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Republic of Congo: Selected Issues and Statistical Appendix

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REPUBLIC OF CONGO

Selected Issues and Statistical Appendix

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Approved by the African Department

May 21, 2004

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I. Introduction

1. The Republic of Congo (hereafter "the Congo"), [1] the fourth-largest oil producer in sub-Saharan Africa, is emerging from three successive civil conflicts in the 1990s. Once classified as a lower-middle-income economy, the Congo has experienced an almost continuous decline in per capita income over the past 15 years or so. This negative trend coincided with the overvaluation of the CFA franc in the second half of the 1980s and early 1990s, an acceleration of rural-urban migration in the 1980s, and three conflicts in the 1990s. In addition, non-oil output growth has been constrained by the heavy dependence on the oil sector, poor infrastructure, and high cost of public utilities, as well as weak institutions, poor governance, and a legacy of central planning and associated antibusiness bias.

2. The Congolese economy is dominated by the oil sector, which accounts for about 50 percent of GDP, 70 percent of government revenues, and 80 percent of exports. Oil production is mainly located offshore and managed by joint ventures between foreign companies and the national oil company (Société Nationale des Pétroles du Congo, SNPC). Ancillary oil-related services are dominated by foreign groups, and the bulk of their supplies are imported. The non-oil sector is composed of a mixture of forestry, traditional agriculture, services, and a relatively large public administration. The Congo's forests, which cover about half of the country, account for less than 5 percent of GDP but constitute almost two-thirds of non-oil exports. Agriculture employs about one-third of the active population and accounts for another 5 percent of GDP. It consists mainly of subsistence activities by smallholders, with relatively little commercialization (in part due to poor access roads) and limited export activities. Food imports, which have increased significantly since the 1980s, account for about one-third of total imports.

3. The Congo was under a socialist one-party system and the economy was centrally planned during 1964-90. The transition to a democratic state came through a tumultuous, conflict-ridden phase in the 1990s; three successive and intense conflicts destroyed physical capital, displaced thousands of individuals, and further weakened institutions. Recent developments on the political front are encouraging against the background of recurrent conflicts in the 1990s. Under the umbrella of peace, the Congo completed a four-year political transition period, held democratic elections, and installed the full complement of democratic institutions required by the Constitution.

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[1] The Congo is a member of the French franc zone. Its currency, the franc de la Communauté Financière en Afrique Centrale (the CFA franc), is issued by the Banque des Etats de l'Afrique Centrale (BEAC) and is pegged to the euro. The exchange rate of the CFA franc in terms of the French franc, which had been fixed since 1948, was devalued by 50 percent in foreign currency terms in January 1994, thus changing the parity from CFAF 1 = F 0.02 to CFAF 1 = F 0.01. Since January 1999, the CFA franc has been pegged to the euro at the fixed rate of €1 = CFAF 655.957.

4. Accompanying the recent positive momentum on the political front, economic activity in the non-oil sector has picked up and inflation has decelerated. Nonetheless, key social indicators have continued to deteriorate, and the external debt burden is heavy. Building on the momentum generated by the improvements on the political and economic fronts, the government has begun focusing on economic management.

5. The rest of this paper is organized as follows: Section II outlines the recent developments in the political and security situation; Section III reviews economic performance during 1970-2003, including in the context of Fund-supported programs, Section IV reviews recent developments in public finance management, Section V examines the constraints on growth and poverty reduction, Section VI analyzes the sources of economic growth during 1970–2003, Section VII discusses the feasibility of an oil fiscal rule, and Section VIII notes some key lessons and challenges for the Congo.

II. Political and Security Situation[2]

A. Background[3]

6. After three relatively peaceful but coup-ridden decades of independence, the Republic of the Congo (hereafter "the Congo") experienced three intense conflicts in the 1990s (1993, 1997, and 1998–99)—see Box II.1 for a time line of key political events. After an already turbulent first half of the 1990s, due principally to disputes over elections, political turmoil intensified after 1996 and two civil wars (in 1997 and late 1998) ravaged the southern part of the country. In various combinations, these conflicts opposed the regular armed forces and three main militias (the "Cobras" of President Denis Sassou Nguesso, the "Coyotes" and the "Zulus" of the former President, Pascal Lissouba, and the "Ninjas" of Bernard Kolelas and Pastor Ntumi).

- Fighting erupted in 1993 when disputed parliamentary elections led to ethnically based fighting between progovernment forces and the opposition. A cease-fire agreement was followed, during 1994-95, by the inclusion of some opposition members in the government.

- In 1997, ethnic and political tensions exploded into a full-scale civil war, fueled in part by the prize of the country's offshore oil wealth, which may have motivated warlords. The army split along ethnic lines, with most northern officers joining President Sassou Nguesso's side and most southerners backing the rebels. These were supporters of Pascal Lissouba, and his Prime Minister, Bernard Kolelas, who had been deposed by Sassou Nguesso in 1997. The new President appointed a government of "national unity" of 33 members in November 1997, and the government convened a National Forum of Reconciliation in January 1998. The new government implemented a three-month emergency program, with support from several UN agencies, the European Union, France, and nongovernmental organizations. The main objective was to respond to the pressing needs of the Brazzaville population in terms of security, health, food, and shelter, and to begin to rebuild the nation's institutional, administrative, and statistical capacity.

- The conflict of December 1998-October 1999 affected mainly the southern part of the country. Following the 1998–99 conflict, a cease-fire agreement was signed in late 1999, that provided for a national dialogue, demilitarization of political parties, and the reorganization of the army, including the readmission of rebel units into the security forces.

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[2] This section was prepared by Dhaneshwar Ghura and Carlos Leite.

[3] Source: http://news.bbc.co.uk/1/hi/world/africa/country_profiles/1076794.stm

Box II.1. Republic of Congo: Chronology of Key Political Events Since Independence[1]

1960:	The Congo becomes independent with Fulbert Youlou as President.
1963:	President Youlou is forced to resign following workers' unrest; Alphonse Massamba-Debat becomes President and Pascal Lissouba prime minister.
1968:	President Massamba-Debat is ousted in a coup led by Marien Ngouabi, who continues his predecessor's commitment to socialism but sets up his own party, the Congolese Workers Party (PCT).
1970:	President Ngouabi proclaims the Congo a Marxist People's Republic, with the PCT as the sole legitimate party.
1977:	President Ngouabi is assassinated in a plot by Massamba-Debat, who in turn is executed; Joachim Yhombi-Opango becomes President.
1979:	President Yhombi-Opango hands over the presidency to the PCT, which chooses Denis Sassou Nguesso as his successor.
1990:	The PCT abandons Marxism.
1992:	Voters approve a new Constitution establishing a multiparty system; Pascal Lissouba elected President in the Congo's first democratic election.
1993:	Bloody fighting erupts between government forces and opposition over disputed parliamentary elections.
1994-95:	Cease-fire between government and opposition established; opposition given government posts.
1997:	Full-scale civil war breaks out; pro-Sassou Nguesso forces, aided by Angolan troops, capture the capital, Brazzaville, forcing Lissouba to flee.
1999:	Government and rebels sign a peace deal in the Zambian capital, Lusaka, providing for a national dialogue, demilitarization of political parties, and the readmission of rebel units into the country's security apparatus.
2001 Apr.:	Peace conference ends by adopting a new Constitution that will be put to a referendum at the end of the year, paving the way for presidential and parliamentary elections.
2001 Sep.:	Transitional parliament adopts a draft Constitution. Some 15,000 militia are disarmed in a cash-for-arms scheme.
2001 Dec.:	Former President Pascal Lissouba is convicted in absentia on treason and corruption charges, and sentenced to 30 years' hard labor by the High Court in Brazzaville.
2002 Jan.:	Official results indicate that about 80 percent of voters in the constitutional referendum approved amendments aimed at consolidating presidential powers.
2002 Mar.:	Sassou Nguesso wins presidential elections unopposed after his main rivals are barred from the contest. Intense fighting between government and "Ninja" rebels drives many thousands of civilians from their homes in the Pool region. The rebels, loyal to former Prime Minister Bernard Kolelas and led by a Pastor Ntumi, name themselves after the famous Japanese warriors.
2002 Jun:	Government troops battle Ninja rebels in Brazzaville. About 100 people are killed in some of the worst fighting seen in the capital in years.
2003 Mar:	Government signs agreements with Ninja rebels, aimed at ending fighting in Pool region. Pastor Ntumi agrees to end hostilities and allow the return of the rule of law.

B. Recent Developments

7. The national dialogue that followed the 1999 cease-fire offered an opportunity for drafting a new Constitution in 2001. President Sassou Nguesso consolidated his power base, and postwar reconstruction was undertaken, along with the reintegration of former militiamen into the society, with the support of the international community. The new constitution, adopted by referendum in January 2002, strengthened the power of the president. Presidential, legislative, local and senatorial elections were held during March-July 2002, although the main political challengers and former leaders were excluded. The inauguration of President Sassou Nguesso in August 2002 put a formal end to the four-year transition period. Subsequently, a new government, was empowered to implement a policy agenda popularly known as New Hope (*Nouvelle Esperance).*

8. Renewed activity from a rebel group in 2002 dealt a setback to efforts on peace consolidation and political normalization. The Pool region (including Brazzaville) was destabilized by (i) the resumption of military activity in the spring of 2002, (ii) strikes carried out by the Ninja rebel group (led by Pastor Ntumi) until October 2002, and (iii) the response of the regular army to the aggression. Thousands of people were forced to flee their homes, creating a humanitarian crisis. Efforts to restore peace succeeded with the signing on March 17, 2003 of a new peace accord that recommitted the government and the Ninja rebel group to the 1999 agreement. Accordingly, the rebels undertook to surrender their arms, and the government undertook to re-integrate their members into civil society under the ongoing demobilization and reintegration program.

9. Recent developments on the security front have helped to consolidate the political stability and military peace achieved in the aftermath of the 2002 elections and the 2003 peace accord, including:

- the approval in August-2003 of amnesty provisions for both rebel and government combatants.

- The promulgation, on November 12, 2003, of the program for the demobilization, disarmament, and reinsertion of former combatants.

10. With security restored in the area surrounding Brazzaville, the Pool region, the reliability of the vital rail link between Pointe-Noire (the port city and economic capital) and Brazzaville (the administrative capital) has improved considerably, and a concerted effort to improve the train service is underway.

C. Cost of Conflicts

11. As the security situation has improved, the enormity of the destruction left by the last three successive and intense rounds of civil wars has been revealed:

- Key social and economic indicators deteriorated or stagnated in the 1990s, and the external debt burden is heavy (see Table II.1).

- Large parts of the country were affected but the 1993 and 1997 wars led to more intense violence in the capital, Brazzaville, which is home to about 25 to 30 percent of the population (800,000 people).

- The five-month civil war in 1997 inflicted massive destruction on Brazzaville. A large part of the buildings, infrastructure, and productive capital was destroyed and most private property was severely damaged looted, or both. The population suffered substantial casualties, with more than 700,000 people displaced at one point. The cost of the physical damage alone has been estimated at about 37 percent of 1977 GDP.

- The damage inflicted by the 1998–99 conflict, which mainly affected the south of the country (although the area around Pointe-Noire was spared), was estimated at about 75 percent of 1999 GDP.

- In addition to the direct damage of the war, infrastructure suffered considerable damage from the interruption of maintenance. About half of the 17,000-kilometer road network is no longer passable, and most regional capitals no longer have reliable access to major roads. Entire provinces have no access to clean water. Economic agents have lost assets (buildings, livestock, and tools).

- Over 50 percent of the medical structures were ransacked, and educational buildings in the four southernmost provinces suffered considerable damage. Social services are no longer delivered in large parts of the country, particularly in rural areas.

- The World Bank estimates that, at the end of 2001, an estimated 7.2 percent of the Congolese adult population (15-49 years) was living with HIV/AIDS. In Pointe-Noire, the prevalence rate increased from 10 percent in 1996 to 14 percent in 2000.

- The World Bank estimates that unemployment is affecting more than 50 percent of the active population and that youth are particularly affected: less than 30 percent of those in the 15-to-25-year old bracket have a job, and less than 2 percent are employed in the formal sector.

Table II.1. Republic of Congo: Selected Economic and Social Indicators, 1970-2003

	1970-79	1980-89	1990-99	2000-03
National accounts	(In percent; unless otherwise indicated)			
Per capita GDP (in 1995 U.S. dollars)	633	981	839	791
Real GDP growth	5.5	6.8	0.8	4.1
Oil	44.2	10.9	6.5	-4.3
Non-oil	3.6	5.8	-2.3	10.3
Consumer price inflation	8.1	0.4	8.2	1.6
	(In percent of GDP; unless otherwise indicated)			
Fiscal accounts				
Total domestic revenue (excluding grants)	23.6	29.9	25.0	28.4
Primary expenditure and net lending 1/	24.3	23.6	24.0	22.6
Basic primary budget balance	-0.7	6.3	1.0	5.8
External sector				
Trade balance	...	24.5	32.2	51.6
External debt	55.5	133.1	227.2	180.8
Real effective exchange rate (index, 1990=100)	109.0	97.8	86.0	80.2
Terms of trade (index, 1990=100)	87.3	152.7	81.1	124.2
Social indicators	(In units indicated)			
Adult illiteracy ratio (in percent of people ages 15 and above)	60	42	27	19
Secondary school enrollment ratio 2/	33	75	54	42
Immunization ratio 3/	...	61	50	31
Life expectancy at birth (in years)	47	51	51	51

Sources: Congolese authorities; World Bank Economic and Social Indicators database; and Fund staff estimates and calculations.

1/ Noninterest current expenditure plus domestically financed investment.
2/ In percent of the number of children of secondary school age.
3/ In percent of the number of children under 12 months for immunization against diphtheria, tetanus, and polio.

III. Economic Performance During 1970–2003[4]

12. Per capita output development during 1970-2003 can be divided into three distinct subperiods (Figure III.1 and Table III.1): 1970-84, when output grew almost continuously; 1985-99 when it declined significantly; and 2000-03, when it generally started to recover.[5] Notwithstanding the recent rise in output, per capita real GDP in 2003 was only about 70 percent of its level in 1984.

13. Since 1986, the Congo has not successfully implemented the six formal and three informal (staff-monitored) programs with the Fund (Box III.1). Key reasons for these results have included: (i) the inherited sluggishness of the planned economy, which has long had a negative impact on the private sector; (ii) the civil wars of the 1990s, which disrupted the economy, weakened institutions, and undermined the rule of law; (iii) the weakness of economic management during the transition period that followed the war; and (iv) insufficient ownership of program implementation.

A. Output Expansion, 1970–84

14. Per capita real GDP doubled during this period, with three-fourths of the expansion stemming from the non-oil sector and the remainder from a rapidly booming oil output. In view of rising oil revenue, government investment increased by an annual average of 2 percentage points of GDP between 1970-74 and 1975-79. Starting in the second half of the 1970s, two new public institutions concerned with cash crops were set up: the Office for Food Crops (Office des Cultures Vivrières—OCV) and Office for Coffee and Cocao (Office du Café et du Cacao—OCC). In addition, farm producer prices were raised repeatedly. Heavy emphasis was given to schooling, and employment was virtually guaranteed for high school and university graduates either in the civil service or in state enterprises. This resulted in serious overstaffing in the government administration and public enterprises. In view of the large expansion in both capital and current expenditures, there was a significant deterioration in public finances in the second half of the 1970s, compared with the first half.

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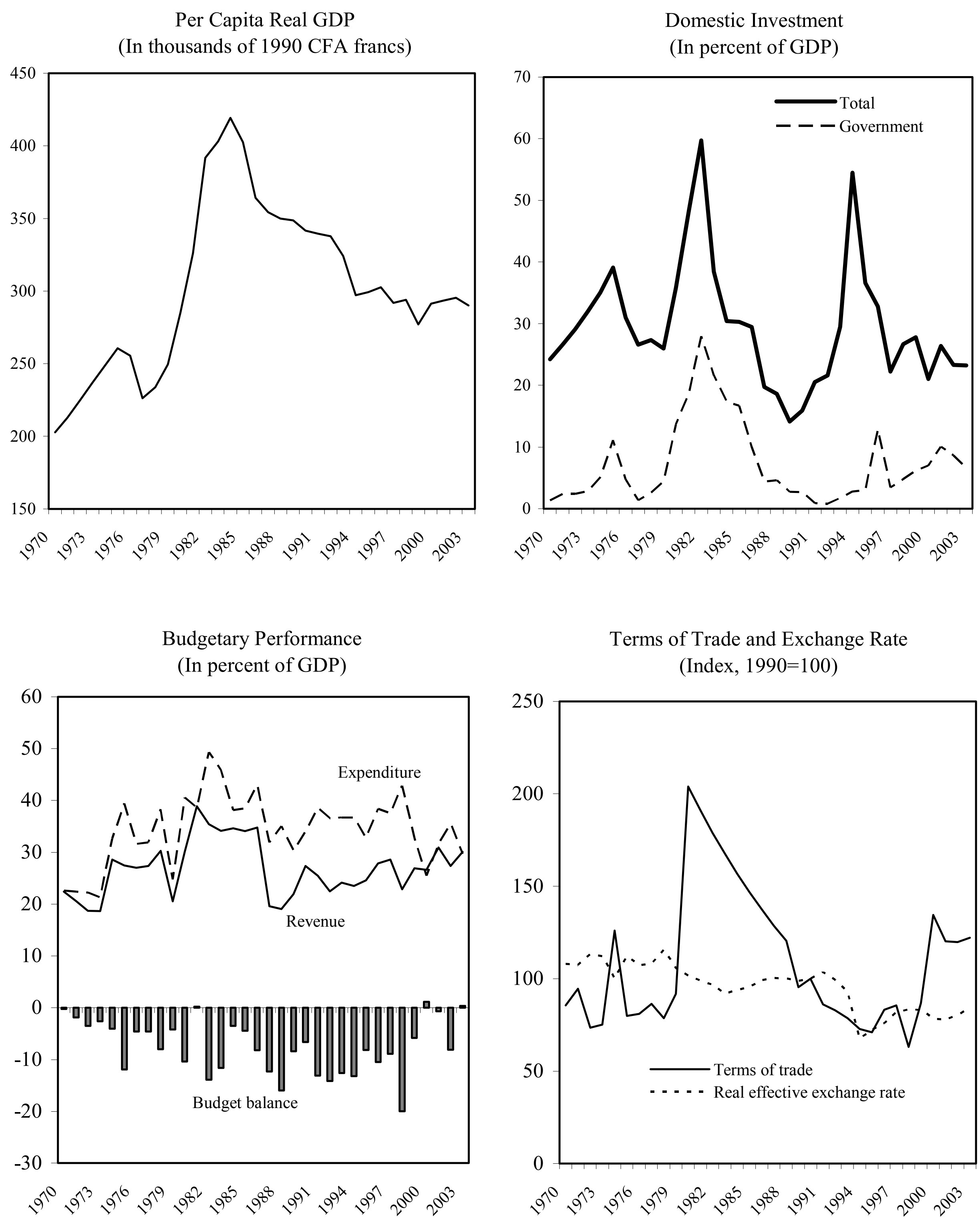
[4] This section was prepared by Dhaneshwar Ghura.

[5] The analysis in this section was primarily derived from an examination of previous Fund staff reports on the Congo.

Figure III.1. Republic of Congo: Macroeconomic Performance, 1970-2003



Source: World Development Indicators (World Bank) database; World Economic Outlook (IMF) database; and IMF country reports.

Table III.1. Republic of Congo: Selected Indicators of Economic Performance, 1970-2003
(Period average, in units indicated)

	1970-74	1975-79	1980-84	1985-89	1990-94	1995-99	2000-03
Real sector	(Percentage change; unless otherwise indicated)						
Per capita GDP (1995 U.S .dollars)	606.1	659.5	982.3	979.2	882.6	795.6	790.5
Real GDP	7.8	3.2	14.3	-0.7	-0.1	1.7	4.1
Oil	86.5	1.9	12.5	9.3	3.8	9.1	-4.3
Non-oil	3.0	4.2	14.9	-3.3	-1.7	-2.8	10.3
Non-oil GDP-GDP ratio (1990 constant prices)	85.9	83.3	83.3	77.6	69.5	59.3	61.7
Oil GDP-GDP ratio (1990 constant prices)	14.1	16.7	16.7	22.4	30.5	40.7	38.3
Consumer price index	4.9	11.4	3.7	-2.8	9.0	7.4	1.6
Investment-GDP ratio (in percent)	29.4	30.0	42.5	22.4	28.4	29.2	23.5
Of which: Central government	2.8	4.8	19.8	7.7	1.8	6.0	8.1
Population	2.7	2.9	2.9	3.0	3.1	3.1	2.8
Rural population (in percent of total population)	66.4	62.7	56.4	50.1	44.6	40.0	36.4
Government budget	(In percent of GDP; unless otherwise indicated)						
Total revenue and grants	21.8	26.5	34.6	25.9	24.6	26.2	28.7
Total domestic revenue	21.4	25.8	34.1	25.8	24.3	25.7	28.4
Oil revenue	2.7	7.6	20.9	13.0	13.3	16.3	20.2
Non-oil revenue	18.7	18.2	13.2	12.8	10.9	9.4	8.2
Grants	0.4	0.8	0.5	0.1	0.3	0.4	0.3
Total expenditure and net lending	24.2	33.2	42.5	35.8	36.5	36.9	30.6
Primary expenditure and net lending 1/	21.2	27.3	24.3	22.9	26.4	21.6	22.6
Current expenditure	20.5	25.9	19.2	20.4	24.7	17.8	15.3
Domestically-financed investment	0.7	1.2	5.0	1.9	0.9	3.8	7.3
Net lending	0.0	0.2	0.1	0.6	0.8	0.0	0.0
Interest due	0.9	2.2	3.3	7.1	9.3	13.1	7.1
Externally-financed investment	2.1	3.6	14.9	5.8	0.8	2.2	0.8
Overall budget balance	-2.5	-6.7	-7.9	-9.9	-11.9	-10.7	-1.8
Basic primary budget balance 2/	0.1	-1.6	9.8	2.9	-2.2	4.2	5.8
External sector							
Current account balance	...	...	...	...	...	-24.5	0.9
Trade balance	...	...	23.3	25.6	24.3	40.1	51.6
Exports of goods	...	...	30.0	38.9	45.3	66.7	74.1
Imports of goods	...	...	6.7	13.3	20.9	26.6	22.4
Services balance	...	...	...	...	...	-31.7	-23.1
Income	...	...	...	...	...	-33.5	-27.8
Transfers	...	...	0.7	1.1	0.7	0.6	0.3
External debt	41.0	70.0	89.6	176.6	217.5	236.9	180.8
Volume of exports of goods and services (in percent change)	8.7	5.6	13.4	2.2	1.4	7.2	2.4
Volume of imports of goods and services (in percent change)	2.5	-5.3	22.0	-9.3	36.4	0.4	13.8
Terms of trade (index, 1990=100)	91.0	83.5	179.6	125.8	84.1	78.0	124.2
Real effective exchange rate (index, 1990=100)	108.3	109.8	96.7	98.8	92.7	79.3	80.2
Oil price (US$/barrel)	5.2	17.1	33.3	18.7	19.2	17.4	26.6
Memorandum item:							
Non-oil revenue (in percent of nonoil GDP)	...	...	15.9	16.4	14.9	16.4	18.7

Sources: Congolese authorities.

1/ Noninterest current expenditure plus domestically financed investment.

2/ Domestic revenue (excluding grants) minus primary current expenditure and net lending.

Box III.1. Republic of Congo: Performance Under Fund Programs, 1986-2003

Program	Period covered	Amount approved (SDR million)	Amount drawn	Implementation status
Staff-Monitored Program	Jan.-Sept. 2003	N/A		Overall weak performance, despite some achievements. Unbudgeted use of windfall oil revenue and significant shortfall in nonoil revenue. Mixed record on structural reform implementation, but efforts made to improve oil sector transparency and public finance management.
Staff-Monitored Program	April-Dec. 2002	N/A		Overall weak performance. Nonoil revenue shortfall, and higher-than-programmed current expenditures. Weaknesses in structural reform implementation.
Staff-Monitored Program	June-Dec. 2001	N/A		Overall weak performance. Deviations in fiscal targets and borrowing from the banking system. Mixed record on structural reform implementation.
				Significant slippages registered in the quantitative targets.
Emergency Post Conflict Assistance	Approved in Nov. 2000	10.6	N/A	Program implementation broadly satisfactory through September 1998, but preparations of a successor new arrangement under the ESAF were derailed due to a renewed outbreak of civil unrest in late 1998.
Emergency Post Conflict Assistance	Approved in July 1998	7.25	N/A	
Enhanced Structural Adjustment Facility	6/96-6/99	69.5	13.9	Overall performance under the first annual arrangement was mixed owing to lapses in fiscal discipline and insufficient resolve to implement structural reform. The ESAF midterm review was interrupted in June 1997, following the eruption of civil war. The arrangement remained suspended until its expiration.
				The program veered off-track shortly after it was launched in the context of continued sociopolitical tensions.
Stand-By Arrangement	5/94-5/95	23.2	12.5	Economic policies diverged from the program objectives as a result of the sudden domestic agitation for political change. Owing to unrest, the first review could not be conducted.
Stand-By Arrangement	8/90-5/92	28.0	4.0	The program veered off-track and could not be brought back on track on account of excess use of bank credit by the government and unprogrammed accumulation of external payments arrears.
Stand-By Arrangement	8/86-4/88	22.4	9.5	Structural measures in the areas of pricing, marketing, public enterprise and recruitment policies were satisfactorily implemented.

Source: Fund staff reports on the Republic of Congo.

15. Oil prices rose from an annual average of US$17 per barrel during 1975-79 to about US$33 per barrel in the first half of the 1980s. In view of the rapidly rising oil revenues, the Congolese authorities adopted in 1981an ambitious Five-Year Economic and Social Development Plan, underlying which was an overly expansionary fiscal policy path. This plan gave priority to improving basic infrastructure (roads, railroads, and waterways) and to rehabilitating state enterprises. Government investment rose by an annual average of 15 percentage points between the second half of the 1970s and the first half of the 1980s. Even though current expenditure was curtailed, the domestic financial imbalances, which had widened in the second half of the 1970s, continued to deteriorate in the first half of the 1980s. In addition, the country's external indebtedness, which had been growing rapidly in the 1970s and early 1980s to finance domestic investment projects, doubled between 1980-84 and 1985-89.

B. Output Collapse, 1985–99

16. The rapid rise in the public sector during the oil boom years of the early 1980s, including in the form of massive public employment creation, partly provided the seeds for the subsequent long decline in output. The oil bonanza came to an end in the second half of the 1980s, when oil prices declined to an annual average of about US$18½ per barrel during 1985-89 (from an annual average of about US$33 per barrel during 1980-84). In view of the associated significant decline in oil revenues, the government took internal adjustment measures, including in the context of a 20-month Stand-By Arrangement launched in August 1986. The list of products[6] subject to price regulation was reduced, with a view to eliminating subsidies. In addition, the export monopoly of the OCC and the marketing monopoly of the OCV were abolished. Furthermore, the government undertook measures to strengthen public enterprise management and efficiency and liquidate financially unviable enterprises. However, the process of public enterprise restructuring required the government to assume a substantial amount of their debts. Notwithstanding the budgetary constraints, the government continued to raise agricultural producer prices for cocoa, coffee, tobacco, potatoes, and rice.

17. The Congolese policy response to the collapse in the terms of trade in the second half of the 1980s was slow and limited. While current and capital expenditures were lowered, they were not cut back in line with reduced resource availability. The budgetary deficit widened further during 1985-89 from an already large fiscal imbalance during 1980-84. The significant cut in government expenditures, especially capital outlays, during 1985-89 had a deflationary impact on the economy. The non-oil real GDP and the consumer price index each declined by about 3 percent on average per annum during 1984-89. The economic and financial imbalances were exacerbated by the weak performance of the large public enterprise sector, which, even after receiving substantial government transfers and

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[6] The list included flour, bread, rice, sugar, salt, transportation, electricity, water, and petroleum products.

exemptions, experienced continuing losses, which led the government to take over the debt-service obligations of some enterprises. The disappointing performance of the public enterprises was due to rapidly growing personnel costs, inflexible pricing policies that did not reflect production costs, and management problems. The 1986 Stand-By arrangement went off track because of the deviations of macroeconomic outcomes from program targets (e.g., net bank credit to the government and external arrears), although structural measures in the areas of pricing, marketing, public enterprise and recruitment policies were satisfactorily implemented.

18. In order to reverse the declining trends in output, the government continued its attempt in the early 1990s to jump-start the economy—including in the context of a 21-month Stand-By arrangement adopted in August 1990—following a strategy that was based solely on internal adjustment measures, as had been done in the second half of the 1980s. This approach consisted mainly of maintaining the fixed common peg, lowering the fiscal deficit through increases in tax rates and cuts in the wage bill, and restoring external competitiveness by reducing domestic costs and restructuring public enterprises. As a result of a sudden upheaval and agitation for political change, economic policies diverged widely from those underlying the 2000 Stand-By arrangement, and the first review under the program could not be undertaken.

19. Overall, the policy response during the period 1986-93 to the worsened external environment was inadequate, relying mainly on cuts in government investment spending and limited structural reforms. As a result, economic activity stagnated, public sector and external imbalances widened markedly, and the external public debt and debt-service burdens grew to unsustainable levels. In addition, large domestic and external payment arrears were accumulated. The CFA franc became overvalued in the late 1990s because, even though the terms of trade had declined almost secularly between 1980-84 and 1990-94, the real effective exchange rate remained virtually unchanged.

20. Given the magnitude of the macroeconomic imbalances in the late 1980s and early 1990s, it became clear by 1993 that strategies based solely on internal adjustments would be insufficient to put the economy back on a sustainable recovery track. The internal adjustment strategy was insufficient to restore external competitiveness, as nominal domestic prices (including wages and producer prices) showed considerable downward rigidity. The adjustment strategy was broadened in January 1994 with the 50 percent devaluation of the CFA franc. In addition, the government adopted a 12-month Stand-By arrangement in April 1994. Against the background of continued sociopolitical tensions and security concerns, the Congo's economic performance under the Stand-By arrangement fell short of program expectation, owing to policy slippages, weak management capacity, and disruptions of railroad transportation.

21. With a view to setting the economy on a path of sustainable growth and poverty reduction, the authorities adopted a three-year program under the Enhanced Structural Adjustment Facility (ESAF) in June 1996. The program focused on (i) raising the primary budget surplus, so as to reduce the unsustainably heavy external debt and debt-service

burdens; (ii) increasing government outlays on education, health, and public investment, thanks to further savings on the civil service wage bill; and (iii) stepping-up the implementation of a broad range of structural reforms in order to restore confidence in the banking system, enhance financial intermediation, reduce the role of state monopolies, and improve the quality and reduce the cost of public services. Overall performance under the first annual arrangement was mixed, owing to lapses in fiscal discipline and insufficient resolve to implement structural reform. The ESAF midterm review was interrupted in June 1997, following the eruption of civil war, and the arrangement remained suspended until its expiration.

22. Following the five-month civil war in 1997 and the ensuing reconciliation process, the IMF provided technical and financial assistance in the form of an emergency post conflict Assistance (EPCA) approved in July 1998. A key priority under the EPCA was to create the conditions to either reactivate the existing ESAF arrangement or to launch a new three-year ESAF-supported program. Program implementation was broadly satisfactory through September 1998, but preparations for a successor new under the ESAF arrangement were derailed owing to a renewed outbreak of civil unrest in late 1998.

23. Following the 1998/99 conflict, a cease-fire agreement was signed in late 1999, which provided for a national dialogue, demilitarization of political parties, and the reorganization of the army, including the readmission of rebel units into the security forces. The IMF provided technical and financial assistance in the form of an EPCA approved in November 2000. The EPCA was geared toward strengthening the country's administrative capacity and improving the macroeconomic framework, with a view to launching a successor medium-term program for sustainable growth and poverty reduction. Nonetheless, significant slippages were encountered on key quantitative targets.

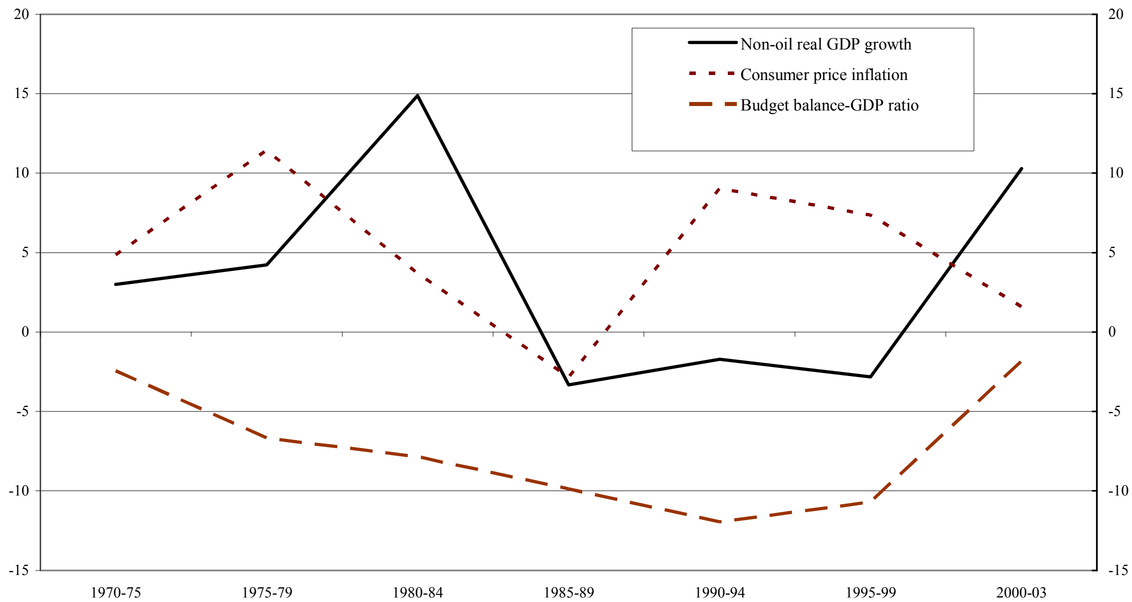
C. Recent Output Recovery, 2000–03

24. Recent developments on the security front are encouraging, against the background of recurrent conflicts in the 1990s (see Section II). The onset of peace in 1999–2000 boosted economic activity and contributed to macroeconomic stability during 2000-03 (Figure III.2). Non-oil real GDP increased by about 10 percent per annum on average during 2000-03. Consumer price inflation decelerated significantly, helped by more reliable supply line from Pointe-Noire to Brazzaville and a strengthening of the euro. The basic primary fiscal balance improved between 1995-99 and 2000-03.

25. Nonetheless, while the post-conflict period ushered in by the 1999 cease-fire agreement has been conducive to improved economic performance and the installation of democratic institutions, it has thus far not been accompanied by the strict implementation of economic programs. Over this period, the program launched in November 2000 under the EPCA and three subsequent staff-monitored programs (SMPs) were not successful at laying the foundations for moving to possible support under the Poverty Reduction and Growth Facility (PRGF). Program implementation has been weak both on the quantitative and structural fronts (see Box III.1). However, the combination of a steadily improving security

situation and some encouraging results under the 2003 SMP have generated cautious optimism that a virtuous circle of political stability and economic reform has been set in motion. While overall performance under the 2003 SMP was weak, the authorities took steps, especially later in 2003, to enhance transparency and governance in the oil sector and to strengthen public finance management (see Box III.2 and Section IV).

Figure III.2. Republic of Congo: Selected Economic Indicators, 1970-2003
(Period average; in percent)



Source: Congolese authorities; and Fund staff calculations.

D. Observations and Evaluation

26. To a large extent, government investment was pro-cyclical, varying in tandem with oil price movements in the international oil market (Figure III.3). Non-oil real GDP growth, in turn, was highly correlated with government investment-GDP ratio (with a correlation coefficient of about 66 percent during 1975-2003).[7] Thus, the boom-bust cycle of output appears to have been directly or indirectly linked to oil price movements.

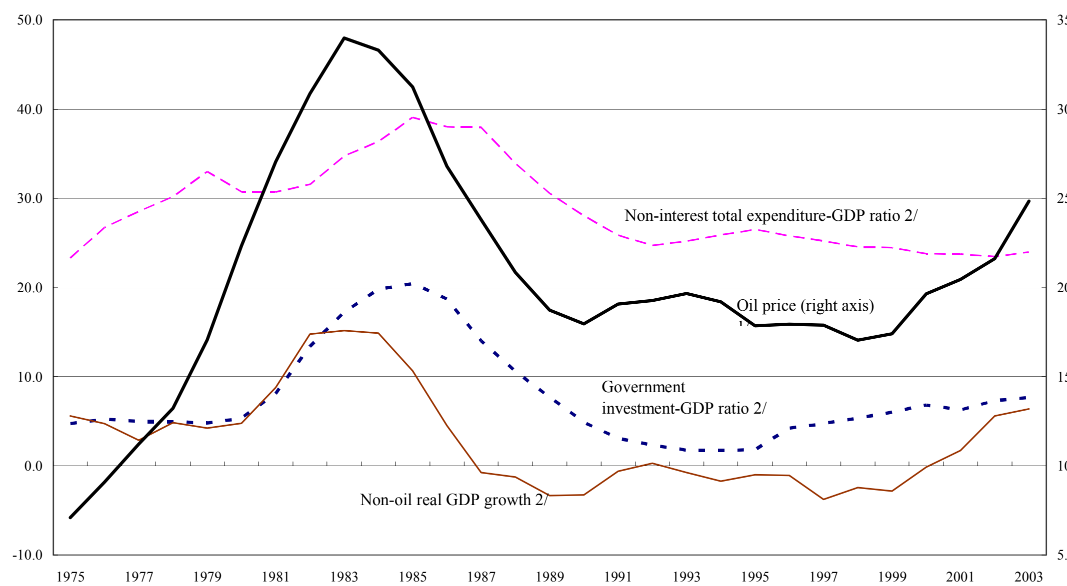
27. The three successive rounds of conflicts in the 1990s followed the economic crisis of the second half of the 1980s. The origin of the economic crisis appears to have been the

[7] Using five-year moving average data during 1975-2003, the correlation coefficient between government investment-GDP ratio and international oil price is 77 percent.

inadequate policy response to the significant decline in oil prices and the sharp drop in oil revenues, government investment, economic growth. As a result, the budget deficit ballooned to unsustainable levels and the burden of external debt became quite onerous. In a nutshell, these conflicts were preceded by the pre-conditions that have been identified in the recent empirical literature on conflicts (see Section V).

28. As noted in Section II, the conflicts in the 1990s created a major setback for the economic and social progress that had been registered in the 1970s and 1980s. In retrospect, the boom in the 1980s in output growth, investment, and indicators of human capital development—financed by rising oil revenues and external debt—was unsustainable. A policy framework, underpinned by a transparent fiscal rule for the judicious use of oil resources, could have led to a smoother consumption- investment profile and contributed to avoiding the significant output collapse and the conflicts.

Figure III.3. Republic of Congo: Oil Price, Government Spending, and Non-Oil Output, 1975-2003
(5-year moving average; in units indicated)



Source: World Economic Outlook; Bank World Development Indicators; Congolese authorities; and Fund staff calculations.

1/ U.S. dollars per barrel.
2/ In percent.

Box III.2. Republic of Congo: Program Implementation in 2003

Overall performance under the 2003 SMP (covering January-September 2003) was weak:

- Fiscal performance was weak, as the primary fiscal surplus fell short of the program target by some CFAF 57 billion (equivalent to 2.8 percent of annual GDP). The main reasons included (i) a significant shortfall in non-oil revenue, (ii) the retention of tax obligations by the national oil company (SNPC), and (iii) unprogrammed expenditures. Additionally, exceptional oil receipts[1] and unprogrammed oil bonus and dividend receipts were effectively used to clear unprogrammed internal arrears.
- On the structural front, performance was mixed. The audit of the SNPC for 1999-2001 was completed, efforts were made to centralize government revenues, no new oil-collateralized debt was contracted, and initiatives were launched to publish oil sector data. Nonetheless, not all nonreschedulable debt service was paid, the privatization of the remaining publicly owned bank (CAIC) was not completed, and the end-September 2003 measures on oil sector transparency were not implemented.

The authorities set quantitative and structural targets in the last quarter of 2003, with a view to stabilizing the fiscal slippages registered under the SMP and further enhancing transparency and governance in the oil sector:

- On the fiscal front, the basic primary budget balance objective (which had been revised downward) was met. Nonetheless, unprogrammed outlays were made to clear pension arrears and finance structural reform costs.
- On the structural front, a significant step was taken to enhance transparency in the oil sector with the completion of the certification, by an external auditor, of government oil revenue for the period January-September 2003. Measures in the fiscal area included (i) the appointment of new directors in the General Directorates of Budget, Customs, and Taxes, as well as at the General Inspectorate of Finance, in order to reinvigorate the revenue departments and strengthen control; (ii) the signing of an agreement by the government, SNPC, and the oil refinery (CORAF), to have the latter pay for its purchase of government crude oil; and (iii) the production of the 2000 budget review law (*Loi de règlement*).

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[1] These receipts resulted from the settlement of a legal dispute with a private oil company.

IV. Recent Reforms in Public Finance Management[8]

29. Since the last quarter of 2002, the Republic of Congo (hereafter "the Congo") has implemented a number of structural measures in the fiscal area, with assistance from the Fund's Fiscal Affairs Department (FAD) and other donors. These efforts are encouraging, against the background of relatively weak human and technical capacity and in view of constrained resources. This section focuses on three key areas of public finance management: (i) the budget framework, (ii) revenue mobilization, and (iii) expenditure and cash management. Following a brief summary of institutional practices and procedures, the discussion identifies the reform measures recently launched to address identified weaknesses. The section concludes by identifying key reform measures that could be undertaken in the period ahead.

A. The Budget Framework

30. The institutional budget framework has been identified as weak, reflecting the country's overall weakened administration after years of armed conflicts of the 1990s. As highlighted in 2001 by an FAD mission,[9] the budget calendar has often been observed with delays. On a technical level, preliminary tax and customs revenue forecasts were infrequently updated, and expenditure costing (in particular for utilities) was inadequate. The capital budgeting has been identified as cumbersome with several entities intervening in budget preparation and execution (Ministry of Finance, Economy, and Budget; and Ministry of Planning; and Debt Management Agency). Certain steps in the internal budgetary controls are redundant (the roles of the Financial controller and the Director of Budget in the control process often overlap) and inefficient (focusing on bureaucratic process rather than the objectives sought); inadequate training of controllers and insufficient material equipment have been identified as key technical problems.

31. Recent efforts have focused on improving the degree of centralization of revenues and expenditures within the budget framework, and to eliminate past practices of having the oil companies undertake government spending outside the budget framework. Additionally, the following complementary measures have been undertaken:

- The draft 2000 budget review law (*Loi de règlement*) was prepared in 2003.
- Delays in preparing the budget and sending it to parliament have been progressively reduced, and the 2004 budget was adopted with only a slight delay.

[8] This section was prepared by Yaya Moussa.

[9] International Monetary Fund, 2002, "Republic of Congo: Revenue Administration and Expenditure Management", by Dominique Bouley, Yaya Moussa, Annette Tricoire, and Ben Brik (Washington: IMF, April 2002).

- More transparency and coherence is being introduced into the budget preparation process. The 2003 and 2004 budgets were discussed in parliament. Regular meetings on budget preparation among the General Directorates of the Budget (Ministry of Finance) and Planning (Ministry of Planning) have helped to improve consistency between the current and the capital budgets in both the data and policy orientation.

- The quality of non-oil revenue forecasts have been improved, especially in the 2004 budget framework, by explicitly taking into account underlying macroeconomic trends.

B. Revenue Mobilization

32. The effectiveness of tax and customs administrations is constrained by weak human capacity, insufficient computerization, limited circulation of information, and poor guidance from departmental management. More specifically, weak administrative capacity has impeded effective management of the value added tax (VAT), and the two large-taxpayers units (Brazzaville and Pointe-Noire) do not manage all taxes pertaining to large corporations.

33. The following actions have been recently launched in this area:

- Since 2003, oil revenues are being certified on a regular basis by an audit firm of international reputation.

- Coverage of the territory by tax and customs administration is being reinforced through the establishment of more provincial offices.

- Renegotiation of tax holidays granted to a number of corporations in the oil and forestry sectors has been launched.

- Operational audits of the General Directorates of Tax and Customs were launched, with a view to using their recommendations to enhance the management of these revenue-collecting departments.

- As mentioned earlier, some progress has been achieved in the centralization of oil revenues at the level of the treasury. Petty revenues (e.g., small levies and fines) are more systematically transferred from various agencies to the treasury account.

- A process of computerization of the systems at the General Directorates of Tax and Customs has been launched, with assistance from the World Bank.

- The use of a single taxpayer identification number (NIU), which seeks to improve the tracking of taxpayers and limit tax evasion, is being introduced.

C. Expenditure and Cash Management

34. The treasury system remains relatively weak. Substantial weaknesses in the accounting system, reporting capacity, and cash management effectively hamper data quality, restrict oversight, and constrain analysis. The tracking of expenditures at different phases of the spending circuit (commitment, validation, payment orders and payments) is insufficient, leading to weak monitoring of government domestic arrears. The control of the delivery of goods and services ordered (validation phase of the spending circuit) is often inadequate. Furthermore, in the absence of comprehensive government accounts, the impact of the newly established Court of Accounts would be severely limited.

35. Recent efforts in the area of expenditure and cash management include the following:

- The authorities have refrained from contracting new oil-collateralized debt.
- The use of exceptional spending procedures (*paiement par anticipation*) has been progressively reduced.
- A process aimed at unification and tighter monitoring of human resource management files has been launched. Procedures to strengthen the monitoring of benefit payments are being introduced.
- A number of the directors at the Ministry of Finance have been replaced in order to raise technical capacity and strengthen management.
- A preliminary consolidated treasury balance was prepared for December 2003, and January and February 2004. Efforts are under way to improve the degree of comprehensiveness and consistency of the report.
- To enhance the control of payment orders, the General Directorate of Finance Inspection has begun to work more closely with the Financial Controller to better verify the delivery of goods and services. This effort should improve the quality and timeliness of data on expenditures and payment arrears.
- A functional classification module in the budget nomenclature (current expenditure component) was introduced, with technical assistance from FAD.
- The relationship between the state, the national oil company (SNPC) and the national refinery (CORAF) is being formalized in order to make budgetary transfers more transparent and to limit the fiscal impact.

D. Future Steps

36. To complement the ongoing efforts, the areas of public expenditure management and non-oil revenue mobilization could be strengthened as follows:

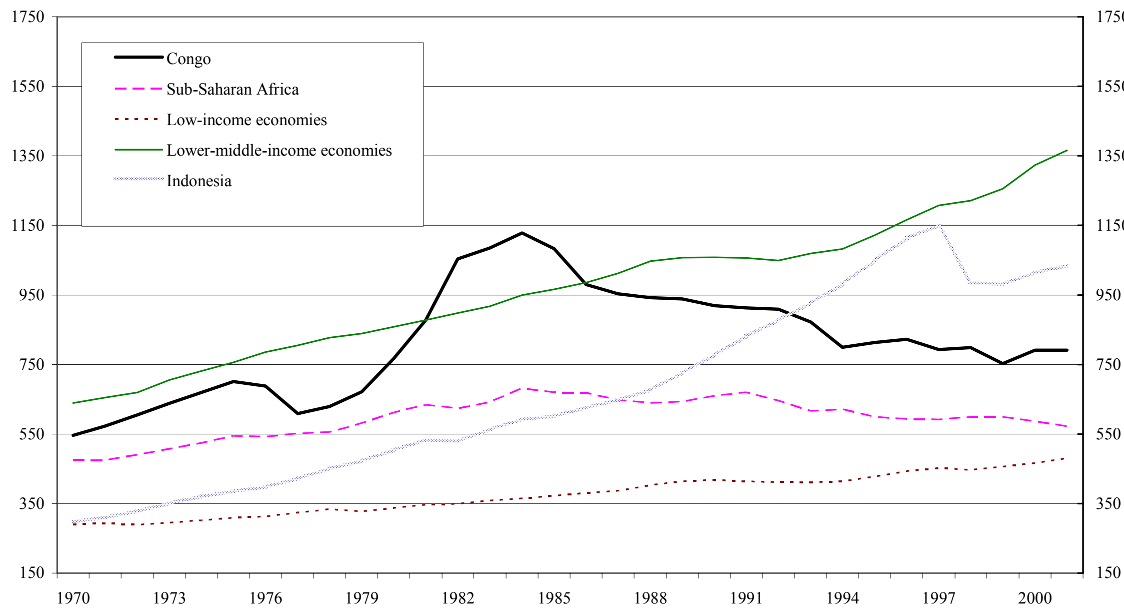
- In public expenditure, there is a need to improve the: (i) comprehensiveness of the budgetary data coverage and frequency of dissemination; (ii) budget process, including compliance with the budget calendar and laws; (iii) budget nomenclature, by extending a functional classification to investment expenditures in order to better track priority spending; (iv) tracking of outlays in the expenditure circuit (commitment, validation, payment order, and actual payment); and (v) internal control, including by streamlining redundancies.

- Regarding non-oil revenue mobilization, reforms will need to focus on: (i) eliminating ad hoc exemptions; (ii) reinforcing the single Division of Large Taxpayers and entrusting it with the assessment and recovery of all tax liabilities for this group of taxpayers; (iii) accelerating the implementation of the single taxpayer identification system at the customs, tax department, and treasury; (iv) fully implementing the SYDONIA computer system at customs; and (v) completing a computer link between the revenue departments in Pointe-Noire and Brazzaville.

V. CONSTRAINTS TO ECONOMIC GROWTH AND POVERTY REDUCTION[10]

37. This section attempts to shed light on the constraints on growth by comparing economic and social performance of the Congo with that of comparable regions and countries. It uses results from the existing empirical literature on growth, conflicts, and poverty reduction to provide a perspective on the Congo's performance. Following two decades of above-average performance, per capita real GDP growth declined in the 1990s, following the conflicts (Figures V.1 and V.2). In relation to other comparator groups of countries, the following characteristics appear to constitute the key constraints on growth and poverty reduction in the Congo (see also Tables IV.1 and IV.2 at the end of this Section):

Figure V.1. Per Capital GDP: Republic of Congo and Comparator Groups, 1970-2001
(In constant 1995 U.S. dollars)



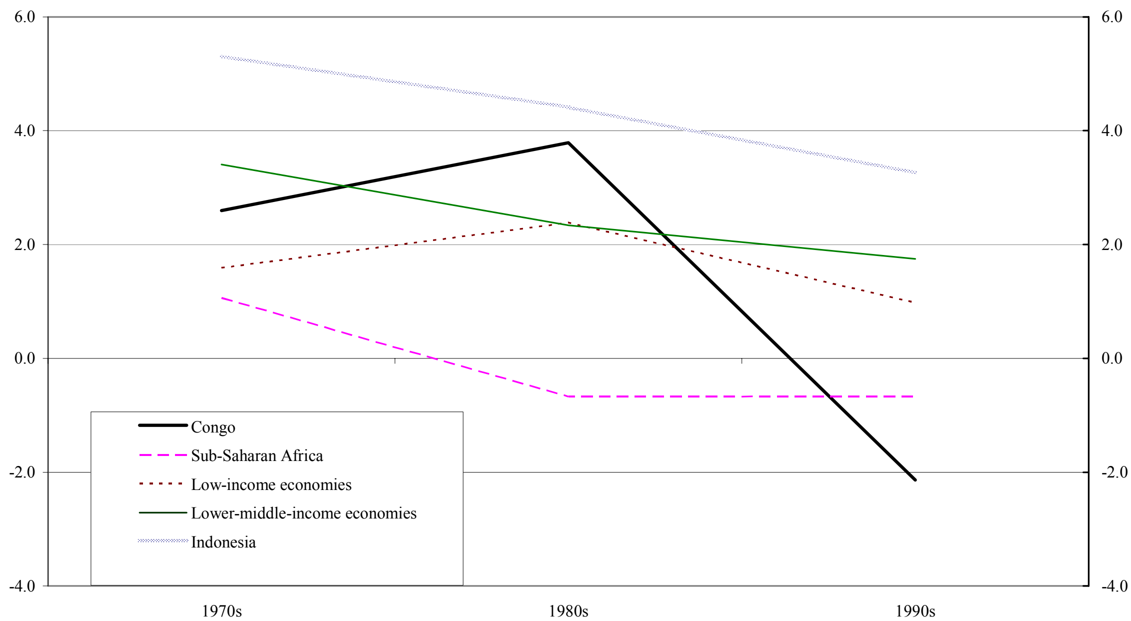
Source: World Development Indicators (World Bank) database; and Fund staff calculations.

38. **Higher dependence on natural resources** (Figure V.3). The Congo's dependence on oil rose over time and remained high, in contrast with the experience of Indonesia, where dependence on oil declined significantly in the 1990s and was accompanied by fairly robust per capita real GDP growth. It is now well documented in the empirical literature that abundant natural resources retard economic growth through political economy effects (e.g., Tornell and Lane, 1999) and increases corruption (Mauro, 1995; and Leite and Weidmann, 1999). It is commonly understood that a primary channel of transmission from natural

[10] This section was prepared by Dhaneshwar Ghura and Carlos Leite.

resources to poor economic performance is the significant amount of time that policymakers spend on maximizing the associated rents from these resources for themselves and their associates. By implication, it also means that there may be intense competition by those close to power to access these scarce resources for personal and political gains. Collier and Hoeffler (2002) have shown that natural resources considerably increase the chances of civil conflict since the available rents can be used to finance rebellions. They estimate that countries with natural resources have a much larger probability of experiencing conflicts than those that do not. Furthermore, the paper by Ghura, Leite, and Tsangarides (2002) has shown that there exists a strong inverse relationship between dependence on natural resources and the income of the poor.

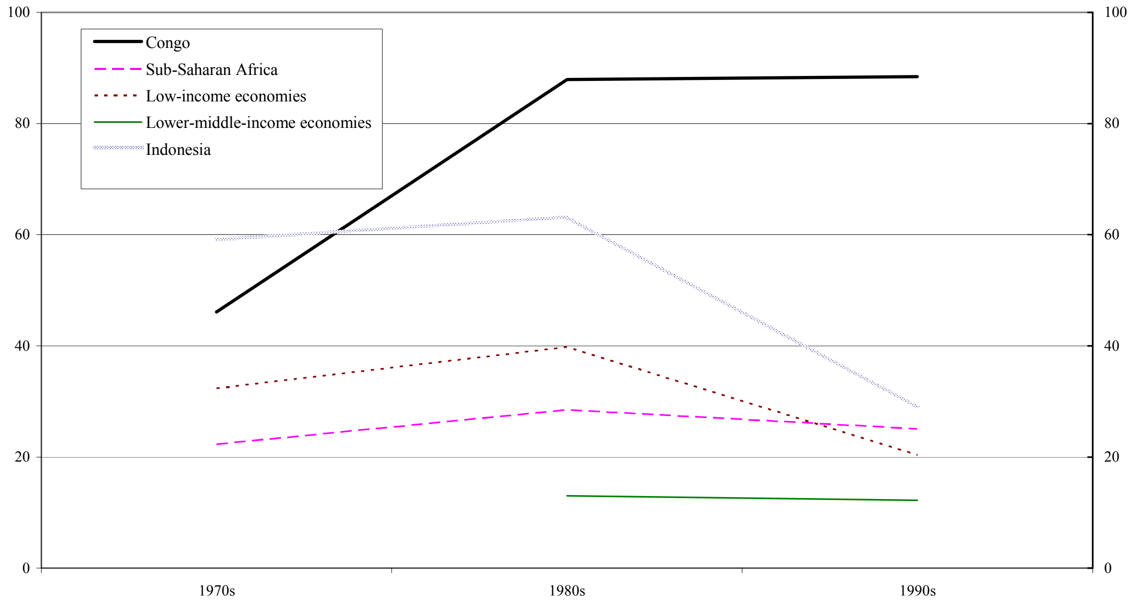
Figures V.2. Per Capita Real GDP Growth: Republic of Congo and Comparator Groups, 1970-99
(In percent; period average)



Source: World Development Indicators (World Bank) database; and Fund staff calculations.

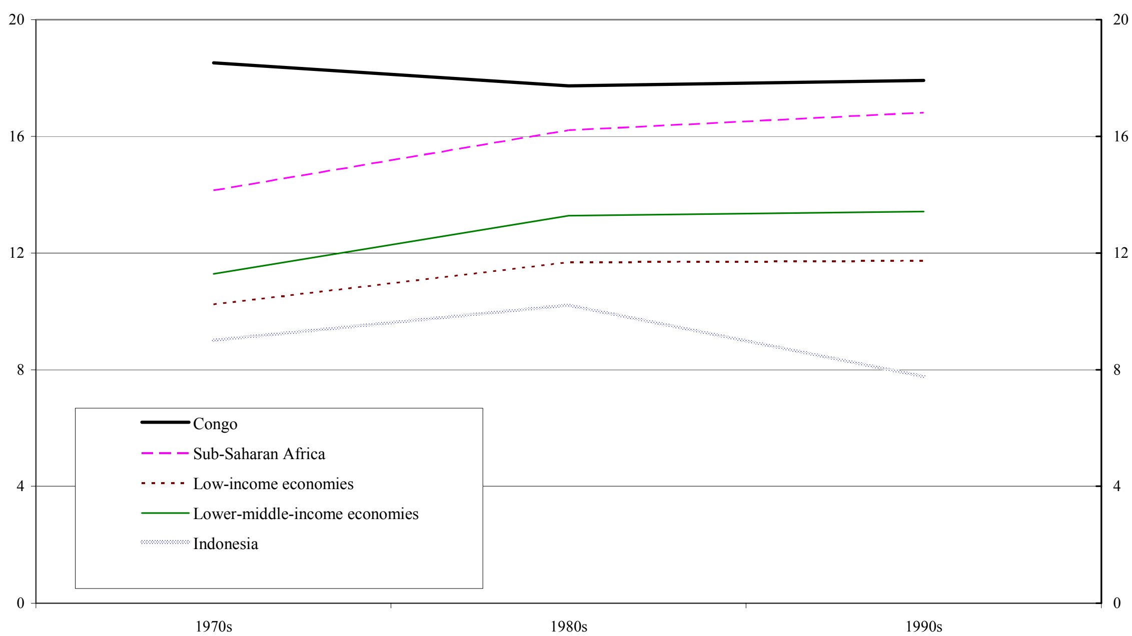
39. **Larger government size** (Figure V.4). The legacy of a centrally-planned economy during 1964-90 left the Congo with a larger-than-average government size (as measured by the government consumption-GDP ratio). The adverse impact of a large government on economic growth can occur through a number of channels, including the inefficient allocation of scare resources, the crowding out of the private sector, and the existence (or expectation by economic agents) of higher taxes. Empirical studies have shown that economic growth is inversely related to government size (see, for example, Barro, 1989, Grier and Tullock, 1989, and Ghura, 1995). In addition, the paper by Ghura, Leite, and Tsangarides (2002) has shown that there exists a strong negative relationship between government size and the income of the poor.

Figure V.3. Natural Resource Dependence: Republic of Congo and Comparator Groups, 1970-99
(Fuel exports in percent of merchandise exports; period average)



Source: World Development Indicators (World Bank) database; and Fund staff calculations.

Figure V.4. Government Size: Republic of Congo and Comparator Groups, 1970-99
(Government consumption in percent of GDP; period average)

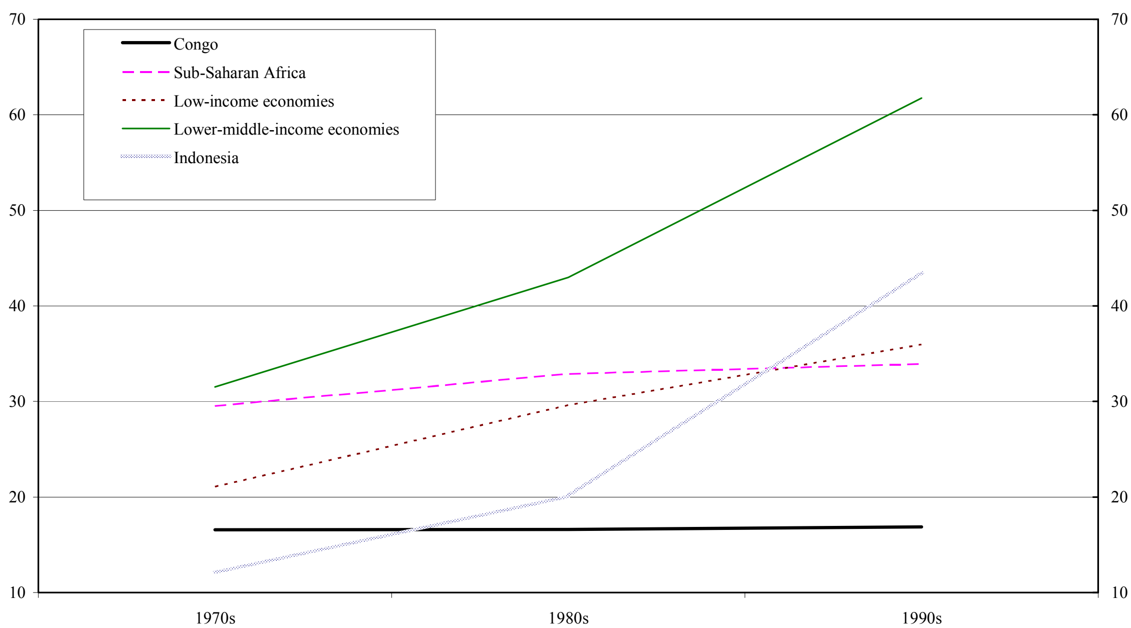


Source: World Development Indicators (World Bank) database; and Fund staff calculations.

40. **Lower degree of financial depth** (Figure V.5). The Congo's broad money-GDP ratio has remained low relative to the average in comparator regions. The endogenous growth literature emphasizes the important role of financial intermediation in improving the efficiency of investment and stimulating growth (e.g., Greenwood and Jovanovic, 1990). The paper by King and Levine (1993) provides empirical evidence on the beneficial effects of financial deepening on growth. In addition, the paper by Ghura, Leite, and Tsangarides (2002) has shown that there exists a strong positive relationship between financial deepening and the income of the poor.

41. **Mixed record on human capital development** (Figures V.6, V.7, and V.8). The Congo made significant progress in boosting human capital development during the 1970s and 1980s. The conflicts of the 1990s, however, took a severe toll on human capital indicators, several of which either deteriorated or stagnated. Recent endogenous growth models have shown that human capital accumulation, by enhancing labor productivity, can boost growth (Lucas, 1988; Romer, 1990; and Becker, Murphy, and Tamura, 1990). The paper by Ghura and Hadjimichael (1996) finds empirical evidence on the positive impact of human capital development on economic growth in sub-Saharan Africa. In addition, the paper by Ghura, Leite, and Tsangarides (2002) has shown that there exists a strong positive relationship between secondary school enrollment ratio and the income of the poor.

Figure V.5. Financial Depth: Republic of Congo and Comparator Groups, 1970-99
(Broad money in percent of GDP; period average)

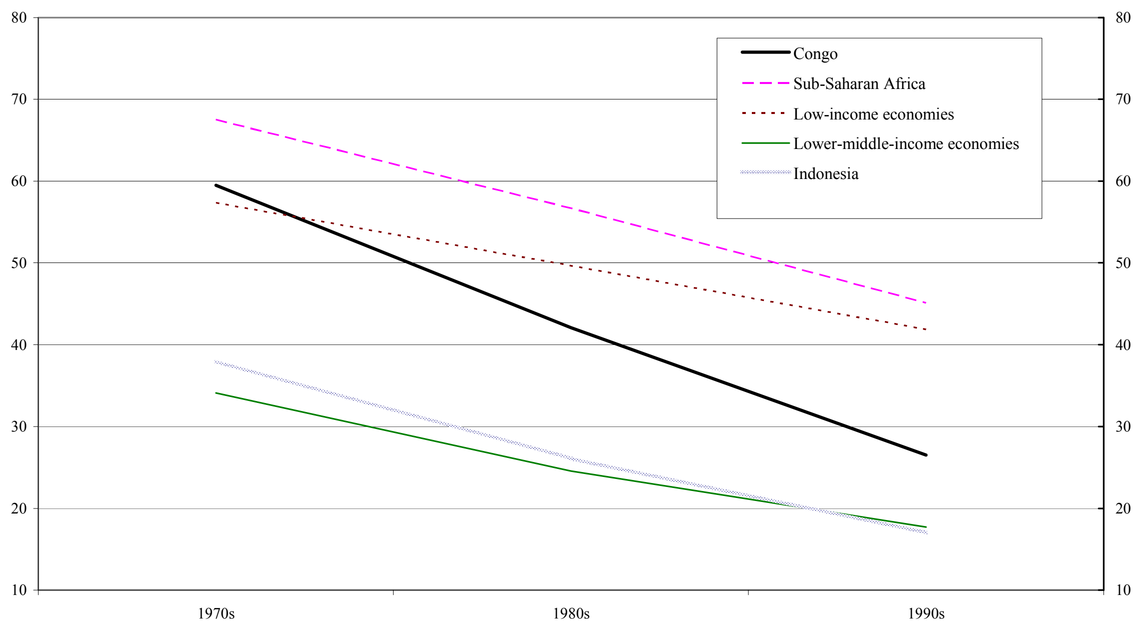


Source: World Development Indicators (World Bank) database; and Fund staff calculations.

42. **Higher external debt** (Figure V.9). The Congo is one of the most highly indebted countries in the world, a situation made worse by the conflicts, which adversely affected the

country's capacity to service debt. Empirical analysis has demonstrated that the adverse effect of the external debt-GDP ratio on growth is registered through both capital accumulation and total factor productivity growth (Pattillo, Poirson, and Ricci, 2004). The adverse impact of high external debt-GDP ratios on private investment can stem from two main sources. First, the resources used for servicing foreign debt crowd out public investment, which, in turn, discourages private investment, given the complementarity between these two types of investments. Second, the external debt ratio could be indicative of a "debt overhang," whereby the presence of high debt ratios leads economic agents to anticipate future tax liabilities for its servicing (Borensztein, 1990a and 1990b; and Eaton, 1987). An increasing external debt ratio could induce these agents to transfer funds abroad, thus raising the implicit domestic cost of capital. Empirical studies have found a negative relation between the external debt-GDP ratio and private investment.[11]

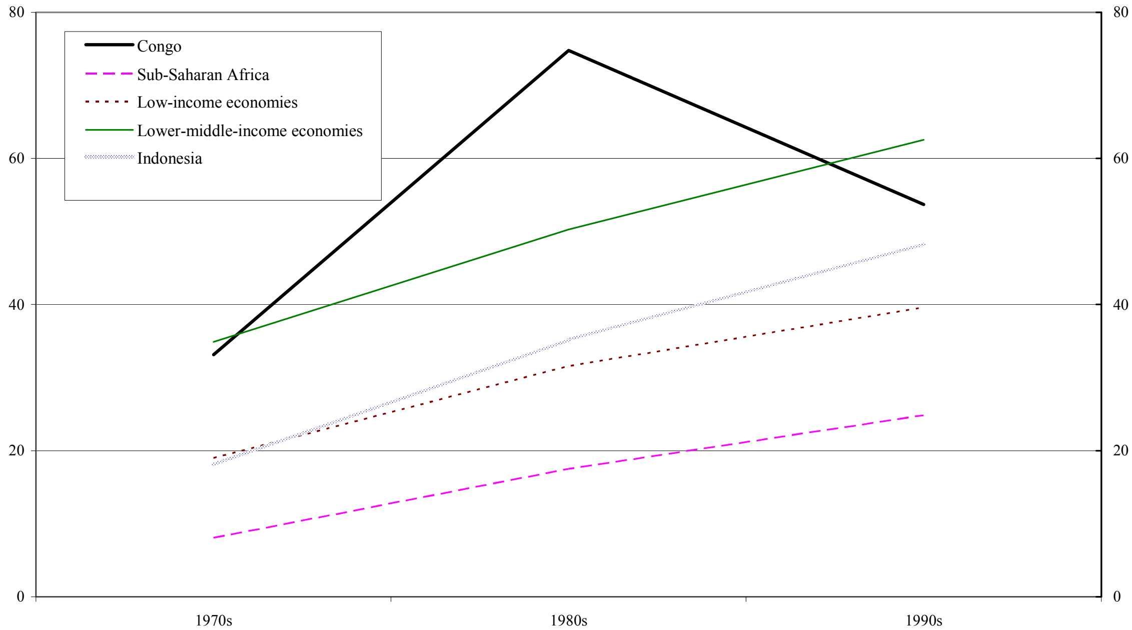
Figure V.6. Adult Illiteracy Ratio: Republic of Congo and Comparator Groups, 1970-99
(In percent of people age 15 and above; period average)



Source: World Development Indicators (World Bank) database; and Fund staff calculations.

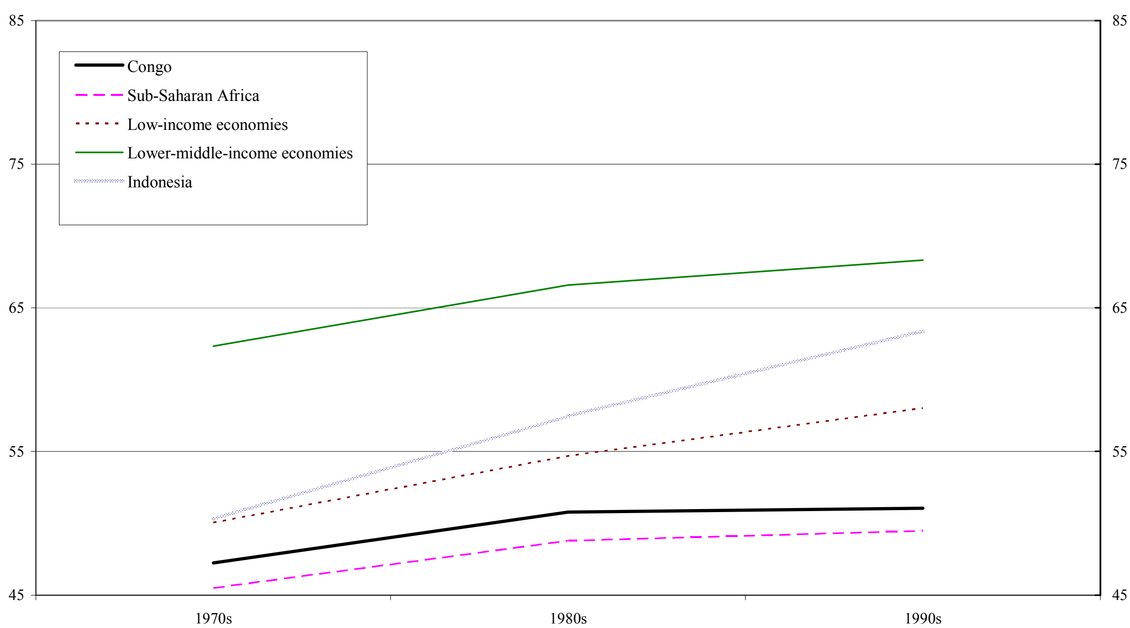
[11]See, for example, Borensztein (1990a and 1990b), Greene and Villanueva (1991), Oshikoya (1994), Özler and Rodrik (1992), Servén and Solimano (1993), and Larrain and Vergara (1993).

Figure V.7. Secondary School Enrollment Ratio: Republic of Congo and Comparator Groups, 1970-99
(In percent of children of secondary school age; period average)



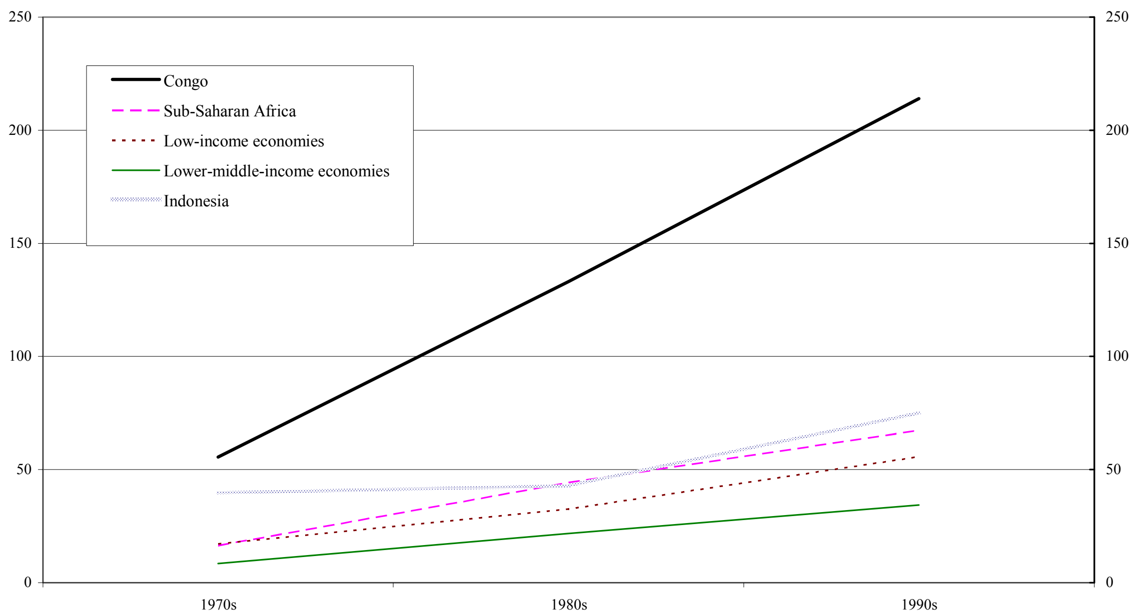
Source: World Development Indicators (World Bank) database; and Fund staff calculations.

Figure V.8. Life Expectancy at Birth: Republic of Congo and Comparator Groups, 1970-99
(In years; period average)



Source: World Development Indicators (World Bank) database; and Fund staff calculations.

Figure V.9. External Debt: Republic of Congo and Comparator Groups, 1970-99
(In percent of GDP; period average)



Source: World Development Indicators (World Bank) database; and Fund staff calculations.

43. The Congo's **institutions have also been generally weaker** than in other regions. Bosworth and Collins (2003) argue that better institutions include those that deliver better law and order, better bureaucratic quality, less corruption, lower risks of expropriation, and lower probability of government repudiation of contracts. Rodrik, Subramanian, and Trebbi (2002) show empirically that economic development is positively influenced by high quality institutions. In the Congo, the legacy from past public management weaknesses and recurring bouts of civil conflict is manifested in its low governance ratings (including political stability and the rule of law).

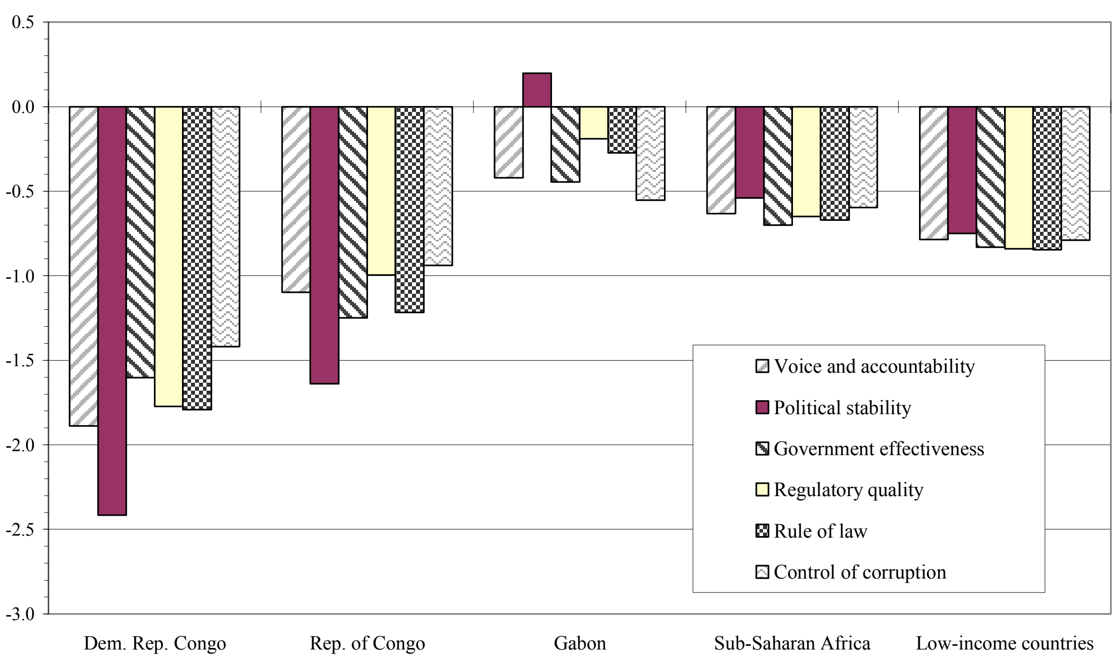
44. Using a broad definition of governance as "the traditions and institutions by which authority in a country is exercised" and combining several individual measures into clusters, World Bank researchers have constructed aggregate indicators of six dimensions of governance (www.worldbank.org/wbi/governance/wp-governance.htm). The indicators are measured in units ranging from about -2.5 to 2.5, with higher values corresponding to better governance outcomes (Figure V.10). The Congo's indicators generally is less favorable than comparator countries or regional averages.

45. The implications of governance for economic agents are effectively captured by assessments of the business environment carried out by COFACE (French export credit agency). According to these rankings, available at www.coface.fr, the Congo is rated as "very uncertain with a poor payment record" (the second-lowest grade on a scale of 7 points) for

short-term deals, and as "very high risk" (the lowest grade on a scale of 4 points) for long-term investments.

46. In response, the Congo has recently established the formal institutions required by the Constitution (for example, the Court of Accounts and the Constitutional Court) and launched a process that should culminate in the preparation of a national anticorruption program. In 2003, with assistance from the United Nations Development Program, the government: (i) carried out a corruption survey, (ii) commissioned a study, and (iii) organized a seminar with the participation of officials, experts, and representatives from civil society and the international donor community. The survey established the widespread nature of corruption in the Congo: half of the 6,144 respondents reported having paid bribes to government officials. The survey also identified poverty, a lack of adequate controls, and an ineffective judicial system as the most important causes of corruption.

Figure V.10. Institutions and Governance: Republic of Congo and Comparator Groups, 2002



Source: www.worldbank.org/wbi/governance/wp-governance.htm

47. Finally, it needs to be noted that in relation to comparator regions or countries, the Congo had (see Table V.1): higher telephone costs (a proxy for the costs of public utilities); lower agricultural productivity (as measured by cereal yield); less infrastructure; lower access by the population to information; higher degree of urbanization; and generally higher inefficiency in capital use (as captured by the incremental capital output ratio).

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Table V.1. Cross-Section Comparative Economic and Social Performance, 1970-99
(Period averages; in units indicated)

Indicator	Congo	Sub-Saharan Africa	Low-Income Economies	Lower-Middle-Income Economies	Indonesia
Economic performance					
GDP per capita (constant 1995 U.S. dollars)	818	608	370	942	648
GDP per capita growth (annual percent change)	1.4	-0.1	1.7	2.5	4.3
Gross domestic investment (in percent of GDP)	29	20	20	25	24
Government consumption (in percent of GDP)	18	16	11	13	9
Fuel export (in percent of merchandise exports)	74	25	31	13	50
Broad money (in percent of GDP)	17	32	29	45	25
Cost structure/productivity					
Telephone average cost of local call (U.S. dollars per three minutes)	0.22	0.08	0.07	0.03	0.04
Incremental capital output ratio	6.6	7.6	5.2	6.1	3.8
Cereal yield (kg per hectare)	765	973	1,145	1,777	3,187
Fertilizer consumption (100 grams per hectare of arable land)	198	134	395	965	869
External assistance/debt					
Aid per capita (current U.S. dollars)	54	21	9	6	6
External debt (in percent of GDP)	134	43	35	22	53
Physical infrastructure					
Irrigated land (percent of cropland)	0.6	4.1	21.1	27.1	15.2
Paved roads (in percent of total roads)	10	15	17	52	49
Social indicators					
Adult illiteracy rate (in percent of people age 15 and above)	43	56	50	25	27
Primary school enrollment ratio 1/	128	70	82	108	103
Secondary school enrollment ratio 2/	54	17	30	49	34
Immunization ratios 3/	55	43	42	82	48
Infant mortality rate (per 1,000 live births)	88	117	104	53	73
Life expectancy at birth (in years)	50	48	54	66	57
Rural access to improved water source (fraction of rural population) 4/	17	83	70	70	69
Urban access to improved water source (fraction of urban population) 4/	71	58	90	95	90
Access to information					
Daily newspapers (per 1,000 people)	4	11	25	47	19
Radios (per 1,000 people)	85	136	96	201	115
Television sets (per 1,000 people)	4	20	30	100	49
Population structure					
Rural population (in percent of total population)	52	77	75	65	73

Sources: World Bank Social Indicators database; Congolese authorities; and staff estimates.

1/ In percent of the number of children of primary school age.
2/ In percent of the number of children of secondary school age.
3/ In percent of the number of children under 12 months for immunization against diphtheria, tetanus, and polio.
4/ Data available for 2000.

Table V.2. Cross Section and Time Series Comparative Economic and Social Performance, 1970-99
(Period averages in units indicated)

Indicator	Congo			Low-Income Economies			Lower-Middle-Income Economies			Indonesia		
	1970s	1980s	1990s	1970s	1980s	1990s	1970s	1980s	1990s	1970s	1980s	1990s
Economic performance												
GDP per capita (constant 1995 U.S. dollars)	633	981	839	308	371	430	741	957	1129	378	600	967
GDP per capita growth (annual percent change)	2.6	3.8	-2.1	1.6	2.4	1.0	3.4	2.3	1.7	5.3	4.4	3.3
Gross domestic investment (in percent of GDP)	29	33	25	19	20	22	24	25	26	22	24	27
Government consumption (in percent of GDP)	19	18	18	10	12	12	11	13	13	9	10	8
Fuel export (in percent of merchandise exports)	46	88	88	32	40	20	...	13	12	59	63	29
Broad money (in percent of GDP)	17	17	17	21	30	36	31	43	62	12	20	44
Cost structure/productivity												
Telephone average cost of local call (U.S. dollars per three minutes)	...	...	0.22	...	...	0.07	...	...	0.03	...	...	0.04
Cereal yield (kg per hectare)	722	792	779	1,039	1,158	1,236	1,523	1,822	1,987	2,296	3,386	3,877
Fertilizer consumption (100 grams per hectare of arable land)	302	120	173	181	406	597	587	1,163	1,146	284	956	1,367
External assistance/debt												
Aid per capita (current U.S. dollars)	32	51	78	5	9	12	3	5	9	5	6	9
External debt (in percent of GDP)	56	133	214	17	32	56	9	22	34	40	43	75
Physical infrastructure												
Irrigated land (percent of cropland)	0.9	0.5	0.5	17.8	21.1	24.3	27.7	29.4	24.2	15.1	15.5	15.0
Paved roads (in percent of total roads)	...	...	10	...	...	17		...	52	...	...	49
Social indicators												
Adult illiteracy rate (in percent of people age 15 and above)	60	42	27	57	50	42	34	25	18	38	26	17
Primary school enrollment ratio 1/	128	144	111	70	86	91	102	111	112	83	112	113
Secondary school enrollment ratio 2/	33	75	54	19	32	40	35	50	63	18	35	48
Immunization ratios 3/	...	61	50	...	25	60	...	75	90	...	28	68
Infant mortality rate (per 1,000 live births)	96	86	82	121	103	87	70	49	39	95	72	51
Life expectancy at birth (in years)	47	51	51	50	55	58	62	67	68	50	57	63
Rural access to improved water source (fraction of rural population) 4/	...	...	17	...	...	70	...	...	70	...	...	69
Urban access to improved water source (fraction of urban population) 4/	...	...	71	...	...	90	...	...	95	...	...	90
Access to information												
Daily newspapers (per 1,000 people)	1	3	8	14	19	41	...	43	51	14	17	25
Radios (per 1,000 people)	56	82	116	54	92	142	106	180	317	57	134	152
Television sets (per 1,000 people)	2	3	8	7	21	63	19	66	215	8	34	105
Population structure												
Rural population (in percent of total population)	64	52	40	79	75	71	71	65	59	81	74	65

Source: World Bank Social Indicators database; Congolese authorities; and staff estimates.

1/ In percent of the number of children of primary school age.
2/ In percent of the number of children of secondary school age.
3/ In percent of the number of children under 12 months for immunization against diphtheria, tetanus, and polio.
4/ Data available for 2000.

VI. Sources of Economic Growth, 1970–2003[12]

48. The analysis of the sources of growth, using the growth-accounting framework, has received considerable attention for the countries in East Asia.[13] The related debate has centered on whether the "East Asian miracle" was driven primarily by factor accumulation (capital and labor) or total factor productivity (TFP). For sub-Saharan Africa, while a number of papers have looked at the determinants of economic growth in the region,[14] more recently, few have analyzed the sources of growth from a growth-accounting perspective. The bulk of the analysis points to factor accumulation as the main source of growth in sub-Saharan Africa, with the contribution of TFP growth playing a limited role.[15] This section examines the sources of growth in the Congo over the period 1970-2003, using the growth-accounting framework.

49. Bosworth and Collins (2003) have argued that the growth-accounting framework is a useful tool to understand growth experiences across countries. The same authors have, however, noted the limitations of this methodology. A key weakness relates to the interpretation that the measured residual from the growth accounting exercise represents TFP growth. In practice, in addition to providing a measure of gains in economic efficiency, the residual may also reflect a number of other factors, including political disturbances and conflicts, institutional changes, droughts, external shocks, changes in government policies, and measurement errors. This limitation is particularly important for sub-Saharan African countries, such as the Congo, mired in conflicts and subject to significant drought-related and external shocks. Also, the results from a growth-accounting exercise should not be misconstrued as providing the fundamental causes of growth (rather than the proximate sources of growth).

50. The growth-accounting framework used for the analysis of the sources of growth is based on the following production function:

$$Y=AL^{0.6}K^{0.4},$$

where Y is real GDP, A is total factor productivity (TFP), L is labor, and K is physical capital. The capital stock series was constructed by using the perpetual inventory accumulation

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[12] This section was prepared by Dhaneshwar Ghura.

[13] See, for example, Bosworth and Collins (2003), Collins and Bosworth (1996), and Krugman (1994).

[14] For recent surveys on this subject, see Fosu (2001) and McPherson and Rakovski (2001).

[15] See, for example, the paper by Tahari and others (2004).

framework, and assuming a constant depreciation rate of 6 percent and a capital-output ratio of 1.5 in 1960. The share of capital of 0.4 is in line with the empirical finding by Senhadji (2000) for sub-Saharan Africa.

51. The main results of the analysis are provided in Table VI.1 and Figure VI.1. It should be noted up-front that there are a number of weaknesses to this exercise, most notably the lack of data on the capacity utilization and the unemployment rate, which are needed to adjust the capital stock and labor force series, respectively. Hence, the results need to be viewed as indicative. They are summarized as follows:

- **1970–2003.** Factor accumulation explained the bulk of output growth during this period, with TFP playing a limited role.

- **1970–74.** The high output growth rate is explained by the significant expansion in oil production and the initial boost in productivity.

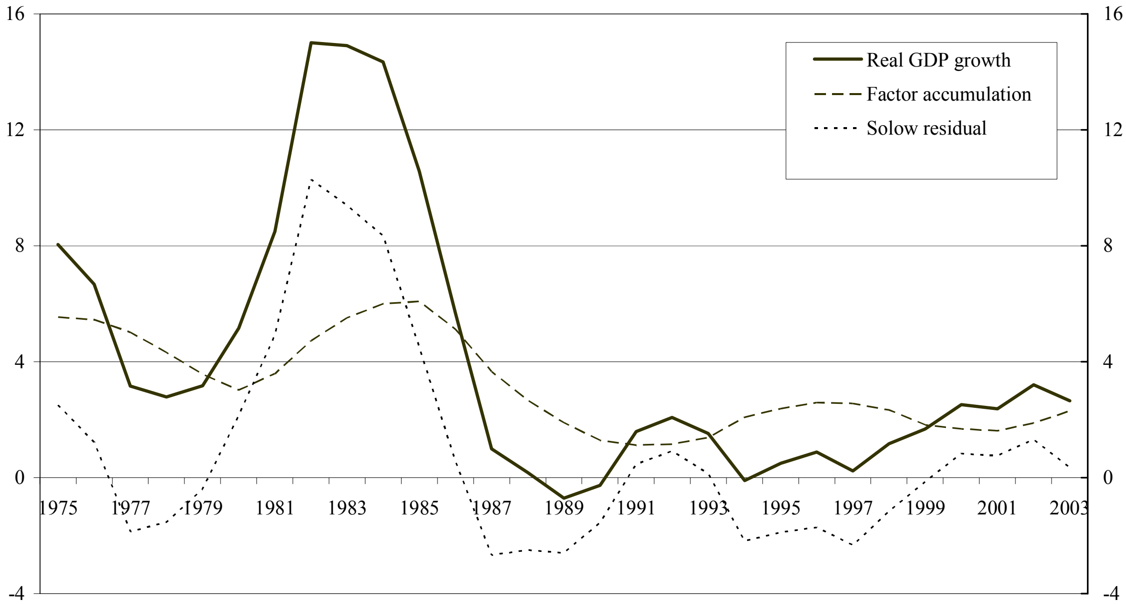
- **1980–84.** The boost in non-oil real GDP is explained primary by government intervention to prop up output, including by significantly raising producer prices for agricultural crops and by boosting public investment. The increase in the "Solow residual" represented partly the change in government marketing policies for agricultural products (see Section III).

- **1985–89.** Starting in the second half of the 1980s, the decline in non-oil real GDP growth appears to have been caused by a loss in competitiveness and to have been accompanied by an acceleration of rural-to-urban migration. The loss of competitiveness in the non-oil sector was due to the overvaluation of the CFA franc—while the terms of trade declined significantly on a secular basis between the first half of the 1980s and the second half, the real effective exchange rate remained virtually unchanged. The acceleration of the rural- to-urban migration may have been due to the (i) existence of oil-related rents, including in the form of public services, in urban areas; and (ii) the dismantling of inefficient, loss-making agricultural marking agencies in the areas of coffee, cocoa, and food crops.

- **1990–99.** Non-oil real GDP growth was adversely affected by the civil conflicts, which took a severe toll on physical and human capital. The expected benefits from the 1994 devaluation of the CFA franc were overshadowed by the devastation from the conflicts. Government efforts to prop up capital expenditure in the second half of the 1990s had a limited impact, owing to the lack of security and other constraints on growth.

- **2000–03.** The pickup in non-oil real GDP growth—following the transition period to a democracy and the signing of peace agreements—has been accompanied by a boost in government investment. The increase in the "Solow residual" represented partly a "catch-up" to more normal economic activities following the return of more normal living conditions.

Figure VI.1. Republic of Congo: Sources of Economic Growth, 1975-2003
(Five-year moving average; in percentage change)



Sources: World Bank Social Indicators; Congolese authorities; and Fund staff calculations.

Table VI.1. Republic of Congo: Sources of Economic Growth, 1970-2003
(In percentage change; unless otherwise indicated)

	1970-74	1975-79	1980-84	1985-89	1990-94	1995-99	2000-03	1970-2003
Real GDP growth	7.8	3.2	14.3	-0.7	-0.1	1.7	4.1	4.3
Factor accumulation 1/	5.1	3.6	6.0	1.9	2.1	1.8	2.5	3.3
Solow residual	2.7	-0.4	8.3	-2.6	-2.2	-0.1	1.6	1.0
Memorandum items:								
Non-oil sector real GDP growth	3.0	4.2	14.9	-3.3	-1.7	-2.8	10.3	3.3
Oil sector real GDP growth	86.5	1.9	12.5	9.3	3.8	9.1	-4.3	17.6
Investment-GDP ratio (in percent)	29.4	30.0	42.5	22.4	28.4	29.2	23.5	29.5
Public investment-GDP ratio	2.8	4.8	19.8	7.7	1.8	6.0	8.1	7.3
Capital stock growth	9.0	5.0	10.8	0.4	0.9	0.1	1.8	4.1
Labor growth	2.4	2.6	2.8	2.9	2.9	3.0	2.9	2.8
Secondary school enrollment ratio	18.6	47.6	74.1	75.4	54.1	52.5	41.9	52.8
Exports of goods and services volume	8.7	5.6	13.4	2.2	1.4	7.2	2.4	6.0
Terms of trade 2/	91.0	83.5	179.6	125.8	84.1	78.0	124.2	109.0
Real effective exchange rate 2/	108.3	109.8	96.7	98.8	92.7	79.3	80.2	95.6
Rural population 3/	66.4	62.7	56.4	50.1	44.6	40.0	36.4	51.4

Sources: Congolese authorities; and staff calculations.

1/ Accumulation of capital and labor, using 0.4 and 0.6 as factor shares, respectively.
2/ Index, 1990=100.
3/ In percent of total population.

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VII. Prudent Management of Oil Wealth[16]

52. As noted in Section V, the Republic of Congo (hereafter "the Congo") exhibits one of the highest rates of dependence on a nonrenewable resource in the world, with approximately 90 percent of merchandise exports and 70 percent of fiscal revenues derived directly from sales of crude oil. Such dependence has been shown to be theoretically and empirically associated with lower rates of long-run economic growth through (i) economic channels (for example, a loss of competitiveness in tradable sectors), (ii) institutional channels (for example, an increase in the incidence of corruption or rent seeking), and (iii) political channels (an increase in the probability of civil conflicts). Moreover, periodic reversals in oil prices and the nonrenewable nature of oil reserves present ongoing challenges for policymakers.

53. Over the past two decades, the Congo has experienced firsthand most of the hazards associated with extreme dependence on petroleum. The massive increase in oil production in the late 1970s and early 1980s was accompanied by decreases in other tradable sectors, including coffee and cocoa. Corruption is now considered endemic in the country, and the quality of institutions is evaluated as below average within sub-Saharan Africa (see Section V). Outbreaks of civil conflict throughout the 1990s inflicted considerable human and physical damage, particularly in the administrative capital, Brazzaville (see Section II). Finally, the protracted economic slump that originated in the second half of the 1980s was triggered by the failure of policymakers to adjust to a sudden drop in oil prices (see Section III).

54. Recent Fund-supported programs have emphasized the need for substantial improvements in governance and transparency in the oil sector in order to begin to lay the groundwork for more economically sound public policies, enhanced political stability, and sustained private sector development. Within this framework, one of the key challenges facing Congolese policymakers is ensuring policy sustainability, particularly in light of the current levels of reliance on the oil sector. In this section, the precepts of the permanent income theory are used to evaluate the sustainability of the fiscal policy stance.[17]

A. Fiscal Sustainability

55. The litany of economic hazards associated with a high degree of reliance on natural resources implies that using the conventional measures to assess the sustainability of the fiscal stance can be misleading for countries highly dependent on nonrenewable resources.[18]

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[16] This section was prepared by Carlos Leite.

[17] This analysis does not explicitly account for feedback effects between fiscal policy and the response by the private sector.

[18] Typically, fiscal policy sustainability is assessed on the basis of a country's explicit debt burden and its projected dynamics over the medium term.

Aside from the problems of slower growth noted above, these countries have unique characteristics because resource extraction implies a change in national wealth whose value is not typically recorded in the national accounts, whose size is subject to considerable uncertainty, and whose price has been historically volatile. Therefore, an assessment of fiscal policy sustainability must explicitly account for the nonrenewable nature of the asset-generating fiscal oil revenues and the volatility in its assessed economic value. For forward-looking policymakers, the crucial issue can be framed in the form of a portfolio problem: what level of total assets, and which combination of oil reserves or other assets (principally, financial wealth or higher productive capacity) should future generations be endowed with?

56. In these cases, the permanent income theory provides a useful rule of thumb: the government should consume at most the annuity value of its total wealth (instead of setting the level of expenditures on the basis of current resources). Therefore, the sustainable level of government consumption is no higher than this rent, and over time, other assets should substitute oil resources as the latter diminish in value. Without such restraints on fiscal spending, the value of total wealth can be eroded over time if resource extraction is too high or financial wealth accumulation too low. This policy prescription is consistent with an objective of maintaining the level of national (oil) wealth constant forever (i.e., intergenerational equity) and ensuring that governments can deliver to future generations a constant level of per capita services.[19]

57. A measure of government consumption that is consistent with the notions of the permanent income theory, as applied to the case of oil producers, is the non-oil current fiscal balance. The appeal of this measure derives from the fact that, in abstracting from the volatility of oil prices and revenue, it provides a better indicator of underlying fiscal trends. Under this measure, capital expenditures are considered investments, and all current expenditures, including spending on education and health, are considered consumption.[20]

B. Fiscal Policy in the Congo

58. The present value of the Congo's public wealth at end-2002 is estimated at about US$28.8 billion (equivalent to 950 percent of GDP), composed mainly of oil wealth of US$36.1 billion and public external debt of US$7.4 billion. The estimate of oil wealth is based on the following key assumptions:

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[19] Trivially, an increase in non-oil revenue will raise the level of sustainable current expenditures. The caveat is that consistency with intergenerational equity requires that such increases in revenue result from economic growth rather than a heavier tax burden.

[20] In this analysis, no allowance is made for depreciation of capital stock. Additionally, investing in financial assets is considered equivalent to capital expenditures. The usual caveat applies: physical investments should generate an economic rate of return at least equal to the real rate of return on financial assets.

- oil reserves of 7.3 billion barrels,[21]
- international oil prices similar to projections under the World Economic Outlook,
- a discount rate of 3.5 percent per annum,
- extraction costs of US$5 per barrel, and
- production levels rising from the 2003 level of roughly 210,000 barrels per day to just over 290,000 barrels per day by 2008 and stabilizing thereafter (as new field production begins to offset reduced output at more mature fields).

59. Table VII.1 below presents the base case, with oil prices and reserves as outlined above, and two alternative scenarios: (i) lower oil prices in the outer years, and (ii) lower initial oil reserves. Columns labeled as "*Target*" indicate the maximum level of non-oil current fiscal deficit compatible with the permanent income hypothesis.

60. Under the base case, the non-oil current fiscal deficits for 2003 exceeded the level compatible with prudent management of oil reserves,[22] but the macroeconomic scenario projected by the staff over the period 2004-08 (see column labeled as "*Proj*") is broadly consistent with the guidelines from the permanent income hypothesis.[23]

61. However, the high degree of vulnerability to oil sector shocks is clearly illustrated by the alternative scenarios. A relatively small decrease in the outlook for oil prices (essentially a drop of US$1.50 per barrel, starting in 2005) or a reduction in estimated reserves (in this case, using only the figure for proven reserves) necessitates substantial fiscal adjustment in order to ensure prudent management of oil resources.

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[21] Publicly available data estimates proven reserves at 1.5 billion barrels (unchanged since 1996 despite significant discoveries in the intervening period). Based on geological data, undiscovered reserves are estimated at 5.8 billion barrels on a risk-weighted basis (www.eia.doe.gov). The national oil company (SNPC), claims that the Congo's reserves are approximately 23 billion barrels. For this analysis, current reserves are estimated at 7.3 billion barrels (proven plus undiscovered sources) with no additional discoveries projected during the forecast period. Such an assumption is equivalent to starting with the lower publicly-available estimate and then projecting increases in reserves (as happened in early 2004 with an onshore field operated by Maurel & Prom, for example); the economic valuation is based on the production profile and not on reserves available at a particular point in time.

[22] Depreciation costs on existing capital stock are not included in current expenditures.

[23] Current projections do not include the net fiscal impact of HIPC Initiative-related expenditures (which would have the tendency to increase the fiscal deficit).

62. In conclusion, it is worth emphasizing the following:

- The high degree of vulnerability to external shocks indicates that precautionary saving, in addition to the level of saving implied by the permanent income theory, may be advisable.

- Ensuring that the financial savings from a prudently designed fiscal policy are adequately managed requires a transparent institutional framework with strong safeguards. The experience of 2003, when the budget was based on a conservative oil price but the windfall revenues were used on unbudgeted outlays, is a reminder of the importance of this point.

- Public investments must earn at least the real rate of return on financial savings in order to be economically rational. Notwithstanding the urgency of the task of national reconstruction, the current level of absorption of the Congolese economy is likely to be low, a situation that calls for caution in projection selection.

- The exhaustible nature of oil resources implies that sustainable economic growth ultimately requires that current and future generations adopt policies geared to ensuring a sustained rise in the productivity of the non-oil economy.

Table VII.1. Republic of Congo: Fiscal Sustainability Approach Based on Intergenerational Objectives, 2003-13 1/ 2/
(In percent of GDP)

	2003		2004-2008		2009-2013	
	Est.	Target	Proj.	Target	Proj.	Target
I. Base case						
Non-oil current fiscal deficit 3/	12.0	8.4	8.5	7.5	5.3	5.4
Parameters:						
World oil price (U.S. dollars per barrel) 4/	28.5	28.5	22.8	22.8	21.5	21.5
Oil reserves (millions of barrels) 5/	...	7,216	7,138	7,138	6,656	6,656
II. Sensitivity analysis						
Scenario A						
Non-oil current fiscal deficit	...	8.2	...	7.2	...	4.8
Parameter changes from base case:						
World oil price (U.S. dollars per barrel) 6/	...	...	...	21.1	...	20.0
Scenario B						
Non-oil current fiscal deficit	...	7.2	...	6.2	...	3.4
Parameter changes from base case:						
Oil reserves (millions of barrels)	...	1412.0	...	1330.3	...	837.9
Scenario C						
Non-oil current fiscal deficit	...	8.0	...	7.5	...	5.7
Parameter changes from base case:						
Extraction costs (U.S. dollars per barrel)	...	8.0	...	8.0	...	8.0
Memorandum item:						
Oil production (millions of barrels)	81.7	81.7	98.5	98.5	110.0	110.0

Source: Fund staff estimates.

1/ Holding constant the level of total wealth per capita; where total wealth includes present value of oil wealth, stock of public external debt and net financial assets.
2/ For 2003-08 and 2009-12, data shown are period averages (except oil reserves which are estimates for beginning of period). *"Target"* indicates the maximum level of non-oil current fiscal deficit compatible with the permanent income hypothesis.
3/ Non-oil revenue less non-oil current expenditures.
4/ World oil price beyond 2014 estimated at US$ 21.50 per barrel.
5/ Beginning of period; for 2002, proven reserves of 1,500 million barrels and risk-weighted mean estimate of undiscovered reserves of 5,800 million barrels.
6/ World oil price for 2004 is the same as the base case (US$ 25.5 per barrel); for 2005 and beyond, price drops to US$ 20.00 per barrel.

VIII. Key Lessons and Challenges

63. The evaluation of the Congo's economic and social performance during 1970-2003 suggests a number of lessons on to address the central challenges facing the country.

A. Avoiding Conflicts

64. As noted in Section II, the economic and social costs of the recent conflicts were enormous. Therefore, a crucial challenge for the Congolese government is to put in place the conditions necessary for a substantial reduction in the likelihood of future conflicts. This will require intense efforts in order to:

- Secure social stability by promptly implementing the proposed demobilization program for former combatants.

- Strengthen the institutional framework that supports the country's democratic constitution (such as the Court of Accounts, the Economic and Social Council, and the Constitutional Court).

- Achieve significant improvements in living conditions through the efficient delivery of government services and more equitable distribution of oil wealth. The dislocations caused by the recent conflicts make it even more imperative to place poverty reduction at the top of the priority list of economic policy objectives.

- Increase governance in the oil sector, including through greater transparency on oil-related revenues and improved management of oil sector activities. More generally, public access to economic and social information should be a key component of attempts to improve decision-making, strengthen accountability, and mobilize internal and external support for reform efforts.

- Broaden the policy discussions and expand ownership of the reform process by entrenching democratic institutions, and installing effective policy deliberation mechanisms and transparent decision-making practices.

B. Avoiding Pro-Cyclical Government Spending

65. As described in Section III, public investment has tended to be pro-cyclically related to oil revenue, thereby transmitting oil-sector volatility to the rest of the economy. The resulting boom-bust cycles of economic activity appear, in turn, to be correlated with the onset of conflicts. A transparent policy framework, underpinned by the institutionalized rational use of oil rents could be instrumental in strengthening the management of public resources and preventing frenzied levels of rent seeking activities. Recent oil sector developments, including continuing high international prices and brighter perspectives on production levels in the Congo, make it imperative to break with past policy trends.

66. A key component of such a strategy could be a price rule geared to ensuring the sustainability of fiscal policy. Complementary elements would include: wide ranging discussions at the level of the parliament and civil society to ensure the mechanism and its objectives are well understood and widely endorsed, and wide dissemination of regular and timely updates on budgetary execution. At a more technical level, it would be crucial to carefully vet decisions on public investment projects to safeguard the efficiency of capital use and to ensure a significant contribution to productive capacity.

C. Promoting Private Sector Growth

67. As noted in Section V, economic growth in the non-oil sector faces significant structural impediments. The importance of meeting this challenge arises primarily from the non-renewable nature of oil, and the lack of economic linkages from the oil sector to the rest of the economy. In order to enhance competitiveness in the non-oil sector, the government in concert with its development partners must urgently tackle the fundamental causes of high transaction costs. In the immediate term, key challenges include enhancing the overall governance framework and effectively combat corruption, improving efficiency in the delivery of public utilities, and promoting financial deepening.

68. To promote good governance, the government has recently: (i) enacted a code of conduct for civil servants and the enabling regulations for the related disciplinary councils; (ii) started preparing, with assistance from the UNDP, a National Anti-corruption Program; and (iii) proposed to the Council of Ministers the establishment of a National Anti-Corruption and Anti-Fraud Commission. A detailed strategy would provide a roadmap for follow-up actions and its wide dissemination would mobilize efforts and resources to assist with effective implementation of the action plan.

69. Additionally, it is urgent to:

- Accelerate reforms in the water, electricity, telecommunications, and rail transport sectors, in order to begin to reduce the high costs of doing business in the non-oil sector.

- Reinforce the legal and judicial framework to promote a stable business environment.

- Nurture the ongoing expansion in the activities of the micro-finance sector, including by maintaining the tax exempt status of mutual micro-finance institutions whose activities are closely linked to poverty reduction efforts. This sector promises to significantly expand the availability of financial sector services to a segment of the population which, to date, is excluded from the more formal banking sector.

D. Alleviating the Debt Burden

70. The Congo is one of the most heavily indebted countries in the world, on the basis of per capita debt levels. It needs assistance from the international community to remove this debt overhang, and therefore, putting in place the conditions necessary to ensure such

assistance is an immediate challenge. Given the structure of the Congo debt, exceptionally favorable treatment will be required from external creditors on certain categories of external arrears.

71. The international community, in turn, will need assurances from the government that it is making the maximum effort to: implement structural reforms, and to mobilize domestic resources and utilize them judiciously. Particularly critical for future debt sustainability is the adoption of sound debt management policies, including the elimination of the practice of contracting oil-collateralized debt. For reasons of social stability, domestic payment arrears should be settled in a transparent manner on the basis of a comprehensive domestic arrears settlement plan that is widely published. International debt relief should complement the country's own efforts at mobilizing resources to raise spending aimed at poverty-reduction.

Republic of Congo: Basic Data, 1997–2003

Area	341,500	sq. kilometers
Population (2001 estimates)		
Total	3.1	million
Annual growth rate	2.8	percent
GNI per capita	US$640	

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
	(Annual percentage change)						
National accounts							
Real GDP	-0.6	3.7	-3.0	8.2	3.6	4.6	1.3
GDP deflator	5.0	-18.2	29.9	46.1	-13.9	-1.7	-2.7
Consumer price index							
Period average	13.2	1.8	3.1	0.4	0.8	3.1	1.2
End of period	16.4	-2.7	4.1	-3.3	8.3	-2.8	2.7
	(In billions of CFA francs)						
Gross domestic product in nominal terms at factor cost	1,325.5	1,100.2	16.9	19.6	18.9	23.9	23.8
Primary sector	123.9	126.0	852.5	1,582.0	1,249.2	1,236.5	1,168.5
Secondary sector	770.9	529.7	224.2	296.6	341.1	385.4	416.7
Tertiary sector	430.7	444.5	-1,059.8	-1,859.0	-1,571.4	-1,598.0	-1,561.4
Gross domestic product at current market prices	1,355.7	1,150.1	1,449.3	2,292.5	2,043.4	2,103.0	2,073.0
Imports of goods and services	815.6	835.3	856.6	999.8	1,092.0	1,135.4	1,093.8
Total supply of resources = total use of resources	2,171.3	1,985.4	2,305.9	3,292.3	3,135.4	3,238.4	3,166.8
Exports of goods and services	1,025.2	877.4	1,047.9	1,841.0	1,636.3	1,696.4	1,608.0
Domestic demand	1,146.0	1,108.0	1,258.0	1,451.3	1,499.1	1,541.9	1,558.8
Consumption	844.6	801.1	855.5	969.5	959.2	1,052.0	1,085.2
Private consumption	560.6	522.8	637.2	704.3	670.6	665.6	732.5
Public consumption	284.0	278.3	218.2	265.2	288.6	386.4	352.7
Investment	301.4	306.9	402.5	481.8	539.9	489.9	473.6
Of which: gross fixed capital formation	292.8	279.9	385.3	442.5	538.1	472.9	461.6

Republic of Congo: Basic Data 1997-2003 (continued)

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
	(In billions of CFA francs)						
Central government operations							
Revenue and grants	387.7	263.0	390.6	609.4	631.8	575.4	613.5
Revenue	386.3	259.4	384.3	602.6	628.1	571.7	603.6
Grants	1.4	3.6	6.3	6.8	3.7	3.7	9.9
Expenditure and net lending	508.6	492.8	475.4	583.5	645.9	746.4	606.1
Current	462.0	438.2	386.3	424.1	440.6	563.1	470.5
Capital	46.6	54.6	89.1	159.4	205.4	181.7	134.8
Overall balance (commitment basis)							
Including grants	-121.0	-229.8	-84.8	25.9	-14.1	-171.0	7.4
Excluding grants	-122.4	-233.4	-91.1	19.1	-17.8	-174.6	-2.5
Change in arrears	-59.9	354.2	294.6	268.2	73.6	205.9	124.8
Financing	180.9	-124.4	-209.8	-294.0	-59.5	-34.9	-132.1
Foreign (net)	149.7	-152.7	-177.1	-239.4	-85.0	-15.0	-146.1
Domestic (net)	31.2	28.3	-32.7	-54.6	25.5	-19.9	14.0
Banking system	31.7	12.4	-21.9	-13.9	75.1	23.2	1.0
Other	-0.5	15.9	-10.8	-40.7	-49.5	-43.1	13.0
	(In percent of GDP)						
Revenue (excluding grants)	28.5	22.6	26.5	26.3	30.7	27.2	29.6
Grants	0.1	0.3	0.4	0.3	0.2	0.2	0.5
Total expenditure and net lending	37.5	42.9	32.8	25.5	31.6	35.5	29.7
Current expenditure	34.1	38.1	26.7	18.5	21.6	26.8	23.1
Capital expenditure	12.1	12.9	10.4	6.5	7.1	7.7	4.6
Overall balance (including grants)	-8.9	-20.0	-5.9	1.1	-0.7	-8.1	0.4
Overall balance (excluding grants)	-9.0	-20.3	-6.3	0.8	-0.9	-8.3	-0.1
	(In billions of CFA francs)						
Money and credit 1/							
Net foreign assets	26.2	-35.6	5.0	151.8	26.9	38.0	6.0
Net domestic assets	175.5	211.5	205.9	182.5	231.1	253.7	278.6
Government (net)	116.6	129.0	107.0	93.2	163.5	186.8	187.9
Public agencies	-0.4	-5.9	-4.5	0.0	-5.3	-3.4	-4.1
Private sector and public enterprises	121.3	129.6	173.4	163.9	109.0	66.4	81.7
Other items (net)	-62.0	-41.2	-70.1	-74.6	-36.1	4.0	13.1
Money and quasi money	201.7	175.9	210.9	334.3	258.0	291.7	284.6

Republic of Congo: Basic Data, 1997–2003 (continued)

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
	(In billions of CFA francs)						
External sector							
Trade balance	588.4	478.5	636.2	1,319.7	1,007.1	1,075.1	1,009.1
Exports, f.o.b.	967.1	808.0	958.0	1,743.8	1,506.6	1,567.3	1,475.6
Of which: oil sector	769.6	708.2	879.6	1,633.2	1,341.4	1,373.8	1,225.7
Imports, f.o.b.	-378.7	-329.4	-321.8	-424.1	-499.5	-492.2	-466.4
Services, net	-378.7	-436.4	-444.9	-478.5	-462.8	-514.0	-494.9
Income	-386.1	-277.3	-436.5	-672.6	-611.3	-570.7	-508.8
Transfers, net	1.2	-1.8	-3.3	13.4	2.3	2.7	3.8
Private	-2.4	-6.3	-3.6	5.0	-1.9	-1.7	-0.6
Public grants	3.6	4.5	0.4	8.4	4.2	4.4	4.3
Current account							
Excluding public transfers	-178.8	-241.6	-248.8	173.6	-68.8	-11.3	4.9
Including public transfers	-175.3	-237.0	-248.4	182.0	-64.6	-6.9	9.2
Capital account	211.4	31.3	14.9	14.3	69.2	10.7	11.1
Financial account	-34.3	253.7	256.7	-35.1	-107.2	36.1	-1.3
Medium- and long-term capital	-73.7	139.5	-343.7	-116.4	-206.5	107.3	-70.1
Short-term capital, including errors and omissions	-15.2	3.2	305.4	-300.3	-57.2	-301.9	-128.6
Overall balance	-11.6	-46.4	36.7	120.1	-104.4	-24.8	5.5
	(In percent of GDP, unless otherwise indicated)						
Current account							
Excluding public transfers	-13.2	-21.0	-17.2	7.6	-3.4	-0.5	0.2
Oil sector	8.4	9.9	7.4	14.0	12.5	26.3	18.7
Non-oil sector	-21.4	-30.4	-24.3	-6.7	-15.8	-26.8	-18.4
Including public transfers	-12.9	-20.6	-17.1	7.9	-3.2	-0.3	0.4
Capital account	15.6	2.7	1.0	0.6	3.4	0.5	0.5
Overall balance	-0.9	-4.0	2.5	5.2	-5.1	-1.2	0.3
Gross reserves (in billions of CFA francs)	37.8	2.3	27.8	158.6	53.6	22.2	20.5
In months of imports of goods	0.6	0.0	0.4	1.9	0.6	0.2	0.2
External public debt							
Including IMF	220.0	264.4	231.6	163.2	196.3	179.1	184.7
Excluding IMF	218.5	262.8	230.3	162.0	194.8	178.1	183.8
External public debt/exports							
Including IMF	290.9	346.6	320.3	203.3	245.1	222.1	234.3
Excluding IMF	288.9	344.5	318.5	201.7	243.3	220.7	233.2
Debt service/exports							
Before relief	290.9	346.6	320.3	203.3	245.1	222.1	234.3
After relief	288.9	344.5	318.5	201.7	243.3	220.7	233.2
Debt service payments/government receipts							
Before relief	106.3	163.2	107.3	73.4	60.4	68.0	44.7
After relief	68.6	132.1	90.6	72.1	59.2	66.2	44.4
Debt service payments/non-oil GDP							
Before relief	59.6	58.0	61.0	56.0	42.9	39.8	26.0
After relief	38.5	46.9	51.5	55.0	42.0	38.7	25.9
Net transfer of resources/GDP	1.7	-1.2	-4.5	-6.1	-9.7	-7.9	-5.2

Republic of Congo: Basic Data, 1997–2003 (concluded)

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
Social indicators	(In percent, unless otherwise indicated)						
Life expectancy at birth (years)	50.9	...	...	51.3	51.5	...	...
Fertility rate, total (births per woman)	6.3	...	...	6.0	5.9	...	...
Infant mortality rate (per 1,000 live births)	81.0	...	...	81.0	81.0	...	...
Mortality rate, under 5 (per 1,000 live births)	...	...	...	108.0	108.0	...	...
Prevalence of HIV (female, percent ages 15-24)	...	...	...	...	7.8	...	...
Education (percent of people age 15+)							
Gross primary school enrollment rate	...	57.3	83.8	96.9	...	...	...
Of which: Female	...	55.5	...	...	...	...	...
Illiteracy rate	23.0	21.8	20.5	19.3	18.2	...	...
Male	15.5	14.6	13.5	12.5	...	...	...
Female	30.1	28.6	27.0	25.6	24.1	...	...
Immunization rate (percent under 12 months)							
Measles	18.0	21.0	23.0	34.0	35.0	...	...
Diphtheria	23.0	26.0	29.0	...	31.0	...	...

Sources: Ministry of Economy, Finance, and the Budget; World Bank, *World Development Indicators;* and staff estimates.

Table 1. Republic of Congo: Gross Domestic Product at Constant 1990 Prices, 1997–2003

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
	(In billions of CFA francs)						
GDP at market prices	807.5	837.6	812.5	879.4	910.7	942.5	951.8
Oil	346.5	367.8	386.5	382.6	353.9	348.6	323.5
Non-oil	461.0	469.8	426.0	496.8	556.8	593.9	628.2
GDP at factor cost	789.5	811.3	792.2	850.0	871.3	905.3	913.4
Agriculture, livestock, and fishing	73.1	73.1	69.0	71.9	75.8	79.1	84.1
Forestry	16.1	17.6	15.8	17.5	19.9	21.8	22.3
Petroleum sector	346.5	367.8	386.5	382.6	353.9	348.6	323.5
Industry and mines	43.9	44.8	42.6	48.7	54.7	66.9	73.6
Electricity, gas, and water	12.0	13.4	8.1	13.2	14.0	15.0	17.0
Construction and public works	6.8	6.2	8.7	15.2	17.1	17.1	17.9
Commerce, restaurants, and hotels	74.5	75.8	63.4	82.3	91.4	104.3	111.6
Transport and communication	58.2	55.1	50.2	60.2	74.4	80.2	89.5
Public administration	97.4	97.4	98.5	101.0	111.1	113.4	113.7
Other services	61.0	60.1	49.4	57.4	59.0	58.9	60.3
Import duties	18.0	26.3	20.3	29.4	39.4	37.2	38.4
	(In percent of GDP)						
GDP at market prices	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Oil	42.9	43.9	47.6	43.5	38.9	37.0	34.0
Non-oil	57.1	56.1	52.4	56.5	61.1	63.0	66.0
GDP at factor cost	97.8	96.9	97.5	96.7	95.7	96.1	96.0
Agriculture, livestock, and fishing	9.1	8.7	8.5	8.2	8.3	8.4	8.8
Forestry	2.0	2.1	1.9	2.0	2.2	2.3	2.3
Petroleum sector	42.9	43.9	47.6	43.5	38.9	37.0	34.0
Industry and mines	5.4	5.3	5.2	5.5	6.0	7.1	7.7
Electricity, gas, and water	1.5	1.6	1.0	1.5	1.5	1.6	1.8
Construction and public works	0.8	0.7	1.1	1.7	1.9	1.8	1.9
Commerce, restaurants, and hotels	9.2	9.1	7.8	9.4	10.0	11.1	11.7
Transport and communication	7.2	6.6	6.2	6.8	8.2	8.5	9.4
Public administration	12.1	11.6	12.1	11.5	12.2	12.0	12.0
Other services	7.6	7.2	6.1	6.5	6.5	6.2	6.3
Import duties	2.2	3.1	2.5	3.3	4.3	3.9	4.0

Sources: Ministry of Economy, Finance, and the Budget; and staff estimates.

Table 2. Republic of Congo: Gross Domestic Product at Current Prices, 1997–2003

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
	(In billions of CFA francs)						
GDP at market prices	1,355.7	1,150.1	1,449.3	2,292.5	2,043.4	2,103.0	2,040.0
Oil	666.7	419.6	773.3	1,502.3	1,158.6	1,126.4	1,003.4
Non-oil	689.0	730.5	676.0	790.2	884.8	976.6	1,036.6
GDP at factor cost	1,325.5	1,100.2	1,412.9	2,238.7	1,966.5	2,030.9	1,963.7
Agriculture, livestock, and fishing	106.9	106.3	104.2	102.0	99.9	107.9	104.5
Forestry	17.0	19.7	16.9	19.6	18.9	23.9	23.5
Petroleum sector	666.7	419.6	773.3	1,502.3	1,158.6	1,126.4	1,003.4
Industry and mines	74.0	80.0	79.2	79.7	90.6	110.1	131.9
Electricity, gas, and water	13.6	14.9	9.3	15.6	16.0	18.5	19.7
Construction and public works	16.6	15.2	26.2	56.5	74.4	75.9	89.4
Commerce, restaurants, and hotels	132.9	139.3	116.7	138.5	139.9	167.6	180.6
Transport and communication	77.5	77.7	72.0	86.0	110.8	123.4	137.4
Public administration	122.0	119.2	122.1	125.1	137.3	147.9	148.4
Other services	98.3	108.3	93.0	113.4	120.1	129.3	124.9
Import duties	30.2	49.9	36.4	53.8	76.9	72.1	76.3
	(In percent of GDP)						
GDP at market prices	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Oil	49.2	36.5	53.4	65.5	56.7	53.6	49.2
Non-oil	50.8	63.5	46.6	34.5	43.3	46.4	50.8
GDP at factor cost	97.8	95.7	97.5	97.7	96.2	96.6	96.3
Agriculture, livestock, and fishing	7.9	9.2	7.2	4.4	4.9	5.1	5.1
Forestry	1.3	1.7	1.2	0.9	0.9	1.1	1.2
Petroleum sector	49.2	36.5	53.4	65.5	56.7	53.6	49.2
Industry and mines	5.5	7.0	5.5	3.5	4.4	5.2	6.5
Electricity, gas, and water	1.0	1.3	0.6	0.7	0.8	0.9	1.0
Construction and public works	1.2	1.3	1.8	2.5	3.6	3.6	4.4
Commerce, restaurants, and hotels	9.8	12.1	8.1	6.0	6.8	8.0	8.9
Transport and communication	5.7	6.8	5.0	3.8	5.4	5.9	6.7
Public administration	9.0	10.4	8.4	5.5	6.7	7.0	7.3
Other services	7.3	9.4	6.4	4.9	5.9	6.1	6.1
Import duties	2.2	4.3	2.5	2.3	3.8	3.4	3.7

Sources: Ministry of Economy, Finance, and the Budget; and staff estimates.

Table 3. Republic of Congo: Supply and Use of Resources at Constant 1990 Prices, 1997–2003

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
				(In billions of CFA francs)			
Gross domestic product	807.5	837.6	812.5	879.4	910.7	942.5	951.8
Imports of goods and services	403.4	359.7	425.8	444.8	472.8	587.1	703.0
Total supply of resources							
= Total use of resources	1,210.8	1,197.4	1,238.3	1,324.2	1,383.5	1,529.6	1,654.7
Exports of goods and services	528.4	636.9	536.0	543.2	553.6	612.9	588.3
Consumption	534.2	428.3	521.6	581.2	617.7	663.4	763.0
Private	394.7	286.0	423.6	471.2	504.3	479.6	598.5
Public	139.6	142.3	98.0	110.0	113.4	183.8	164.5
Domestic investment	148.2	132.2	180.7	199.8	212.2	253.4	303.5
Gross fixed capital formation	143.9	120.5	173.0	183.5	211.5	244.6	295.8
Government	22.9	23.5	40.0	66.1	80.7	94.0	86.4
Private	121.0	97.0	133.0	117.4	130.8	150.6	209.4
Oil	116.5	91.5	124.7	103.5	119.9	112.9	160.7
Non-oil	5.3	5.5	20.4	20.9	21.9	37.7	48.7
Variation in stocks	4.2	11.6	7.7	16.3	0.7	8.8	7.7
				(In percent of GDP)			
Gross domestic product	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Imports of goods and services	50.0	42.9	52.4	50.6	51.9	62.3	73.9
Total supply of resources							
= Total use of resources	150.0	142.9	152.4	150.6	151.9	162.3	173.9
Exports of goods and services	65.4	76.0	66.0	61.8	60.8	65.0	61.8
Consumption	66.2	51.1	64.2	66.1	67.8	70.4	80.2
Private	48.9	34.1	12.1	12.5	12.5	50.9	62.9
Public	17.3	17.0	52.1	53.6	55.4	19.5	17.3
Domestic investment	18.3	15.8	22.2	22.7	23.3	26.9	31.9
Gross fixed capital formation	17.8	14.4	21.3	20.9	23.2	25.9	31.1
Government	2.8	2.8	4.9	7.5	8.9	10.0	9.1
Private	15.0	11.6	16.4	13.3	14.4	16.0	22.0
Oil	14.4	10.9	15.3	11.8	13.2	12.0	16.9
Non-oil	0.7	0.7	2.5	2.4	2.4	4.0	5.1
Variation in stocks	0.5	1.4	1.0	1.9	0.1	0.9	0.8

Sources: Ministry of Economy, Finance, and the Budget; and staff estimates.

Table 4. Republic of Congo: Supply and Use of Resources
at Current Prices, 1997–2003

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
	(In billions of CFA francs)						
Gross domestic product	1,355.7	1,150.1	1,449.3	2,292.5	2,043.4	2,103.0	2,040.0
Imports of goods and services	815.6	835.3	856.6	999.8	1,092.0	1,135.4	1,097.0
Total supply of resources							
= Total use of resources	2,171.3	1,985.4	2,305.9	3,292.3	3,135.4	3,238.4	3,137.0
Exports of goods and services	1,025.2	877.4	1,047.9	1,841.0	1,636.3	1,696.4	1,608.0
Consumption	844.6	801.1	855.5	969.5	959.242	1,052.0	1,055.4
Private	560.6	522.8	637.2	704.3	670.642	665.6	702.7
Public	284.0	278.3	218.2	265.2	288.6	386.4	352.7
Domestic investment	301.4	306.9	402.5	481.8	539.9	489.9	473.6
Gross fixed capital formation	292.8	279.9	385.3	442.5	538.063	472.9	461.6
Government	46.6	54.6	89.1	159.4	205.363	181.7	134.8
Private	246.2	225.3	296.2	283.1	332.7	291.2	326.8
Oil	235.5	212.5	250.8	232.7	276.9	218.3	250.8
Non-oil	10.7	12.8	45.4	50.4	55.8	72.9	76.0
Variation in stocks	8.6	27.0	17.2	39.3	1.8	17.0	12.0
	(In percent of GDP)						
Gross domestic product	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Imports of goods and services	60.2	72.6	59.1	43.6	53.4	54.0	53.8
Total supply of resources							
= Total use of resources	159.3	182.7	154.2	140.3	149.1	150.1	151.1
Exports of goods and services	75.6	76.3	72.3	80.3	80.1	80.7	78.8
Consumption	62.3	69.7	59.0	42.3	46.9	50.0	51.7
Private	41.4	45.5	15.1	11.6	14.1	18.4	17.3
Public	20.9	24.2	44.0	30.7	32.8	31.6	34.4
Domestic investment	22.2	26.7	27.8	21.0	26.4	23.3	23.2
Gross fixed capital formation	21.6	24.3	26.6	19.3	26.3	22.5	22.6
Government	3.4	4.7	6.1	7.0	10.1	8.6	6.6
Private	18.2	19.6	20.4	12.3	16.3	13.8	16.0
Oil	17.4	18.5	17.3	10.2	13.6	10.4	12.3
Non-oil	0.8	1.1	3.1	2.2	2.7	3.5	3.7
Variation in stocks	0.6	2.3	1.2	1.7	0.1	0.8	0.6

Sources: Ministry of Economy, Finance, and the Budget; and staff estimates.

Table 5. Republic of Congo: Saving and Investment Balances, 1996–2003 1/

(In percent of GDP, unless otherwise indicated)

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
Total economy							
Gross national saving	9.3	6.1	10.6	29.0	23.3	23.0	23.6
Gross domestic saving	37.7	30.3	41.0	57.7	53.1	50.0	48.3
Investment	22.2	26.7	27.8	21.0	26.4	23.3	23.2
Net domestic financial balance (external resource balance)	15.5	3.7	13.2	36.7	26.6	26.7	25.0
Net financial balance (external current account balance)	-12.9	-20.6	-17.1	7.9	-3.2	-0.3	0.4
Excluding official transfers	-13.2	-21.0	-17.2	7.6	-3.4	-0.5	0.2
Government							
Gross national saving	-4.1	-13.6	1.9	9.2	10.1	3.5	9.2
Gross domestic saving	7.8	-1.0	12.3	15.3	17.0	9.2	13.3
Investment	3.4	4.7	6.1	7.0	10.1	8.6	6.6
Net domestic financial balance	4.3	-5.8	6.2	8.4	6.9	0.5	6.7
Net financial balance	-7.5	-18.3	-4.2	2.2	0.0	-5.1	2.5
Excluding official transfers	-4.4	-14.0	1.9	8.8	9.9	3.3	8.9
Private sector 2/							
Gross national saving	13.4	19.6	8.7	19.8	13.2	19.5	14.4
Gross domestic saving	29.9	31.4	28.6	42.4	36.1	40.8	35.0
Investment	18.8	21.9	21.6	14.1	16.4	14.7	16.6
Net domestic financial balance	11.2	9.4	7.0	28.3	19.7	26.2	18.4
Net financial balance	-5.4	-2.3	-12.9	5.7	-3.2	4.8	-2.2
Oil sector							
Gross national saving	2.5	11.4	4.8	-6.9	6.2	20.1	16.6
Gross domestic saving 3/	23.7	19.6	28.0	30.6	33.0	39.0	36.7
Investment	17.4	18.5	17.3	10.2	13.6	10.4	12.3
Net domestic financial balance	6.3	1.1	10.7	20.4	19.4	28.6	24.4
Net financial balance	-14.9	-7.1	-12.5	-17.1	-7.4	9.7	4.3
Non-oil sector							
Gross national saving	10.9	8.3	3.9	26.7	7.0	-0.7	-2.2
Gross domestic saving 3/	6.2	11.8	0.7	11.8	3.1	1.8	-1.7
Investment	1.4	3.5	4.3	3.9	2.8	4.3	4.3
Net domestic financial balance	4.8	8.3	-3.7	7.9	0.3	-2.5	-6.0
Net financial balance	9.5	4.8	-0.4	22.8	4.2	-4.9	-6.5
Memorandum items:							
Private consumption							
As a percent of total GDP	41.4	45.5	44.0	30.7	32.8	31.6	34.4
As a percent of non-oil GDP	81.4	71.6	94.3	89.1	75.8	68.2	67.8

Sources: Ministry of Economy, Finance, and the Budget; and staff estimates.

1/ Data subject to a large degree of uncertainty; balance of payments being rebuilt.

2/ Including public enterprises.

3/ Owing to data limitations, the split between the saving of the oil and non-oil private sectors is subject to uncertainty.

Table 6. Republic of Congo: Production of Principal Crops, 1996/97–2002/03

	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02 Est.	2002/03 Prel.
			(In thousands of tons)				
Local crops							
Cassava	768	701	647	692	739	...	...
Plantains	69	71	67	70	73	...	...
Rice	1	1	1	1	1	...	...
Corn	9	10	9	8	9	...	...
Sugarcane	420	454	409	506	543	...	...
Peanuts	18	20	17	18	...	...	...
			(In tons)				
Export crops							
Coffee	800	850	935	…	…	...	...
Cocoa	300	1,000	1,100	1,045	…	...	...

Source: National Center of Statistics and Economic Research (CNSEE).

Table 7. Republic of Congo: Fishing Production, 1997–2003

(In tons)

	1997	1998	1999	2000	2001 Est.	2002 Est.	2003 Est.
Total	29,765	30,144	31,789	32,893	35,488	...	...
Industrial	17,365	17,000	17,659	17,350	18,391	...	...
Artisanal	12,400	13,144	14,130	15,543	17,097	...	...

Source: National Center of Statistics and Economic Research (CNSEE).

Table 8. Republic of Congo: Wood Production, 1997–2003

(In thousands of cubic meters)

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
Timber production	685.1	741.1	530.0	631.0	883.0	...	...
Eucalyptus log production	362.9	486.1	631.4	545.0	233.0	...	...
Exports							
Logs	325.5	313.7	219.2	281.6	464.4	...	...
Other	343.8	402.9	552.2	485.8	331.0	...	...
Sawn timber and veneer	102.1	109.0	81.2	69.0	94.1	...	...
Wood transformation	126.3	137.3	100.3	105.0	142.5	...	...
Sawn timber	77.9	88.0	77.3	95.5	127.0	...	...
Peeled veneer	40.5	40.7	20.0	8.2	14.2	...	...
Cut veneer	3.5	2.8	0.0	0.0	0.0	...	...
Plywood	4.4	5.8	3.0	1.3	1.3	...	...

Source: Ministry of Forestry and Fisheries.

Table 9. Republic of Congo: Oil Production by Field, 1997–2003

(In thousands of tons)

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
Total liquids	11,412.0	13,092.5	13,363.7	13,774.1	12,123.4	11,937.2	11,163.2
Crude oil	11,412.0	12,747.5	12,968.1	13,397.7	11,764.4	11,584.5	10,897.2
Emeraude	440.7	419.8	421.1	309.9	233.4	238.1	289.7
Likouala	366.7	380.1	384.4	868.6	270.7	269.3	250.5
Yanga	463.5	454.3	446.3	407.1	364.4	287.9	294.9
Sendji	628.8	730.8	727.4	715.7	735.8	713.5	758.6
Tchibouéla	1,966.7	1,711.8	1,583.3	1,536.3	1,564.6	1,543.2	1,304.0
Tchendo	420.6	346.3	315.5	338.4	269.4	327.3	357.1
Tchibouéla Est	0.0	293.1	343.3	262.1	213.8	216.2	176.3
Kombi	0.0	0.0	116.9	581.8	391.2	392.3	438.7
Likalala	0.0	0.0	69.9	525.5	510.7	456.8	451.5
Tchibéli	0.0	0.0	0.0	310.6	449.9	486.7	345.7
Likouala Est	0.0	0.0	0.0	0.0	96.1	124.2	78.9
Nkossa Huile	3,346.9	2,450.7	2,974.8	2,618.3	2,124.3	1,651.5	1,299.3
Loango	1,400.0	1,479.5	1,387.6	1,267.4	1,160.8	1,130.3	1,103.2
Zatchi	1,636.8	1,634.8	1,574.3	1,456.2	1,382.3	1,278.7	1,257.0
Mwafi	0.0	0.0	0.0	0.0	60.8	367.8	311.7
Kitina	17.1	2,030.6	1,744.5	1,323.6	874.1	619.4	637.1
Djambala	0.0	0.0	115.2	72.3	55.8	203.4	134.5
Foukanda	0.0	0.0	0.0	0.0	155.4	380.7	390.8
Yombo	718.6	809.8	758.7	781.5	788.4	768.1	726.3
Pointe Indienne	5.7	5.8	5.0	6.0	5.7	7.0	5.5
Kouak/Mboudi	0.0	0.0	0.0	16.4	57.0	122.2	285.8
Refined products	0.0	345.0	395.6	376.4	359.1	352.7	266.1
Nkossa Butane	0.0	149.1	165.5	153.9	145.9	147.2	105.2
Nkossa Propane	0.0	196.0	230.1	222.5	213.1	205.5	160.9

Source: Ministry of Hydrocarbons.

Table 10. Republic of Congo: Oil Refinery Production, 1997–2003 1/

(In thousands of metric tons)

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
Butane	1.1	0.2	0.3	0.2	0.2	0.2	...
Kerosene	18.9	0.2	0.3	0.2	0.2	0.2	...
Diesel	31.1	0.0	0.0	74.0	69.9	...	...
Premium	20.5	0.0	0.0	35.0	38.7	...	...
Fuel oil 1,500	8.2	0.0	0.0	3.3	5.3	...	...
Fuel oil V. 630	100.7	0.0	0.0	208.0	225.7	...	...
Total	180.5	0.5	0.5	320.8	340.0	0.4	...

Source: Ministry of Hydrocarbons.

1/ Refinery suspended operations from end-1997 until March 2000.

Table 11. Republic of Congo: Consumption of Refined Petroleum Products, 1997–2003

(In thousands of metric tons)

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
Butane	1.1	1.6	0.5	1.0	2.1	…	…
Jet fuel	18.9	22.8	32.8	50.0	51.3	…	…
Premium gasoline	20.6	28.9	22.7	38.8	39.1	…	…
Diesel	31.2	54.1	46.9	57.0	64.6	…	…
Kerosene	9.6	12.3	4.8	7.5	8.3	…	…
Heating oil	…	1.1	…	…	…	…	…
Total	81.4	120.8	107.7	154.3	165.4	…	…

Source: Ministry of Hydrocarbons.

Table 12. Republic of Congo: Industrial Production, 1997–2003

(In tons, unless otherwise indicated)

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
Cement	20,156	…	…	…	…	…	…
Refined sugar	38,774	42,861	39,772	74,626	71,814	…	…
Palm oil	…	…	10,230	…	…	…	…
Peanut oil	…	…	…	…	…	…	…
Soap	1,683	1,733	1,473	1,620	…	…	…
Cloth (millions of meters)	…	…	…	…	…	…	…
Cigarettes (millions of cartons)	380	…	…	…	4	…	…
Beer (thousands of hectoliters)	342	494	480	526	610	…	…
Nonalcoholic beverages (thousands of hectoliters)	165	195	194	290	349	…	…
Flour	8,177	4,002	…	1,636	35,000	…	…
Electricity (millions of kilowatt-hours)	366	408	196	298	339	…	…

Source: National Center of Statistics and Economic Research (CNSEE).

Table 13. Republic of Congo: Electricity Generation, 1997–2003

(In millions of kilowatt-hours)

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
National production	366.0	408.0	196.0	298.0	335.0	398.0	399.0
Hydroelectric	366.0	408.0	196.0	298.0	339.0	…	342.0
Thermal	…	…	16.0	0.9	0.1	0.1	57.0
Purchases from the Democratic Republic of the Congo	37.6	126.7	191.0	262.0	297.0	364.0	359.0
Total	403.6	534.7	387.0	...	632.0	762.0	758.0

Source: National Electricity Company.

Table 14. Republic of Congo: Rail and River Traffic, 1997–2003

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
Rail transport							
Passengers (thousands of persons)	1,040.8	926.6	56.5	546.0	742.0	…	…
Freight (thousands of tons)	441.3	398.7	65.7	236.0	548.0	…	…
Port activity 1/							
Pointe-Noire (thousands of tons) 2/	…	9,501.0	9,438.0	10,101.0	9,608.0	…	…
River ports (thousands of tons)	…	…	105.7	74.6	101.2	…	…
River transport 1/							
Barges (thousands of tons)	…	…	…	…	…	…	…
Rafts (thousands of tons)	…	…	…	…	…	…	…
Passengers (thousands)	…	…	47.7	198.8	213.8	…	…

Source: Ministry of Transport and Civil Aviation.

1/ No consistent data are available.
2/ Oil export included.

Table 15. Republic of Congo: Price Indices for Brazzaville, 1997–2003

(Index, 1977=100, unless otherwise indicated)

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
Foodstuffs	378.4	376.8	394.8	374.3	368.0	385.3	362.8
Clothing	436.0	419.1	433.4	459.7	465.2	488.6	439.1
Beverages and tobacco	743.4	456.8	454.4	456.0	458.7	342.4	448.7
Construction and rent	541.8	537.0	543.5	587.4	551.8	562.2	567.1
Fuel and electricity	326.2	353.2	375.0	387.9	513.8	502.5	470.6
Health	324.3	348.8	374.4	400.1	405.1	444.1	428.2
Transportation and leisure	650.5	547.4	581.3	609.0	623.4	696.5	788.0
Other	352.5	350.4	345.7	351.9	352.7	379.9	386.5
General index 1/	420.3	403.7	420.4	416.7	417.0	435.2	432.5
Percentage change from previous year	19.1	-3.9	4.1	-0.9	0.1	4.4	-0.6

Source: National Center of Statistics and Economic Research (CNSEE).

1/ Brazzaville consumer price index only; therefore data differ from the aggregate consumer price index for Brazzaville and Pointe-Noire included in the basic data table.

Table 16. Republic of Congo: Representative Retail Prices of Major Food Items in Brazzaville, 1997–2003

(CFA francs per kilogram, unless otherwise indicated; end of period)

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
Manioc flour	275	320	379	291	338	376	312
Corn	392	533	598	622	558	557	684
Yams	276	304	353	303	289	392	361
Sweet potatoes	603	974	809	656	673	827	781
Sweet bananas	380	349	571	413	349	425	414
Palm kernels	253	270	387	169	164	225	177
Palm oil (per liter)	564	615	715	476	523	606	578
Peanut oil (per liter)	1,099	982	922	784	762	869	788
Shelled peanuts	711	787	861	891	712	651	684
Salt	372	414	487	513	352	321	352
Beef, boneless	2,543	2,843	2,816	2,994	3,058	3,036	3,046
Chicken	2,129	2,248	2,192	2,409	2,388	2,466	2,345
Fresh fish (river)	1,296	1,412	1,318	1,267	1,258	1,350	1,445
Smoked fish	4,521	3,880	3,590	3,556	3,982	4,015	4,083

Source: National Center of Statistics and Economic Research (CNSEE).

Table 17. Republic of Congo: Central Government Employment by Ministry, 1997–2003

(Number of employees)

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
Education	21,667	21,070	20,382	22,619	22,050	21,825	21,413
Health and social affairs	8,922	8,676	8,392	9,313	9,079	8,986	8,817
Rural economy	3,796	3,692	3,571	3,963	3,863	3,824	3,752
Finance	4,149	4,034	3,903	4,331	4,222	4,179	4,100
Interior	1,522	1,480	1,432	1,589	1,549	1,533	1,504
Culture and sports	1,874	1,822	1,763	1,956	1,907	1,887	1,852
Information	1,382	1,344	1,300	1,443	1,407	1,392	1,366
Presidency	1,200	1,167	1,129	1,253	1,221	1,209	1,186
Justice	843	820	793	880	858	849	833
Foreign affairs	1,019	991	959	1,064	1,038	1,027	1,008
Public works	539	524	507	562	548	543	533
Defense and security	14,905	14,494	14,021	15,560	15,169	15,013	14,731
Other	5,326	5,179	5,010	5,560	5,420	5,365	5,264
Total	67,144	65,293	63,162	70,093	68,331	67,632	66,358

Source: Congolese authorities.

Table 18. Republic of Congo: Central Government Financial Operations, 1997–2003

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
	(In billions of CFA francs)						
Revenue and grants	387.7	263.0	390.6	609.4	631.8	575.4	613.5
Revenue	386.3	259.4	384.3	602.6	628.1	571.7	603.6
Oil revenue	296.9	137.8	275.6	466.2	430.8	397.5	421.6
Non-oil revenue	89.3	121.7	108.7	136.4	197.3	174.2	182.0
Domestic taxes	43.1	78.0	76.4	92.6	126.9	125.3	134.0
Customs receipts	35.0	34.8	21.7	31.2	43.3	36.1	43.3
Domestic petroleum taxes	9.5	8.4	7.8	10.7	15.6	10.0	0.0
Nontax revenue	1.8	0.4	2.8	1.9	11.5	2.8	4.7
Grants	1.4	3.6	6.3	6.8	3.7	3.7	9.9
Expenditure and net lending	508.6	492.8	475.4	583.5	645.9	746.4	606.1
Current expenditure	462.0	438.2	386.3	424.1	440.6	563.1	470.5
Wage bill	104.2	102.4	100.7	106.7	118.1	120.4	120.2
Other current expenditure	177.8	175.0	111.0	156.1	159.8	256.7	223.6
Materials and supplies	125.3	107.3	51.1	36.7	32.1	78.4	50.0
Common charges	27.0	35.4	33.6	72.4	55.0	73.4	42.8
Transfers	25.5	32.2	26.4	47.0	72.7	104.9	130.8
Local authorities	2.0	0.9	6.5	2.4	10.7	9.3	8.9
Interest	178.0	159.9	168.1	158.9	152.0	176.7	117.8
Domestic	14.6	11.5	17.3	9.7	7.7	14.4	23.4
External	163.5	148.4	150.8	149.2	144.3	162.3	94.4
Capital expenditure	46.6	54.6	89.1	159.4	205.4	181.7	134.8
Domestically financed	42.0	50.5	81.9	144.6	200.4	158.1	111.0
Externally financed	4.6	4.1	7.2	14.8	5.0	23.6	23.8
Net lending	0.0	0.0	0.0	0.0	0.0	1.6	0.8
Primary balance	55.7	-73.4	77.0	192.8	139.2	25.7	139.1
Balance, commitment basis							
Excluding grants	-122.4	-233.4	-91.1	19.1	-17.8	-174.6	-2.5
Including grants	-121.0	-229.8	-84.8	25.9	-14.1	-171.0	7.4
Change in arrears	-59.9	354.2	294.6	268.2	73.6	205.9	124.8
External	37.6	338.3	262.5	283.4	104.5	210.8	164.2
Domestic	-97.5	15.9	32.1	-15.2	-30.9	-5.0	-39.5
Balance, cash basis	-180.9	124.4	209.8	294.1	59.5	34.9	132.2

Table 18. Republic of Congo: Central Government Financial Operations, 1997–2003 (concluded)

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
	(In billions of CFA francs)						
Financing	180.9	-124.4	-209.8	-294.0	-59.5	-34.9	-132.1
Foreign (net)	149.7	-152.7	-177.1	-239.4	-85.0	-15.0	-146.1
Drawings	15.6	2.3	4.3	44.0	73.4	234.1	21.6
Project financing	3.2	0.5	0.9	8.0	1.3	20.0	13.9
Nonproject financing	12.4	2.3	3.4	36.0	28.0	0.0	7.7
Other	0.0	0.0	0.0	0.0	44.1	214.1	0.0
Amortization due	-245.1	-268.2	-258.8	-292.7	-233.6	-259.7	-169.3
Rescheduling obtained	175.8	85.7	68.8	2.8	11.6	4.3	1.5
Debt cancellation	203.3	27.7	8.6	6.5	63.6	6.4	0.1
Domestic (net)	31.2	28.3	-32.7	-54.6	25.5	-19.9	14.0
Banking system (net)	31.7	12.4	-21.9	-13.9	75.1	23.2	1.0
Nonbank financing	-0.5	15.9	-10.8	-40.7	-49.5	-43.1	13.0
Sale of assets	0.0	0.0	0.0	3.1	3.0	7.5	2.1
Cost of financial sector reforms	0.0	0.0	-2.3	-18.7	-20.9	-3.8	-0.6
Bond issues	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cost of structural reforms	-0.5	0.0	-8.7	-9.2	-1.2	-7.6	-7.6
Exceptional oil receipts	0.0	18.4	3.9	0.0	0.0	0.0	59.2
	0.0	-2.5	-3.7	-15.9	-9.3	-16.9	-40.1
Financing gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	(In percent of GDP)						
Revenue and grants	28.6	22.9	27.0	26.6	30.9	27.4	30.1
Of which: revenue	28.5	22.6	26.5	26.3	30.7	27.2	29.6
Expenditure	37.5	42.9	32.8	25.5	31.6	35.5	29.7
Current	34.1	38.1	26.7	18.5	21.6	26.8	23.1
Capital	12.1	12.9	10.4	6.5	7.1	7.7	4.6
Balance, commitment basis							
Including grants	-8.9	-20.0	-5.9	1.1	-0.7	-8.1	0.4
Excluding grants	-9.0	-20.3	-6.3	0.8	-0.9	-8.3	-0.1
Primary balance	4.1	-6.4	5.3	8.4	6.8	1.2	6.8
Memorandum items:	(In billions of CFA francs, unless otherwise indicated)						
GDP at current market prices	1,355.7	1,150.1	1,449.3	2,292.5	2,043.4	2,103.0	2,040.0
Non-oil GDP at current market prices	689.0	730.5	676.0	790.2	884.8	976.6	1,036.6
Oil production (millions of barrels)	85.7	91.0	94.8	96.8	89.6	88.0	81.7

Sources: Ministry of Economy, Finance, and the Budget; and staff estimates.

Table 19. Republic of Congo: Central Government Revenue, 1997–2003

(In billions of CFA francs)

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
Revenue and grants	387.7	263.0	390.6	609.4	631.8	575.4	613.5
Revenue	386.3	259.4	384.3	602.6	628.1	571.7	603.6
Oil receipts	296.9	137.8	275.6	468.1	430.8	397.5	421.6
Royalties	109.0	76.6	101.6	468.1	430.8	395.7	381.1
Profit sharing	146.8	66.9	65.7	0.0	0.0	0.0	0.0
Of which: government share sold by SNPC 1/	12.8	10.8	99.6	119.3	37.2	120.4	251.1
Earmarked investment funds	5.1	3.3	4.5	1.9	0.7	3.7	6.2
Other (net)	23.2	-19.8	4.1	164.8	270.5	193.6	0.0
Non-oil revenue	89.3	121.7	108.7	136.4	197.3	174.2	182.0
Taxes	43.1	78.0	76.4	92.6	126.9	125.3	134.0
Direct taxes	33.8	39.0	42.0	48.2	59.1	57.3	64.3
Indirect taxes	9.3	39.0	34.4	44.4	67.8	68.0	69.7
Customs receipts	35.0	34.8	21.7	31.2	43.3	36.1	43.3
Domestic petroleum taxes	9.5	8.4	7.8	10.7	15.6	10.0	0.0
Nontax revenue	1.8	0.4	2.8	1.9	11.5	2.8	4.7
Grants	1.4	3.6	6.3	6.8	3.7	3.7	9.9

Sources: Ministry of Economy, Finance, and the Budget; and staff estimates.

1/ SNPC = Société Nationale des Pétroles du Congo (national oil company).

Table 20. Republic of Congo: Central Government Revenue Trends, 1997–2003

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
			(In percent of GDP)				
Revenue and grants	28.6	22.9	27.0	26.6	30.9	27.4	30.1
Revenue	28.5	22.6	26.5	26.3	30.7	27.2	29.6
Fiscal oil receipts	21.9	12.0	19.0	20.4	21.1	18.9	20.7
Royalties	8.0	6.7	7.0	20.4	21.1	18.8	18.7
Profit sharing	10.8	5.8	4.5	0.0	0.0	0.0	0.0
Of which: government share sold by SNPC 1/	0.9	0.9	6.9	5.2	1.8	5.7	12.3
Earmarked investment funds	0.4	0.3	0.3	0.1	0.0	0.2	0.3
Other (net)	1.7	-1.7	0.3	7.2	13.2	9.2	0.0
Non-oil revenue	6.6	10.6	7.5	5.9	9.7	8.3	8.9
Taxes	3.2	6.8	5.3	4.0	6.2	6.0	6.6
Direct taxes	2.5	3.4	2.9	2.1	2.9	2.7	3.2
Indirect taxes	0.7	3.4	2.4	1.9	3.3	3.2	3.4
Customs receipts	2.6	3.0	1.5	1.4	2.1	1.7	2.1
Domestic petroleum taxes	0.7	0.7	0.5	0.5	0.8	0.5	0.0
Nontax revenue	0.1	0.0	0.2	0.1	0.6	0.1	0.2
Grants	0.1	0.3	0.4	0.3	0.2	0.2	0.5
			(In percent of non-oil GDP)				
Non-oil revenue	13.0	16.7	16.1	17.3	22.3	17.8	17.6
Taxes	6.2	10.7	11.3	11.7	14.3	12.8	12.9
Direct taxes	4.9	5.3	6.2	6.1	6.7	5.9	6.2
Indirect taxes	1.3	5.3	5.1	5.6	7.7	7.0	6.7
Customs receipts	5.1	4.8	3.2	3.9	4.9	3.7	4.2
Domestic petroleum taxes	1.4	1.1	1.2	1.4	1.8	1.0	0.0
Nontax revenue	0.3	0.1	0.4	0.2	1.3	0.3	0.5
			(In percent of oil GDP)				
Oil revenue	44.5	32.8	35.6	31.0	37.2	35.3	42.0
Royalties	16.3	18.3	13.1	31.2	37.2	35.1	38.0
Other	28.2	14.6	22.5	-0.1	0.0	0.2	4.0

Table 20. Republic of Congo: Central Government Revenue Trends, 1997–2003 (concluded)

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
	(Annual percentage change)						
Revenue and grants	7.1	-32.1	48.5	56.0	3.7	-8.9	6.6
Revenue	8.0	-32.8	48.1	56.8	4.2	-9.0	5.6
Fiscal oil receipts	39.3	-53.6	100.0	69.1	-7.6	-7.7	6.1
Non-oil revenue	-38.2	36.2	-10.7	25.5	44.7	-11.7	4.4
Taxes	-38.1	81.2	-2.1	21.2	37.0	-1.2	6.9
Customs receipts	-40.0	-0.4	-37.7	43.8	38.7	-16.6	19.9
Domestic petroleum taxes	-31.2	-11.8	-6.8	37.2	45.8	-35.9	-100.0
Nontax revenue	-40.0	-75.1	523.6	-32.1	507.2	-75.7	67.9
	(In percent of total revenue, excluding grants)						
Fiscal oil receipts	76.9	53.1	71.7	77.4	68.6	69.5	69.8
Non-oil revenue	23.1	46.9	28.3	22.6	31.4	30.5	30.2
Taxes	11.1	30.1	19.9	15.4	20.2	21.9	22.2
Customs receipts	9.1	13.4	5.6	5.2	6.9	6.3	7.2
Domestic petroleum taxes	2.5	3.2	2.0	1.8	2.5	1.7	0.0
Nontax revenue	0.5	0.2	0.7	0.3	1.8	0.5	0.8

Sources: Ministry of Economy, Finance, and the Budget; and staff estimates.

1/ SNPC = Société Nationale des Pétroles du Congo (national oil company).

Table 21. Republic of Congo: Central Government Expenditure Trends, 1997–2003

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
				(In percent of GDP)			
Total current expenditure	37.5	42.9	32.8	25.5	31.6	35.4	29.7
Noninterest current expenditure	20.9	24.2	15.1	11.6	14.1	18.4	17.3
Wages and salaries	7.7	8.9	6.9	4.7	5.8	5.7	5.9
Goods and services	9.2	9.3	3.5	1.6	1.6	3.7	2.5
Common charges	2.0	3.1	2.3	3.2	2.7	3.5	2.1
Transfers and subsidies	1.9	2.8	1.8	2.1	3.6	5.0	6.4
Local authorities	0.1	0.1	0.4	0.1	0.5	0.4	0.4
Interest due	13.1	13.9	11.6	6.9	7.4	8.4	5.8
				(In percent of non-oil GDP)			
Total current expenditure	67.1	60.0	57.1	53.7	49.8	57.7	45.4
Noninterest current expenditure	41.2	38.1	32.3	33.6	32.6	39.6	34.0
Wages and salaries	15.1	14.0	14.9	13.5	13.3	12.3	11.6
Goods and services	18.2	14.7	7.6	4.6	3.6	8.0	4.8
Common charges	3.9	4.9	5.0	9.2	6.2	7.5	4.1
Transfers and subsidies	3.7	4.4	3.9	5.9	8.2	10.7	12.6
Local authorities	0.3	0.1	1.0	0.3	1.2	1.0	0.9
Interest due	25.8	21.9	24.9	20.1	17.2	18.1	11.4
				(In percent of total current expenditure)			
Wages and salaries	22.6	23.4	26.1	25.2	26.8	21.4	25.5
Other current expenditure	38.5	39.9	28.7	36.8	36.3	45.6	47.5
Interest due	38.5	36.5	43.5	37.5	34.5	31.4	25.0
				(Annual percentage change)			
Total current expenditure	39.4	-5.1	-11.8	9.8	3.9	27.8	-16.4
Other current expenditure	209.7	-1.6	-36.6	40.6	2.4	60.6	-12.9
Interest due	8.3	-10.1	5.1	-5.5	-4.4	16.3	-33.3

Sources: Ministry of Economy, Finance, and the Budget; and staff estimates.

Table 22. Republic of Congo: Monetary Survey, 1997–2003

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
	(In billions of CFA francs; end of period)						
Net foreign assets	26.2	-35.6	5.0	151.8	26.9	38.0	6.0
Central bank	18.0	-28.4	8.3	128.4	23.9	-0.9	4.6
Deposit money banks	8.2	-7.2	-3.3	23.4	3.0	38.9	1.4
Net domestic assets	175.5	211.5	205.9	182.5	231.1	253.7	278.6
Net domestic credit	237.5	252.7	276.0	257.1	267.2	249.7	265.5
Net credit to the public sector	116.2	123.1	102.6	93.2	158.2	183.3	183.8
Net credit to the government	116.6	129.0	107.0	93.2	163.5	186.8	187.9
Central bank	101.4	111.8	108.0	107.7	160.3	173.9	182.0
Claims	121.0	123.1	120.8	128.7	173.2	181.6	195.3
Statutory advances	66.9	82.3	81.8	81.7	123.1	137.3	161.0
Use of IMF credit	20.1	19.1	18.9	29.1	28.8	20.8	14.6
Consolidated credit	34.0	21.7	20.0	17.9	21.3	23.6	19.7
Deposits	19.6	11.3	12.8	21.0	12.9	7.7	13.1
Deposit money banks	15.2	17.2	-0.9	-14.5	3.2	12.8	5.8
Claims on public agencies, net	-0.4	-5.9	-4.5	0.0	-5.3	-3.4	-4.1
Credit to the economy 1/	121.3	129.6	173.4	163.9	109.0	66.4	81.7
Other items, net	-62.0	-41.2	-70.1	-74.6	-36.1	4.0	13.1
Broad money	201.7	175.9	210.9	334.3	258.0	291.7	284.6
Currency outside banks	93.3	73.3	102.3	123.9	142.9	129.0	131.9
Demand deposits	73.3	70.7	81.7	185.7	95.2	142.2	103.3
Time deposits	35.1	31.9	26.8	24.7	19.9	20.5	49.4
	(Changes in percent of beginning-of-period broad money)						
Net foreign assets	-3.9	-30.6	23.1	69.6	-37.3	4.3	-11.0
Net domestic assets	13.5	17.9	-3.2	-11.1	14.5	8.8	8.5
Net domestic credit	21.2	7.5	13.2	-8.9	3.0	-6.8	5.4
Net credit to the government	17.2	6.1	-12.5	-6.6	21.0	9.0	0.4
Credit to the economy	4.5	4.1	24.9	-4.5	-16.4	-16.5	5.3
Broad money	9.5	-12.8	19.9	58.5	-22.8	13.1	-2.4
	(Annual percent changes, unless otherwise indicated)						
Credit to the economy	7.3	6.8	33.8	-5.4	-33.5	-39.1	23.1
Broad money	9.5	-12.8	19.9	58.5	-22.8	13.1	-2.4
Currency outside banks	6.8	-21.5	39.7	21.0	15.4	-9.7	2.3
Memorandum items:							
Velocity							
Total GDP/average M2	3.6	3.9	3.5	2.9	3.0	3.6	3.6
Non-oil GDP/average M2	7.0	6.1	7.5	8.4	6.9	7.7	7.1
Non-oil GDP/end-period M2	3.4	4.2	3.2	2.4	3.4	3.3	3.6
Total GDP growth	4.3	-15.2	26.0	58.2	-10.9	2.9	-3.0
Non-oil GDP growth	-8.0	6.0	-7.5	16.9	12.0	10.4	6.1
Credit to the economy/non-oil GDP (in percent)	17.6	17.7	25.6	20.7	12.3	6.8	7.9

Sources: Bank of Central African States (BEAC); and staff estimates.

1/ Including public enterprises.

Table 23. Republic of Congo: Summary Accounts of the Central Bank, 1997–2003

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
	(In billions of CFA francs; end of period)						
Net foreign assets	18.0	-28.4	8.3	128.4	23.9	-0.9	4.6
Assets	37.8	2.3	27.8	158.6	53.6	22.2	21.4
Liabilities	-19.8	-30.7	-19.5	-30.3	-29.7	-23.0	-16.8
Net domestic assets	90.3	115.5	106.8	101.5	149.1	159.2	157.4
Net credit to the government	101.4	111.8	108.0	107.7	160.3	173.9	182.0
Claims	121.0	123.1	120.8	128.7	173.2	181.6	195.3
Of which							
Statutory advances	66.9	82.3	81.8	81.7	123.1	137.3	161.0
Use of IMF credit	20.1	19.1	18.9	29.1	28.8	20.8	14.6
Deposits	19.6	11.3	12.8	21.0	12.9	7.7	13.1
Claims on deposit money banks	5.0	7.2	6.2	6.5	2.4	0.0	0.0
Claims on nonbank institutions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other items, net	-16.0	-3.5	-7.4	-12.6	-13.6	-14.7	-24.6
Reserve money at BEAC	108.3	87.1	115.1	229.9	173.0	158.3	162.0
Currency outside banks	93.3	73.3	102.3	123.9	142.9	129.0	131.9
Banks' reserves	15.1	13.9	12.7	106.0	30.1	29.3	30.1
Deposits at BEAC	9.0	2.9	1.7	93.1	19.7	18.2	19.2
Currency in vault	6.1	10.9	11.0	12.9	10.4	11.2	10.9
Memorandum items:	(In percent, unless otherwise indicated)						
Reserve money/deposits	99.9	84.9	106.0	109.2	150.3	97.3	106.1
Reserve money/broad money	53.7	49.5	54.6	68.8	67.0	54.3	56.9
Reserve money multiplier (level)	1.9	2.0	1.8	1.5	1.5	1.8	1.8
Reserve money annual growth	12.5	-19.6	32.1	99.8	-24.7	-8.5	2.3

Sources: Bank of Central African States (BEAC); and staff estimates.

Table 24. Republic of Congo: Summary Accounts of the Commercial Banks, 1997–2003

(In billions of CFA francs; end of period)

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
Net foreign assets	8.2	-7.2	-3.3	23.4	3.0	38.9	1.4
Assets	16.6	16.3	22.2	36.1	16.3	81.8	22.1
Liabilities	-8.5	-23.5	-25.6	-12.7	-13.2	-43.0	-20.7
Net domestic assets	100.3	109.9	111.9	187.0	112.1	123.8	151.4
Net credit to the public sector	14.8	11.3	-5.4	-14.5	3.2	30.4	15.4
Net credit to the government	15.2	17.2	-1.0	-14.5	8.5	33.9	15.4
Claims	23.9	26.9	-1.5	-22.8	14.5	57.5	26.1
Deposits	-8.7	-9.8	0.5	8.3	-6.0	-23.6	-10.7
Net credit to public agencies	-0.4	-5.9	-4.5	0.0	-5.3	-3.4	0.0
Claims	3.6	3.5	1.6	6.2	0.6	1.2	0.0
Deposits	-4.1	-9.3	-6.0	-6.2	-5.9	-4.6	0.0
Credit to private sector 1/	121.3	129.6	173.4	163.9	109.0	66.4	81.7
Net position with central bank	20.1	21.0	18.9	112.4	32.5	29.3	30.1
Borrowing	5.0	7.2	6.2	6.5	2.4	0.0	0.0
Reserves	15.1	13.9	12.7	106.0	30.1	29.3	30.1
Deposits	9.0	2.9	1.7	93.1	19.7	18.2	19.2
Currency in vault	6.1	10.9	11.0	12.9	10.4	11.2	10.9
Other items, net	-56.0	-52.1	-75.0	-74.9	-32.6	-2.4	24.1
Liabilities to the private sector	108.4	102.7	108.5	210.4	115.1	162.7	152.8
Demand deposits	73.3	70.7	81.7	185.7	95.2	142.2	103.3
Time deposits	35.1	31.9	26.8	24.7	19.9	20.5	49.4

Sources: Bank of Central African States (BEAC); and staff estimates.

1/ Including public enterprises.

Table 25. Republic of Congo: Interest Rate Structure, 1997–2003

(In percent per annum; end of period or date of change)

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
Central bank rates 1/							
National treasury							
Lending operations							
Advances 2/	7.50	7.00	7.60	7.00	6.50	6.30	6.00
Penalty 3/	10.25	10.50	10.50	10.50	10.50	10.50	10.00
Borrowing operations							
Special deposit (TDRS)	3.00	2.75	3.15	3.60	3.60	2.70	1.95
Banking institutions							
Lending operations							
Prise en pension (TIPP) 4/	9.50	9.00	9.60	9.00	8.50	8.30	7.80
Money market (TIAO) 5/ 6/	7.50	7.00	7.60	7.00	6.50	6.30	6.00
Penalty (TPB) 7/	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Required reserves	…	…	…	…	1.20	0.8	…
Borrowing operations							
Special deposit (TDRS) 8/	3.00	2.75	3.15	3.60	3.60	2.70	1.95
Money market (TISP) 5/ 9/	9.50-15	9.00-15	9.60-15	9.00-15	8.50-15	8.30-15	7.80-15
Certificates 7 days	3.00	2.75	3.15	3.60	3.60	2.70	1.95
Certificates 28 days	3.06	2.81	3.21	3.66	3.66	2.76	2.01
Certificates 84 days	3.13	2.88	3.28	3.73	3.73	2.83	2.08
Commercial bank rates							
Maximum lending rate (TDM) 10/	22.00	22.00	22.00	22.00	18.00	18.00	18.00
Minimum deposit rate (TCM) 11/	5.00	4.75	5.00	5.00	5.00	5.00	5.00

Source: Bank of Central African States (BEAC).

1/ Since February 5, 1996, the BEAC has used certificates of investment (*certificat de placement —appels d'offres négatifs)* auctioned to eligible financial institutions at rates and in amounts determined by the Governor of the BEAC; it has also extended access to the money market to selected nonbank financial institutions, monitored the publication of prime lending rates by lending rates at commercial banks (taux de base bancaire), set maximum penalty rates plus 700 points, and limited the application of minimum deposit rates to passbook saving deposits of less than CFAF 5 million.

2/ Rates apply to advances to national treasuries in the BEAC zone within the central bank's statutory ceilings.

3/ Rates apply to advances to national treasuries in the BEAC zone above the central bank's statutory ceilings.

4/ Rates apply to direct access to central bank credit subject to the provision of acceptable collateral. Rates are set at 100–300 basis points above the money market rates.

5/ The financial institutions admitted to the money market currently are the BIDC, UCB, BGFI, CAIC, and MUCODEC.

6/ The rates are administered by the BEAC and apply to lending operations through auctions in the money market (positive auctions).

7/ Penalty rates apply to nonreimbursed advances in the money market, or as a sanction on individual banking institutions.

8/ Rates apply to free reserves in addition to required reserves deposited with the central bank. Remuneration of free reserves was discontinued on February 5, 1996 after the introduction of certificates of investment.

9/ The rates are administered by the BEAC and apply to certificates of investment offered in the money market since February 5, 1996.

10/ TDM, t*aux débiteur maximum.*

11/ TCM, t*aux créditeur minimum.* Rates apply to small savings deposits only.

Table 26. Republic of Congo: Balance of Payments, 1997–2003 1/

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
	(In billions of CFA francs)						
Current account	-175.3	-237.0	-248.4	182.0	-64.6	-6.9	7.6
Trade balance	588.4	478.5	636.2	1,319.7	1,007.1	1,075.1	1,003.8
Exports, f.o.b.	967.1	808.0	958.0	1,743.8	1,506.6	1,567.3	1,475.6
Oil sector	769.6	708.2	879.6	1,633.2	1,341.4	1,373.8	1,225.7
Non-oil sector	197.5	99.8	78.5	110.6	165.2	193.5	249.9
Imports, f.o.b.	-378.7	-329.4	-321.8	-424.1	-499.5	-492.2	-471.8
Oil sector	-65.4	-108.4	-48.6	-70.3	-179.3	-70.1	-70.1
Government	-153.7	-83.1	-69.9	-91.9	-123.2	-108.4	-81.2
Non-oil private sector	-159.6	-137.9	-203.4	-262.0	-197.0	-313.7	-320.4
Balance of services	-378.7	-436.4	-444.9	-478.5	-462.8	-514.0	-492.8
Oil sector	-302.0	-391.5	-388.5	-381.9	-358.8	-352.4	-352.3
Non-oil sector	-76.6	-45.0	-56.4	-96.6	-104.1	-161.6	-140.5
Balance of goods and services	209.7	42.1	191.3	841.2	544.3	561.1	511.0
Income	-386.1	-277.3	-436.5	-672.6	-611.3	-570.7	-507.2
Labor income	-16.2	-16.7	-19.2	-16.6	-19.2	-21.7	-13.2
Investment income	-369.9	-260.6	-417.3	-656.0	-592.0	-549.0	-494.0
Of which: interest on public debt	-164.3	-148.9	-151.1	-149.5	-145.1	-123.3	-88.3
Current transfers (net)	1.2	-1.8	-3.3	13.4	2.3	2.7	3.8
Private	-2.4	-6.3	-3.6	5.0	-1.9	-1.7	-0.6
Public	3.6	4.5	0.4	8.4	4.2	4.4	4.3
Capital account	211.4	31.3	14.9	14.3	69.2	10.7	8.5
Official grants	1.4	3.6	6.3	6.8	3.7	3.7	9.9
Debt cancellation	203.3	27.7	8.6	6.5	63.6	6.4	-2.6
Other	6.7	0.0	0.0	1.0	1.9	0.7	1.2
Financial account	-34.3	253.7	256.7	-35.1	-107.2	20.8	-5.5
Direct investment (net)	44.2	24.1	319.5	340.2	160.0	156.6	187.4
Of which : oil sector	39.9	43.3	306.9	286.9	152.1	147.8	150.9
Portfolio investment	-3.0	-7.5	-10.9	0.2	-5.3	-5.9	-3.7
Other investment	-75.5	237.1	-51.9	-375.5	-262.0	-129.9	-189.2
Medium and long term	-73.7	139.5	-343.7	-116.4	-206.5	107.3	-65.9
Public sector	-16.1	158.0	76.8	36.6	-44.1	189.4	15.8
Drawings	15.6	2.3	4.3	44.0	73.4	234.1	21.6
Project	3.2	0.5	0.9	8.0	1.3	20.0	13.9
Program	12.4	2.3	3.4	36.0	28.0	0.0	7.7
Amortization	-245.1	-268.2	-258.8	-292.7	-233.6	-259.7	-174.5
Net change in arrears	37.6	338.3	262.5	282.6	104.5	210.8	167.3
Debt rescheduling	175.8	85.7	68.8	2.8	11.6	4.3	1.4

Table 26. Republic of Congo: Balance of Payments, 1996–2002 1/ (concluded)

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
	(In billions of CFA francs)						
Private sector	-57.6	-18.5	-420.6	-153.0	-162.4	-82.1	-81.6
Oil sector	0.4	26.6	139.4	0.0	41.5	38.6	34.4
Non-oil sector	-58.0	-45.1	-560.0	-153.0	-203.9	-120.7	-116.1
Short term	-1.8	97.6	291.8	-259.2	-55.4	-237.3	-123.4
Public	0.0	51.0	0.0	0.0	12.7	12.7	6.4
Private	-1.8	46.6	291.8	-259.2	-68.2	-250.0	-129.8
Oil sector	2.2	0.6	245.3	-242.2	-86.0	-200.0	-103.8
Non-oil sector	-3.9	46.0	46.5	-17.0	17.8	-50.0	-26.0
Of which: commercial banks	-4.3	15.4	-3.9	-26.8	20.4	-35.8	37.5
Errors and omissions	-13.4	-94.4	13.5	-41.1	-1.8	-49.4	0.0
Overall balance of payments	-11.6	-46.4	36.7	120.1	-104.4	-24.8	10.6
Financing	11.6	46.4	-36.7	-120.1	104.4	24.8	-10.6
Reserve financing	11.6	46.4	-36.7	-120.1	104.4	24.8	-10.6
IMF (net)	-1.3	-0.5	-2.6	9.9	-0.9	-6.0	-5.2
Purchases	0.0	5.8	0.0	9.9	0.0	0.0	0.0
Repurchases	-1.3	-6.3	-2.6	0.0	-0.9	-6.0	-5.2
Other reserves	6.0	61.3	-43.2	-136.9	124.0	-17.1	26.8
Financing gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:	(In percent of GDP, unless otherwise indicated)						
Current account							
Excluding public transfers	-13.2	-21.0	-17.2	7.6	-3.4	-0.5	0.2
Oil sector	8.4	9.9	7.4	14.0	12.5	26.3	19.3
Non-oil sector	-21.4	-30.4	-24.3	-6.7	-15.8	-26.8	-19.1
Including public transfers	-12.9	-20.6	-17.1	7.9	-3.2	-0.3	0.4
Capital account	15.6	2.7	1.0	0.6	3.4	0.5	0.4
Gross reserves (in billions of CFA francs)	37.8	2.3	27.8	158.6	53.6	22.2	21.4
In months of imports of goods	0.6	0.0	0.4	1.9	0.6	0.2	0.2
GDP (in billions of CFA francs)	1,355.7	1,150.1	1,449.3	2,292.5	2,043.4	2,103.0	2,040.0
CFA francs per U.S. dollar							
Average	803.2	800.2	841.9	939.0	933.2	902.5	811.1
End-of-period	807.9	791.6	896.2	918.5	935.4	850.4	755.7

Sources: Bank of Central African States (BEAC); and staff estimates.

1/ Data being revised extensively.

Table 27. Republic of Congo: Balance of Payments of the Oil and Non-Oil Sectors, 1999–2003 1/

	1999		2000		2001		2002		2003	
	Oil sector	Non-oil sector	Oil sector	Non-oil sector	Oil sector	Non-oil sector	Oil sector	Non-oil sector	Oil sector	Non-oil sector
	(In billions of CFA francs)									
Current account	106.6	-355.0	321.1	-139.1	255.9	-320.5	554.0	-561.0	393.4	-385.8
Trade balance	831.0	-194.8	1,562.9	-243.2	1,162.1	-155.0	1,303.7	-228.6	1,155.5	-151.7
Exports, f.o.b.	879.6	78.5	1,633.2	110.6	1,341.4	165.2	1,373.8	193.5	1,225.7	249.9
Imports, f.o.b.	-48.6	-273.2	-70.3	-353.9	-179.3	-320.2	-70.1	-422.1	-70.1	-401.6
Services, net	-388.5	-56.4	-381.9	-96.6	-358.8	-104.1	-352.4	-161.6	-352.3	-140.5
Balance on goods, services, and income	442.5	-251.1	1,181.0	-339.8	803.3	-259.0	951.3	-390.2	803.2	-292.2
Income	-335.9	-100.6	-859.9	187.3	-547.5	-63.8	-397.3	-173.4	-409.8	-97.4
Current transfers, net	0.0	-3.3	0.0	13.4	0.0	2.3	0.0	2.7	0.0	3.8
Capital account	0.0	14.9	0.0	14.3	0.0	69.2	0.0	10.7	0.0	8.5
Financial account	100.4	156.3	-90.7	55.6	-28.6	-78.6	147.9	-127.1	-6.5	1.0
Direct investment	0.0	319.5	0.0	340.2	0.0	160.0	0.0	156.6	0.0	187.4
Portfolio investment	0.0	-10.9	0.0	0.2	0.0	-5.3	0.0	-5.9	0.0	-3.7
Other investment	100.4	-152.3	-90.7	-284.8	-28.6	-233.4	147.9	-277.9	-6.5	-182.8
Medium and long term	-144.9	-198.8	151.5	-267.8	57.3	-263.9	347.9	-240.6	98.6	-164.4
Short term	245.3	46.5	-242.2	-17.0	-86.0	30.5	-200.0	-37.3	-105.0	-18.4
Errors and omissions	0.0	13.5	0.0	-41.1	0.0	-1.8	0.0	-49.4	0.0	0.0
Overall balance	207.0	-170.3	230.4	-110.3	227.3	-331.7	702.0	-726.8	386.9	-376.3
Memorandum items:	(In percent of GDP)									
Exports	60.7	5.4	71.2	4.8	65.6	8.1	65.3	9.2	60.1	12.2
Imports	-3.4	-18.9	-3.1	-15.4	-8.8	-15.7	-3.3	-20.1	-3.4	-19.7
Services, net	-26.8	-3.9	-16.7	-4.2	-17.6	-5.1	-16.8	-7.7	-17.3	-6.9
Current account	7.4	-24.5	14.0	-6.1	12.5	-15.7	26.3	-26.7	19.3	-18.9
Capital account	0.0	1.0	0.0	0.6	0.0	3.4	0.0	0.5	0.0	0.4
Overall balance	14.3	-11.7	10.0	-4.8	11.1	-16.2	33.4	-34.6	19.0	-18.4

Sources: Bank of Central African States (BEAC); and staff estimates.

1/ Data being revised extensively.

Table 28. Republic of Congo: Composition of Exports, 1997–2003

(In billions of CFA francs, unless otherwise indicated)

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
Total exports, f.o.b.	967.1	808.0	958.0	1,743.8	1,506.6	1,567.3	1,475.6
Oil	769.6	708.2	879.6	1,633.2	1,341.4	1,373.8	1,225.7
Non-oil	197.5	99.8	78.5	110.6	165.2	193.5	249.9
Crude oil	763.6	707.5	878.8	1,619.3	1,287.6	1,375.7	1,109.8
Volume (millions of tons)	11.5	12.5	13.0	12.9	11.1	11.6	11.1
Unit value (thousands of CFA francs per ton)	66.4	56.6	67.6	125.5	116.0	118.8	112.3
WEO oil price (U.S. dollar per barrel)	19.3	13.1	18.0	28.2	24.3	25.0	29.0
Congolese oil export price (U.S. dollar per barrel)	17.6	11.3	16.8	26.2	21.9	23.0	27.4
Refined products	5.6	0.6	0.6	13.7	3.3	17.5	0.0
Volume (millions of tons)	0.1	0.0	0.0	0.2	0.1	0.2	0.0
Unit value (CFA francs per ton)	70.0	70.0	70.0	83.4	55.1	75.8	69.1
Wood	41.5	83.3	51.9	67.8	97.0	124.5	176.6
Volume (thousands of cubic meters)	558.2	693.1	756.7	720.2	874.4	982.8	1,433.4
Unit value (CFA francs per cubic meter)	74.4	120.2	68.5	94.1	111.0	126.6	123.2
Sugar	8.7	6.5	6.5	9.0	10.5	10.6	12.6
Volume (tons)	33.0	27.6	21.7	30.4	33.8	33.2	33.2
Unit value (CFA francs per kilogram)	264.4	236.0	300.2	295.6	310.0	319.7	379.0
Other, value	147.2	10.0	20.1	33.9	57.7	58.4	60.7

Sources: Congolese authorities; and staff estimates.

Table 29. Republic of Congo: Services, Income, and Transfers, 1997–2003 1/

(In billions of CFA francs)

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
Services	-378.7	-436.4	-444.9	-478.5	-462.8	-514.0	-492.8
Oil	-302.0	-391.5	-388.5	-381.9	-358.8	-352.4	-352.3
Non-oil	-76.6	-45.0	-56.4	-96.6	-104.1	-161.6	-140.5
Credit	58.2	69.4	89.9	97.2	129.7	129.1	132.4
Transport, insurance and other services	52.9	64.5	82.2	88.5	113.7	119.4	122.7
Travel	5.3	4.9	7.7	8.6	16.0	9.7	9.7
Debit	-436.9	-505.8	-534.8	-575.7	-592.5	-643.2	-625.2
Transport, insurance and other services	-398.8	-474.2	-496.0	-540.4	-571.6	-619.1	-601.2
Travel	-38.1	-31.6	-38.8	-35.3	-20.9	-24.0	-24.0
Income (net)	-386.1	-277.3	-436.5	-672.6	-611.3	-570.7	-507.2
Oil	-199.6	-121.4	-289.7	-517.3	-428.5	-397.3	-409.8
Non-oil	-187.4	-156.4	-146.8	-155.3	-182.7	-173.4	-97.4
Labor income	-369.9	-260.6	-417.3	-656.0	-592.0	-549.0	-494.0
Investment income	-16.2	-16.7	-19.2	-16.6	-19.2	-21.7	-13.2
Transfers (net)	1.2	-1.8	-3.3	13.4	2.3	2.7	3.8
Private	-2.4	-6.3	-3.6	5.0	-1.9	-1.7	-0.6
Oil sector	-3.1	-7.7	-8.2	-9.9	5.3	-4.9	0.0
Non-oil sector	0.7	1.3	4.5	14.9	-7.2	3.2	-0.6
Public	3.6	4.5	0.4	8.4	4.2	4.4	4.3

Sources: Bank of Central African States (BEAC); and staff estimates.

1/ Data being revised extensively.

Table 30. Republic of Congo: Capital and Financial Accounts, 1997–2003

(In billions of CFA francs)

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
Capital account	211.4	31.3	14.9	14.3	69.2	10.7	8.5
Government grants	1.4	3.6	6.3	6.8	3.7	3.7	9.9
Debt cancellation	203.3	27.7	8.6	6.5	63.6	6.4	-2.6
Current debt service cancelled	67.0	27.7	8.6	6.5	4.7	6.4	-2.6
Arrears cancelled	136.4	0.0	0.0	0.0	58.9	0.0	0.0
Other	6.7	0.0	0.0	1.0	1.9	0.7	1.2
Oil sector	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-oil sector	6.7	0.0	0.0	1.0	1.9	0.7	1.2
Financial account	-34.3	253.7	256.7	-35.1	-107.2	20.8	-5.5
Direct investment (net)	44.2	24.1	319.5	340.2	160.0	156.6	187.4
Oil sector	39.9	43.3	306.9	286.9	152.1	147.8	150.9
Non-oil sector	4.2	-19.2	12.6	53.3	7.9	8.8	36.5
Portfolio investment	-3.0	-7.5	-10.9	0.2	-5.3	-5.9	-3.7
Other investment	-75.5	237.1	-51.9	-375.5	-262.0	-129.9	-189.2
Medium and long term	-73.7	139.5	-343.7	-116.4	-206.5	107.3	-65.9
Public sector	-16.1	158.0	76.8	36.6	-44.1	189.4	15.8
Drawings	15.6	2.3	4.3	44.0	73.4	234.1	21.6
Amortization	-245.1	-268.2	-258.8	-292.7	-233.6	-259.7	-174.5
Change in arrears	37.6	338.3	262.5	282.6	104.5	210.8	167.3
Debt rescheduling	175.8	85.7	68.8	2.8	11.6	4.3	1.4
Private sector	-57.6	-18.5	-420.6	-153.0	-162.4	-82.1	-81.6
Drawings	2.5	32.6	144.2	4.8	45.6	42.7	39.7
Of which: oil sector	0.4	26.6	139.4	0.0	41.5	38.6	34.4
Amortization	-60.6	-51.3	-564.4	-157.7	-208.0	-124.9	-121.3
Of which: oil sector	-59.4	-47.8	-559.8	-132.8	-200.0	-115.7	-103.3
Other private investments	0.5	0.3	-0.3	-0.1	0.1	0.1	0.0
Short term	-1.8	97.6	291.8	-259.2	-55.4	-237.3	-123.4
Public sector	0.0	51.0	0.0	0.0	12.7	12.7	6.4
Drawings	0.0	51.0	0.0	0.0	0.0	10.2	2.6
Amortization	0.0	0.0	0.0	0.0	0.3	0.1	0.1
Other	0.0	0.0	0.0	0.0	12.5	2.5	5.0
Private sector	-1.8	46.6	291.8	-259.2	-68.2	-250.0	-129.8

Sources: Congolese authorities; and staff estimates.

Table 31. Republic of Congo: External Trade Indices, 1997–2003

(Index, 1990=100, unless otherwise indicated)

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
Total exports, f.o.b.							
Value index	255.8	213.7	253.4	461.3	398.5	414.6	390.3
In percent change	14.3	-16.5	18.6	82.0	-13.6	4.0	-5.9
Volume index	143.0	155.1	165.8	166.2	138.1	149.8	142.8
In percent change	14.2	8.5	6.9	0.2	-16.9	8.4	-4.7
Unit value index	178.9	137.8	152.8	277.6	288.5	276.8	273.3
In percent change	0.0	-23.0	10.9	81.6	3.9	-4.0	-1.2
Crude oil							
Value index	252.5	234.0	290.6	535.5	425.8	455.0	413.1
In percent change	4.2	-7.3	24.2	84.3	-20.5	6.8	-9.2
Volume index	153.8	167.2	173.9	172.5	148.5	154.9	141.8
In percent change	15.0	8.7	4.0	-0.8	-14.0	4.3	-8.5
Unit value index	164.2	140.0	167.2	310.4	286.8	293.8	291.4
In percent change	-9.4	-14.8	19.4	85.7	-7.6	2.4	-0.8
Refined products							
Value index	58.3	5.8	5.8	142.9	34.1	182.3	...
In percent change	-15.2	-90.0	0.0	2,352.9	-76.1	434.6	...
Volume index	24.8	2.5	2.5	51.1	18.4	71.7	...
In percent change	-46.7	-90.0	0.0	1,958.8	-63.9	288.6	...
Unit value index	234.9	234.9	234.9	279.9	184.9	254.4	...
In percent change	59.1	0.0	0.0	19.1	-33.9	37.6	...
Non-oil products							
Value index	261.0	131.9	103.7	146.2	218.3	255.7	330.2
In percent change	91.4	-49.5	-21.4	41.0	49.3	17.1	29.2
Volume index	104.6	70.8	77.1	87.3	102.4	105.5	134.5
In percent change	42.6	-32.4	8.9	13.3	17.2	3.1	27.4
Unit value index	249.4	186.4	134.5	167.4	213.3	242.3	245.6
In percent change	34.3	-25.3	-27.8	24.5	27.4	13.6	1.4
Wood							
Value index	94.4	189.3	117.8	154.0	220.5	282.9	401.4
In percent change	12.9	100.5	-37.7	30.7	43.2	28.3	41.9
Volume index	48.3	60.0	65.5	62.3	75.7	85.1	124.1
In percent change	1.0	24.2	9.2	-4.8	21.4	12.4	45.8
Unit value index	195.4	315.5	179.9	247.0	291.3	332.4	323.4
In percent change	11.8	61.5	-43.0	37.3	17.9	14.1	-2.7

Table 31. Republic of Congo: External Trade Indices, 1997–2003 (concluded)

(Index, 1990=100, unless otherwise indicated)

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
Sugar							
Value index	466.6	348.3	348.0	480.5	560.0	567.6	672.9
In percent change	43.9	-25.3	-0.1	38.1	16.5	1.4	18.6
Volume index	183.3	153.3	120.4	168.9	187.7	184.4	184.4
In percent change	52.1	-16.4	-21.5	40.2	11.1	-1.7	0.0
Unit value index	254.5	227.2	289.0	284.5	298.4	307.7	364.8
In percent change	-5.4	-10.7	27.2	-1.5	4.9	3.1	18.6
Other							
Value index	317.9	21.6	43.4	73.2	124.6	126.1	131.1
In percent change	144.1	-93.2	101.0	68.7	70.2	1.2	3.9
Volume index	115.8	106.7	93.0	115.6	131.7	134.8	154.3
In percent change	37.6	-7.9	-12.8	24.4	13.9	2.3	14.5
Unit value index	274.5	20.2	46.7	63.3	94.6	93.6	85.0
In percent change	77.5	-92.6	130.6	35.6	49.4	-1.1	-9.2
Terms of trade index	85.6	63.2	86.9	134.5	120.2	119.9	122.3
In percent change	2.9	-26.2	37.4	54.9	-10.7	-0.3	2.0
Terns of trade index, excluding oil	128.4	80.3	73.0	80.1	77.9	125.3	152.7
In percent change	59.9	-37.5	-9.1	9.8	-2.8	60.9	21.9

Sources: Congolese authorities; and staff estimates.

Table 32. Republic of Congo: External Public Debt and Debt Service, 1997–2003

	1997	1998	1999	2000	2001	2002 Est.	2003 Prel.
	(In billions of CFA francs)						
Total medium- and long-term debt outstanding	2,982.4	3,041.4	3,357.0	3,741.9	4,010.3	3,767.3	3,766.9
Of which: arrears	678.6	1,016.9	1,279.4	1,793.5	2,282.6	2,242.5	2,405.6
Total medium- and long-term debt outstanding (excluding IMF)	2,962.3	3,022.2	3,338.1	3,712.8	3,981.5	3,744.4	3,749.1
Multilateral creditors	348.4	356.3	397.9	421.4	376.6	382.3	366.3
Paris Club creditors	1,730.4	1,810.3	1,976.9	2,104.8	2,231.1	2,116.8	2,173.2
Other official creditors	137.9	136.9	154.0	206.2	152.6	141.8	142.5
Commercial banks	333.7	330.3	347.3	547.5	852.0	726.6	726.6
Collateralized debt	351.9	330.7	353.1	319.9	247.5	258.2	220.7
Other private creditors	60.0	57.8	108.9	113.0	121.6	118.7	119.6
Outstanding IMF credit	20.1	19.1	18.9	29.1	28.8	22.9	17.8
Debt service due	410.7	423.3	412.5	442.3	379.6	389.1	269.6
Principal	246.4	274.5	261.4	292.7	234.5	265.7	179.7
Interest	164.3	148.9	151.1	149.6	145.1	123.3	89.9
Multilateral (including IMF)	43.0	49.4	46.5	49.3	42.7	44.5	35.7
Bilateral	277.8	270.9	251.1	235.0	192.2	177.5	168.4
Commercial banks	1.3	1.6	5.6	7.4	0.0	0.0	0.0
Collateralized debt	95.2	100.9	102.9	134.9	129.3	151.4	54.4
Other	-6.6	0.5	6.4	15.7	15.5	15.7	11.1
Debt rescheduling	175.8	85.7	68.8	2.8	11.6	4.3	1.4
Debt service	78.6	53.0	55.9	1.2	3.3	4.3	1.4
Arrears	97.2	32.7	12.9	1.6	8.3	0.0	0.0
Debt cancellation	203.3	27.7	8.6	6.5	63.6	6.4	0.1
Debt service due after debt relief	265.1	342.7	348.0	434.6	371.6	378.4	268.1
Principal	157.8	200.9	197.0	285.9	227.8	262.2	178.2
Interest	107.3	141.8	151.0	148.7	143.8	116.2	89.9

Table 33. Republic of Congo: Exchange Rate Indices, 1997–2003

(Index, 1990 = 100)

	Real Effective Exchange Rate	Nominal Effective Exchange Rate
1997	81.70	64.62
I	75.77	65.12
II	76.42	64.49
III	84.60	63.68
IV	90.01	65.17
1998	83.49	65.72
I	85.04	64.94
II	82.49	65.33
III	81.51	66.10
IV	84.90	66.50
1999	83.93	64.84
I	85.42	65.97
II	83.59	64.85
III	83.59	64.56
IV	83.11	63.97
2000	78.96	61.94
I	83.94	62.93
II	80.10	62.02
III	77.15	61.62
IV	74.63	61.20
2001	78.62	62.59
I	77.16	62.74
II	77.73	62.13
III	79.02	62.62
IV	80.57	62.86
2002	81.56	63.97
I	80.22	62.54
II	82.08	63.34
III	81.48	64.53
IV	82.46	65.49
2003	83.53	66.72
I	82.49	66.29
II	82.56	67.02
III	83.05	66.73
IV	86.01	66.82

Source: IMF, Information Notice System.

Republic of Congo: Summary of Tax System, 2004

Taxes	Scope	Exemptions	Rate	Taxable Base
1. Taxes on income				
1.1 Personal income tax (*impôt sur le revenu des personnes physiques (IRPP)).*	Individuals, irrespective of nationality, resident in Congo for tax purposes and individuals not domiciled in Congo but earning income there.	Individuals whose net income is less than CFAF 200,000.	*Income (CFA francs)* / *Rate (Percent)* 200,000<800,000 15 800,000<2,500,000 30 2,500,000<8,000,000 45 Over 8,000,000 50	Income split system, with a maximum of 6.5 shares: the taxpayer's family situation is taken into account splitting income into parts (*quotient familial*); one part for the taxpayer; one part for the spouse; and one-half of a part for each dependent child up to a limit of nine.
1.1.1 Real estate income tax (*impôt sur les revenus fonciers).*	Income from improved or unimproved property; fees pertaining to rights of ownership; concession of carrier exploitation rights; lease of advertising rights.	Real estate not leased, or occupied free of charge by descendants or forebears.	As indicated in 1.1	Rents collected, with a deduction of 30 percent; 95 percent of advertising revenue is taxed.
1.1.2 Tax on wages, salaries, pensions, and annuities (*impôt sur les traitements, salaires, pensions et rentes viagères).*	Salaries, allowances, remittances, gratuities, wages, fees, pensions, and annuities.	Allowances intended to defray expenses related to a job or employment, family allowances, unemployment benefits, and war pensions.	As indicated in 1.1	Income collected with a lump-sum deduction of 20 percent. Including benefits in kind.

Republic of Congo: Summary of Tax System, 2004

Taxes	Scope	Exemptions	Rate	Taxable Base
1.1.3 Tax on industrial, commercial, and agricultural earnings (*impôt sur les bénéfices industriels, commerciaux et agricoles).*	Profits from commercial, industrial, artisanal, or agricultural operations; profits from lease of furnished rooms.	Profits from a new entity (enterprise or plantation, for the first two fiscal years).	As indicated in 1.1	Net profit = difference between net asset value at the beginning and end of the period. Presumptive earnings for those taxpayers with turnover not exceeding the following limits: CFAF 30 million for sales, CFAF 20 million for craftsmen, and CFAF 10 million for the rendering of services.
1.1.4 Tax on profits from independently operating professionals (*impôt sur les bénéfices des professions non commerciales).*	Income earned by attorneys, notaries/solicitors, and architects.		As indicated in 1.1	Profit = surplus of total receipts over business expenses. Profit calculated with a lump-sum deduction for those taxpayers whose total gross income is less than CFAF 10 million.
1.1.5 Tax on compensation earned by directors with majority shareholdings (*impôt sur les rémunérations des gérants majoritaires*).	Salaries and lump-sum payments granted to directors (with majority shareholdings) of limited liability corporations (SARLs) or the managers of limited equity partnerships.		As in indicated in 1.1	Compensation earned after deduction of business-operating expenses actually incurred by the beneficiary.
1.1.6 Investment income tax (*impôt sur les revenus des capitaux mobiliers).*	Proceeds from stocks, shares, bonds, deposits, other claims, and profit-sharing schemes.	Income from agricultural credit unions. Interest on treasury securities.	As indicated in 1.1	The entire amount of income distributed or earned.

Republic of Congo: Summary of Tax System, 2004

Taxes	Scope	Exemptions	Rate	Taxable Base
1.1.7 Capital gains tax on real estate (*impôt sur les plus-values immobilières*).	Capital gains realized upon the sale or exchange of real estate, whether improved or unimproved.		10 percent for local governments. 15 percent for Treasury.	Difference between the sales price and the purchase price/ construction cost with a deduction of 3 percent (unimproved property) or 5 percent (improved property).
1.2 Corporate income tax (*impôt sur les sociétés).*	Business corporations, cooperatives, and public entities and government agencies with financial autonomy; commercial activities of noncommercial companies and private clubs.	Agriculture cooperatives, and public low-cost housing providers, Agricultural credit unions. New companies (For the first two fiscal years, under certain conditions).	30 percent, for agriculture and housing companies. 35 percent for nonoil-foreign-owned companies. 38 percent for all the other companies.	Taxable profits. Taxable profits estimated at 22 percent of turnover.
1.3 Withholding tax on income from securities (*impôt sur le revenu des valeurs mobilières).* This tax represents an advance payment on the IRPP category of "investment income."	Dividends and other income from equities; interest and profits from shares in partnerships.	Income from government securities; shares in partnerships subject to real estate tax.	20 percent, 22 percent, or 30 percent, depending on the type of income involved.	Distributed earnings.
1.4 Tax on real estate income (*taxe immobilière sur les loyers).* This tax is deductible from the IRPP.	Income from improved or unimproved property.	Embassies.	One-twelfth of rents.	Rents falling due during the year.

Republic of Congo: Summary of Tax System, 2004

Taxes	Scope	Exemptions	Rate	Taxable Base
2. Indirect taxes				
2.1 Value added tax (VAT) (*taxe sur la valeur ajoutée*).	Individuals or legal entities, including government entities engaging in taxable operations, i.e., operations associated with a business activity.	Sale of locally produced items by farmers, fishermen, and hunters. Sale of philatelic items (*figurines postales)*, Printing and imports of newspapers. Art works Social, medical, or educational services, and basic necessity goods.	Normal rate: 18 percent. Zero rate for exports, international transportation, and the eucalyptus sector.	Sales value of nonexempted items, with tax credit for purchased inputs. Customs value plus duties and taxes assessed by customs, including excises.
2.2 Excises (*droits d'accises).*	Tobacco, alcohol, jewelry, worked gold, passenger cars, and consumer electronics.	All other goods and all services.	24 percent.	Same tax base as the VAT.
2.3 VAT surtax (*centimes additionnels).*	All goods and services subject to the VAT.	Goods and services exempt from the VAT.	5 percent.	VAT assessed on goods and services.
2.4 Special tax on companies (*taxe spéciale sur les sociétés*); this tax is deductible from the corporate income tax.	Business corporations, limited liability corporations, and limited equity partnerships.	Same exemptions and waivers as with the corporate income tax.	1-2 percent.	Overall turnover, including miscellaneous income and profits.
2.5 Tax on insurance policies (*taxe sur les contrats d'assurance).*	Insurance companies.	Reinsurance operations, insurance covering export credits, and insurance policies exempt from stamp tax and registration fees.	4 percent, 5 percent, 8 percent, or 25 percent depending on the type of policies underwritten.	Amounts payable to the insurer.

Republic of Congo: Summary of Tax System, 2004

Taxes	Scope	Exemptions	Rate	Taxable Base
3. Taxes on professional activities				
3.1 Business license tax (*contribution des patentes).*	Individuals or legal entities engaging in an industrial, commercial, noncommercial, or artisanal activity.	The state, municipalities, and provident funds; partners in partnerships, business corporations, public or private institutions caring for poor children; painters, sculptors, and holders of mining concessions.	Fixed duties and/or variable rates depending on the activity, equipment, and personnel.	Activity engaged in, equipment used, or number of employees.
3.2 Liquor license tax (*contribution des licences).*	Individuals or legal entities engaged in the sale of alcoholic beverages.	Nonalcoholic beverages.	Amount varies according to the license category.	
3.3 Special tax on importers (*taxe spéciale importateur*).	Parties subject to the business license tax engaging in imports of goods for domestic use.		Amount varies according to the items imported.	
3.4 Tax on the rental value of business premises (*taxe sur la valeur locative des locaux professionnels*).	Business establishments.	Establishments temporarily exempted from the business license tax.	15 percent.	Rent paid. Rental value.
4. Taxes on property				
4.1 Tax on improved property (*contribution foncière des propriétés bâties*).	Developed property built on masonry foundations; uncultivated land for commercial or industrial use; and equipment belonging to establishments permanently attached to the ground.	Real estate owned by central or local government; embassy hotels; buildings reserved for public worship; buildings reserved for education, athletic purposes, and rural farm buildings.	15–20 percent.	Rental value less 25 percent for properties used for business purposes. Land registry value less 25 percent in the case of properties used for residences.

Republic of Congo: Summary of Tax System, 2004

Taxes	Scope	Exemptions	Rate	Taxable Base
4.2 Tax on unimproved property (*contribution foncière des propriétés non bâties*).	Miscellaneous undeveloped properties.	Roads, streets, and thoroughfares; property owned by central or local government; and surface area of mines or tracks.	Rates fixed by communal and departmental councils.	50 percent of the land registry value. Lump-sum market value for unimproved rural properties.
4.3 Tax on company passenger cars (*taxe sur les véhicules de tourisme des sociétés*).	Entities subject to the corporate income tax.	Passenger cars that are more than 10 years old.	CFAF 200,000–300,000.	Type of vehicules.
4.4 Land tax (*taxe sur les terrains*).	Common land. Land undeveloped or insufficiently developed. Unutilized land.	Land exempt from real estate tax; land not served by passable roads; and land on which construction is legally prohibited.	Fixed tax assessed on the basis of the type of land in question.	Surface area of the land.
4.5 Tax on television sets *(taxe sur les récepteurs de télévision)*.	Levied on owners of television sets and radios.	Public entities, schools owning television sets for eductional use.	CFAF 6,000.	Television set; radio station.
5. Payroll taxes				
5.1 Lump-sum payroll tax (*taxe forfaitaire)*. Payable on the same due dates as the IRPP.	Employers and payers of annuities.	The state, diplomatic missions, local offices of international agencies, wages earned by the spouse of the individual smallholder, and financially independent government agencies.	5 percent on total wages, plus 4 percent on the fraction exceeding 1,500,000 per employee per year.	Gross amount of wages; and benefits in kind.
5.2 Apprenticeship tax *(taxe d'apprentissage)*	Levied on public or private enterprises of one employee or more.	At the request of enterprises engaged in training of their employees.	1 percent on total salaries and wages.	Wages and salaries.

Republic of Congo: Summary of Tax System, 2004

Taxes	Scope	Exemptions	Rate	Taxable Base
6. Other taxes				
6.1 Registration fees *(droits d'enregistrement)*	Attorneys, notaries, inheritance rights, juridical acts, donations.	Acts aimed for free of charge registration and for registration in balance.	Fixed rates from 5,000 to 15,000.	Value of the property of inheritance rights or value declared at the juridical act.
6.2 Stamp taxes *(contribution du timbre)*	Stamped paper for many legal documents in certain acts; passports; residence permits; identity cards; airline tickets.	Acts exempted or subjected to a special visa, or acts aimed for stamp in balance.	Fixed rates vary from CFAF 1,000 to CFAF 20,000.	Type of paper used.

Source: General Directorate of Taxes, Ministry of Economy, Finance, and the Budget.

Note: The personal income tax (item 1.1), the corporate income tax (item 1.2), and the VAT (item 2.1) generate about 90 percent of tax revenue.