.7	0.3	19.5	0.2
Serbia and Montenegro	48.4	0.5	48.4	0.6	37.4	0.4	36.8	0.5
Taiwan Province of China	37.1	0.3	36.4	0.4	37.1	0.4	36.0	0.5
United Arab Emirates	155.2	1.5	155.4	1.8	77.6	0.8	76.9	1.0
Commercial	278.8	2.6	278.6	3.3	202.8	2.0	200.1	2.5
Belgium	133.1	1.2	132.9	1.6	100.6	1.0	99.5	1.3
France	28.9	0.3	28.9	0.3	28.9	0.3	28.4	0.4
Germany	2.9	0.0	2.9	0.0	1.7	0.0	1.6	0.0
Italy	11.4	0.1	11.4	0.1	8.0	0.1	7.8	0.1
Netherlands	3.1	0.0	3.1	0.0	3.1	0.0	3.1	0.0
South Africa	21.0	0.2	21.0	0.2	21.0	0.2	20.6	0.3
Switzerland	20.2	0.2	20.2	0.2	20.2	0.2	19.8	0.3
United States	0.3	0.0	0.3	0.0	0.1	0.0	0.1	0.0
London Club	57.9	0.5	57.9	0.7	19.3	0.2	19.1	0.2

Sources: Creditor statements; Congolese authorities and staff estimates.

1/ Reflects the September 2002 Paris Club rescheduling, with comparable treatment by other bilateral and commercial creditors, and a hypothetical stock-of-debt operation on Naples terms at end-2002 by Paris Club creditors, with comparable treatment by other official bilateral and commercial creditors on eligible debt (pre-cutoff and non-ODA).
2/ The NPV of the stock of debt includes the NPV reduction resulting from the treatment of IDA and IBRD arrears in July 2002.
3/ The NPV of the stock of debt includes the NPV reduction resulting from the treatment of arrears before end-2002.
4/ IFC has indicated that although the DRC owns 50 percent of the shares in Les Grands Hôtels du Congo, the Company's debt to IFC in respect of that loan is not an obligation, either actual or contingent, of the government. A restructuring of IFC's investment, associated with a possible dilution of the government's shareholding in the Company, is under negotiation and may be submitted to IFC's Board of Directors for consideration and approval in the near future consistent with IFC's own policies and procedures.
5/ Stocks include short-term debt that has been in arrears for more than a year.
6/ The Paris Club cutoff date is June 30, 1983.

Table 6. Democratic Republic of the Congo: Enhanced HIPC Initiative Assistance under a Proportional Burden-Sharing Approach 1/ 2/
(In millions of U.S. dollars, unless otherwise indicated)

NPV of Debt-to-Exports Target (In percent)	Total	Bilateral 3/	Multilateral 4/	Common Reduction Factor 5/ (In percent)
	(In NPV terms at end-2002)			
150	6,311	3,837	2,474	80.2
Memorandum items:				
NPV of debt 6/	7,868	4,784	3,084	
Paris Club creditors 7/	4,310			93.4
Of which: pre-cutoff date non-ODA debt	3,033			104.7
Non-Paris Club creditors 3/	474			93.4
Target NPV	1,557			
Three-year average of exports 8/	1,038			
NPV of debt-to-exports ratio 9/	758			

Sources: Congolese authorities and staff estimates.

1/ The proportional burden-sharing approach is described in "HIPC Initiative—Estimated Costs and Burden-Sharing Approaches" (EBS/97/127, 7/07/97 and IDA/SecM97-306, July 7, 1997).
2/ Reflects the September 2002 Paris Club rescheduling with comparable treatment by other bilateral and commercial creditors, and a hypothetical stock-of-debt operation on Naples terms at end-2002 by Paris Club creditors, with comparable treatment by other official bilateral and commercial creditors on eligible debt (pre-cutoff and non-ODA).
3/ Includes official bilateral debt, commercial debt, and short-term debt in arrears for more than one year.
4/ Includes multilateral short-term debt in arrears for more than one year.
5/ Each creditor's NPV reduction in percent of its exposure at the decision point.
6/ Based on end-2002 data after full application of traditional debt-relief mechanisms.
7/ Includes official bilateral debt and short-term debt in arrears for more than one year.
8/ Goods and service exports, as defined in IMF, *Balance of Payments Manual,* 5th edition, 1993.
9/ Based on the three-year backward-looking average of goods and services exports ending in the base year of the debt sustainability analysis (i.e., 2000–02).

Table 7. Democratic Republic of the Congo: Discount and Exchange Rate Assumptions, End-2002

Currency Name	Discount Rate 1/ (In percent)	Exchange Rate 2/
Austrian schilling 3/	5.55	13.12
Belgian franc 3/	5.55	38.47
Canadian dollar	5.88	1.58
Chinese yuan	4.82	8.28
Danish krone	5.78	7.08
Deutsche mark 3/	5.55	1.87
Euro	5.55	0.95
Finnish markaa 3/	5.55	5.67
French franc 3/	5.55	6.25
Irish pound 3/	5.55	0.75
Italian lira 3/	5.55	1,846.35
Japanese yen	1.75	119.90
Kuwaiti dinar	4.82	0.30
Luxembourg franc 3/	5.55	38.47
Netherlands guilder 3/	5.55	2.10
Norwegian krone	7.76	6.97
Portuguese escudo 3/	5.55	191.17
Saudi Arabian riyal	4.82	3.75
Spanish peseta 3/	5.55	158.66
Special drawing rights	4.82	0.74
Swedish krona	6.11	8.83
Swiss franc	3.42	1.39
U.K. pound	5.84	0.62
U.S. dollar	5.12	1.00
Memorandum item:		
Paris Club cutoff date	June 30, 1983	

Sources: OECD and IMF, *International Financial Statistics*.

1/ The discount rates used are the average commercial interest reference rates (CIRRs) over the six-month period prior to end-December 2002 (i.e., the end of the most recent period for which actual debt and export data are available).
2/ The exchange rates are expressed in units of national currency per U.S. dollar at end-December 2002.
3/ These currencies were replaced by the euro on January 1, 2002. However, some creditors had not yet converted their databases to euros by end-2002. The exchange rates quoted here are based on the end-2002 rate of currency unit per euro at end-2001 and then converted from euros to U.S. dollars at the end-2002 exchange rate.

Table 8. Democratic Republic of the Congo: Net Present Value of External Debt after Full Use of Traditional Debt-Relief Mechanisms, 2002–22 1/
(In millions of U.S. dollars, unless otherwise indicated)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Averages 2003-12	Averages 2013-22
NPV of total debt 2/	7,868.1	7,318.1	7,604.5	7,816.8	7,819.2	7,736.9	7,661.2	7,546.8	7,559.1	7,555.1	7,582.3	7,660.7	7,770.1	7,875.0	7,960.1	8,013.8	8,031.6	8,028.5	7,985.6	7,926.7	7,822.4	7,620.0	7,907.4
NPV of existing debt	7,868.1	7,187.6	7,230.9	7,148.2	6,902.5	6,590.8	6,278.4	5,934.6	5,771.9	5,590.5	5,441.8	5,328.5	5,233.1	5,116.7	4,979.3	4,819.5	4,635.4	4,423.3	4,177.0	3,892.3	3,563.7	6,407.7	4,616.9
Official bilateral and commercial	4,783.8	4,866.8	4,881.5	4,777.7	4,519.1	4,259.8	4,069.3	3,858.3	3,829.2	3,791.7	3,745.3	3,688.4	3,656.3	3,609.9	3,549.4	3,471.1	3,373.8	3,254.8	3,108.6	2,931.3	2,721.6	4,259.9	3,336.5
Paris Club	4,310.1	4,396.7	4,483.1	4,451.1	4,264.7	4,076.4	3,888.9	3,681.2	3,655.6	3,621.8	3,578.5	3,524.9	3,496.9	3,455.6	3,401.2	3,329.8	3,240.7	3,131.7	2,997.1	2,833.4	2,639.3	4,009.8	3,205.1
Pre-cutoff date	3,402.8	3,542.7	3,682.8	3,722.6	3,695.3	3,667.7	3,639.7	3,607.8	3,587.6	3,559.1	3,521.3	3,473.5	3,451.6	3,416.6	3,367.5	3,301.9	3,217.5	3,111.1	2,978.7	2,817.2	2,625.5	3,622.7	3,176.1
Of which: ODA	370.2	380.9	392.1	396.9	397.8	398.8	399.9	400.9	401.8	402.5	403.0	403.3	405.8	408.1	410.1	411.7	412.8	412.1	408.5	401.7	393.2	397.5	406.7
Post-cutoff date	907.3	854.1	800.3	728.6	569.4	408.7	249.2	73.4	68.0	62.7	57.2	51.4	45.3	39.0	33.6	28.0	23.2	20.6	18.4	16.1	13.8	387.1	28.9
Of which: ODA	208.9	186.4	163.7	142.3	120.2	99.7	83.6	73.4	68.0	62.7	57.2	51.4	45.3	39.0	33.6	28.0	23.2	20.6	18.4	16.1	13.8	105.7	28.9
Other official bilateral	273.6	270.2	238.7	207.0	175.1	144.2	141.2	138.0	134.9	131.6	129.1	126.6	123.5	119.7	115.2	110.1	104.1	96.7	88.1	78.1	66.5	171.0	102.9
Pre-cutoff date	129.2	129.2	129.3	129.4	129.4	129.5	129.6	129.3	128.7	127.6	126.1	124.0	121.3	118.0	113.8	108.9	102.9	95.6	87.1	77.3	65.9	128.8	101.5
Of which: ODA	19.5	19.6	19.7	19.8	20.0	20.1	20.2	20.4	20.5	20.7	20.8	21.0	21.2	21.4	21.6	21.8	22.0	22.0	21.9	21.7	21.6	20.2	21.6
Post-cutoff date	144.4	141.0	109.4	77.7	45.7	14.7	11.6	8.7	6.2	3.9	3.0	2.6	2.2	1.8	1.3	1.3	1.2	1.1	1.0	0.8	0.6	42.2	1.4
Of which: ODA	24.2	22.6	18.1	13.4	8.5	4.5	3.1	1.9	1.1	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.4	0.0
Commercial	200.1	199.9	159.7	119.5	79.3	39.2	39.2	39.1	38.8	38.3	37.7	36.9	35.9	34.6	33.0	31.2	29.0	26.4	23.4	19.9	15.9	79.1	28.6
Multilateral	3,084.3	2,320.7	2,349.4	2,370.5	2,383.4	2,330.9	2,209.0	2,076.3	1,942.6	1,798.8	1,696.5	1,640.1	1,576.8	1,506.8	1,430.0	1,348.3	1,261.5	1,168.4	1,068.4	961.0	842.1	2,147.8	1,280.3
IDA 3/	1,036.5	806.8	809.9	811.4	809.8	804.2	796.0	786.8	776.9	766.5	751.6	732.1	712.0	691.3	669.9	647.8	625.0	601.7	577.7	553.2	524.7	792.0	633.5
AfDF/AfDB 4/	1,128.4	739.9	754.8	765.2	770.2	770.3	765.4	754.9	739.1	717.8	690.3	656.8	617.4	571.8	520.2	464.8	405.1	339.1	266.7	187.6	101.4	746.8	413.1
IMF 4/	588.4	451.4	468.2	485.8	504.3	466.6	370.4	270.1	165.6	56.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	323.9	0.0
Others 4/	331.0	322.7	316.6	308.1	299.1	289.9	277.3	264.6	261.1	258.0	254.6	251.1	247.4	243.7	239.8	235.7	231.4	227.6	224.0	220.1	216.0	285.2	233.7
NPV of new debt 5/	...	130.5	373.5	668.6	916.6	1,146.2	1,382.8	1,612.2	1,787.2	1,964.6	2,140.5	2,332.2	2,536.9	2,758.3	2,980.8	3,194.3	3,396.3	3,605.3	3,808.7	4,034.4	4,258.6	1,212.3	3,290.6
NPV of debt-to-exports ratio 6/	758.0	642.8	586.3	537.8	471.1	411.0	366.0	329.6	305.4	283.7	265.3	250.5	237.8	225.9	214.1	202.3	190.7	179.7	169.5	160.8	152.8	419.9	198.4
NPV of debt-to-revenue ratio 7/	1,794.1	1,625.5	1,416.2	1,172.7	990.2	869.8	768.2	681.0	613.9	556.0	505.6	466.2	431.5	399.0	368.1	340.5	313.6	288.1	265.1	243.6	222.4	919.9	333.8
Memorandum items:																							
Exports of goods and services 8/	1,189.3	1,264.8	1,437.0	1,658.8	1,883.3	2,105.0	2,290.8	2,472.3	2,662.5	2,853.8	3,058.9	3,263.2	3,481.1	3,713.5	3,961.6	4,206.0	4,465.6	4,731.0	4,934.0	5,123.4	5,297.4	2,168.7	4,317.7
Three-year export average 9/	1,038.0	1,138.5	1,297.0	1,453.5	1,659.7	1,882.4	2,093.0	2,289.4	2,475.2	2,662.9	2,858.4	3,058.6	3,267.7	3,485.9	3,718.7	3,960.4	4,211.1	4,467.5	4,710.2	4,929.5	5,118.3	1,981.0	4,092.8
Government revenue 10/	438.6	450.2	537.0	666.5	789.7	889.5	997.3	1,108.2	1,231.4	1,358.9	1,499.6	1,643.3	1,800.9	1,973.5	2,162.7	2,353.6	2,561.2	2,787.2	3,011.8	3,254.5	3,516.7	952.8	2,506.5
GDP	5,518	5,456	5,966	6,560	7,156	7,769	8,434	9,114	9,848	10,592	11,391	12,193	13,051	13,970	14,953	15,930	16,970	18,078	19,166	20,320	21,543	8,229	16,617

Sources: Congolese authorities; and staff estimates and projections.

1/ Refers to public and publicly-guaranteed external debt only, and assumes full use of traditional debt-relief mechanisms, i.e., a hypothetical Paris Club stock-of-debt operation on Naples terms at end-2002, and at least comparable treatment by other official bilateral and commercial creditors. This is before any debt relief under the enhanced HIPC Initiative.

2/ Discounted on the basis of the average commercial interest reference rate (CIRR) for the respective currency, derived over the six-month period prior to the latest date for which actual data are available, i.e., end-2002. Currency-specific NPVs are converted to U.S. dollars for all years at the end-2002 exchange rate.

3/ The end-2002 NPV of the stock of debt includes the NPV reduction resulting from the treatment of IDA and IBRD arrears in July 2002.

4/ The end-2002 NPV of the stock of debt includes the NPV reduction resulting from the treatment of arrears before end-2002 for those creditors whose end-2002 stock of debt does not include arrears.

5/ Reflects lending plans announced by creditors for 2003–05, and, from 2005, the borrowing needed to close the balance of payments financing gap.

6/ NPV of debt in percent of the three-year backward-looking average of goods and services exports ending in the current year (i.e., for 2002, average of exports during 2000–02).

7/ NPV of debt in percent of central government revenue, excluding grants.

8/ As defined in IMF, *Balance of Payments Manual*, 5th edition, 1993. Refers to current-year exports.

9/ The three-year backward-looking average of goods and services exports (i.e., for 2002, average of exports during 2000–02).

10/ Revenue is defined as central government revenue, excluding grants.

Table 9. Democratic Republic of the Congo: External Debt Service, 2003–22 1/
(In millions of U.S. dollars, unless otherwise indicated)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Averages 2003–12	Averages 2013–22
Before full use of traditional mechanisms																						
Total scheduled debt service	191.3	210.3	383.2	581.7	633.4	690.3	720.6	538.9	570.6	535.8	498.3	467.9	445.7	473.3	522.2	574.5	629.4	684.7	746.8	808.5	505.6	585.1
Existing debt	189.5	204.0	371.1	564.2	612.2	665.2	676.3	473.2	479.7	434.0	387.4	357.2	327.2	339.5	354.2	369.3	384.2	406.4	430.8	458.6	466.9	381.5
Multilateral	51.4	62.7	71.6	80.8	146.7	213.7	218.8	213.6	217.6	169.5	119.2	123.8	128.2	132.3	134.1	136.2	139.2	142.6	146.2	153.5	144.6	135.5
IDA	35.0	36.1	37.8	41.0	44.9	47.2	47.9	48.0	48.1	52.1	55.9	55.6	55.2	54.9	54.5	54.2	53.6	53.1	52.4	55.3	43.8	54.5
IMF	4.9	4.9	4.9	4.9	62.0	118.7	118.1	117.5	117.0	59.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	61.2	0.0
AfDF/AfDB	5.1	9.2	14.3	20.2	25.4	30.5	36.0	41.2	46.1	51.8	56.8	61.8	66.8	71.2	73.5	75.9	80.2	84.4	88.7	93.1	28.0	75.2
Other multilaterals	6.4	12.5	14.5	14.6	14.4	17.3	16.8	6.9	6.4	6.4	6.4	6.4	6.2	6.2	6.2	6.2	5.4	5.1	5.1	5.1	11.6	5.8
Official bilateral and commercial	138.0	141.3	299.5	483.4	465.4	451.5	457.5	259.6	262.1	264.5	268.2	233.4	199.1	207.3	220.1	233.1	245.0	263.8	284.7	305.1	322.3	246.0
Paris Club	114.4	120.6	281.7	472.2	461.5	447.6	454.0	256.7	259.6	263.4	267.8	233.0	198.7	206.9	220.1	233.1	245.0	263.8	284.7	305.1	313.2	245.8
Non-Paris Club	19.3	18.5	17.7	11.3	3.9	3.9	3.5	2.9	2.5	1.0	0.4	0.4	0.4	0.4	0.0	0.0	0.0	0.0	0.0	0.0	8.4	0.2
Commercial	4.3	2.2	0.1	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	0.0	0.0	0.7	0.0
New debt	1.8	6.4	12.1	17.5	21.2	25.2	44.4	65.7	90.9	101.8	110.9	110.7	118.4	133.8	167.9	205.2	245.2	278.2	315.9	349.9	38.7	203.6
Debt service-to-exports ratio (percent)	15.1	14.6	23.1	30.9	30.1	30.1	29.1	20.2	20.0	17.5	15.3	13.4	12.0	11.9	12.4	12.9	13.3	13.9	14.6	15.3	23.1	13.5
Debt service-to-revenue ratio (percent)	42.5	39.2	57.5	73.7	71.2	69.2	65.0	43.8	42.0	35.7	30.3	26.0	22.6	21.9	22.2	22.4	22.6	22.7	22.9	23.0	54.0	23.7
After traditional debt relief 2/																						
Total	206.2	296.2	428.6	592.4	649.3	637.7	672.5	495.5	531.8	501.6	468.5	445.2	470.0	501.3	551.9	606.3	666.0	723.6	788.4	853.0	501.2	607.4
Existing debt	204.4	289.8	416.6	574.9	628.1	612.6	628.1	429.8	440.9	399.8	357.5	334.5	351.6	367.5	384.0	401.1	420.8	445.4	472.5	503.2	462.5	403.8
Multilateral	51.4	62.7	71.6	80.8	146.7	213.7	218.8	213.6	217.6	169.5	119.2	123.8	128.2	132.3	134.1	136.2	139.2	142.6	146.2	153.5	144.6	135.5
IDA	35.0	36.1	37.8	41.0	44.9	47.2	47.9	48.0	48.1	52.1	55.9	55.6	55.2	54.9	54.5	54.2	53.6	53.1	52.4	55.3	43.8	54.5
IMF	4.9	4.9	4.9	4.9	62.0	118.7	118.1	117.5	117.0	59.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	61.2	0.0
AfDF/AfDB	5.1	9.2	14.3	20.2	25.4	30.5	36.0	41.2	46.1	51.8	56.8	61.8	66.8	71.2	73.5	75.9	80.2	84.4	88.7	93.1	28.0	75.2
Other multilaterals	6.4	12.5	14.5	14.6	14.4	17.3	16.8	6.9	6.4	6.4	6.4	6.4	6.2	6.2	6.2	6.2	5.4	5.1	5.1	5.1	11.6	5.8
Official bilateral and commercial	152.9	227.1	345.0	494.2	481.3	398.9	409.4	216.2	223.3	230.3	238.4	210.7	223.4	235.2	249.8	264.9	281.6	302.8	326.3	349.7	317.9	268.3
Paris Club	125.1	131.3	252.7	405.5	397.5	386.7	397.0	204.0	210.8	218.7	226.8	198.4	210.4	221.4	235.5	249.7	265.0	285.0	307.3	329.2	272.9	252.9
Non-Paris Club	16.9	44.9	43.5	42.1	39.5	10.1	10.1	9.9	9.9	8.9	8.8	9.3	9.8	10.4	10.7	11.4	12.5	13.3	14.3	15.4	23.6	11.6
Commercial	10.9	50.9	48.7	46.5	44.4	2.1	2.2	2.4	2.5	2.7	2.8	3.0	3.2	3.4	3.6	3.9	4.1	4.4	4.7	5.1	21.3	3.8
New debt	1.8	6.4	12.1	17.5	21.2	25.2	44.4	65.7	90.9	101.8	110.9	110.7	118.4	133.8	167.9	205.2	245.2	278.2	315.9	349.9	38.7	203.6
Debt service-to-exports ratio (percent)	16.3	20.6	25.8	31.5	30.8	27.8	27.2	18.6	18.6	16.4	14.4	12.8	12.7	12.7	13.1	13.6	14.1	14.7	15.4	16.1	23.4	13.9
Debt service-to-revenue ratio (percent)	45.8	55.2	64.3	75.0	73.0	63.9	60.7	40.2	39.1	33.5	28.5	24.7	23.8	23.2	23.5	23.7	23.9	24.0	24.2	24.3	55.1	24.4
After enhanced HIPC assistance 3/																						
Total	169.8	196.4	256.0	312.3	285.3	248.0	246.2	119.0	144.6	158.4	140.0	140.5	149.1	164.4	198.7	235.5	274.0	307.2	345.8	381.0	213.6	233.6
Existing debt	168.0	190.0	244.0	294.8	264.1	222.8	201.8	53.3	53.7	56.5	29.0	29.8	30.7	30.6	30.7	30.2	28.8	29.0	29.8	31.1	174.9	30.0
Multilateral	33.5	25.6	31.3	27.3	40.5	38.7	40.3	43.0	44.1	48.1	21.2	21.9	22.9	23.9	24.4	24.9	25.4	26.1	27.0	28.3	37.2	24.6
IDA	19.3	3.6	3.8	4.1	4.5	4.7	4.8	4.8	4.8	5.2	5.6	5.6	5.5	5.5	5.5	5.4	5.4	5.3	5.3	5.5	6.0	5.5
IMF	4.2	3.3	3.3	3.3	27.4	24.2	24.5	26.0	26.1	28.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	17.1	0.0
AfDF/AfDB	3.7	1.9	3.1	4.4	5.6	6.7	8.0	9.1	10.3	11.5	12.7	13.8	14.9	15.9	16.4	17.0	18.0	18.9	19.9	20.9	6.5	16.8
Other multilaterals	6.3	16.7	21.1	15.4	3.0	3.0	3.0	3.0	2.8	2.8	2.9	2.5	2.5	2.5	2.5	2.5	2.1	1.8	1.8	1.8	7.7	2.3
Official bilateral and commercial	134.4	164.4	212.7	267.5	223.5	184.2	161.5	10.3	9.7	8.4	7.9	7.8	7.8	6.7	6.4	5.3	3.4	2.9	2.9	2.8	137.7	5.4
Paris Club	110.3	105.6	122.5	189.8	160.5	152.2	158.6	7.9	7.5	7.5	7.5	7.4	7.4	6.3	6.3	5.2	3.3	2.8	2.7	2.7	102.3	5.2
Non-Paris Club	16.5	28.0	41.1	34.1	27.7	15.0	2.9	2.4	2.1	0.9	0.4	0.4	0.4	0.4	0.1	0.1	0.1	0.1	0.1	0.1	17.1	0.2
Commercial	7.6	30.7	49.1	43.7	35.3	17.0	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	18.3	0.0
New debt	1.8	6.4	12.1	17.5	21.2	25.2	44.4	65.7	90.9	101.8	110.9	110.7	118.4	133.8	167.9	205.2	245.2	278.2	315.9	349.9	38.7	203.6
Beyond HIPC 4/	146.2	147.1	199.5	224.9	204.5	172.9	171.1	111.1	137.1	150.9	132.5	133.1	141.8	158.1	192.4	230.2	270.7	304.4	343.0	378.3	166.5	228.5
Debt service-to-exports ratio (percent)	13.4	13.7	15.4	16.6	13.6	10.8	10.0	4.5	5.1	5.2	4.3	4.0	4.0	4.2	4.7	5.3	5.8	6.2	6.7	7.2	10.8	5.2
Debt service-to-revenue ratio (percent)	37.7	36.6	38.4	39.5	32.1	24.9	22.2	9.7	10.6	10.6	8.5	7.8	7.6	7.6	8.4	9.2	9.8	10.2	10.6	10.8	26.2	9.1
Reduction in debt service as a result of HIPC Initiative assistance	36.4	99.8	172.6	280.1	364.0	389.7	426.3	376.5	387.1	343.3	328.5	304.7	320.9	336.8	353.3	370.9	392.0	416.4	442.7	472.1	287.6	373.8
Multilateral	17.9	37.1	40.3	53.5	106.2	175.0	178.5	170.6	173.5	121.4	98.0	101.9	105.3	108.4	109.8	111.3	113.8	116.5	119.2	125.2	107.4	110.9
Bilateral and commercial	18.5	62.7	132.3	226.6	257.8	214.7	247.9	205.9	213.6	221.8	230.5	202.9	215.6	228.5	243.5	259.6	278.3	299.9	323.5	346.8	180.2	262.9
Memorandum items:																						
Exports of goods and services 5/	1,265	1,437	1,659	1,883	2,105	2,291	2,472	2,663	2,854	3,059	3,263	3,481	3,714	3,962	4,206	4,466	4,731	4,934	5,123	5,297	2,169	4,318
Government revenue 6/	450	537	667	790	890	997	1,108	1,231	1,359	1,500	1,643	1,801	1,974	2,163	2,354	2,561	2.787	3,012	3,254	3,517	953	2,507

Sources: Congolese authorities; and staff estimates and projections.

1/ All debt indicators refer to public and publicly-guaranteed debt, and are defined after rescheduling, unless otherwise indicated.

2/ Assumes a hypothetical stock-of-debt operation at end-2002 by Paris Club creditors on Naples terms and comparable treatment from other official bilateral and commercial creditors; excludes several multilateral arrears clearance operations implemented in 2003.

3/ Creditors are assumed to provide HIPC assistance through the interim period and to provide the balance of their assistance at the completion point, which is expected in the third quarter of 2006. Specifically, the IMF, World Bank, AfDF/AfDB, and European Union are assumed to start providing assistance during the interim period, while the remaining multilaterals are assumed to provide their assistance at the completion point. Paris Club creditors are assumed to provide a Cologne flow rescheduling on eligible debt during the interim period, and to provide a stock-of-debt operation on Cologne terms at the completion point. Other official bilateral and commercial creditors are assumed to provide assistance on comparable terms.

4/ Reflects assistance beyond the terms of the enhanced HIPC Initiative by some Paris Club creditors on a voluntary bilateral basis.

5/ As defined in IMF, *Balance of Payments Manual,* 5th edition, 1993. Refers to current-year exports.

6/ Revenue is defined as central government revenue, excluding grants.

Table 10. Democratic Republic of the Congo: Net Present Value of External Debt after Enhanced HIPC Assistance, 2002–22 1/
(In millions of U.S. dollars, unless otherwise indicated)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Averages	
																						2003–12	2013–22
After traditional debt relief 2/																							
NPV of total debt	7,868.1	7,318.1	7,604.5	7,816.8	7,819.2	7,736.9	7,661.2	7,546.8	7,559.1	7,555.1	7,582.3	7,660.7	7,770.1	7,875.0	7,960.1	8,013.8	8,031.6	8,028.5	7,985.6	7,926.7	7,822.4	7,620.0	7,907.4
NPV of outstanding debt	7,868.1	7,187.6	7,230.9	7,148.2	6,902.5	6,590.8	6,278.4	5,934.6	5,771.9	5,590.5	5,441.8	5,328.5	5,233.1	5,116.7	4,979.3	4,819.5	4,635.4	4,423.3	4,177.0	3,892.3	3,563.7	6,407.7	4,616.9
Official bilateral and commercial	4,783.8	4,866.8	4,881.5	4,777.7	4,519.1	4,259.8	4,069.3	3,858.3	3,829.2	3,791.7	3,745.3	3,688.4	3,656.3	3,609.9	3,549.4	3,471.1	3,373.8	3,254.8	3,108.6	2,931.3	2,721.6	4,259.9	3,336.5
Paris Club	4,310.1	4,396.7	4,483.1	4,451.1	4,264.7	4,076.4	3,888.9	3,681.2	3,655.6	3,621.8	3,578.5	3,524.9	3,496.9	3,455.6	3,401.2	3,329.8	3,240.7	3,131.7	2,997.1	2,833.4	2,639.3	4,009.8	3,205.1
Other official bilateral	273.6	270.2	238.7	207.0	175.1	144.2	141.2	138.0	134.9	131.6	129.1	126.6	123.5	119.7	115.2	110.1	104.1	96.7	88.1	78.1	66.5	171.0	102.9
Commercial	200.1	199.9	159.7	119.5	79.3	39.2	39.2	39.1	38.8	38.3	37.7	36.9	35.9	34.6	33.0	31.2	29.0	26.4	23.4	19.9	15.9	79.1	28.6
Multilateral	3,084.3	2,320.7	2,349.4	2,370.5	2,383.4	2,330.9	2,209.0	2,076.3	1,942.6	1,798.8	1,696.5	1,640.1	1,576.8	1,506.8	1,430.0	1,348.3	1,261.5	1,168.4	1,068.4	961.0	842.1	2,147.8	1,280.3
NPV of new borrowing	...	130.5	373.5	668.6	916.6	1,146.2	1,382.8	1,612.2	1,787.2	1,964.6	2,140.5	2,332.2	2,536.9	2,758.3	2,980.8	3,194.3	3,396.3	3,605.3	3,808.7	4,034.4	4,258.6	1,212.3	3,290.6
Memorandum items:																							
NPV of debt-to-exports ratio (percent) 3/																							
Total debt	758.0	642.8	586.3	537.8	471.1	411.0	366.0	329.6	305.4	283.7	265.3	250.5	237.8	225.9	214.1	202.3	190.7	179.7	169.5	160.8	152.8	419.9	198.4
Outstanding debt	758.0	631.3	557.5	491.8	415.9	350.1	300.0	259.2	233.2	209.9	190.4	174.2	160.1	146.8	133.9	121.7	110.1	99.0	88.7	79.0	69.6	363.9	118.3
NPV of debt-to-revenue ratio (percent)																							
Total debt	1,794.1	1,625.5	1,416.2	1,172.7	990.2	869.8	768.2	681.0	613.9	556.0	505.6	466.2	431.5	399.0	368.1	340.5	313.6	288.1	265.1	243.6	222.4	919.9	333.8
Outstanding debt	1,794.1	1,596.6	1,346.6	1,072.4	874.1	740.9	629.5	535.5	468.7	411.4	362.9	324.3	290.6	259.3	230.2	204.8	181.0	158.7	138.7	119.6	101.3	803.9	200.8
After enhanced HIPC assistance 4/																							
NPV of total debt	8,402.3	7,083.4	7,463.1	7,826.0	2,079.2	2,101.3	2,160.9	2,224.8	2,374.1	2,524.1	2,668.9	2,855.6	3,054.0	3,268.0	3,482.9	3,688.6	3,882.9	4,085.6	4,282.3	4,500.5	4,715.7	3,850.6	3,781.6
NPV of outstanding debt	8,402.3	6,952.9	7,089.5	7,157.5	1,162.6	955.2	778.1	612.6	586.9	559.5	528.4	523.4	517.1	509.7	502.2	494.3	486.7	480.3	473.7	466.0	457.0	2,638.3	491.0
Official bilateral and commercial	5,318.0	4,850.6	4,922.0	4,927.4	574.8	382.1	218.5	68.7	62.1	55.8	50.4	45.3	39.9	34.3	29.4	24.6	20.6	18.4	16.5	14.5	12.4	1,611.2	25.6
Paris Club	4,606.4	4,440.0	4,549.1	4,625.0	477.3	342.6	208.9	61.5	57.0	52.6	47.9	43.1	38.0	32.7	28.2	23.4	19.5	17.3	15.4	13.5	11.6	1,486.2	24.3
Other official bilateral	433.0	215.6	198.3	167.4	48.7	23.4	9.6	7.2	5.1	3.3	2.5	2.2	1.9	1.6	1.2	1.2	1.2	1.1	1.0	1.0	0.9	68.1	1.3
Commercial	278.6	195.0	174.6	135.0	48.8	16.1	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	56.9	0.0
Multilateral	3,084.3	2,102.3	2,167.5	2,230.1	587.7	573.1	559.6	543.9	524.8	503.7	478.0	478.1	477.2	475.4	472.8	469.7	466.1	462.0	457.2	451.6	444.6	1,027.1	465.5
NPV of new borrowing	...	130.5	373.5	668.6	916.6	1,146.2	1,382.8	1,612.2	1,787.2	1,964.6	2,140.5	2,332.2	2,536.9	2,758.3	2,980.8	3,194.3	3,396.3	3,605.3	3,808.7	4,034.4	4,258.6	1,212.3	3,290.6
Beyond HIPC 5/	...	6,995.7	7,381.9	7,761.7	1,817.7	1,906.9	2,031.2	2,163.3	2,317.1	2,471.5	2,621.0	2,812.5	3,016.0	3,235.3	3,454.8	3,665.2	3,863.5	4,068.3	4,266.9	4,487.0	4,704.1	3,746.8	3,757.4
Memorandum items:																							
NPV of debt-to-exports ratio (percent) 3/																							
Total debt	809.5	622.2	575.4	538.4	125.3	111.6	103.2	97.2	95.9	94.8	93.4	93.4	93.5	93.7	93.7	93.1	92.2	91.5	90.9	91.3	92.1	245.7	92.5
Outstanding debt	809.5	610.7	546.6	492.4	70.0	50.7	37.2	26.8	23.7	21.0	18.5	17.1	15.8	14.6	13.5	12.5	11.6	10.8	10.1	9.5	8.9	189.8	12.4
NPV of debt-to-revenue ratio (percent)																							
Total debt	1,915.9	1,573.4	1,389.8	1,174.1	263.3	236.2	216.7	200.8	192.8	185.7	178.0	173.8	169.6	165.6	161.0	156.7	151.6	146.6	142.2	138.3	134.1	561.1	153.9
Outstanding debt	1,915.9	1,544.4	1,320.3	1,073.8	147.2	107.4	78.0	55.3	47.7	41.2	35.2	31.8	28.7	25.8	23.2	21.0	19.0	17.2	15.7	14.3	13.0	445.0	21.0
After enhanced HIPC assistance assumed committed unconditionally 6/	1,556.9	1,577.6	1,790.3	2,018.3	2,079.2	2,101.3	2,160.9	2,224.8	2,374.1	2,524.1	2,668.9	2,855.6	3,054.0	3,268.0	3,482.9	3,688.6	3,882.9	4,085.6	4,282.3	4,500.5	4,715.7	2,152.0	3,781.6
NPV of outstanding debt	1,556.9	1,447.0	1,416.7	1,349.7	1,162.6	955.2	778.1	612.6	586.9	559.5	528.4	523.4	517.1	509.7	502.2	494.3	486.7	480.3	473.7	466.0	457.0	939.7	491.0
Official bilateral and commercial	946.6	853.7	822.7	760.7	574.8	382.1	218.5	68.7	62.1	55.8	50.4	45.3	39.9	34.3	29.4	24.6	20.6	18.4	16.5	14.5	12.4	385.0	25.6
Paris Club	852.9	759.0	727.7	665.1	477.3	342.6	208.9	61.5	57.0	52.6	47.9	43.1	38.0	32.7	28.2	23.4	19.5	17.3	15.4	13.5	11.6	340.0	24.3
Other official bilateral	54.1	52.8	52.3	51.4	48.7	23.4	9.6	7.2	5.1	3.3	2.5	2.2	1.9	1.6	1.2	1.2	1.2	1.1	1.0	1.0	0.9	25.6	1.3
Commercial	39.6	41.9	42.7	44.2	48.8	16.1	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	19.4	0.0
Multilateral	610.3	593.4	594.1	589.0	587.7	573.1	559.6	543.9	524.8	503.7	478.0	478.1	477.2	475.4	472.8	469.7	466.1	462.0	457.2	451.6	444.6	554.7	465.5
NPV of new borrowing	...	130.5	373.5	668.6	916.6	1,146.2	1,382.8	1,612.2	1,787.2	1,964.6	2,140.5	2,332.2	2,536.9	2,758.3	2,980.8	3,194.3	3,396.3	3,605.3	3,808.7	4,034.4	4,258.6	1,212.3	3,290.6
Memorandum items:																							
NPV of debt-to-exports ratio (percent) 3/																							
Total debt	150.0	138.6	138.0	138.9	125.3	111.6	103.2	97.2	95.9	94.8	93.4	93.4	93.5	93.7	93.7	93.1	92.2	91.5	90.9	91.3	92.1	113.7	92.5
Outstanding debt	150.0	127.1	109.2	92.9	70.0	50.7	37.2	26.8	23.7	21.0	18.5	17.1	15.8	14.6	13.5	12.5	11.6	10.8	10.1	9.5	8.9	57.7	12.4
NPV of debt-to-revenue ratio (percent)																							
Total debt	355.0	350.4	333.4	302.8	263.3	236.2	216.7	200.8	192.8	185.7	178.0	173.8	169.6	165.6	161.0	156.7	151.6	146.6	142.2	138.3	134.1	246.0	153.9
Outstanding debt	355.0	321.4	263.8	202.5	147.2	107.4	78.0	55.3	47.7	41.2	35.2	31.8	28.7	25.8	23.2	21.0	19.0	17.2	15.7	14.3	13.0	130.0	21.0

Sources: Congolese authorities; and staff estimates and projections.

1/ All debt indicators refer to public and publicly-guaranteed debt, and are defined after rescheduling, unless otherwise indicated.
2/ Shows the external debt situation after the full use of traditional debt-relief mechanisms at end-2002 by Paris Club creditors, and assumes at least comparable treatment by other official bilateral and commercial creditors.
3/ In terms of the simple historical three-year average of exports of goods and services.
4/ Assumes interim relief under the enhanced HIPC Initiative during August 2003–July 2006 and full delivery of assistance from the third quarter of 2006. For assumptions on the modalities by which relief is delivered, see footnote 3 of Table 9.
5/ Reflects possible assistance beyond the terms of the enhanced HIPC Initiative by some Paris Club creditors on a voluntary bilateral basis.
6/ NPV of debt shows the results of the (hypothetical) unconditional commitment and delivery of enhanced HIPC assistance at end-2002.

Table 11. Democratic Republic of the Congo: External Debt Indicators under Different Scenarios, 2002–22 1/

	2002 Actual	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 Projections	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Averages 2003–12	2013–22
											(In percent, unless otherwise indicated)												
Baseline scenario																							
After traditional debt relief																							
NPV of debt-to-GDP ratio	142.6	134.1	127.5	119.2	109.3	99.6	90.8	82.8	76.8	71.3	66.6	62.8	59.5	56.4	53.2	50.3	47.3	44.4	41.7	39.0	36.3	97.8	49.1
NPV of debt-to-exports ratio 2/	758.0	642.8	586.3	537.8	471.1	411.0	366.0	329.6	305.4	283.7	265.3	250.5	237.8	225.9	214.1	202.3	190.7	179.7	169.5	160.8	152.8	419.9	198.4
NPV of debt-to-revenue ratio 3/	1,794.1	1,625.5	1,416.2	1,172.7	990.2	869.8	768.2	681.0	613.9	556.0	505.6	466.2	431.5	399.0	368.1	340.5	313.6	288.1	265.1	243.6	222.4	919.9	333.8
Debt-service ratio 4/	...	16.3	20.6	25.8	31.5	30.8	27.8	27.2	18.6	18.6	16.4	14.4	12.8	12.7	12.7	13.1	13.6	14.1	14.7	15.4	16.1	23.4	13.9
Debt service-to-revenue ratio 3/	...	45.8	55.2	64.3	75.0	73.0	63.9	60.7	40.2	39.1	33.5	28.5	24.7	23.8	23.2	23.5	23.7	23.9	24.0	24.2	24.3	55.1	24.4
After enhanced HIPC assistance																							
NPV of debt-to-GDP ratio	...	129.8	125.1	119.3	29.1	27.0	25.6	24.4	24.1	23.8	23.4	23.4	23.4	23.4	23.3	23.2	22.9	22.6	22.3	22.1	21.9	55.2	22.9
NPV of debt-to-exports ratio 2/	...	622.2	575.4	538.4	125.3	111.6	103.2	97.2	95.9	94.8	93.4	93.4	93.5	93.7	93.7	93.1	92.2	91.5	90.9	91.3	92.1	245.7	92.5
NPV of debt-to-exports ratio (existing debt only)		610.7	546.6	492.4	70.0	50.7	37.2	26.8	23.7	21.0	18.5	17.1	15.8	14.6	13.5	12.5	11.6	10.8	10.1	9.5	8.9	189.8	12.4
NPV of debt-to-revenue ratio 3/	...	1,573.4	1,389.8	1,174.1	263.3	236.2	216.7	200.8	192.8	185.7	178.0	173.8	169.6	165.6	161.0	156.7	151.6	146.6	142.2	138.3	134.1	561.1	153.9
Debt-service ratio 4/	...	13.4	13.7	15.4	16.6	13.6	10.8	10.0	4.5	5.1	5.2	4.3	4.0	4.0	4.2	4.7	5.3	5.8	6.2	6.7	7.2	10.8	5.2
Debt service-to-revenue ratio 3/	...	37.7	36.6	38.4	39.5	32.1	24.9	22.2	9.7	10.6	10.6	8.5	7.8	7.6	7.6	8.4	9.2	9.8	10.2	10.6	10.8	26.2	9.1
After enhanced HIPC assistance assumed committed unconditionally 5/																							
NPV of debt-to GDP ratio	28.2	28.9	30.0	30.8	29.1	27.0	25.6	24.4	24.1	23.8	23.4	23.4	23.4	23.4	23.3	23.2	22.9	22.6	22.3	22.1	21.9	26.7	22.9
NPV of debt-to-exports ratio 2/	150.0	138.6	138.0	138.9	125.3	111.6	103.2	97.2	95.9	94.8	93.4	93.4	93.5	93.7	93.7	93.1	92.2	91.5	90.9	91.3	92.1	113.7	92.5
NPV of debt-to-revenue ratio 3/	355.0	350.4	333.4	302.8	263.3	236.2	216.7	200.8	192.8	185.7	178.0	173.8	169.6	165.6	161.0	156.7	151.6	146.6	142.2	138.3	134.1	246.0	153.9
Memorandum items:																							
Real GDP growth rate	3.0	5.0	6.0	7.0	7.0	6.5	6.5	6.0	6.0	5.5	5.5	5.0	5.0	5.0	5.0	4.5	4.5	4.5	4.0	4.0	4.0	6.1	4.6
Exports of goods and services (in percent of GDP) 4/	21.6	23.2	24.1	25.3	26.3	27.1	27.2	27.1	27.0	26.9	26.9	26.8	26.7	26.6	26.5	26.4	26.3	26.2	25.7	25.2	24.6	26.1	26.1
Government revenue (in percent of GDP) 3/	7.9	8.3	9.0	10.2	11.0	11.5	11.8	12.2	12.5	12.8	13.2	13.5	13.8	14.1	14.5	14.8	15.1	15.4	15.7	16.0	16.3	11.2	14.9
Different scenarios																							
1. Reduced performance scenario 6/																							
NPV of debt-to-exports ratio 2/	...	633.8	621.3	645.4	170.1	167.4	166.2	164.5	171.0	178.1	184.9	194.8	205.5	217.1	228.4	238.8	248.2	257.9	267.4	278.2	288.7	310.3	242.5
Debt-service ratio 4/	...	14.1	16.2	20.9	25.3	21.8	18.3	17.7	8.4	10.0	10.8	9.4	9.3	9.8	10.6	12.7	14.9	17.1	19.0	21.2	23.1	16.4	14.7
Debt service-to-revenue ratio 3/	...	38.6	38.9	42.6	45.6	38.0	30.3	27.8	12.4	14.0	14.3	11.8	11.1	11.1	11.5	13.0	14.6	16.0	17.0	18.1	18.8	30.2	14.3
Memorandum items:																							
Real GDP growth rate	3.0	3.7	2.8	3.3	3.6	5.0	5.0	4.5	4.5	4.0	4.0	3.5	3.5	3.5	3.5	3.2	3.2	3.2	2.8	3.2	3.3	4.0	3.3
Exports of goods and services (in percent of GDP) 4/	21.6	22.6	21.7	20.9	20.1	20.2	19.8	19.3	18.7	18.1	17.6	17.0	16.5	16.0	15.6	15.1	14.7	14.3	13.9	13.5	13.1	19.9	15.0
Government revenue (in percent of GDP) 3/	7.9	8.3	9.1	10.3	11.2	11.6	12.0	12.3	12.6	12.9	13.3	13.5	13.8	14.2	14.5	14.7	15.0	15.3	15.6	15.8	16.1	11.3	14.9
2. Lower concessionality on new borrowing scenario 7/																							
NPV of debt-to-exports ratio 2/	...	622.2	576.6	540.6	128.3	114.1	105.3	98.0	100.7	104.3	107.4	112.2	117.7	123.4	128.0	131.5	133.9	136.8	139.7	144.0	148.7	249.8	131.6
Debt-service ratio 4/	...	13.5	13.9	15.8	16.9	13.8	11.1	10.0	4.6	5.3	5.6	5.1	5.3	5.8	6.6	7.9	9.0	10.2	11.2	12.5	13.7	11.1	8.7
Debt service-to-revenue ratio 3/	...	38.0	37.2	39.3	40.3	32.7	25.5	22.2	9.8	11.2	11.4	10.1	10.2	11.0	12.1	14.1	15.7	17.3	18.3	19.7	20.7	26.8	14.9
Memorandum items:																							
Real GDP growth rate	3.0	5.0	6.0	7.0	7.0	6.5	6.5	6.0	6.0	5.5	5.5	5.0	5.0	5.0	5.0	4.5	4.5	4.5	4.0	4.0	4.0	6.1	4.6
Exports of goods and services (in percent of GDP) 4/	21.6	23.2	24.1	25.3	26.3	27.1	27.2	27.1	27.0	26.9	26.9	26.8	26.7	26.6	26.5	26.4	26.3	26.2	25.7	25.2	24.6	26.1	26.1
Government revenue (in percent of GDP) 3/	7.9	8.3	9.0	10.2	11.0	11.5	11.8	12.2	12.5	12.8	13.2	13.5	13.8	14.1	14.5	14.8	15.1	15.4	15.7	16.0	16.3	11.2	14.9
											(In millions of U.S. dollars)												
Memorandum items:																							
NPV of debt after traditional debt relief	7,868.1	7,318.1	7,604.5	7,816.8	7,819.2	7,736.9	7,661.2	7,546.8	7,559.1	7,555.1	7,582.3	7,660.7	7,770.1	7,875.0	7,960.1	8,013.8	8,031.6	8,028.5	7,985.6	7,926.7	7,822.4	7,620.0	7,907.4
Debt service after traditional debt relief	...	206.2	296.2	428.6	592.4	649.3	637.7	672.5	495.5	531.8	501.6	468.5	445.2	470.0	501.3	551.9	606.3	666.0	723.6	788.4	853.0	501.2	607.4
NPV of debt after HIPC assistance	...	7,083.4	7,463.1	7,826.0	2,079.2	2,101.3	2,160.9	2,224.8	2,374.1	2,524.1	2,668.9	2,855.6	3,054.0	3,268.0	3,482.9	3,688.6	3,882.9	4,085.6	4,282.3	4,500.5	4,715.7	3,850.6	3,781.6
Debt service after HIPC assistance	...	169.8	196.4	256.0	312.3	285.3	248.0	246.2	119.0	144.6	158.4	140.0	140.5	149.1	164.4	198.7	235.5	274.0	307.2	345.8	381.0	213.6	233.6
GDP	5,518	5,456	5,966	6,560	7,156	7,769	8,434	9,114	9,848	10,592	11,391	12,193	13,051	13,970	14,953	15,930	16,970	18,078	19,166	20,320	21,543	8,228.6	16,617
Exports of goods and services 4/	1,189.3	1,264.8	1,437.0	1,658.8	1,883.3	2,105.0	2,290.8	2,472.3	2,662.5	2,853.8	3,058.9	3,263.2	3,481.1	3,713.5	3,961.6	4,206.0	4,465.6	4,731.0	4,934.0	5,123.4	5,297.4	2,168.7	4,317.7
Exports of goods and services (3-year mvg. avg.) 2/	1,038.0	1,138.5	1,297.0	1,453.5	1,659.7	1,882.4	2,093.0	2,289.4	2,475.2	2,662.9	2,858.4	3,058.6	3,267.7	3,485.9	3,718.7	3,960.4	4,211.1	4,467.5	4,710.2	4,929.5	5,118.3	1,981.0	4,092.8
Government revenue 3/	438.6	450.2	537.0	666.5	789.7	889.5	997.3	1,108.2	1,231.4	1,358.9	1,499.6	1,643.3	1,800.9	1,973.5	2,162.7	2,353.6	2,561.2	2,787.2	3,011.8	3,254.5	3,516.7	952.8	2,506.5

Sources: Congolese authorities; and staff estimates and projections.

1/ All debt indicators refer to public and publicly-guaranteed debt, and are defined after rescheduling, unless otherwise indicated.
2/ Based on a three-year backward-looking average of exports (e.g., export average over 2000–2002 for NPV of debt-to-exports ratio in 2002).
3/ Revenue is defined as central government revenue, excluding grants.
4/ As defined in IMF, *Balance of Payments Manual*, 5th edition, 1993. Refers to current year exports.
5/ Assumes that all enhanced HIPC Initiative assistance is delivered unconditionally at end-2002.
6/ Assumes that growth in merchandise export receipts is, on average, about 12 percentage points lower than in the base case during 2003–05, 7 percentage points lower on average during 2006–13, and 5 percentage points lower on average during 2014–22.
7/ Assumes that the interest rate is 3 percentage points higher than in the base case, from 2003 onward for bilateral debt, and from 2009 onward for all nonconcessional debt. The proportion of nonconcessional debt in total financing has also been increased during 2009–22, from 27 percent in the base case to 30 percent in this scenario.

Table 12. Democratic Republic of the Congo: External Resource Transfer, 2003–22
(In millions of U.S. dollars, unless otherwise indicated)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Averages 2003–12	Averages 2013–22
Debt service on existing debt																						
Scheduled debt service before traditional debt relief	189	204	371	564	612	665	676	473	480	434	387	357	327	340	354	369	384	406	431	459	467	381
Multilateral creditors	51	63	72	81	147	214	219	214	218	170	119	124	128	132	134	136	139	143	146	154	145	136
Paris Club creditors	114	121	282	472	461	448	454	257	260	263	268	233	199	207	220	233	245	264	285	305	313	246
Other bilateral creditors	19	18	18	11	4	4	4	3	2	1	0	0	0	0	0	0	0	0	0	0	8	0
Commercial creditors	4	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0
Scheduled debt service after traditional debt relief 1/	204	290	417	575	628	613	628	430	441	400	358	334	352	367	384	401	421	445	473	503	462	404
Multilateral creditors	51	63	72	81	147	214	219	214	218	170	119	124	128	132	134	136	139	143	146	154	145	136
Paris Club creditors	125	131	253	406	397	387	397	204	211	219	227	198	210	221	236	250	265	285	307	329	273	253
Other bilateral creditors	17	45	43	42	40	10	10	10	10	9	9	9	10	10	11	11	13	13	14	15	24	12
Commercial creditors	11	51	49	47	44	2	2	2	3	3	3	3	3	3	4	4	4	4	5	5	21	4
Scheduled debt service after enhanced HIPC assistance 2/	168	190	244	295	264	223	202	53	54	57	29	30	31	31	31	30	29	29	30	31	175	30
Multilateral creditors	34	26	31	27	41	39	40	43	44	48	21	22	23	24	24	25	25	26	27	28	37	25
Paris Club creditors	110	106	122	190	160	152	159	8	8	7	7	7	7	6	6	5	3	3	3	3	102	5
Other bilateral creditors	17	28	41	34	28	15	3	2	2	1	0	0	0	0	0	0	0	0	0	0	17	0
Commercial creditors	8	31	49	44	35	17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	18	0
Debt service on new borrowing	2	6	12	17	21	25	44	66	91	102	111	111	118	134	168	205	245	278	316	350	39	204
Total debt service (cash basis) 3/	170	196	256	312	285	248	246	119	145	158	140	141	149	164	199	235	274	307	346	381	214	234
Total external resource inflows	696	916	1,070	912	841	758	893	817	829	818	786	711	629	576	573	568	542	556	569	582	855	609
Grant disbursements	430	424	491	424	398	372	392	423	437	427	396	378	314	262	239	212	181	172	163	151	422	247
Loan disbursements	265	492	579	488	443	386	501	394	392	391	390	333	314	314	335	356	362	383	406	431	433	362
Net inflow of resources 4/	526	720	814	600	555	510	647	698	684	660	646	571	480	411	375	333	268	249	223	201	641	376
Percent of GDP	9.5	13.2	13.6	9.1	7.8	6.6	7.7	7.7	6.9	6.2	5.7	4.7	3.7	2.9	2.5	2.1	1.6	1.4	1.2	1.0	8.8	2.7
Aid-related imports of goods and services	347	453	618	751	716	689	666	657	583	576	555	520	459	395	353	343	323	292	285	277	606	380
Net balance of payments support (net inflows of resources less aid-related imports)	179	266	196	-151	-161	-179	-19	42	101	83	92	51	21	16	22	-10	-54	-44	-62	-76	36	-4
Percent of GDP	3.2	4.9	3.3	-2.3	-2.2	-2.3	-0.2	0.5	1.0	0.8	0.8	0.4	0.2	0.1	0.1	-0.1	-0.3	-0.2	-0.3	-0.4	0.7	0.0

Sources: Congolese authorities; and staff estimates and projections.

1/ Assumes a hypothetical stock-of-debt operation at end-2002 by Paris Club creditors on Naples terms and comparable treatment by other official bilateral and commercial creditors; excludes several multilateral arrears clearance operations implemented in 2003.

2/ Creditors are generally assumed to provide HIPC assistance through the interim period and to provide the balance of their assistance at the completion point, which is expected in the third quarter of 2006. Specifically, the IMF, World Bank, AfDF/AfDB, and European Union are assumed to start providing assistance during the interim period, while the remaining multilaterals are assumed to provide their assistance at the completion point. Paris Club creditors are assumed to provide a Cologne flow rescheduling on eligible debt during the interim period and to provide a stock-of-debt operation on Cologne terms at the completion point. Other official bilateral and commercial creditors are assumed to provide assistance on comparable terms.

3/ Includes debt service after arrears clearance and, from 2003, after possible HIPC assistance and debt service on new borrowing.

4/ After projected possible assistance under the enhanced HIPC Initiative.

Table 13. Democratic Republic of the Congo: Long-Term Macroeconomic Assumptions, 2002–22

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Averages 2003–12	Averages 2013–22
(In units indicated)																							
Real GDP growth (percent change)	3.0	5.0	6.0	7.0	7.0	6.5	6.5	6.0	6.0	5.5	5.5	5.0	5.0	5.0	5.0	4.5	4.5	4.5	4.0	4.0	4.0	6.1	4.6
Nominal GDP (millions of U.S. dollars)	5,518	5,456	5,966	6,560	7,156	7,769	8,434	9.114	9,848	10.592	11.391	12,193	13,051	13,970	14,953	15,930	16,970	18,078	19,166	20,320	21,543	8,228.6	16,617.3
Percent change	2.9	-1.1	9.3	10.0	9.1	8.6	8.6	8.1	8.1	7.5	7.5	7.0	7.0	7.0	7.0	6.5	6.5	6.5	6.0	6.0	6.0	7.6	6.6
Exports of goods and services (millions of U.S. dollars)	1,189	1.265	1,437	1,659	1,883	2,105	2,291	2,472	2,663	2,854	3,059	3,263	3,481	3,714	3,962	4,206	4,466	4,731	4,934	5,123	5,297	2,168.7	4,317.7
Percent change	23.7	6.3	13.6	15.4	13.5	11.8	8.8	7.9	7.7	7.2	7.2	6.7	6.7	6.7	6.7	6.2	6.2	5.9	4.3	3.8	3.4	10.0	5.7
Imports of goods and services (millions of U.S. dollars)	1,415	1,686	2,080	2,461	2,724	2,968	3,187	3,381	3,511	3,646	3,770	3,895	4,019	4,143	4,266	4,384	4,501	4,608	4,714	4,810	4,903	2,941.4	4,424.4
Percent change	32.6	19.2	23.4	18.3	10.7	8.9	7.4	6.1	3.9	3.8	3.4	3.3	3.2	3.1	3.0	2.8	2.7	2.4	2.3	2.0	1.9	10.5	2.7
Fiscal revenue, excluding grants (millions of U.S. dollars)	439	450	537	667	790	890	997	1,108	1,231	1,359	1,500	1,643	1,801	1,974	2,163	2,354	2,561	2,787	3,012	3,254	3,517	952.8	2,506.5
Percent change	31.2	2.7	19.3	24.1	18.5	12.6	12.1	11.1	11.1	10.4	10.4	9.6	9.6	9.6	9.6	8.8	8.8	8.8	8.1	8.1	8.1	13.2	8.9
GDP per capita (U.S. dollars)	99.2	95.2	101.1	107.9	114.3	120.5	127.0	133.2	139.8	145.9	152.4	158.4	164.6	171.0	177.7	183.8	190.1	196.6	202.4	208.3	214.4	123.7	186.8
Percent change	-0.1	-4.0	6.2	6.8	5.9	5.4	5.4	4.9	4.9	4.4	4.4	3.9	3.9	3.9	3.9	3.4	3.4	3.4	2.9	2.9	2.9	4.4	3.5
Population (millions)	55.6	57.3	59.0	60.8	62.6	64.5	66.4	68.4	70.5	72.6	74.7	77.0	79.3	81.7	84.1	86.7	89.3	91.9	94.7	97.5	100.5	65.7	88.3
Percent change	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Units of local currency per U.S. dollar (period average)	347	421	440	456	469	483	498	513	528	544	560	577	594	612	631	650	669	689	710	731	753	491.3	661.7
GDP deflator (percent change)	27.0	14.3	7.8	6.3	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	6.3	5.0
CPI index (percent change)	15.8	8.5	6.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.4	5.0
(In percent of GDP)																							
Composition of nominal GDP	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Consumption	95.1	94.2	92.4	91.1	89.4	87.9	87.8	86.9	85.4	84.2	83.4	82.7	82.1	81.6	80.8	80.0	79.3	78.5	77.9	77.6	77.4	88.3	79.8
Government	5.6	5.0	5.4	5.6	5.3	5.5	5.7	6.2	6.7	6.9	7.0	7.0	6.8	6.6	6.6	6.8	6.9	7.0	7.3	7.5	7.7	5.9	7.0
Nongovernment	89.6	89.2	86.9	85.5	84.1	82.4	82.1	80.8	78.8	77.3	76.5	75.8	75.4	75.1	74.3	73.4	72.4	71.5	70.7	70.1	69.7	82.4	72.8
Gross investment	9.0	13.5	18.4	21.2	22.4	23.2	22.8	23.0	23.2	23.2	22.9	22.4	22.0	21.4	21.2	21.1	20.9	20.9	20.9	20.9	20.8	21.4	21.3
Government	1.0	4.0	7.9	10.2	11.4	12.0	11.6	11.8	11.9	11.7	11.4	10.9	10.4	9.8	9.4	9.2	8.9	8.7	8.5	8.4	8.3	10.4	9.3
Nongovernment	8.0	9.5	10.5	11.0	11.0	11.2	11.2	11.2	11.3	11.5	11.5	11.5	11.6	11.6	11.8	11.9	12.0	12.2	12.4	12.5	12.5	11.0	12.0
Net exports of goods and services	-4.1	-7.7	-10.8	-12.2	-11.8	-11.1	-10.6	-10.0	-8.6	-7.5	-6.2	-5.2	-4.1	-3.1	-2.0	-1.1	-0.2	0.7	1.1	1.5	1.8	-9.7	-1.1
Exports of goods and services	21.6	23.2	24.1	25.3	26.3	27.1	27.2	27.1	27.0	26.9	26.9	26.8	26.7	26.6	26.5	26.4	26.3	26.2	25.7	25.2	24.6	26.1	26.1
Imports of goods and services	-25.6	-30.9	-34.9	-37.5	-38.1	-38.2	-37.8	-37.1	-35.7	-34.4	-33.1	-31.9	-30.8	-29.7	-28.5	-27.5	-26.5	-25.5	-24.6	-23.7	-22.8	-35.8	-27.1
Aid-related imports of goods and services	-6.3	-8.3	-10.4	-11.5	-10.0	-8.9	-7.9	-7.2	-5.9	-5.4	-4.9	-4.3	-3.5	-2.8	-2.4	-2.2	-1.9	-1.6	-1.5	-1.4	-1.2	-8.0	-2.3
External current account balance, incl. grants, before debt relief	-2.9	-2.5	-7.0	-8.1	-8.6	-8.0	-7.7	-7.2	-6.2	-5.2	-4.3	-3.8	-2.9	-2.5	-2.0	-1.3	-0.7	-0.3	0.1	0.6	1.1	-6.5	-1.2
External current account balance, incl. grants, after debt relief 1/	2.1	0.8	-3.3	-3.4	-3.1	-2.0	-1.6	-1.6	-1.6	-0.9	-0.8	-0.6	-0.2	-0.2	0.2	0.9	1.5	1.8	2.3	2.7	3.2	-1.7	1.2
Gross investment	9.0	13.5	18.4	21.2	22.4	23.2	22.8	23.0	23.2	23.2	22.9	22.4	22.0	21.4	21.2	21.1	20.9	20.9	20.9	20.9	20.8	21.4	21.3
Gross national saving	11.1	14.3	15.1	17.8	19.3	21.2	21.2	21.4	21.6	22.3	22.1	21.9	21.8	21.2	21.5	21.9	22.4	22.7	23.2	23.6	24.0	19.6	22.4
Net official external financing	13.7	10.9	12.8	13.3	9.0	8.4	7.9	7.5	7.5	6.8	6.2	5.7	4.8	3.8	3.2	2.8	2.4	1.9	1.8	1.6	1.4	9.0	2.9
Gross official external financing	14.1	12.7	15.4	16.3	12.8	11.6	10.3	9.8	8.3	7.8	7.2	6.5	5.5	4.5	3.9	3.6	3.4	3.0	2.9	2.8	2.7	11.2	3.9
Grants	6.5	7.9	7.1	7.5	5.9	5.1	4.4	4.3	4.3	4.1	3.8	3.3	2.9	2.3	1.8	1.5	1.3	1.0	0.9	0.8	0.7	5.4	1.6
Loans	7.2	3.0	5.7	5.8	3.1	3.3	3.4	3.2	3.2	2.7	2.4	2.4	1.9	1.6	1.4	1.3	1.2	0.9	0.9	0.8	0.7	3.6	1.3
Disbursements	7.6	4.9	8.3	8.8	6.8	6.4	5.9	5.5	4.0	3.7	3.4	3.2	2.6	2.3	2.1	2.1	2.1	2.0	2.0	2.0	2.0	5.8	2.2
Amortization	-0.4	-1.8	-2.5	-3.0	-3.7	-3.1	-2.5	-2.3	-0.8	-1.0	-1.0	-0.8	-0.7	-0.7	-0.7	-0.8	-0.9	-1.1	-1.1	-1.2	-1.3	-2.2	-0.9
Overall fiscal balance	-2.0	-2.7	-5.1	-4.4	-1.6	-0.3	-0.1	-0.4	-1.2	-1.1	-1.3	-1.2	-0.8	-0.4	-0.1	0.1	0.3	0.6	0.7	0.9	1.0	-1.8	0.1
Total revenue, incl. grants and HIPC assistance	8.3	11.1	12.9	15.9	19.5	21.3	20.9	21.1	20.6	20.6	19.9	19.4	19.0	18.7	18.5	18.5	18.5	18.6	18.8	19.0	19.2	18.4	18.8
Of which : revenue, excluding grants	7.9	8.3	9.0	10.2	11.0	11.5	11.8	12.2	12.5	12.8	13.2	13.5	13.8	14.1	14.5	14.8	15.1	15.4	15.7	16.0	16.3	11.2	14.9
Total expenditure	-10.4	-13.8	-18.1	-20.2	-21.0	-21.5	-21.0	-21.5	-21.8	-21.7	-21.2	-20.7	-19.8	-19.0	-18.5	-18.4	-18.2	-18.0	-18.1	-18.1	-18.2	-20.2	-18.7

Sources: Congolese authorities; and staff estimates and projections.

1/ After projected possible assistance from 2003 under the enhanced HIPC Initiative.

Table 14. Democratic Republic of the Congo: Possible Delivery of IDA Assistance under the Enhanced HIPC Initiative, 2003–25 1/ 2/
(In millions of U.S. dollars, unless otherwise indicated)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Averages 2003–10	Averages 2011–20	Averages 2021–25
Debt service before HIPC assistance																										
On IDA credits	35.0	36.1	37.8	41.0	44.9	47.2	47.9	48.0	48.1	52.1	55.9	55.6	55.2	54.9	54.5	54.2	53.6	53.1	52.4	55.3	58.9	58.2	56.6	42.2	53.7	56.3
Principal	23.7	25.0	26.9	30.3	34.5	37.0	37.9	38.4	38.7	43.0	47.2	47.2	47.2	47.2	47.2	47.2	47.0	46.8	46.5	49.8	53.7	53.4	52.2	31.7	45.9	51.1
Interest	11.3	11.1	10.9	10.7	10.5	10.2	9.9	9.7	9.4	9.1	8.7	8.4	8.0	7.7	7.3	7.0	6.6	6.3	5.9	5.5	5.2	4.8	4.4	10.5	7.8	5.2
Debt service after HIPC assistance																										
On IDA credits	19.3	3.6	3.8	4.1	4.5	4.7	4.8	4.8	4.8	5.2	5.6	5.6	5.5	5.5	5.5	5.4	5.4	5.3	5.3	5.5	5.9	5.8	30.9	6.2	5.4	10.7
Principal	13.1	2.5	2.7	3.0	3.5	3.7	3.8	3.9	3.9	4.3	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	5.0	5.4	5.4	28.6	4.5	4.6	9.8
Interest	6.2	1.1	1.1	1.1	1.0	1.0	1.0	1.0	0.9	0.9	0.9	0.8	0.8	0.8	0.7	0.7	0.7	0.6	0.6	0.5	0.5	0.5	2.4	1.7	0.8	0.9
Savings on debt service to IDA	15.7	32.5	34.0	36.9	40.4	42.5	43.0	43.2	43.2	46.8	50.3	50.0	49.7	49.4	49.0	48.7	48.2	47.8	47.1	49.8	53.0	52.3	25.7	36.0	48.3	45.6
Principal	10.6	22.5	24.2	27.2	31.0	33.3	34.1	34.5	34.8	38.7	42.5	42.5	42.5	42.5	42.5	42.5	42.3	42.1	41.8	44.8	48.3	48.0	23.7	27.2	41.3	41.3
Interest	5.0	10.0	9.8	9.6	9.4	9.2	8.9	8.7	8.4	8.2	7.9	7.5	7.2	6.9	6.6	6.3	5.9	5.6	5.3	5.0	4.7	4.3	2.0	8.8	7.1	4.3
Savings as share of debt service to IDA (percent)	45	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	45	84	90	81

Source: IDA staff estimates and projections.

1/ Enhanced HIPC Initiative assistance proposed to be delivered over about 22 years through 90 percent relief on the debt service falling due to IDA on credits outstanding at end-2002.

2/ This table shows only the delivery of the debt-service reduction modality of IDA enhanced HIPC assistance. Enhanced HIPC assistance delivered through the IDA post-conflict grant and the clearance of IDA and IBRD arrears through concessional financing of the bridge loan is not included.

Table 15. Democratic Republic of the Congo: Possible Delivery of IMF Assistance under the Enhanced HIPC Initiative, 2003–12 1/ 2/
(In millions of U.S. dollars, unless otherwise indicated)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
(Based on the USD/SDR exchange rate as of June 27, 2003)										
Delivery schedule of IMF assistance (in percent of the total debt-service reduction portion of assistance) 2/	0.2 3/	0.5	0.5	0.5	8.5	18.5	18.6	18.6	26.0	8.1
Debt Service due on IMF obligations 4/	2.6	5.2	5.2	5.2	64.0	126.2	129.3	128.7	128.1	68.6
Principal	0.0	0.0	0.0	0.0	58.9	121.5	125.2	125.2	125.2	66.4
Interest and charges	2.6	5.2	5.2	5.2	5.2	4.7	4.1	3.5	2.8	2.2
Of which: PRGF interest	1.6 5/	3.1 5/	3.1 5/	3.1 5/	3.1	2.7	2.0	1.4	0.8	0.2
IMF assistance–deposits into DRC's account										
Interim assistance 5/	1.580	1.578	1.578							
Completion point assistance 6/				314.2						
IMF assistance–drawdown schedule 7/	0.8	1.6	1.6	1.6	34.6	94.5	93.6	91.5	90.8	30.8
IMF assistance without interest	0.8	1.6	1.6	1.6	27.1	59.0	59.3	59.3	82.9	25.7
Estimated interest earnings	0.0	0.0	0.1	0.1	7.5	35.5	34.3	32.2	7.9	5.1
Debt service due on current IMF obligations after IMF assistance 7/	1.8	3.6	3.6	3.6	29.5	31.7	35.7	37.2	37.2	37.8
Share of debt service due on IMF obligations covered by IMF assistance (in percent) 7/	30.5	31.1	31.5	31.5	54.0	74.9	72.4	71.1	70.9	44.9
Proportion (in percent) of each repayment falling due during the period to be paid by IMF Initiative assistance from the principal deposited in the DRC's account	50.4 5/	50.4 5/	50.4 5/	50.4 5/	46.0	48.6	47.4	47.4	66.2	38.8
Memorandum items:										
(Based on debt-service data and exchange rates as of end-2002)										
Total debt service due (in millions of U.S. dollars) 8/ 9/	191.3	210.3	383.2	581.7	633.4	690.3	720.6	538.9	570.6	535.8
Debt service due on IMF obligations (in millions of U.S. dollars) 9/ 10/	4.9	4.9	4.9	4.9	62.0	118.7	118.1	117.5	117.0	59.3
Debt service due on current IMF obligations after IMF assistance 7/ 9/ (in percent of current-year exports of goods and services)	0.003	0.002	0.002	0.002	0.013	0.011	0.010	0.010	0.009	0.009
Share of total debt service covered by IMF assistance (in percent) 7/ 9/	0.4	0.8	0.4	0.3	5.5	13.7	13.0	17.0	15.9	5.7

Source: Fund staff estimates and projections.

1/ Total IMF assistance in NPV terms under the enhanced HIPC Initiative is US$472.0 million, of which US$153.1 million represents the concessional element associated with the disbursement of a PRGF loan following the arrears clearance to the Fund on June 12, 2002. The remaining balance of US$318.9 million is provided as a grant toward debt relief under the HIPC Initiative, and is calculated on the basis of data available at the decision point, excluding interest earned on the DRC's account, and on committed, but undisbursed, amounts as described in footnote 6.

2/ This table shows only the delivery of the debt-service reduction modality of IMF HIPC assistance. Enhanced HIPC assistance delivered through the concessional element associated with the disbursement of the PRGF loan following the arrears clearance to the Fund is not included.

3/ While the delivery schedule for 2003 shows the share (0.2 percent) of enhanced assistance applied to the DRC's interest payment obligations falling due from August 1, 2003 to end-December 2003, the IMF will deposit 0.5 percent of enhanced assistance into the DRC's account after the decision point has been reached to cover the twelve-month period through end-July 2004.

4/ Forthcoming obligations are as of April 2003, including the PRGF disbursement of about SDR 26.7 million on April 8, 2003. Interest obligations include net SDR charges and assessments.

5/ The first delivery of interim assistance will be deposited into the DRC's account at the expected decision point in July 2003 to cover PRGF interest obligations falling due to the Fund over the following twelve months. Since there are no principal repayment obligations falling due to the Fund until December 2007, HIPC assistance will be applied to cover PRGF interest obligations falling due between 2003 and end-2006. Amounts in NPV terms.

6/ Most of the IMF's grant HIPC assistance is assumed to be disbursed into the DRC's account at the completion point in the third quarter of 2006, which is reflected in the calculation of interest. Amounts in NPV terms.

7/ Includes estimated interest earnings on (a) amounts held in the DRC's account; and (b) up to the completion point, amounts committed, but not yet disbursed. It is assumed that these amounts earn a rate of return of 5.25 percent in U.S. dollar terms, but actual interest earnings may be higher or lower. Interest accrued during a calendar year will be used toward the first repayment obligation(s) falling due in the following calendar year except in the final year (2012), when it will be used toward payment of the final obligation(s) falling due in that year. Interest accrued during the interim period will be used toward the repayment of obligations falling due during the three years after the completion point.

8/ Before full use of traditional mechanisms.

9/ Excludes charges in the SDR Department of the IMF.

10/ Forthcoming obligations estimated based on rates and principal schedules in effect at end-2002. Interest obligations exclude net SDR charges and assessments. Does not include debt service due on "new debt" disbursed after end-2002 (i.e., specifically the purchase of about SDR 26.7 million on April 8, 2003).

Table 16. Democratic Republic of the Congo: Possible Delivery of AfDF and AfDB Assistance under the Enhanced HIPC Initiative, 2003–31 1/ 2/ 3/
(In millions of U.S. dollars, unless otherwise indicated)

	2003	2004	2005	2006	2007	2008	2009	2010	2015	2016	2018	2020	2021	2022	2023	2031
Debt service before HIPC assistance	5.1	9.2	14.3	20.2	25.4	30.5	36.0	41.2	66.8	71.2	75.9	84.4	88.7	93.1	50.8	5.1
On AfDB loans	-	3.7	9.6	14.6	19.6	24.6	30.2	35.2	60.9	65.3	70.1	78.7	83.0	87.3	44.9	-
Principal	-	3.7	9.6	14.6	19.6	24.6	30.2	35.2	60.9	65.3	70.1	78.7	83.0	87.3	44.9	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
On AfDF credits	5.1	5.5	4.7	5.6	5.8	5.9	5.8	5.9	5.9	5.9	5.8	5.7	5.7	5.8	5.9	5.1
Principal	3.9	4.3	3.6	4.5	4.7	4.8	4.7	4.9	5.1	5.1	5.1	5.1	5.1	5.2	5.4	4.9
Interest	1.2	1.2	1.2	1.1	1.1	1.1	1.0	1.0	0.8	0.8	0.7	0.6	0.6	0.6	0.5	0.2
Debt service after HIPC assistance	3.7	1.9	3.1	4.4	5.6	6.7	8.0	9.1	14.9	15.9	17.0	18.9	19.9	20.9	11.3	1.0
On AfDB loans 4/	-	0.8	2.2	3.3	4.4	5.6	6.8	8.0	13.7	14.7	15.8	17.8	18.7	19.7	10.1	-
Principal	-	0.8	2.2	3.3	4.4	5.6	6.8	8.0	13.7	14.7	15.8	17.8	18.7	19.7	10.1	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
On AfDF credits 5/	3.7	1.1	1.0	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.1	1.2	1.2	1.0
Principal	2.8	0.9	0.7	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.1	1.1	1.0
Interest	0.9	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.0
Savings on debt service	1.4	7.2	11.2	15.8	19.8	23.8	28.0	32.0	51.8	55.3	58.9	65.5	68.8	72.3	39.5	4.1
On AfDB loans 4/	-	2.8	7.4	11.3	15.2	19.1	23.4	27.3	47.1	50.6	54.3	60.9	64.3	67.6	34.7	-
Principal	-	2.8	7.4	11.3	15.2	19.1	23.4	27.3	47.1	50.6	54.3	60.9	64.3	67.6	34.7	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
On AfDF credits 5/	1.4	4.4	3.8	4.5	4.6	4.7	4.6	4.7	4.7	4.7	4.6	4.6	4.5	4.6	4.7	4.1
Principal	1.0	3.4	2.9	3.6	3.7	3.8	3.8	3.9	4.1	4.1	4.1	4.1	4.1	4.2	4.3	3.9
Interest	0.3	1.0	0.9	0.9	0.9	0.9	0.8	0.8	0.7	0.6	0.6	0.5	0.5	0.5	0.4	0.2
Savings as percent of debt service																
On AfDB loans	..	77	77	77	77	77	77	77	77	77	77	77	77	77	77	..
On AfDF credits	27	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80

Sources: AfDB; and staff estimates and projections.

1/ This table shows only the delivery of the debt-service reduction modality of AfDF enhanced HIPC assistance. Enhanced HIPC assistance delivered through the clearance of AfDF arrears using a grant is not included.
2/ This table shows only the delivery of the debt-service reduction modality of AfDB enhanced HIPC assistance. Enhanced HIPC assistance delivered through the reprofiling of AfDB arrears and through the treatment of interest on the reprofiled AfDB loans is not included.
3/ The delivery schedule shown here is for illustrative purposes; actual delivery may differ.
4/ AfDB enhanced HIPC assistance is proposed to be delivered over approximately 20 years through 77 percent debt relief on the principal of the AfDB loans that were reprofiled as part of the arrears clearance operation.
5/ AfDF enhanced HIPC assistance is proposed to be delivered over approximately 28 years through 80 percent debt relief on the debt service falling due to AfDF on credits outstanding at end-2002.

Table 17. Democratic Republic of the Congo: The Fiscal Impact of the Enhanced HIPC Initiative

	2003	2004	2005	2006
	(In millions of U.S. dollars)			
Relief given				
A. Interest due before HIPC debt relief 1/	62.6	98.7	162.6	234.2
B. Interest paid before HIPC debt relief 1/	62.6	98.7	162.6	234.2
C. HIPC relief on interest	...	...	...	30.1
D. Interest due after HIPC debt relief 1/	62.6	98.7	162.6	204.1
E. Amortization due before HIPC debt relief 1/	120.3	201.3	319.8	447.2
F. Amortization paid before HIPC debt relief 1/	120.3	201.3	319.8	447.2
G. HIPC relief on amortization	...	...	...	54.5
H. Amortization due after HIPC debt relief 1/	120.3	201.3	319.8	392.7
I. HIPC relief provided as grants 2/	3.8	15.5	19.0	29.5
J. HIPC relief provided as exceptional financing 3/	29.4	64.1	207.4	255.0
Total HIPC debt relief (C+G+I+J)	33.1	79.6	226.4	369.1
Net cash flow to the budget from HIPC debt relief B+F-(D+H-I-J)	33.1	79.6	226.4	369.1
Memorandum items:				
Other donor flows	695.6	916.1	1070.3	912.5
Total net external flows (net external financing less debt service due)	525.8	719.7	814.3	600.2
	(In percent of GDP)			
Impact on central government expenditure				
Baseline pre-HIPC debt relief total expenditure	13.3	16.4	17.6	18.8
Post-HIPC debt relief total expenditure	13.8	18.1	20.2	21.0
Memorandum items:				
Revenue, excluding grants	8.3	9.0	10.2	11.0
Overall fiscal balance before HIPC debt relief	-2.7	-5.1	-4.4	-3.2
Overall fiscal balance after HIPC debt relief 4/	-3.1	-6.7	-6.8	-5.3

Sources: Congolese authorities; and staff estimates and projections.

1/ Negotiation of agreements with Paris Club creditors, following the September 2002 Paris Club rescheduling, continued into 2003 and, as a result, amounts associated with these agreements and due in 2002 were not finalized. Consequently, amounts are carried over to 2003 when these agreements are signed and the amounts due determined. Similarly, amounts due to non-Paris Club and commercial creditors have not been finalized and are carried over to 2004.

2/ Includes IMF relief.

3/ Includes IDA relief.

4/ Reflects only the portion of enhanced HIPC Initiative relief provided as grants.

Table 18. Paris Club Creditors' Delivery of Debt Relief under Bilateral Initiatives beyond the Enhanced HIPC Initiative

	Countries Covered	ODA (In percent)		Non-ODA (In percent)		Provision of Relief	
		Pre-COD	Post-COD	Pre-COD	Post-COD	Decision Point (In percent)	Completion Point
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Australia	HIPCs	100	100	100	100 1/	1/	1/
Austria	HIPCs (case-by-case)	Case-by-case (100)	Case-by-case (100)	Case-by-case (100)	-	Case-by-case	Case-by-case
Belgium	HIPCs	100	100	Case-by-case (100)	-	flow	Stock
Canada	HIPCs 2/	- 3/	- 3/	100	100	100 flow	Stock
Denmark	HIPCs	100	Case-by-case (up to 100)	-	-	-	Stock
France	HIPCs	100	100	100	-	100 flow 4/	Stock
Finland	HIPCs	95	98	-	-	-	-
Germany	HIPCs	100	100	100	-	100 flow	Stock
Ireland	-	-	-	-	-	-	-
Italy	HIPCs	100	100 5/	100	100 5/	100 flow	Stock
Japan	HIPCs	100	100	100	-	-	Stock
Netherlands	HIPCs	100	100	100	-	90–100 flow 6/	Stock 6/
Norway 7/	-	-	-	-	-	-	-
Russia	Case-by-case	-	-	-	-	-	Stock
Spain	HIPCs	100	Case-by-case	Case-by-case	Case-by-case	-	Stock
Sweden	Case-by-case	- 3/	- 3/	Case-by-case (100)	-	-	Stock
Switzerland	HIPCs	- 3/	- 3/	Case-by-case	Case-by-case	Case-by-case, flow	Stock
United Kingdom	HIPCs	100	100	100	100 8/	100 flow 8/	Stock
United States	HIPCs	100	100	100	100 9/	100 flow	Stock

Source: Paris Club Secretariat.

Note: Columns (1) to (7) describe the additional debt relief provided following a specific methodology under bilateral initiatives and need to be read as a whole for each creditor. In column (1), "HIPCs" stands for eligible countries effectively qualifying for the HIPC process. A "100 percent" mention in the table means that the debt relief provided under the enhanced HIPC Initiative framework will be topped up to 100 percent through a bilateral initiative.

1/ Australia: post-cutoff date non-ODA relief to apply to debts incurred before a date to be finalized; timing details for both flow and stock relief are to be finalized.
2/ Canada: including Bangladesh. Canada has granted a moratorium of debt service as of January 2001 on all debt disbursed before end-March 1999 for 11 out of 17 HIPCs with debt service due to Canada. The debt will be written off at the completion point. The countries to be covered are: Benin, Bolivia, Cameroon, Ethiopia, Guyana, Honduras, Madagascar, Mali, Senegal, Tanzania, and Zambia.
3/ 100 percent of ODA claims have already been cancelled on HIPCs, with the exception of Myanmar's debt to Canada.
4/ France: cancellation of 100 percent of debt service on pre-cutoff date commercial claims as they fall due starting at the decision point. Once countries have reached their completion point, debt relief on ODA claims will go to a special account and will be used for specific development projects.
5/ Italy: cancellation of 100 percent of all debts (pre- and post-COD, ODA and non-ODA) incurred before June 20, 1999 (the Cologne Summit). At decision point, cancellation of the related amounts falling due in the interim period. At completion point, cancellation of the stock of remaining debt.
6/ The Netherlands: ODA: 100 percent ODA: pre- and post-cutoff date debt will be cancelled at decision point; for non-ODA: in some particular cases (Bolivia, Burkina Faso, Mali, Ethiopia, Nicaragua, and Tanzania), the Netherlands will write off 100 percent of the consolidated amounts on the flow at decision point; all other HIPCs will receive interim relief up to 90 percent reduction of the consolidated amounts. At completion point, all HIPC countries will receive 100 percent cancellation of the remaining stock of the pre-cutoff date debt.
7/ The Norwegian authorities have informed the staffs of the Fund and the World Bank that assistance beyond the HIPC Initiative will be decided after completion point.
8/ United Kingdom: "beyond 100 percent" full write-off of all debts of HIPCs as of their decision points, and reimbursement at the decision point of any debt service paid before the decision point.
9/ United States: 100 percent post-cutoff date non-ODA treated on debt assumed prior to 06/20/99 (the Cologne Summit).

Table 19. Enhanced HIPC Initiative: Status of Country Cases Considered under the Initiative, June 2003

Country	Decision Point	Completion Point	Target NPV of Debt-to- Exports (In percent)	Gov. Revenue (In percent)	Assistance Levels 1/ (In millions of U.S. dollars, present value) Total	Bilateral	Multi-lateral	IMF	World Bank	Percentage Reduction in NPV of Debt 2/	Estimated Total Nominal Debt Service Relief (In millions of U.S. dollars)
Completion point reached under enhanced framework											
Benin	Jul. 00	Mar. 03	150		265	77	189	24	84	31	460
Bolivia					1,302	425	876	84	194		2,060
Original framework	Sep. 97	Sep. 98	225		448	157	291	29	54	14	760
Enhanced framework	Feb. 00	Jun. 01	150		854	268	585	55	140	30	1,300
Burkina Faso					553	83	469	57	231		930
Original framework	Sep. 97	Jul. 00	205		229	32	196	22	91	27	400
Enhanced framework	Jul. 00	Apr. 02	150		195	35	161	22	79	30	300
Topping-up	...	Apr. 02	150		129	16	112	14	61	24	230
Mali					539	169	370	59	185		895
Original framework	Sep. 98	Sep. 00	200		121	37	84	14	43	9	220
Enhanced framework	Sep. 00	Feb. 03	150		417	132	285	45	143	29	675
Mauritania	Feb. 00	Jun. 02	137	250	622	261	361	47	100	50	1,100
Mozambique					2,023	1,270	753	143	443		4,300
Original framework	Apr. 98	Jun. 99	200		1,717	1,076	641	125	381	63	3,700
Enhanced framework	Apr. 00	Sep. 01	150		306	194	112	18	62	27	600
Tanzania	Apr. 00	Nov. 01	150		2,026	1,006	1,020	120	695	54	3,000
Uganda					1,003	183	820	160	517		1,950
Original framework	Apr. 97	Apr. 98	202		347	73	274	69	160	20	650
Enhanced framework	Feb. 00	May 00	150		656	110	546	91	357	37	1,300
Decision point reached under enhanced framework											
Cameroon	Oct. 00	Floating	150		1,260	874	324	37	179	27	2,000
Chad	May. 01	Floating	150		170	35	134	18	68	30	260
Ethiopia	Nov. 01	Floating	150		1,275	482	763	34	463	47	1,930
Gambia, The	Dec. 00	Floating	150		67	17	49	2	22	27	90
Ghana	Feb. 02	Floating	69	250	2,186	1,084	1,102	112	781	56	3,700
Guinea	Dec. 00	Floating	150		545	215	328	31	152	32	800
Guinea-Bissau	Dec. 00	Floating	150		416	212	204	12	93	85	790
Guyana					585	220	365	74	68		1,030
Original framework	Dec. 97	May 99	107	280	256	91	165	35	27	24	440
Enhanced framework	Nov. 00	Floating	150	250	329	129	200	40	41	40	590
Honduras	Jul. 00	Floating	110	250	556	215	340	30	98	18	900
Madagascar	Dec. 00	Floating	150		814	457	357	22	252	40	1,500
Malawi	Dec. 00	Floating	150		643	163	480	30	331	44	1,000
Nicaragua	Dec. 00	Floating	150		3,267	2,145	1,123	82	189	72	4,500
Niger	Dec. 00	Floating	150		521	211	309	28	170	54	900
Rwanda	Dec. 00	Floating	150		452	56	397	44	228	71	800
São Tomé and Príncipe	Dec. 00	Floating	150		97	29	68	-	24	83	200
Senegal	Jun. 00	Floating	133	250	488	193	259	45	124	19	850
Sierra Leone	Mar. 02	Floating	150		600	205	354	123	122	80	950
Zambia	Dec. 00	Floating	150		2,499	1,168	1,331	602	493	63	3,850
Preliminary HIPC document issued											
Côte d'Ivoire	Mar. 98 3/	...	141	280	345	163	182	23	91	6 4/	800
Total assistance provided/committed					**25,117**	**11,619**	**13,327**	**2,044** 5/	**6,397**		**41,545**
Preliminary HIPC document issued											
Côte d'Ivoire 6/	...	...	91	250	2,569	1,027	918	166	438	37	3,900
Congo, Democratic Rep. of the	...	...	150		5,773	3,580	2,193	400	700	79	9,800

Sources: IMF and World Bank Board decisions, completion point documents, decision point documents, preliminary HIPC documents, and staff calculations.

1/ Assistance levels are at countries' respective decision or completion points, as applicable.

2/ In percent of the net present value of debt at the decision or completion point (as applicable), after the full use of traditional debt-relief mechanisms.

3/ Côte d'Ivoire reached its decision point under the original framework in March 1998. The total amount of assistance committed thereunder was US$345 million in NPV terms.

4/ Nonreschedulable debt to non-Paris Club official bilateral creditors and the London Club, which was already subject to a highly concessional restructuring, is excluded from the NPVof debt at the completion point in the calculation of this ratio.

5/ Equivalent to SDR 1,491 million at an SDR/USD exchange rate of 0.7295, as of February 28, 2003.

6/ It is suggested that enhanced HIPC relief for Côte d'Ivoire overtake the commitments made under the original HIPC framework.

Democratic Republic of the Congo: Debt Management Issues

The Office de Gestion de la Dette Publique (OGEDEP), the principal agency charged with handling debt issues, is part of the Ministry of Finance and Budget, but is legally autonomous under legislation dating from 1977. In practice, OGEDEP does not have the technical and financial means to fulfill its mandate. The DRC lacks a clear process for the formulation of debt policies, debt statistics are not published, debt-management activities are rarely evaluated and no well-established procedure exists for tracking information under the inter-agency Debt Management Committee, which is intended to coordinate the debt-management activities of the Central Bank of the Congo (BCC), the Ministry of Finance and Budget, OGEDEP, and certain line ministries.

Coordination with macroeconomic policies and debt strategy

The Debt Management Committee, currently chaired by OGEDEP, needs to be given a more comprehensive role in the formulation of the country's medium- and long-term borrowing strategies in order to coordinate macroeconomic policies and debt issues. It is difficult for OGEDEP to evaluate debt service needs and their likely impact on either the budget or the balance of payments. Similarly, OGEDEP is not fully equipped to evaluate correctly the concessionality of a new loan to ensure that it conforms to the required level of concessionality (35 percent) under the PRGF-supported program. One government entity needs to be made solely responsible for contracting new borrowing.

Managing outstanding liabilities

OGEDEP currently covers only public and publicly guaranteed debt. Public enterprise debt data is incomplete and updated manually. There is only minimal tracking of loans to public enterprises that are not guaranteed by the government (particularly those to GECAMINES). Timely and accurate debt-service payments can only be ensured with difficulty. Ministry of Finance and OGEDEP staffs have limited capacity to undertake debt negotiations. Assistance from donors and technical agencies toward the creation and implementation of well-defined medium- and long-term public debt management policies is critical.

Human resources, technical capacity, and data quality

OGEDEP's staff (about 35) is adequate. However, individual staff members lack skills, as well as a clear definition of their responsibilities. Remuneration is poor, the potential for career development is limited, and there is no access to financial, analytical, or information-technology training. Despite these circumstances, OGEDEP's external debt statistics are of reasonable quality. OGEDEP recently received eight computers through a Belgian government donation, but they are not connected in a local-area network (LAN). The debt management database, created in Access, is extremely vulnerable as it is stored on a single computer and simply collates manual calculations performed in ad hoc Excel files; this database does not allow OGEDEP to carry out fully dynamic DSAs. OGEDEP has been in contact with the AfDB for assistance in acquiring UNCTAD's DMFAS debt management software.

Democratic Republic of the Congo: Budget-Tracking Statements

Statement 1: Main budget-tracking statement. Monthly, starting in August 2003

This statement describes expenditures according to the four phases of the expenditure chain (commitment, liquidation, payment order, payment) on the one hand, and by type of expenditure on the other, and cumulatively from the start of the fiscal year.

This statement should also have two intermediate columns for payment authorizations sent to the BCC and payment authorizations pending transmission to the BCC.

A specific column for automatic payments (*décaissements d'office*) will also be placed next to the column for payment orders.

The last column of the main budget-tracking statement is the "Balances Outstanding" column, which is the difference between payment orders signed by the responsible payment authorizing officer and actual payments by the BCC (not the difference between payment authorizations sent to the BCC and actual payments by the BCC).

Statement 2: Main budget-tracking statement by administrative classification. Monthly, starting in August 2003

Based on the main statement, this document will present expenditures by administrative classification (2002 revised nomenclature rather than classification by type). Additionally, the statement will keep expenditures initiated by, and earmarked for, the Offices of Ministers (Cabinets) separate from those initiated by, and earmarked for, the administrations.

Statement 3: Main budget-tracking statement by geographical distribution. Monthly, starting in September 2003

Based on the balances of the main statement, this document will present expenditures by type, distinguishing between expenditures in Kinshasa and those in the provinces.

Computer tools and training permitting, separate service codes will be assigned for Kinshasa and for each province; this will permit tracking of distribution of expenditures among the eleven provinces.

Statement 4: Main budget-tracking statement, "Poverty-Reducing Expenditures." Monthly, starting in October 2003

Based on Statement 2, expenditures will be presented by type, with one line indicating the share of expenditures identified as poverty-reducing expenditures.

Statement 5: Main budget-tracking statement, "Major Government Functions." Monthly, starting in October 2003

Based on Statement 2, this document will present expenditures by major government functions (as defined in the 2002 revised nomenclature).