



DEMOCRATIC REPUBLIC OF CONGO

January 2025

REQUESTS FOR AN ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY AND AN ARRANGEMENT UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR THE DEMOCRATIC REPUBLIC OF CONGO

In the context of the requests for an arrangement under the extended credit facility and an arrangement under the resilience and sustainability facility, the following documents have been released and are included in this package:

- A **Press Release** including a statement by the Chair of the Executive Board.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on January 15, 2025, following discussions that ended on November 13, 2024, with the officials of the Democratic Republic of Congo on economic developments and policies underpinning the IMF arrangement under the Extended Credit Facility and the Resilience and Sustainability Facility. Based on information available at the time of these discussions, the staff report was completed on December 20, 2024.
- A **Debt Sustainability Analysis** prepared by the staffs of the IMF and the Internal Development Association.
- A **World Bank Assessment Letter** for the Resilience and Sustainability Facility.
- A **Statement by the Executive Director** for the Democratic Republic of Congo.

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

Copies of this report are available to the public from
International Monetary Fund • Publication Services
PO Box 92780 • Washington, D.C. 20090
Telephone: (202) 623-7430 • Fax: (202) 623-7201
E-mail: publications@imf.org Web: <http://www.imf.org>

International Monetary Fund
Washington, D.C.



IMF Executive Board Approves a 38-month US\$1,729 million Extended Credit Facility Arrangement, and a US\$1,038 million Resilience and Sustainability Facility Arrangement for the Democratic Republic of the Congo

FOR IMMEDIATE RELEASE

- *The Executive Board of the International Monetary Fund (IMF) approved today a 38-month arrangement for The Democratic Republic of the Congo under the Extended Credit Facility (ECF), in the amount of US\$1,729 million (125 percent of quota), as well as a 38-month arrangement under the Resilience and Sustainability Facility (RSF), in the amount of US\$1,038 million (75 percent of quota).*
- *The ECF-supported program aims to preserve macroeconomic stability, improve the business climate, enhance governance and transparency, and foster inclusive growth.*
- *The RSF-supported program will support DRC in advancing its climate adaptation and mitigation agenda while consolidating its role as a "solution country" in the transition to a low-carbon global economy.*

Washington, DC – January 15, 2025: The Executive Board of the International Monetary Fund (IMF) approved today a 38-month arrangement for The Democratic Republic of the Congo under the Extended Credit Facility (ECF), in the amount of SDR1,332.5 million (about US\$1,729 million or 125 percent of quota), as well as a 38-month arrangement under the Resilience and Sustainability Facility (RSF), in the amount of SDR799.5 million (about US\$1,038 million or 75 percent of quota).

Economic activity remained strong in 2024, with real GDP growth projected at 6.0 percent. Inflation, which peaked at 23.8 percent at the end of 2023, decelerated to 12.8 percent in November 2024 and continued its decline in recent weeks. The domestic fiscal balance is projected to have narrowed in 2024, as stronger-than-expected revenue mobilization was only partially absorbed by higher-than-anticipated wage bill and exceptional security expenditures. The current account deficit also is projected to have narrowed, thereby helping strengthen international reserves.

The new ECF-supported program aims to build on the progress made under the 2021-2024 ECF program completed in July 2024, by preserving macroeconomic stability, improving the business climate, enhancing governance and transparency, and fostering inclusive growth. The ambitious endeavor entails among other things continued strong revenue mobilization efforts and deeper public financial management reforms, with a focus on enhancing efficiency and accountability in the use of public resources.

The RSF-supported program aims to help DRC realize its strategic vision as a “solution country” in the transition towards a low-carbon global economy, while strengthening its resilience to climate shocks.

At the conclusion of the Executive Board’s discussion, Mr. Okamura, Deputy Managing Director, and Chair stated¹ :

“The economy of the Democratic Republic of the Congo (DRC) has remained resilient with robust economic growth, declining inflation and fiscal deficits despite the significant challenges it faces, including a recent pickup in decades-long armed conflicts in its eastern part and a public health crisis linked to the Mpox outbreak. These challenges have imposed heavy human and economic costs to the DRC. The outlook is positive, though subject to substantial downside risks, including from the above-mentioned conflicts.

“The authorities have made progress under the 2021 ECF, thereby helping achieve a stronger-than-expected economic growth and a build-up of foreign exchange reserves. However, macroeconomic policy, structural and climate-related challenges remain and require deeper reforms.

“Under the new ECF arrangement, the authorities plan to boost growth and create fiscal space for priority investment and social spendings. This would be achieved by strengthening domestic revenue mobilization and stepping up fiscal discipline, including through a stricter adherence to normal expenditure chain procedures, the operationalization of the Directorate-General of the Treasury and Public Accounting, the decentralization of payment authorization, and the setting up a Treasury Single Account. A gradual transition toward a resource-based fiscal framework, to insulate the budget from volatile mining revenues, and to curb procyclicality of spending would be important. The authorities also aim to improve the business climate, governance, and transparency, and more decisively tackle corruption.

“The Central Bank of the Congo (BCC) has appropriately maintained a tight monetary policy stance to combat inflation, which has consequently declined substantially in 2024. The authorities aim to continue efforts to accumulate international reserves, strengthen the monetary policy implementation framework and the foreign exchange intervention strategy, to help enhance the transmission of monetary policy and alleviate pressures in the foreign exchange market.

“The new RSF arrangement will provide the necessary support to navigate the ongoing challenges and advance the country’s climate adaptation and mitigation agenda while consolidating its role as a “solution country” in the transition to a low-carbon global economy. In particular, the RSF-supported program will focus on protecting the DRC’s significant rainforest, building resilience to climate disasters, and better integrating climate considerations into public investment management.”

¹ At the conclusion of the discussion, the Managing Director, as Chairman of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country’s authorities. An explanation of any qualifiers used in summing up can be found here:

<http://www.IMF.org/external/np/sec/misc/qualifiers.htm>.

Table 1. Democratic Republic of the Congo: Selected Economic and Financial Indicators, 2023-26

[illegible]



DEMOCRATIC REPUBLIC OF CONGO

REQUESTS FOR AN ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY AND AN ARRANGEMENT UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY

EXECUTIVE SUMMARY

Context. The authorities have requested a new ECF-supported program, to deepen reforms undertaken under the previous program (completed in July 2024). They have also requested a program under the Resilience and Sustainability Facility (RSF).

Program objectives and modalities. The authorities have requested 38-month arrangements under the ECF and RSF, with access of 125 and 75 percent of DRC's quota (SDR 1,066 million) respectively, amounting to SDR 1,332.5 million under the ECF and SDR 799.5 million under the RSF. They also requested that part of the ECF access (50 percent of quota) be disbursed as budget support. The ECF-supported program aims to preserve macroeconomic stability, foster robust, diversified and inclusive growth, alleviate poverty, improve the business climate, and enhance governance and transparency. The RSF-supported program aims to help DRC take measures that will help advance its adaptation and mitigation agenda and preserve its role as a "solutions country" in the global low-carbon transition.

Program policies. The key priorities for the ECF-supported program are to enhance the utilization and accountability of public resources by enforcing strict adherence to spending procedures (the "expenditure chain"); transition to a resource-based fiscal framework to insulate the budget from volatile mining revenue; mobilize revenue to better address priority spending needs; and build external buffers to enhance resilience to shocks. The key priorities of the RSF-supported program are to protect DRC's rainforests—second in size only to the Amazon—build resilience to climate disasters and integrate climate considerations into public investment management.

Staff views. Staff supports the authorities' request for the ECF and RSF arrangements. The Letter of Intent (LOI) and the Memorandum of Economic and Financial Policies (MEFP) demonstrate program ownership and appropriate policies, as well as needed safeguards. Staff supports the levels of access as well as the partial allocation of ECF access for budget support, with the associated safeguards discussed in the report.

December 20, 2024

Approved By
Annalisa Fedelino
(AFR), Geremia
Palomba (SPR)

Discussions took place during October 31-November 13, 2024 in Kinshasa. The staff team comprised C. Ahokpossi (head), R. Barbosa, L. Drissi Bourhanbour, and F. Rahim (all AFR), D. Al Masri, L. Gores (FAD), J. Capella-Ramos (SPR), R. Tapsoba (Resident Representative), M. Tovar Soria (STA), and E. Gbadi and H. Katuala (local economists). Mr. Matungulu and Ms. Nkusu (OEDAF) participated in the meetings. The team met with President Félix Antoine Tshisekedi Tshilombo, Vice Prime Ministers of Economy Daniel Mukoko Samba and Public Administration Jean-Pierre Lihau Eboa, Minister of State for the Environment Eve Bazaiba, Minister of State in charge of the Budget, Aimé Boji Sangara, Minister of Finance Doudou Fwamba Likonde, Central Bank Governor Malangu Kabedi Mbuyi, and other ministers and senior officials, as well as the President of the National Assembly and its Economic and Finance Commission, representatives of the private sector, CSOs, trade unions and development partners. B. Wang assisted with the data and S. Lertprasert helped with document preparation.

CONTENTS

BACKGROUND	4
RECENT ECONOMIC DEVELOPMENTS	4
OUTLOOK AND RISKS	6
ECF PROGRAM OBJECTIVES AND POLICIES	8
A. Program Strategic Objectives and Main Priorities	8
B. The Program's Fiscal Anchor and Budget Priorities	9
C. Structural Fiscal Reforms to Boost Priority Spending	13
D. Stronger Monetary Policy Framework to Anchor Macro Stability and Build External Buffers	17
E. Structural Reforms to Improve Governance and Promote Business Environment	19
F. Improvement of Macroeconomic Statistics	21
KEY ELEMENTS OF THE RSF	22
ECF AND RSF ARRANGEMENTS MODALITIES	25
STAFF APPRAISAL	29

FIGURES

1. Real Sector Developments, 2018-24	32
2. External Sector Developments, 2018-24	33
3. Fiscal Sector Developments, 2018-24	34
4. Monetary and Financial Sector Developments, 2019-24	35
5. Fragility Indicators	36
6. Governance Indicators	37
7. Capacity to Repay Indicators Compared to Upper Credit Tranche Arrangements for PRGT Countries	38

TABLES

1. Selected Economic and Financial Indicators, 2022-29	39
2. Balance of Payments, 2022-29	40
3a. Central Government Operations, 2022-29 (Billions of CDF)	41
3b. Government Operations, 2022-29 (Percent of GDP)	42
4. Depository Corporations Survey, 2022-29	43
5. Financial Soundness Indicators, 2020-24	44
6. Capacity to Repay the Fund, 2022-44	45
7. External Financing Requirements and Sources, 2022 -29	46
8. External Borrowing Program, 2024-25	46
9. Proposed Reviews and Disbursements Under the Extended Credit Facility Arrangement	47
10. Proposed Reviews and Disbursements Under the Resilience and Sustainability Facility Arrangement	47

ANNEXES

I. Risk Assessment Matrix	48
II. Climate Change in the Democratic Republic of Congo	51

APPENDIX

I. Letter of Intent	67
Attachment I. Memorandum of Economic and Financial Policies	71
Attachment II. Technical Memorandum of Understanding	108

BACKGROUND

1. The DRC continues to grapple with significant challenges to its economic development while facing multiple shocks. Despite its abundant natural resources, the country remains one of the poorest in the world, with an estimated three out of four Congolese living on less than the extreme poverty threshold of \$2.15 a day. The armed conflict in the Eastern part of the country, which has escalated since 2022, continues to exact heavy human and economic costs. At the same time, the country is battling an outbreak of Mpox, linked to the emergence of a potentially more transmissible viral strain in the Eastern part of the country. A vaccination campaign has begun, but to date only 365,000 doses of an estimated 3 million needed have been received. In an economy heavily reliant on imports, including food, the substantial depreciation of the currency in recent years has eroded the purchasing power of many, including public sector workers. As a result, growing pressures to raise public sector wages could add strain to public finances.

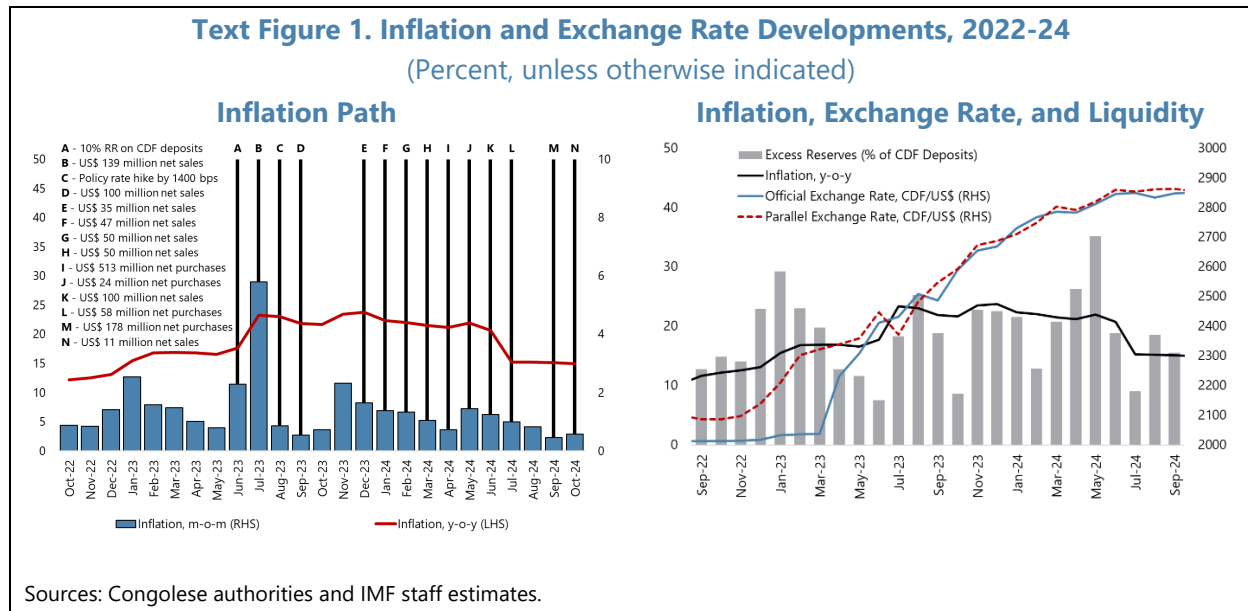
2. The authorities have requested new arrangements under the ECF and RSF to continue building external buffers, deepen ongoing reforms, scale up public investment and advance the climate agenda. The previous arrangement (2021-2024) supported stronger-than-expected economic growth and foreign exchange reserve build-up, improved domestic revenue mobilization, and maintained adherence to the no-monetary financing rule, all while keeping public debt at moderate levels. However, exchange rate volatility triggered bouts of inflation, driven partly by procyclical fiscal policy. Increased reliance on exceptional spending procedures—partly, but not fully, justified by security-related needs—undermined spending procedures (the “expenditure chain”) and eroded the credibility of policymaking. More fundamentally, the DRC continues to face structural barriers to growth and diversification, including inadequate infrastructure such as roads, limited access to education and healthcare, weak governance and a challenging business climate. To sustain gains made so far and continue to address remaining challenges, continued reforms are essential, particularly considering the DRC's fragile conditions, compounded by vulnerability to external shocks and climate-related disruptions.

RECENT ECONOMIC DEVELOPMENTS

3. Economic growth is expected to slow in 2024, as copper production stabilizes. Real GDP growth is expected to decline from 8.5 percent in 2023 to 6.0 percent in 2024, primarily reflecting developments in the extractive sector. Copper production increased marginally in the first nine months of the year relative to the same period of 2023, while cobalt production (12 percent of the extractive sector) increased by close to 40 percent. Zinc production, although still negligible in 2023, is expected to increase fourfold, as the largest zinc mine in the country comes into operation in 2024. Overall, the extractive sector is expected to grow by 11.6 percent, reflecting the dominant weight of copper in production, down from 19.8 percent in 2023. The non-extractive GDP is expected to grow more slowly in 2024, at 3.2 percent, with a broad-based deceleration across sectors, mirroring to some extent the slowdown in mining. The construction sector, in particular, is projected to return to historical trends, after strong growth in 2023.

4. CPI inflation is decelerating, driven by both base effects and tight monetary policy.

Inflation experienced significant broad-based deceleration in the first nine months of 2024, after reaching 23.8 percent year-on-year in end-December 2023. Month-on-month inflation averaged 1.1 percent in the first nine months of the year, a significant improvement relative to the 1.9 percent average during the same period in 2023. In November 2024, inflation reached 12.8 percent. Depreciation pressures have also eased, with year-to-end-October depreciation reaching 6.3 for the parallel rate and 6.8 percent for the official rate. In this context, the BCC has maintained a tight monetary policy stance, with the policy rate set at 25 percent since August 2023.



5. Fiscal revenues are expected to exceed projections for 2024, but this is partly offset by a higher-than-anticipated wage bill. Strong copper and cobalt exports and a broad-based collection effort have sustained robust revenue collection throughout the year. However, exceptional security-related expenditures—projected to reach 2 percent of GDP in 2024—continue to strain public finances. In the first nine months of 2024, the authorities successfully contained non-security spending, which helped ease inflationary pressures and stabilize the currency. More recently, however, they approved public sector wage increases, largely for teachers, and regularized recruitments made in earlier years, adding an estimated 0.5 percentage points of GDP to the wage bill in 2024. While these measures aim to partially cushion the recent loss of purchasing power, they may add to the inflationary pressures.¹ Domestically-financed capital expenditure is expected to remain in line with previous years, at 1.8 percent of GDP. Given the strong performance in revenues, the domestic fiscal deficit for 2024 is expected to narrow to 0.3 percent of GDP.

6. The current account deficit narrowed in the first months of 2024, while reserves strengthened somewhat. After reaching a peak of 6.2 percent of GDP in 2023, the current account

¹ It is worth noting that based on SDG costing (S. Walker, 2023), teacher wages in DRC, measured as a share of GDP per capita, are considerably below peer countries.

deficit moderated on average during the first eight months of 2024, largely supported by robust growth in mining exports. Gross international reserves have continued to strengthen, rising by US\$1,308 million by the end of October 2024 compared to their level at end-2023. However, import growth also accelerated, especially in chemical goods used in mining and transport-related services, leading to lower reserve import coverage than anticipated at the sixth review of the previous ECF arrangement. By the end of October 2024, reserve coverage stood at approximately 9.6 weeks of non-aid imports.

7. Banks' financial performance continued to improve. Year to June 2024, private sector credit denominated in US dollars grew by 23 percent, a slower pace compared to the 40.4 percent recorded the previous year. At the same time, US dollar deposits grew by 19.5 percent, close to the previous year's growth of 20.9 percent. Local currency deposits began to recover in April following nine months of decline, rising by 5.8 percent. Bank profitability remains robust with a growing reliance on interest income—41 percent at end-June 2024 against 37 percent a year earlier—driven by strong credit expansion and higher interest rate during 2023-24. The latter explains mainly the improvement in NPL declining from 8.4 percent of total loans at end-2022 to 6.7 at end-June 2024. All banks except one met the solvency ratio of 10 percent and their accounting equity increased by an equivalent of 12.4 percent year to June 2024. The dollarization of the financial system continued, with deposits now at 91 percent and loans at 97 percent, up from 88 percent and 96 percent, respectively, a year ago.

OUTLOOK AND RISKS

8. The growth outlook remains positive, supported by the mining sector. Real GDP is expected to grow by 5.4 percent in 2025. Growth should hover between 5.0 and 5.5 percent over the medium term, as the growth in the mining sector stabilizes between 4.0 and 5.0 percent. Growth in the non-extractive sector is expected to pick up after 2025, reaching 6.2 percent in 2029, roughly 1 percentage point above the historical average, reflecting the impact of reforms and stable inflation on private investment and of projected public investment. Inflation is expected to continue to subside, reaching the target set by the Banque Centrale du Congo (BCC) of 7.0 percent by the end of 2026, and stabilizing at that level from 2027 onward.

Text Table 1. DRC: Medium-Term Macroeconomic Framework, 2022-29

	2022	2023		2024		2025		2026	2027	2028	2029
	Act.	CR No. 24/226	Proj.	CR No. 24/226	Proj.	CR No. 24/226	Proj.	Proj.	Proj.	Proj.	Proj.
Real GDP (percent change)	9.2	8.4	8.5	4.7	6.0	5.1	5.4	5.1	5.3	5.5	5.4
<i>of which: extractive</i>	26.0	18.2	19.8	5.8	11.6	4.8	7.7	5.2	4.4	4.7	3.9
GDP deflator (percent change)	5.9	14.4	14.4	16.2	17.4	9.1	8.8	7.4	6.4	6.3	6.5
CPI inflation, average (percent)	9.3	19.9	19.9	17.2	17.7	8.8	8.9	7.3	7.0	7.0	7.0
CPI inflation, eop (percent)	13.1	23.8	23.8	12.0	12.0	7.0	7.8	7.0	7.0	7.0	7.0
Domestic fiscal balance (% GDP), cash basis	-1.2	-1.3	-1.2	-0.5	-0.3	-0.4	-0.8	-0.8	-0.8	-0.7	-0.6
External public debt (% GDP)	14.9	17.8	17.7	18.5	16.0	18.3	17.2	18.7	19.7	19.8	19.4
Current account balance (% GDP)	-4.9	-6.2	-6.2	-4.6	-5.1	-3.5	-2.8	-2.4	-2.8	-3.3	-3.9
Gross international reserves (weeks of imports)	7.9	9.3	8.1	10.0	9.9	10.0	11.4	12.7	13.3	13.6	14.1

Sources: Congolese authorities and IMF staff estimates and projections.

9. The overall fiscal stance for 2025 is expected to remain relatively unchanged from 2024, though risks persist. The growth of mining revenue from corporate income tax and royalties is projected to decelerate in 2025 reflecting moderating copper prices and depressed cobalt prices. Nevertheless, overall revenue collection is anticipated to remain strong at 12.1 percent of GDP, with further growth to 13 percent by 2027, bolstered by tax administration efforts (see below). On the expenditure side, the wage bill as a share of GDP will gradually decline near 4 percent as reforms take hold (¶120), and exceptional security-related spending is forecast to decline to 1.5 percent of GDP, thereby creating space for increased domestically financed investments. The authorities also plan to allocate resources to combat Mpox, though the magnitude of Mpox-related spending remains uncertain and contingent on the progression of the disease and the availability of external support.

10. The external position is expected to improve, though it remains vulnerable to shocks. With terms of trade projected to improve by 5 percent in 2024 and 2 percent in 2025, the current account deficit is expected to narrow to 2.8 percent of GDP in 2025, supported by strong mining export growth. Private inflows have financed large private investments and imports in 2022-2024, and projections assume that mining profits will be paid out as dividends to foreign parent companies or used to replenish deposits abroad. In addition, with copper accounting for nearly 80 percent of goods exports, the export base remains highly undiversified, leaving the country's external position vulnerable to fluctuations in the copper market. Large development needs, including those related to the authorities' investment program, as well as rising transport-related costs, are expected to continue driving strong import growth. Reserve coverage is expected to reach 3 months of non-aid imports by the end of 2027.

11. The external and overall risk of debt distress remains moderate. Both external and overall public debt are at moderate risk of debt distress, due to breaches of the thresholds under the applicable stress tests. Compared to the previous Debt Sustainability Analysis (DSA)², public debt metrics remain largely unchanged, as stronger projected economic and revenue growth is expected to be somewhat offset by higher borrowing. Under the baseline scenario, total public debt is expected to remain relatively stable (around 22 percent of GDP), despite an increase in public and publicly guaranteed (PPG) external debt (from 16.0 percent of GDP in 2024 to 19.4 percent of GDP in 2029). External arrears—primarily pre-HIPC—are below 1 percent of GDP, thereby qualifying as a *de minimis* case and, hence, not impacting the risk rating. Domestic arrears—owed to suppliers of goods and services and contractors—stem from inadequate public finance management rather than from government insolvency or liquidity issues. The authorities are implementing a strategy to clear these arrears.

12. This outlook is subject to elevated downside risks (Annex I). On the domestic side, risks arise from the ongoing outbreak of the Mpox, continued fighting in the Eastern part of DRC and the uncertainty related to the planned gradual withdrawal of the United Nations Organization Stabilization Mission in the DRC (MONUSCO), which could further weigh on security spending.

² Debt Sustainability Analysis, [IMF Country Report No. 24/226](#), June 2024.

Political risks, which abated since the general elections in December 2023, appear on the rise since President Tshisekedi announced his intention to revise the Constitution to address potential national security and territorial integrity loopholes. The political opposition and religious leaders have been vocal against the initiative. On the external side, risks arise from further inflationary pressures stemming from oil and food price volatility, with negative effects on the real disposable income of households and aggregate demand, an abrupt growth slowdown in China, unfavorable fluctuations in international critical mineral prices, and an escalation of regional conflicts, including Russia's war in Ukraine and the conflict in the Middle East, which could weigh on export revenues and foreign direct investment.

ECF PROGRAM OBJECTIVES AND POLICIES

Lessons from the last ECF arrangement indicate that weaknesses in the expenditure chain are critical for macroeconomic stability, as fiscal management, monetary policy and liquidity management, along with securing sustainable growth and a functioning business environment, critically depend on ensuring that public spending is properly budgeted, executed and accounted for. Reforms to strengthen domestic revenue mobilization and implement a sound resource-based fiscal framework hinge on a sound expenditure chain to yield their full benefits. In turn, deeper governance reforms (including the proposed measures on improving the expenditure chain) are needed to support fiscal and monetary policy reforms and foster a good business environment. Together, the objectives and priorities outlined below aim to safeguard macroeconomic stability.

A. Program Strategic Objectives and Main Priorities

13. Promoting inclusive growth is a key pillar of the program. To achieve this, the program will support the authorities' effort to create fiscal space by (i) mobilizing domestic revenue—from both the extractive and the non-extractive sectors — (ii) prioritizing and improving the quality of spending, including through fuel subsidy and wage bill management reforms, and (iii) implementing a resource-based fiscal framework to reduce procyclicality in spending and create buffers. The created fiscal space will be used to foster investment in infrastructure and priority spending in security, health, education, agriculture, humanitarian assistance, and justice. Critical success factors include enforcing the expenditure chain and enhancing the effectiveness of public investment.

14. Building external buffers and reestablishing price stability are also critical priorities. In a dollarized economy facing persistent exchange rate pressures, strengthening the external position by accumulating foreign reserves is crucial to enhancing resilience against domestic and external shocks. Reducing excessive exchange rate volatility and addressing challenges within the liquidity management framework will be key to restoring price stability, alongside a fiscal anchor designed to support these efforts. Enhancing the FX strategy and the liquidity management framework will help strengthen external buffers, reduce exchange rate volatility, and restore price stability. Strengthening the governance and the recapitalization of the BCC will help to restore its capacity to implement adequate policies to achieve price and financial stability.

15. Advancing governance, enhancing transparency and the anticorruption framework, and improving the business climate will support the program. Reforms will focus on improving financial sector resilience, including by strengthening AML/CFT and exiting the FATF grey list, simplifying tax regulation to lessen the burden of tax compliance, improving transparency in the mining sector, and fighting corruption.

B. The Program's Fiscal Anchor and Budget Priorities

16. The domestic fiscal balance will serve as the fiscal anchor of the ECF program to ensure macroeconomic stability and enhance resilience to shocks. With public debt remaining relatively low and external financing largely sourced from multilateral institutions on concessional terms, the choice of this anchor allows the authorities to focus on mobilizing domestic revenue to meet spending needs. The appropriate level of the domestic fiscal balance will be guided by the availability of financing in the domestic market and from external sources (preferably on concessional terms), the program's monetary anchor and reserve accumulation target, the need to build savings to facilitate the transition to a resource-based framework, and the overarching goal of fiscal sustainability. An adjustor on revenue will support countercyclical fiscal policy. Revenue windfalls will be largely saved, with 80 percent of excess revenue allocated to fiscal savings. In the case of revenue shortfalls, however, the allowable fiscal deficit expansion will be limited to 50 percent of the shortfall (capped at a maximum increase of 0.5 percent of GDP), recognizing the constraints of financing such deficits in the shallow domestic financial market.

17. This approach will facilitate the transition to a resource-based fiscal framework once key conditions are met. These include strengthening technical capacity to improve the reliability of mining statistics and revenue projections, as well as further development of the domestic debt market. Additionally, establishing a fiscal buffer to save windfall revenue will help ensure a smoother and more predictable spending path, particularly in priority sectors. By balancing fiscal discipline with the flexibility to manage shocks, the current anchor, with its revenue adjustor, is designed to gradually transition fiscal policy to a resource-based fiscal framework over the medium term. Recognizing the DRC's high dependence on volatile resource revenues and its history of procyclical spending, the authorities have made this transition a priority. To this end, they plan to adopt a roadmap by March 2025 (**SB, March 2025**). The authorities have included an indicator of non-resource fiscal balance in the 2025 budget. Preliminary estimates show that the non-resource domestic fiscal deficit hovers around 6.1 percent of GDP over the medium term, compared to 9 percent of GDP in 2022 (Table 3b).

18. The domestic fiscal balance is expected to decline over the medium term. However, this reflects a significant reallocation toward capital spending, as current spending and exceptional spending decline and revenue increase. The country's severely underdeveloped road infrastructure leads to extremely high transportation costs, making domestic and international trade virtually impossible, except for minerals, which benefit from special arrangements. This constitutes a major barrier to economic diversification and the primary reason for the high import content of domestic consumption. The latter explains why inflation in the DRC is very sensitive to exchange rate

fluctuations, as well as food and fuel price shocks. Addressing these infrastructure gaps will be crucial to diversifying the economy and tackling critical drivers of persistent inflation. Additionally, significant gaps remain in education and healthcare infrastructure, despite recent efforts, such as the PDL-145T initiative, to address these challenges.³ The 2025 budget is broadly in line with these priorities, and the associated spending plans will be published in a timely manner (by end-January and end-March for the first and second quarters of 2025 respectively).

19. Revenue mobilization efforts are critical to providing fiscal space for development needs, and as such a priority for the program.

The medium-term objective is to increase the non-mining revenue-to-GDP ratio by 1.4 percentage points between 2025 and 2029. This will necessitate the adoption of a revenue mobilization action plan, with the implementation of key measures during the program (MEFP 114), that will ensure the design and implementation of a holistic approach and coordination among agencies over the tax policy and revenue administration reforms. The action plan will be supported by the continued technical assistance (TA) from the Fund and other partners, and will build on diagnostic exercises such as the TADAT. Building on this, authorities will need to formulate a coherent and well-sequenced action plan taking into account the recommendations of the TAs and outcome of the TADAT. In the meanwhile, the following reforms are identified and should be pursued steadfastly in the short term:

the adoption of a revenue mobilization action plan, with the implementation of key measures during the program (MEFP 114), that will ensure the design and implementation of a holistic approach and coordination

Text Table 2. DRC: Cumulative Change Relative to 2024
(Percent of GDP)

	2025	2026	2027	2028	2029
Domestic revenue excluding mining	0.1	0.4	0.9	1.3	1.4
Domestically-financed investment	0.7	1.5	2.0	2.4	2.5

Source: IMF staff calculations.

among agencies over the tax policy and revenue administration reforms. The action plan will be supported by the continued technical assistance (TA) from the Fund and other partners, and will build on diagnostic exercises such as the TADAT. Building on this, authorities will need to formulate a coherent and well-sequenced action plan taking into account the recommendations of the TAs and outcome of the TADAT. In the meanwhile, the following reforms are identified and should be pursued steadfastly in the short term:

- Launched in September 2024, the standardized VAT billing system will move from pilot phase, to commencing the production phase in February 2025. The latter will consist of certification, technical set-up, and homologation of software and equipment. The generalization to the companies subject to VAT is expected to be finalized in the first half of 2025 (**SB, July 2025**). The reform remains subject to implementation risks driven by compliance of companies, rolling out of physical tax devices (*Dispositifs Electroniques Fiscaux*-DEFs), and technical complications in harmonizing the software used by companies and that used by the tax authority (DGI). The authorities are anticipating improved VAT collection in the 2025 budget, based on the success of this reform, of approximately CDF 242 billion (0.1 percent of GDP).
- The authorities have increased excise taxes on beer and tobacco in the 2025 budget. The measures are projected to yield 0.1 percent of GDP in 2025. Efforts should continue to streamline excise rates on other products and to consider further increases in beer and tobacco should revenue yields in 2025 prove encouraging. Authorities will also increase enforcement to ensure better compliance with the Excise Duty Traceability System (STDA)

³ The Local Development Program for the 145 rural territories (PDL-145T) is a public investment program aimed at addressing social infrastructure needs at the regional level, with an estimated cost of US\$1.7 billion (2.7 percent of GDP), partially funded by the August 2021 SDR allocation.

currently also applied to beverages and tobacco to ensure higher levels of compliance (currently 50 percent of imported beverages and 70 percent of imported cigarettes).

- Progress on the new tax code drafting in collaboration with the World Bank, including the non-tax section, supported by IMF technical assistance, and the drafting of a new excise code are promising measures that would help increase revenues. The non-tax section is expected to be completed by the end of 2025, while completion of the entire code is expected for 2027.
- Streamlining tax expenditures is essential as they represented in 2023 a loss equivalent to 3.4 percent of GDP and about 30 percent of central government domestic revenue. Of the total tax expenditure, a significant portion, 52 percent, is attributed to VAT, followed by excise duties at 19 percent and custom duties at 7 percent. The authorities are planning to repeal the regime related to strategic partnership on value chains in December 2024. Reforming preferential tax regimes, such as the CKD-MKD (Completely Knocked Down – Medium Knocked Down), creating a firm plan to rationalize VAT tax expenditures, and other related exemptions is necessary (MEFP ¶15). Notably, the latest publication on tax expenditures for 2022 and 2023 appeared in full as an appendix to the 2024 and 2025 budget laws.
- There is room to improve mining revenue collection. The mining laboratory, responsible for testing and analyzing minerals to ensure proper valuation and compliance with taxation rules, will effectively support auditing capabilities of the tax authorities (DGI). Revenue yields from this reform are still uncertain. The authorities are exploring broader measures to boost mining revenue, as the country is potentially losing as much as half of its potential mining revenue due to weak controls of volumes and mineral content of exports. Automated weighing stations and quality control mechanisms, with limited human interactions, could help address this shortcoming, but progress remains limited.

Text Table 3. DRC: Tax and Revenue Administration Measures for 2025

Expected reforms	Expected yields (percent to GDP)
Increase in excise taxes	0.10
Beer	0.05
Tobacco	0.04
Increasing Enforcement STDA	0.02
Standardized VAT Invoicing	0.10
Total	0.22
Source: Authorities data and IMF staff calculations.	

20. Curbing non-priority spending will also help create more fiscal space for priority expenditure.

- Given the wage increases granted in 2024, a comprehensive civil service reform is essential to contain the wage bill over the medium term. The authorities have initiated several measures: cleaning up the civil service register along with the biometric identification of all civil servants; publishing the directory of civil servants over the entire territory by the end of 2025 (the directory for Kinshasa has been published); initiating the legal reform required to regulate recruitment; reorganizing the social security coverage of civil servants; and reviving the

retirement program (MEFP ¶120). These reforms will help contain the wage bill to no more than 4.2 percent of GDP over the medium term.

- Steadfast implementation of the November 2023 roadmap to lower subsidies and arrears owed to fuel distributors is necessary. Notwithstanding the recent reduction of pump prices, the authorities remain steadfast in their implementation of different reforms.⁴ Recent reforms included the update of the calculation of the transport differential and enhancement in certifying the oil industry's shortfalls. Consistent with efforts to exclude the mining sector from the fuel subsidy, the authorities have launched the molecular marking program in September 2024 in the eastern supply zone and continue to rigorously exclude mining companies from diesel subsidies in the southern zone. Liabilities to the oil companies are estimated at US\$77 million for 2024, down from US\$211 million (0.1 percent of GDP) in 2023. Moving forward, the authorities have committed to implementing the remaining steps of the 2023 strategy (MEFP ¶19).

21. Effective use of the significant revenue derived from the amended mining-for-infrastructure SICOMINES contract will be critical to financing key infrastructure projects (MEFP ¶15).

Signed in March 2024, the amendment commits a consortium of Chinese companies to constructing US\$324 million worth of infrastructure annually over the period 2024-2040 in exchange for mining rights, conditional on some copper price thresholds.⁵ The authorities have incorporated these revenues in their 2024 and 2025 budgets. To trace the flow of funds allocated to projects financed by these resources, they have established a financial

mechanism whereby the resources will transit through a special Treasury account held by the BCC at the Bank of International Settlement (BIS). Additionally, they are developing an operational framework to oversee the entire lifecycle of these projects—from appraisal and selection to monitoring, evaluation, and auditing—involving key ministries and agencies. However, some operational details need to be clarified. In particular, there is no clear enforcement mechanism in case actual investment is lower than planned. To address this gap, the authorities have committed to

Text Table 4. DRC: Fiscal Framework
(Percent of GDP)

	2024	2025	2026	2027
Revenue excluding special funds	12.9	12.1	12.5	13.0
Current expenditure excluding special funds	8.8	8.5	8.3	8.4
Wage	4.5	4.4	4.2	4.2
Interest, domestic	0.3	0.2	0.2	0.2
Goods and services	2.5	2.5	2.5	2.5
Subsidies	1.2	1.1	1.1	1.1
Investment, domestic	1.8	2.5	3.2	3.8
Exceptional spending	2.1	1.5	1.3	1.2
Arrears	0.6	0.6	0.6	0.6
Domestic fiscal balance	-0.3	-0.8	-0.8	-0.9

Source: Authorities data and IMF staff calculations

⁴ The recent reduction in pump prices has an estimated fiscal cost of US\$10 million.

⁵ This agreement revises the 2008 Mining for Infrastructure joint venture between these companies and the DRC, under which infrastructure would be developed in exchange for infrastructure loans to be paid over time by the joint venture profits. However, according to a 2023 assessment of the Inspection Générale des Finances (IGF), only a very limited part of the associated projects was effectively completed. Under the 2024 renegotiated deal, infrastructure will be developed with grants of US\$ 324 million per year from the profits of the joint venture, for the period of 2024-2040. See Annex VI in the [2024 Article IV Consultation and Staff Report](#) for more detailed information.

seeking clarification from their counterparts of measures to ensure that infrastructures are built in the amounts specified in the contract, or that the equivalent lump-sum disbursement be made to their BIS account. The SICOMINES contract includes a provision for annual reviews, thereby giving the authorities the opportunity to address potential implementation challenges, with the next review scheduled for mid-2025. Finally, the authorities are also adopting several measures to boost transparency, including publishing the list of projects funded, their feasibility studies and progress reports, as well as independent ex-post evaluations of completed projects.

22. Using part of IMF disbursement as budget support will help achieve the objectives of the Fund-supported program, but progress in public financial management and the implementation of appropriate safeguards are essential. Domestic financing remains scarce and costly, with short-term domestic borrowing carrying an interest rate of nearly 30 percent and long-term borrowing options are virtually nonexistent. Given pressing social, health, and humanitarian needs, there is a risk that necessary investments will not be implemented (as it has occurred in the past) unless affordable and reliable financing is secured. Budget support under the ECF program will help mitigate BoP pressures stemming from the resulting fiscal needs and gap. To ensure effective use of resources (including Fund resources), critical steps include strengthening the spending chain, in particular minimizing spending through emergency procedures (see ¶126 and ¶152) and establishing a transparent financial mechanism to monitor the flows, potentially modeled after the approach being developed for SICOMINES. Moreover, improvements in public investment management will be essential to ensure effective scaling-up of investment. These include better appraisal, budgeting and selection and removal of bottlenecks that slow project implementation. Finally, the Fund-supported program will enhance the protection of the most vulnerable by broadening the scope of the social spending Indicative Target (IT) to include social initiatives in addition to the health programs covered under the previous arrangement. Overall, despite the ramping up of public investment, the domestic deficit is expected to decline over the medium term.

C. Structural Fiscal Reforms to Boost Priority Spending

23. In the context of weak adherence to normal budget and spending procedures, priority spending is often crowded out by other spending, and this raises transparency and efficiency concerns. Budget credibility remains a significant concern, as revenue and expenditure figures differ considerably from the initial parliamentary approvals, with expenditure allocations across ministries and major categories deviating markedly from the approved budget. This is exacerbated, to a significant extent, by the unwarranted recourse to spending under emergency procedures, which bypass normal approval procedures. Together with weak budget credibility, this has allowed some sectors to spend beyond their allocations, thereby crowding out other priority social and investment spending. Additionally, the high dependence of the budget on volatile commodity revenues renders spending unpredictable and largely procyclical. Therefore, it is critical to undertake reforms to enhance budget credibility, ensure adherence to normal spending procedures, and transition to a resource-based fiscal framework over the medium term, for which some prerequisites need to be addressed in advance.

24. Enforcing the spending chain and strengthening spending procedures are essential to ensure the proper implementation of the budget, the efficiency and transparency of spending and the avoidance of domestic arrears accumulation:

- Spending through emergency procedures (15.7 percent of total spending in 2024-Q2, Text Table 5) essentially bypasses the commitment, verification, and authorization steps in the expenditure chain to allow the ministers of finance and budget to directly authorize payments. To restore the chain, an interministerial decree will nullify the legal provisions that enable such deviations and mandate that an updated public expenditure manual prevail which will govern the process for emergency spending and elucidate the respective list of limited eligible expenditure categories which could include natural disasters, security issues such as external aggression, epidemics and health emergencies (**Prior Action**, MEFP ¶25). Emergency expenditures will also need to be regularized in strict adherence to the procedures outlined in the manual. The reforms aim to reduce the proportion of spending by emergency procedures to below 8 percent of total expenditures by the end of 2025 (**Indicative Target**) and to bring it down further as reforms take hold. To enhance accountability, the authorities will publish a quarterly report on expenditure by emergency procedure (**Continuous SB**), as well as reports on the execution of expenditure by volume, nature, and institution, distinguishing between expenditure carried out through different procedures (**Continuous SB**). Other reforms to strengthen fiscal policy credibility include a realistic formulation of the budget, grounded in realistic macro-fiscal assumptions and increased coordination between the departments involved, and greater transparency through the systematic quarterly publication of the Treasury Plan implementation.

Text Table 5. DRC: Spending Under Emergency Procedures
(Percent of Total Spending)

	2022				2023				2024	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Percent of total spending:										
Spending under emergency procedures	8.8	19.3	9.9	11.5	11.8	15.2	22.3	17.7	23.5	15.7
<i>of which:</i>										
Security	0.0	4.9	0.3	3.0	1.6	1.1	7.5	7.2	13.4	3.2
Non-Security	8.8	14.5	9.6	8.5	10.2	14.1	14.8	10.5	10.1	12.5

Source: Authorities data and staff estimates.

- In addition, the authorities will need to advance reforms in several areas to ensure proper working of all the phases of the expenditure process: (i) the operationalization of the Directorate-General of the Treasury and Public Accounting (DGTCP) and introduction of a network of public accountants starting with eight pilot ministries in 2025; (ii) the decentralization of spending authorization, starting with the same pilot ministries; and (iii) improvement of budget credibility. To this end, the authorities will finalize and adopt the necessary decrees (MEFP ¶25) to operationalize the DGTCP and network of accountants (**SB, April 2025**). The authorities will deploy agents and managers to their positions of employment in line with the positions indicated in MEFP ¶25 to establish the administrative structures of the DGTCP (**SB, July 2025**), and will roll out the network of public accountants (MEFP ¶25) to the first four pilot

ministries (**SB, June 2025**). This will entail that the expenditure chain software will be implemented and activated in these pilot ministries (**SB, June 2025**) where the current infrastructure makes it feasible, with the view that the software will be implemented in the remaining four by October 2025. Finally, the authorities have requested IMF technical assistance for parliamentarians on the budget preparation and approval processes, to ensure increased realism of the voted budget and alignment with its execution. Along with a stronger consistency of spending plans and treasury plans, this will improve overall budget credibility.

25. Stronger cash management is needed to avoid the accumulation of arrears, support the development of a government security market, and relax financial constraints. This will help foster predictability and discipline in the intra-annual pace of spending, ease cash constraints, and alleviate pressures in the interbank markets. Towards this purpose, key reforms include:

- The centralization of available liquidity into a Treasury Single Account (TSA). The reform entails (i) carrying out stress tests on the implications of account closure operations on the financial system, and developing a closure strategy (**SB, September 2025**), and (ii) conducting a diagnostic of the BCC software and making the necessary improvements to support the TSA.
- The reduction of liquidity gaps by improving the procurement plan (PPM), the budget commitment plan (PEB), and the cash flow plan (PT). Currently, these tools face challenges related to their format, quality, and frequency of preparation. To maximize their effectiveness, these tools should be consistent and synchronized. Coordinating detailed and informed cash management, through weekly meetings of the Cash Flow Planning Commission will be key.
- The implementation of the November 2023 strategy for gradually clearing domestic arrears (see Table 2 below), with an updated timeline agreed upon by December 2024. The authorities aim to undertake the payment of the first batch of certified and audited arrears (approximately US\$5 million) by end-December 2024 (MEFP ¶117). Going forward, upon revision of the timeline for the strategy, the authorities aim to gradually clear the stock of arrears in the medium term. An annual repayment amounting to 0.6 percent of GDP is accommodated in the program. While clearing legacy arrears, avoiding the accumulation of new arrears should remain a priority, underscoring the importance of implementing the above-mentioned PFM and cash management reforms.

26. The authorities should continue progress on the implementation of the Public Investment Management Assessment (PIMA) roadmap adopted by the government in November 2023 (MEFP ¶121). Recent efforts include the signing of the decree on public investment management, the development of a methodological guide for the preliminary evaluation of projects, the production of a PPP preparation procedures manual, and steps taken to strengthen the preparation of the public investment program (PIP) that lists projects as an annex to the budget law. Remaining priorities include ensuring that capital spending, particularly as funded by internal resources, is carried out within the budget framework and allocated ceilings. Additionally, efforts will focus on improving the manual to enhance oversight of projects (including those funded by extra-budgetary resources) and managing associated fiscal risks, notably those related to PPPs.

Furthermore, the authorities will strengthen project appraisal as well as the preparation of the PIP, by introducing a project codification system and developing an integrated project bank with comprehensive information on project nature and costs. This will be supported by an IT system to monitor projects throughout their lifecycle.

27. The authorities should prioritize strengthening the governance and financial oversight of public enterprises. An audit by the Ministry of Public Enterprises highlighted a concerning trend of increasing losses among most public enterprises in recent years. To address this, the authorities plan to implement a comprehensive roadmap to improve SOEs' governance and financial performance. This includes the regular publication of the consolidated financial position of SOEs as an annex to the Budget Law; and assessing their fiscal risks (MEFP ¶125).

Text Table 6. DRC: Evolution of the Stock of Certified Central Government Domestic Arrears

	2023		2024 (estimated)	
	Nominal in US\$ million	in percent of GDP	Nominal in US\$ million	in percent of GDP
Banque Centrale du Congo\1	1499	2.4%	1456	1.7%
Treasury securities	988	1.6%	1096	1.3%
Advances	512	0.8%	360	0.4%
Legacy arrears \ 2	1877	3.1%	1877	2.2%
Validated and Certified	822	1.3%	822	1.3%
Certified arrears awaiting validation	1056	1.7%	1055	1.7%
Recent arrears	824	1.3%	586	0.7%
VAT (customs)	402	0.7%	377	0.4%
Oil subsidy	423	0.7%	209	0.2%
Total	4201	6.8%	3918	4.6%

Sources: Congolese authorities and IMF staff calculations.

1/ BCC arrears are denominated in Congolese francs.

2/ Includes the stock of validated and certified arrears under the domestic debt strategy and the stock of certified arrears awaiting validation.

D. Stronger Monetary Policy Framework to Anchor Macro Stability and Build External Buffers

28. Monetary aggregates serve as the official nominal anchor in DRC, with the aim of keeping reserve money growth broadly in line with the nominal GDP growth consistent with inflation objectives. However, weaknesses in the liquidity management framework and frequent shocks from government operations hinder the BCC's ability to finetune liquidity on a daily basis. Treasury operations are the main drivers of CDF liquidity given the high dollarization of the financial system. Therefore, better coordination between monetary and fiscal policy, along with reforms of the implementation framework of monetary policy (see below), are necessary for monetary policy to effectively support fiscal policy and contain inflation.

29. The policy rate has been kept unchanged at a high level, and the reserve requirement has been tightened as inflation continues to moderate. Real interest rates are positive and expected to rise further as inflation declines. Ongoing inflation moderation is underpinned by easing pressures in the FX market and better liquidity management coordination between the Treasury and the BCC. In 2024-Q2, banking liquidity rose, driven by robust tax collection in April and the BCC's decision to lower the stock reserve requirements on foreign deposits held in domestic currency by an additional 2.5 percent. To absorb the excess liquidity, the BCC's outstanding bonds reached unprecedented levels in 2024-Q3, and the central bank raised the reserve requirement on local currency sight deposits from 10 to 12 percent.

30. In the near term, monetary policy must remain tight until inflation is firmly on track to converge to the BCC's target. The BCC needs to continue maintaining interest rates at their current levels while actively managing liquidity, including by raising reserves requirement, to ensure that monetary growth remains aligned with nominal GDP growth. In parallel, the BCC needs to implement several reforms to improve its liquidity management framework and strengthen the resilience of the financial system.

31. The Fund-supported program aims to strengthen the monetary policy transmission mechanism through key reforms:

- **Liquidity Management and Refinancing Instruments:** Banks maintain substantial liquidity buffers and frequently rely on refinancing from the central bank to cope with regular liquidity shocks from government operations. This tendency is exacerbated by uncertainty regarding the timely availability of central bank financing. To address this, the BCC will introduce a standard refinancing instrument in the form of an auction-based operation, set at a higher rate to encourage banks to manage liquidity more efficiently. For the same reason, the BCC will phase out the short-term lending facility.
- **Remuneration of Reserves in CDF:** To help reduce banks' intermediation margins, encourage them to offer better interest rates on CDF deposits, and promote the collection of CDF deposits, the BCC intends to start remunerating required reserves held in CDF deposits (MEFP ¶127).

- Updating Exchange Rates for Reserve Requirement (RR): To prevent the erosion of coverage for USD deposits by RR, the BCC has adopted the principle of updating the exchange rate applied to the stock of banks' RR in CDF over USD deposits, which has been fixed as of 2021. This update is set to begin in December 2024 (MEFP ¶131).

32. While exchange rate pressures have eased in recent months, vulnerabilities persist, and FX policy must be strengthened. The BCC will take measures to improve the functioning of the FX market, smooth out extreme exchange rate volatility in a cost-effective manner and reduce the discretionary nature of FXI while still allowing for expert judgement based on market intelligence. In line with November 2023 MCM TA, the BCC will shortly adopt its FXI strategy consistent with these principles (**end-March 2025 SB**). In conjunction with a credible monetary policy, this will provide space for the BCC to continue strengthen external buffers. Staff estimate that reserve accumulation should remain slightly below US\$1.5 billion per year to achieve reserve coverage of 3 months of non-aid imports by 2027 (or 3 months of non-aid imports by 2029, excluding the RSF).

33. Macro-financial risks stemming from several interconnected factors should be addressed. First, increasing dollarization heightens credit risks for borrowers with USD-denominated loans and CDF-denominated revenues. This currency mismatch is largely mitigated by the widespread indexation of prices to exchange rates, which probably explains the resilience of the system to the 23 percent depreciation of last year. Second, excess USD holdings by banks, stemming from limited domestic lending opportunities, are concentrated with foreign correspondent banks. The country's Financial Action Task Force (FATF) grey-list status exacerbates this concentration risk, as fewer correspondent banks are willing to engage. This makes the financial system vulnerable to sudden liquidity shortages if key correspondent relationships are disrupted. Third, the central bank's capacity to act as a lender of last resort is constrained by high dollarization, limiting its ability to provide USD liquidity in case of crisis and undermining financial system resilience. Lastly, sectorial concentration risk is growing, with loans to the mining sector increasing from 13 percent at end-2022 to 31 percent by end-June 2024. Although the mining industry is susceptible to volatile commodity prices and global demand fluctuations, these loans are mostly lines of credit for cash flow needs and the contribution of the sector to NPL remains very limited.

34. To address these growing risks, continuing the 2022 FSSR agenda and exiting the grey list under the Fund-supported program are crucial. The establishment of an Emergency Liquidity Assistance (ELA) framework will mitigate the central bank's constraints as a lender of last resort and reduce liquidity risks arising from potential disruptions in correspondent banking relationships. However, exiting the grey list is pivotal to reduce concentration risks vis-à-vis correspondent banks (see ¶40). Strengthening the crisis prevention function remains a top priority. The BCC is actively working to enhance its supervisory framework by transitioning to a risk-based supervision approach. Concurrently, with the guidance of an IMF LTX expert, the BCC is updating its solvency and liquidity ratio regulations to align with Basel standards. Furthermore, the BCC is advancing in the development of a financial stability function, aided by an MCM resident advisor, including by

establishing a resolution framework, aiming to establish clear procedures for managing failing financial institutions, minimize systemic risks, and protect depositors.

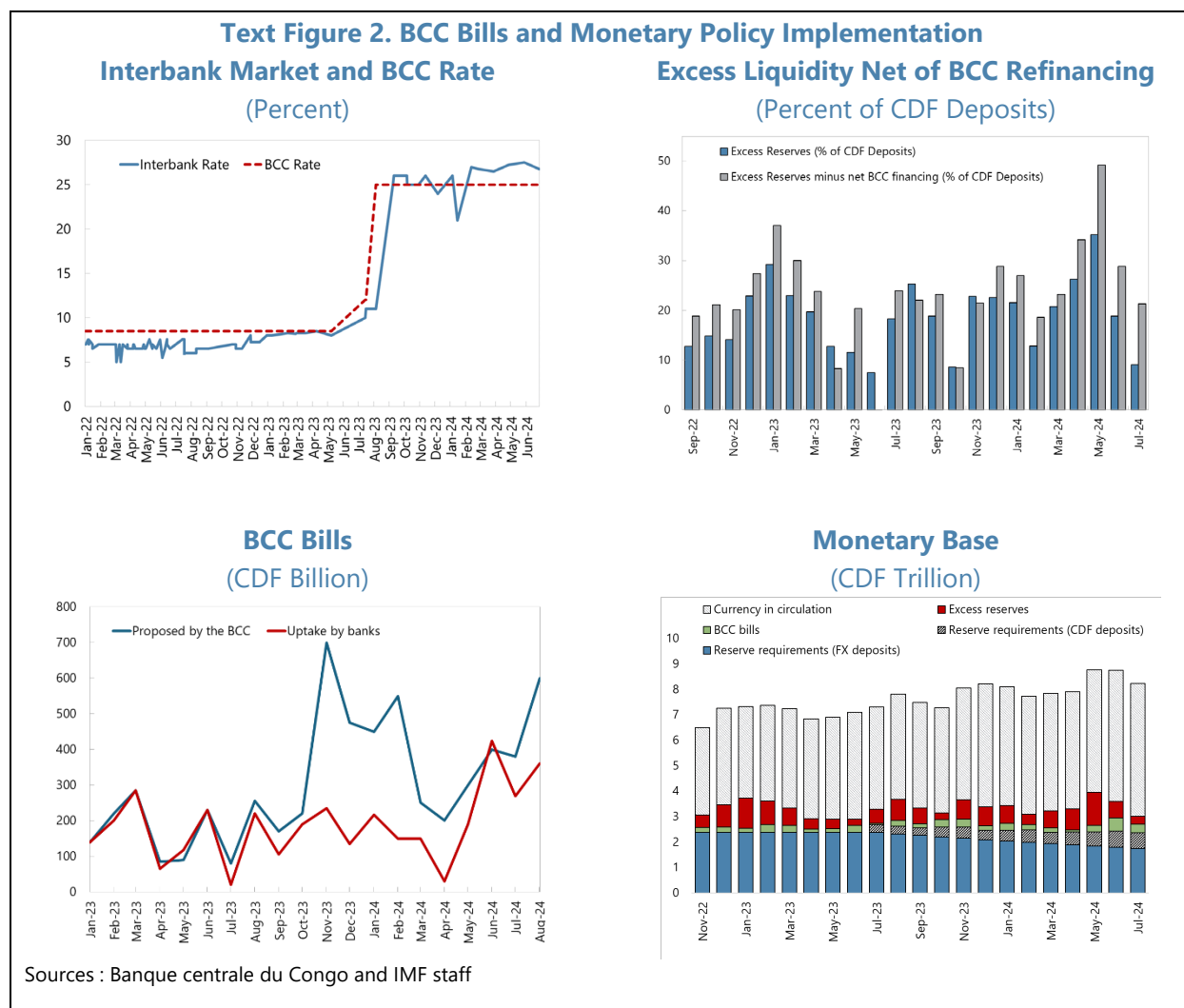
35. The Fund-supported program will focus on enhancing the analytical capacity of the BCC, strengthening its decision-making process, and improving its communication on monetary policy. The ECF arrangement, through its associated capacity development, will support the authorities in strengthening the BCC's model-based approach to monetary policy decision and improving monetary and financial statistic compilation (MEFP ¶132). The BCC remains committed to holding regular meetings of the Monetary Policy Committee (CPM) and improving the communication of its monetary policy decisions and its foundations, as well as publishing the methodologies behind its data (MEFP ¶132).

E. Structural Reforms to Improve Governance and Promote Business Environment

36. The authorities are committed to improving the business climate. Key challenges include a complex tax system and weak rule of law, especially judicial integrity. The Fund-supported program will focus on the following:

- *Streamlining Tax Policy:* The tax system is overly complex, with multiple categories and revenue sources managed by various government levels. This hampers compliance and fosters corruption. The Fund-supported program will support adopting a comprehensive Tax Code to create a fairer and more predictable framework, with assistance from the World Bank and IMF. The authorities will, in the near term, adopt roadmaps to streamline tax regulations and rationalize parafiscal charges (MEFP ¶140).
- *Protecting taxpayers from harassment and simplify corporate tax compliance procedures.* This includes systematically publishing schedules for financial control missions and leveraging tele-detection technology to enhance the efficiency and accuracy of tax assessments while reducing unnecessary audits and taxpayer burdens (MEFP ¶140).
- *Establishing a National Tax Mediation Commission:* This consultative, independent, and bipartisan body tasked with providing recommendations to the Ministry of Finance for resolving persistent disputes between taxpayers and the tax administration (MEFP ¶140).
- *Clarification of Subcontracting Law⁶:* The concept of "subcontractor" will be clarified through a decree to mitigate challenges related to the implementation of the subcontracting law (MEFP ¶140).

⁶ The February 2017 Law on Subcontractors requires that the majority of ownership, management, and staff of subcontractors be Congolese nationals. The interpretation and implementation of the law have been haphazard, including a broadening of the definition of subcontractors to encompass all suppliers.



37. An update safeguards assessment of the BCC will be completed before the first review of the new arrangement. The update assessment will follow up on the implementation of outstanding recommendations from the 2020 safeguards report, including the issuance of IFRS-compliant financial statements (starting with FY2023), strengthening accounting procedures, IFRS capacity, and assessment of the recapitalization needs arising from the adoption of IFRS. The BCC should also accelerate the implementation of other safeguards-related commitments, including: (i) adopting a plan to close FX accounts at domestic commercial banks; (ii) strengthening frameworks and governance arrangements in the areas of foreign reserves management and lending operations; and (iii) operationalizing the newly created function for internal and external compliance.

38. The DRC remains a FATF-identified jurisdiction under increased monitoring. The authorities are working to consolidate the progress made, as highlighted in the 5th progress report

submitted to the FATF Secretariat on March 22, 2024.⁷ They committed to accelerate the work towards meeting the deadlines on pending points. Their ultimate goal is to address all the action items by their 7th progress report submission in October 2025, including with continued assistance from the European Union Global Facility, the World Bank, the US, the German development agency (GIZ), UNODC, and the Fund. However, considering the substantial progress that is still necessary and the potential disruptions to correspondent banking relationships stemming from being on the grey list, it is important to prioritize taking action with respect to AML/CFT risk-based supervision and technical compliance deficiencies relating to FATF Recommendation 10 in line with the Action Plan.

39. Governance commitments and efforts to strengthen transparency in the mining sector will continue. The SB requiring the publication of all new contracts (**continuous SB**), which continue to be respected, will remain in place. The program will continue to support the Extractive Industries Transparency Initiative. It will also further strengthen institutions responsible for fighting corruption, urging resolute steps towards enhancing their independence and integrity, including by providing them with adequate budget allocations (MEFP, ¶137). In addition, to fight corruption and illicit enrichment more effectively, the authorities committed to submit to Parliament a draft anti-corruption law and to create an economic and financial court along with its related specialized prosecution office, with national jurisdiction, in line with the United Nations Convention against Corruption (UNCAC) and international best practices, and in collaboration with development partners.

F. Improvement of Macroeconomic Statistics

40. There is a need to improve the institutional framework for macroeconomic statistics. A draft of the Statistics Act is planned to be finalized and submitted for adoption to Parliament by end-2025 (MEFP ¶151). The law will help harmonize the national statistical system, ensure the financial independence of the National Institute of Statistics (INS)—critical to retaining skilled staff and producing consistent national accounts and price statistics—and enhance coordination across data-producing institutions. Work is ongoing to improve the timeliness of revenue data submissions to the INS, and on rebasing GDP.

41. Enhancements in a number of areas are required for better monitoring of the IMF programs. These include (MEFP ¶153): (i) the regular preparation of fiscal statistics in accordance with the GFSM 2014 format to accompany the operationalization of the accounting function in the Treasury; (ii) the quarterly transmission of the financial soundness indicators by the BCC; (iii) the extension of public debt data coverage to SOEs and provinces, with integration into the quarterly

⁷ Progress include: (i) validation of the national AML/CFT strategy in late 2023; (ii) dissemination of the national risk assessment report to key stakeholders; (iii) signing of the decree designating supervisory authorities for all non-financial business sectors and professions, as well as decrees on the financial sanctions regime; (iv) capacity building, including the hiring of magistrates, the development of a training plan for all investigators, and the strengthening of the National Financial Intelligence Unit (CENAREF) analysts' capacities; and (v) ongoing deployment of software to secure the receipt and processing of suspicious transaction reports.

public debt database co-managed by the World Bank and the IMF; and (iv) improve data dissemination to the public through the implementation of the enhanced General Data Dissemination System (e-GDDS)) including setting up a National Summary Data Page (NSDP), in collaboration with the IMF Statistics Department.

KEY ELEMENTS OF THE RSF

42. Climate change poses significant challenges to the DRC's economic development, but it also offers an opportunity for the country to play a vital role in the global green transition.

According to the IMF-adapted Notre Dame Global Adaptation Initiative (ND-GAIN) Index on Climate Change Resilience, the DRC ranks 11th out of 182 countries most at risk and 4th least prepared. Notably, the DRC ranks 8th overall in the ND-GAIN index—higher than any other country receiving support through the RSF. At the same time, climate change provides a unique opportunity for the DRC to position itself as a key player in the global low-carbon transition. With half of Africa's forest and water resources, as well as transition-critical mineral reserves—such as copper, cobalt and lithium—valued at over a trillion US dollars,⁸ the DRC aspires to establish itself as a global "climate solutions country". As one of the world's largest net carbon sinks, forest conservation is particularly critical to this vision. However, given the current rate of deforestation, without accounting for the carbon sequestration provided by its forests, the DRC would rank as the 12th largest emitter of greenhouse gases (GHGs) globally.⁹ Both climate risks and the government's climate policy response are expected to exert significant BoP pressures (Climate Annex).

43. The authorities have requested an arrangement under the RSF to enhance resilience to climate change and support DRC in achieving its vision as a "solutions country". The proposed RSF measures align with the adaptation and mitigation goals outlined in the 2021 Nationally Determined Contribution (NDC), and address gaps identified in relevant diagnostic studies, including the IMF's Climate Public Investment Management Assessment (C-PIMA) and the World Bank's Country Climate and Development Report (CCDR) and Climate Change Institutional Assessment (CCIA). Given DRC's globally significant natural assets in forests and minerals, the proposed RSF design aims to strengthen DRC's mitigation capacity while also building resilience to adverse climate shocks. It also seeks to strengthen the institutional setup to enable large-scale climate investments and mobilize climate financing from development partners and the private sector. The proposed reform measures complement ongoing initiatives by development partners, particularly the forthcoming World Bank Development Policy Operations series and planned

⁸ World Bank, Democratic Republic of the Congo, Country Climate and Development Report, 2023.

⁹ IMF Climate Change Indicators Dashboard, [National inventories dataset](#).

technical support by the Central African Forest Initiative (CAFI), UN agencies¹⁰ and bilateral partners.¹¹

44. The proposed Reform Measures (RMs) follow three main pillars (Table 3):

- **Pillar 1: Support mitigation and adaptation efforts by promoting forest protection.** The Congo Basin has faced accelerated deforestation in recent years, notably due to mining, logging, agricultural expansion, and charcoal production. Effective forest protection requires enhanced monitoring and improved governance to curb this trend and meet the government's ambitious climate goals. The mining sector is also an important contributor to deforestation and GHG emissions. Planned expansions in critical mineral production is expected to intensify these pressures. Governance weaknesses, particularly in awarding mining concessions, exacerbate the social and environmental costs of mineral extraction in the DRC (Climate Annex). The RSF will reinforce forest protection via the following:
 - **Forest Sector.** The RSF will support a comprehensive reform package to improve public information on the state of DRC's forests, via the collection and systematic (biennial) publication of geospatial data on forest cover, deforestation, GHG emissions, and forest concessions (RM3). It will strengthen forest protection, by addressing gaps in the forest law regarding (a) safeguard and compensation measures applicable to forest concessions, and (b) mechanisms guaranteeing the transparency of their award processes (RM1). It will strengthen the governance of reforestation activities, via a published performance audit by the Supreme Audit Institution of the National Forestry Fund (FFN), tasked with channeling proceeds from forestry concessions to reforestation operations (RM2), followed by a reform action plan by the FFN that addresses the shortcomings identified (RM6). The government is also promoting clean cooking by facilitating the large-scale adoption of liquefied petroleum gas (LPG) as an alternative to charcoal and wood, via a program to increase the affordability of clean cooking equipment for vulnerable households (MEFP ¶144).
 - **Mining Sector.** The RSF will help strengthen the legal framework (the application decree of the Mining Code) to clearly spell out forest protection norms applicable to mining projects (RM4). It will further require the application of these norms, via the timely publication of Environmental and Social Impact Assessments (ESIAs) of mining projects, related management plans and ex-post environmental audits (RM5).
- **Pillar 2: Build resilience to natural climate disasters.** The DRC is amongst a small number of countries that do not have a legal framework organizing its disaster risk management (DRM). The authorities strive to lay the ground for an improved response in the form of a DRM policy that will clarify institutional responsibilities between various public entities, in line with the

¹⁰ Including the Food and Agriculture Organization (FAO), United Nations Office for Disaster Risk Reduction (UNDRR), United Nations Development Programme (UNDP), and United Nations Human Settlements Programme (UN-Habitat).

¹¹ Including the French Development Agency (AFD) and the German Development Cooperation (GIZ).

reform goals set in their 2024 Disaster Risks Reduction Strategy (RM8). This policy is expected to be followed by a DRM law to be adopted in 2027. Additionally, the RSF will strengthen the management of climate fiscal risks, as the Ministry of Budget will integrate a quantified analysis of natural disasters into the annual fiscal risk statement, published as an annex to the budget law (RM7). To make urban planning climate-sensitive, the authorities plan to adopt of a law on urban planning and construction and a risk-informed master plan for Kinshasa, where the urban poor are especially vulnerable to climate change (MEFP ¶45). Further, the authorities will promote agricultural activity, by rolling out a national land-use master plan designed to safeguard sensitive forests whilst identifying savannas and degraded forest lands for agricultural use by communities (MEFP ¶46).

- Pillar 3: Integrate the climate agenda into public investment management.** The DRC will strengthen public investment management by formally adopting a methodology that integrates climate aspects into ex-ante project appraisal, covering the resilience of projects, as well as their impact on GHG emissions (RM10). This will help ensure that projects (including those financed by extrabudgetary funds) are screened for climate impacts, and appraisals are made public, before receiving budget funding (RM12). Authorities will also update the PPP legal framework to include climate risk analysis, in line with international best practice (RM9). The RSF will support the DRC in implementing its 2021 NDC, as the authorities will publish an investment plan that identifies and costs high-priority NDC projects and commit to funding them (RM11).

Text Table 7. DRC: Timeline of the Proposed Reform Measures Under the RSF

RSF approval January 2025	ECF 2 nd review	ECF 3 rd review	ECF 4 th review	ECF 5 th review	ECF 6 th review
	Availability date November, 2025	Availability date May, 2026	Availability date November, 2026	Availability date May, 2027	Availability date November, 2027
Pillar 1. Support mitigation and adaptation efforts by promoting forest protection	RSF 1 st review	RSF 2 nd review	RSF 3 rd review	RSF 4 th review	RSF 5 th review
	RM1. The government will adopt amendments to the forest law to define the process to allocate concessions (forest, conservation and community forest concessions) specifying (i) social and environmental safeguard and compensation measures, (ii) mechanisms to guarantee the transparency of the allocation process and monitoring of the implementation of environmental and social management plans.	RM2. The Court of Accounts will publish a performance audit that evaluates the reforestation operations financed by the National Forestry Fund (FFN) .	RM3. The Ministry of Environment and Sustainable Development will publish (i) geospatial forest monitoring data on the state of the forest, that is updated at minima on a biennial basis, (ii) maps and databases on forest concessions drawn from a digitalized forest cadaster. RM4. The government will align the mining regulation to the mining code regarding environmental and forest protection norms, and notably to specify safeguard and compensation measures.	RM5. The government will systematically publish the environmental and social impact assessments of all approved mining projects , accompanied by their management plans and summary reports, as well as ex- post environmental audits. RM6. The FFN will draft a reform action plan in response to the audit, whose implementation will be revised by the Court after one year.	

Text Table 7. DRC: Timeline of the Proposed Reform Measures Under the RSF (concluded)

Pillar 2. Build resilience to climate natural disasters	RM7. Starting with the 2026-2028 fiscal risk statement (FRS), the Ministry of Budget will integrate a quantified analysis of natural disasters in the FRS published in annex to the budget law.	RM8. The government will adopt by decree a policy to clarify institutional responsibilities for disaster risk management at the Ministry of Interior and the Ministry of Social Affairs and Humanitarian Action, in line with the roadmap of the 2024 disaster risk reduction strategy.	RM9. The Ministry of Planning will approve draft amendments to the PPP law to require an appraisal of climate risks during the preparation of PPPs and publish a methodological manual to operationalize this requirement.	RM11. The Government will (i) publish an investment plan that costs high priority projects under the NDC by 2025, (ii) allocate identifiable budget funding to these in the budget laws. RM12. The Ministry of Planning will update the annual public investment circular instructing line ministries to share climate appraisals , based on the adopted methodology, when submitting projects for budget funding. The government will finance and publish these appraisals, including for extrabudgetary funds (ACGT, BCECO).
Pillar 3. Integrate the climate agenda into public investment management			RM10. The Ministry of Planning will adopt by decree a methodology for climate change impact screening of relevant projects to assess their impacts on GHGs and their exposure to natural disasters.	

ECF AND RSF ARRANGEMENTS MODALITIES

45. The DRC faces protracted BoP needs and risks to prospective BoP stability stemming from climate-related needs. These needs arise from inadequate reserve coverage and substantial infrastructure and social investment requirements essential for achieving inclusive growth. Furthermore, as one of the most vulnerable countries to climate change, the DRC faces significant prospective BoP needs stemming from investments in climate mitigation and adaptation infrastructure (Climate Annex). Support under the ECF arrangement will help enhance BoP stability by alleviating financing pressures in these critical areas. In turn, the RSF is expected to enhance economic resilience and sustainability by: (i) supporting policy reforms that address risks associated with longer-term structural challenges, and (ii) expanding policy space and financial buffers to mitigate these risks.

46. The authorities have requested a 38-month ECF arrangement and a concurrent RSF arrangement, with access set at:

- **125 percent of quota (SDR 1,332.5 million) under the ECF arrangement**, to be disbursed broadly evenly over the program period (Table 9). This level of access is justified by the DRC's need to further accumulate reserves, its adequate capacity to repay, the strength of the program, and its good credit history with the Fund. The DRC is eligible for access to PRGT facilities and qualifies for the ECF based on its protracted BoP needs, adequate capacity to repay, and the authorities' commitment and capacity to implement a comprehensive, UCT-quality set of policies under the proposed Fund-supported program. These policies are designed to make significant progress toward achieving a stable and sustainable macroeconomic position, in line with the objectives of strong and durable poverty reduction and growth. Starting at the second review, a portion of disbursements (beginning at 25 percent at the second review, increasing to 80 percent at the sixth review, Table 9) will be allocated as budget support to strengthen resilience to external shocks, help overcome the financing constraints of a shallow domestic market, and mitigate BoP pressures arising from the planned scaling up of public investment and other critical spending that support other policy efforts to promote economic diversification. Cumulative access under the PRGT will peak at 246 percent of quota in late-2027, and annual access will remain below 60 percent quota, staying within the PRGT's cumulative and annual access limits respectively. Consequently, PRGT access—both on a stock and flow basis as a percentage of quota—would remain below the levels that trigger strengthened policy safeguards. Under the ECF alone, international reserves would reach 3 months of non-aid imports by 2029, bringing reserve coverage to the lower end of the reserve adequacy range.
- The norm of **75 percent of quota (SDR 799.5 million) under the RSF arrangement**, phased equally across twelve RMs (Table 10). The DRC is eligible for access under the RST, as part of Group A for the purpose of interest charges, and qualifies for the RSF based on a strong reform package (Table 3, Annex III) that helps reduce the country's vulnerability to climate change and strengthen its role in global mitigation, the concurrent ECF, and adequate capacity to repay. The RSF will be disbursed as budget support and is expected to partly substitute for more expensive financing, while also expanding policy space for fiscal spending and reforms aimed at reducing climate-related vulnerabilities and augmenting longer-term buffers to strengthen the DRC's ability to withstand climate-related shocks. Under the ECF and RSF arrangements, international reserves are projected to reach 3.3 months of non-aid imports by 2029, bolstering the resilience to climate shocks and strengthening climate contingency plans. In addition, given the large prospective BoP needs related to climate investments and disaster response, concessional financing under the RSF is preferred over more costly domestic financing.

47. The ECF arrangement is fully financed, with firm commitments in place for the first 12 months and good prospects for securing financing for the remainder of its duration. The arrangement is set to catalyze additional support from multilateral and bilateral partners. Notably, the World Bank is poised to approve a new Development Policy Operation (DPO), which will include two disbursements of US\$500 million each. Additionally, the World Bank is expected to provide further budget support, amounting to approximately US\$580 million, to be disbursed gradually over the course of the arrangement. This financing will be provided under two pre-existing projects that are channeled to the Treasury, covering both retroactive financing and funding for pre-existing and

budgeted expenditures, in the form of public sector wages in the education sector (PERSE) and in provincial governments (ENCORE PBC#4). Further budget support is also expected from France and other partners in 2024 and 2025. Over the course of the programs, exceptional financing from sources other than the IMF's ECF arrangement is projected to cover about 54 percent of the external financing gap.

Text Table 8. DRC: ECF Arrangement Financing, 2025-28

(In Millions of US\$, unless otherwise indicated)

	2025	2026	2027	2028
Gross Financing Requirements [A]	2,879	2,719	3,456	4,130
Current account deficit excl. grants	2,351	2,117	2,655	3,278
Public sector loan amortization	527	602	801	852
Identified Financing Sources [B]	2,952	2,804	3,808	4,811
Change in reserves (- increase) [C]	-1,521	-1,566	-1,335	-1,151
Financing Gap [A]-[B]-[C]	1,448	1,482	982	470
Prospective Financing	1,448	1,482	982	470
ECF disbursements	766	512	513	0
World Bank	640	943	443	443
African Development Bank (AfDB)	0	0	0	0
Other multilateral and bilateral	43	26	26	26
<i>Memorandum items:</i>				
Gross reserves, months of non-aid related imports, without RSF	2.6	2.8	2.8	2.9

Sources: Congolese authorities and IMF staff estimates and projections.

48. The Fund's budget support, with appropriate safeguards in place, will help protect critical investment and social spending throughout the program, alongside the impact of revenue mobilization reforms. Adjustors will incentivize the timely repayment of arrears, supporting the execution of planned, domestically financed investment, and encouraging domestic revenue mobilization. Should revenues exceed expectations, most of the ensuing windfalls should be saved (as per the revenue adjustor on the domestic fiscal balance). Since investment spending is mostly undertaken in foreign currency (due to necessary imports), the increase in investment will place additional pressure on the BoP needs. Additionally, budget support will strengthen fiscal buffers, ensuring a smooth transition to the resource-based framework later. To address concerns about the quality of spending and incentivize the authorities to make decisive improvements in the expenditure chain, staff envisage the following safeguards:

- Budget support will be disbursed only after significant progress on key expenditure chain reforms (backloading of budget support). Specifically,
 - The program will aim to reduce the share of expenditure undertaken through exceptional procedure to a maximum of 8 percent by end-2025. Key milestones set as Indicative Target and Structural Benchmarks must be satisfied (Indicative Target on spending through emergency procedure, Structural Benchmarks on the deployment of the accountants, the

decentralization of the expenditure chain at the level of the four pilot ministries and the deployment of the agents for the DGTCP – Tables 1 and 2 of the MEFP).

- Progress in implementing public investment reforms and undertaking planned investments, including SICOMINES-supported investments must be satisfactory.
- Disbursements at the start of the program will be allocated to building reserves to gradually achieve adequate coverage levels. All disbursements at program approval and for the first review will be allocated to reserves, with budget support gradually phased in, starting at the second review, contingent upon satisfactory progress in the expenditure chain reforms. If progress is deemed unsatisfactory, all projected budget support may be redirected toward reserves.
- Budget support disbursements will be deposited into a BCC-monitored account at the BIS, similar to the arrangements made for the 2020 RCF and 2021 SDR allocation. An MoU will be signed between the BCC and the Ministry of Finance to define their respective roles and responsibilities in servicing the financial obligations to the Fund.

49. The RSF is expected to attract additional climate finance. By enhancing data collection, monitoring, governance in the forest sector, as well as improving the framework for PPPs, the proposed reform package will strengthen incentives for green-compatible investments from both external private and public actors. Additionally, the package will integrate climate considerations into public investment management, as well as in fiscal and disaster risk management. These measures are expected to crowd in climate finance and facilitate financial support from development partners in these sectors.

50. Program monitoring and policy commitments. Program monitoring will be conducted through semi-annual reviews, with Quantitative Performance Criteria (QPCs) set for the end of the second and fourth quarters, and Indicative Targets (ITs) for the end of the first and third quarters (Table 12). Additionally, progress on reforms will be assessed based on Structural Benchmarks, with a maximum of four benchmarks for each review. In line with the safeguards assessment recommendations, the BCC should continue to have the key monetary data monitored under the program validated by its external auditor by the time of each ECF review.

51. Progress on resolving external arrears. The authorities have continued advancing on efforts to resolve external arrears, which partially predate the HIPC Completion Point. As of end-October 2024, external arrears totaled US\$157.24 million. Of this amount, US\$59.84 million is owed to four non-Paris Club creditors, with whom negotiations or reconciliation processes are ongoing. Meetings with these creditors were held in 2023, or are scheduled for this year, with enhanced information sharing to reach agreements. The remaining arrears are owed to commercial creditors, and the authorities are making good-faith efforts to resolve these by providing additional information and facilitating communication to aid resolution.

52. The DRC's capacity to repay the Fund remains adequate, although subject to risks (Figure 7 and Table 6). Outstanding IMF credit is projected to peak at 4.8 percent of GDP and 40.5 percent of gross international reserves (GIR) in 2027. Annual repayments are expected to remain manageable, not exceeding 0.4 percent of GDP or 1.1 percent of exports, with a peak of 4.5 percent of GIR in 2033. Total IMF credit outstanding, excluding the RSF, remains within the interquartile range of PRGT programs as share of GDP or GIR, but exceeds this range when including the RSF or when expressed in percent of PPG external debt. Total debt service to the Fund remains within the range in terms of percent of exports, though it exceeds the range when measured against revenue (excluding grants) or external debt service. Risks to repayment arise from lower-than-expected export revenues and the relatively high share of Fund credit in external debt. However, stronger-than-expected reserve accumulation, better-than-anticipated burden sharing, successful implementation of the planned reforms under the ECF and RSF arrangements, and the low level of public debt will enhance resilience to shocks and help mitigate these risks.

STAFF APPRAISAL

53. The DRC continues to face significant challenges given its fragility, wide-spread poverty and significant development needs, and exposure to shocks, including from climate change and protracted security risks. Its reliance on mineral wealth makes it particularly vulnerable, though it also offers great potential if properly managed. The authorities are acutely aware of these challenges and intend to deepen reforms started under the previous ECF program, to anchor macroeconomic stability and ensure equitable development. They also want to undertake reforms to support climate adaptation and mitigation.

54. The growth outlook remains positive, supported by the mining sector, but downside risks remain elevated. As copper production stabilizes and new mines come into operation, the extractive sector is expected to grow by a yearly average of 4 percent in the medium term. Inflation is expected to continue to decline, reaching the authorities' target of 7 percent by end-2026. Overall revenue collection is anticipated to remain strong at 12.1 percent of GDP, with further growth to 13 percent by 2027 through revenue mobilizing efforts. The external position is expected to strengthen, supported by dynamic mining exports. The risk of debt distress remains moderate, with overall public debt expected to remain around 22 percent of GDP in the medium term. Downside risks include a protracted conflict in the Eastern regions of the DRC—with its humanitarian, economic and fiscal challenges—the continued outbreak of Mpox, and external shocks that could disrupt trade and trigger unfavorable price volatility in critical minerals, oil, and food. The overall economic outlook hinges critically on the government's ability to implement its committed reforms effectively over the medium term.

55. The overall objectives of the ECF are to preserve macroeconomic stability, promoting inclusive growth, build external buffers, reestablish price stability, advance governance, and improve the business climate.

- A key fiscal objective of the ECF arrangement is to create fiscal space to boost inclusive growth. On the revenue side, this entails efforts in various areas, including the full implementation of the standardized VAT invoicing system, rationalizing ineffective tax exemptions, curbing tax evasion by strengthening controls on mineral exports, and ensuring the effective use of the significant revenue derived from the SICOMINES contract. On the expenditure side, efforts should focus on ensuring the adherence to normal expenditure chain procedures, strengthening budget credibility, operationalizing the General Directorate of the Treasury and Public Accounting (DGTCP), establishing the Treasury Single Account, gradually decentralizing expenditure authorization to line ministries, pursuing wage bill reforms and transitioning towards a resource-based fiscal framework.
- The government should also continue to enhance governance and the business environment and fight corruption. The publication of all new mining contracts remains essential. More broadly, the authorities should continue to strengthen existing anti-corruption institutions. . To improve the business environment, the authorities must simplify and rationalize the tax system, establish mechanisms and institutions to protect taxpayers from harassment, including leveraging more effectively digitalization for tax collection, and accelerate efforts to exit the FATF grey list.
- Modernizing the implementation frameworks of monetary policy and FX policy, as well as strengthening prudential policies are critical. The proposed reforms aim to strengthen the monetary policy transmission mechanism, develop and implement a rule-based FX strategy, and advance the Basel agenda, including by establishing the ELA and the resolution mechanism. ECF disbursements, along with additional measures, will support the buildup of FX reserves. The BCC' governance will be strengthened through an update safeguards assessment of the BCC, to be conducted prior to the first review of the new arrangement and implemented thereafter.

56. The RSF arrangement will help the DRC addresses its vulnerability to climate change while leveraging its natural assets as a “solutions country” in the global low-carbon transition.

It will promote reforms to support climate adaptation and mitigation efforts. The proposed reform package is also designed to create a conducive environment for large-scale climate investments, strengthen incentives for green-compatible investments from both external private and public actors, and complement ongoing climate initiatives by development partners, thereby catalyzing climate financing.

57. The RSF reform package comprises three pillars that target the specific challenges faced by the DRC. First, it focuses on strengthening forest protection as a key sector for both climate change mitigation and adaptation, including enhanced geo-monitoring of forest lands, sustainable use of forest lands, and reforestation efforts, together with a better enforcement of environmental and social standards for the mining sector. Second, it aims to build resilience to climate-induced natural disasters by establishing a robust disaster risk management framework and analysis of associated fiscal risks. Finally, it seeks to integrate climate considerations into public investment management by adopting methodologies that assess climate risks and impacts of

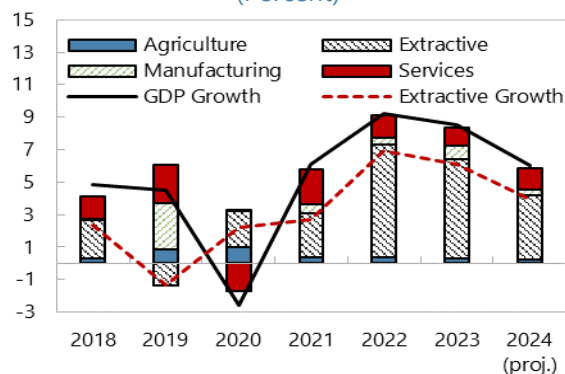
projects, and by securing a commitment by the government to fund priority public investment projects as outlined in the country's NDC.

58. Based on the BoP needs and policy commitments, staff supports the authorities' request for a 38-month arrangement under both the ECF and the RSF, with access equivalent to 125 percent and 75 percent of the DRC's quota, respectively. Staff also supports the partial use of ECF disbursements (50 percent of quota) for budget support.

Figure 1. Real Sector Developments, 2018-24

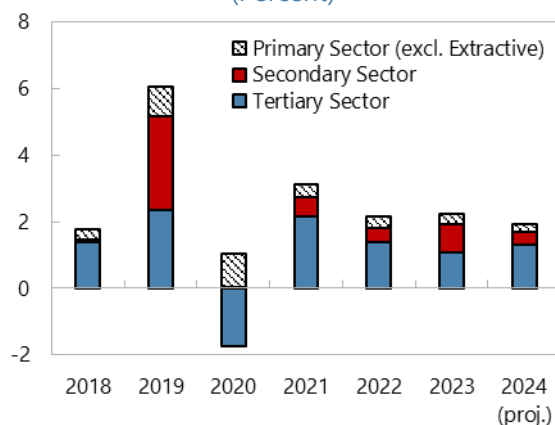
The extractive sector continues to dominate growth dynamics in 2024, despite some slowdown...

Contribution to Real GDP Growth (Percent)



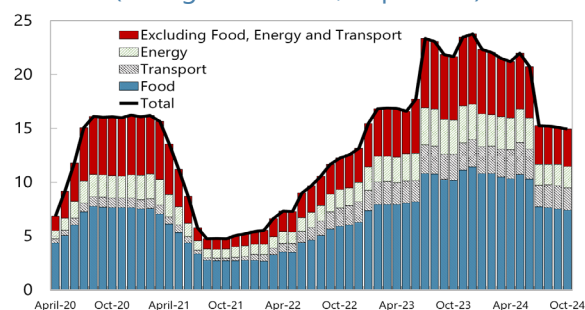
Non-extractive growth is projected to slow down in 2024 due to weaker growth in construction...

Non-Extractive Real GDP Growth (Percent)



Headline and core inflation have receded recently due to the limited passthrough from the exchange rate...

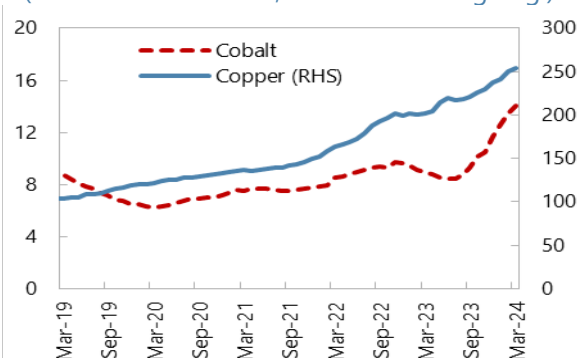
CPI with Contributions from Major Components (YOY growth rates, in percent)



...with growth in 2024 benefitting from increasing copper and, especially, cobalt mining exports.

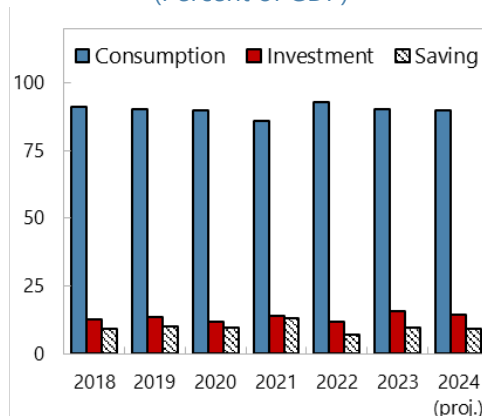
Cobalt and Copper Exports

(Thousand metric ton, 12-month rolling Avg.)



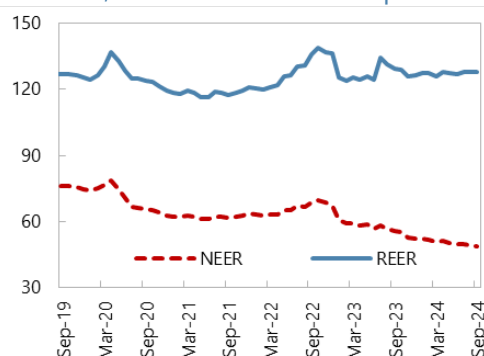
...and as investment remains subdued.

Consumption vs Investment (Percent of GDP)



...as depreciation pressures moderated in 2024.

Nominal and Real Effective Exchange Rates (2010=100; decrease indicates depreciation)

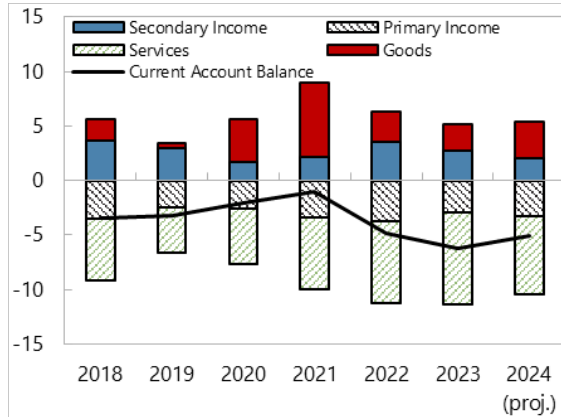


Sources: Congolese authorities; IMF STA INS database; and IMF staff estimates.

Figure 2. External Sector Developments, 2018-24
(Percent of GDP unless specified)

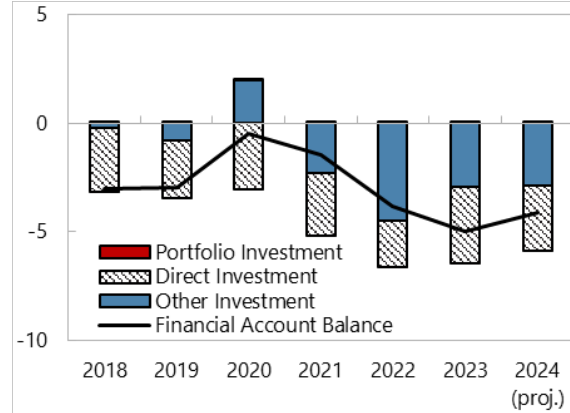
The current account deficit has narrowed in 2024 due to robust growth in mining exports...

Current Account Balance



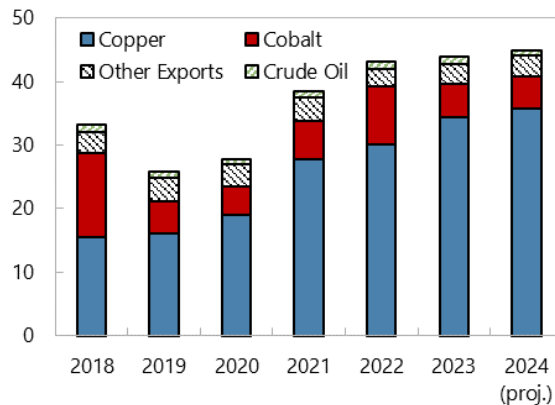
...and has been financed largely by other investment flows followed by FDI.

Financial Account Balance



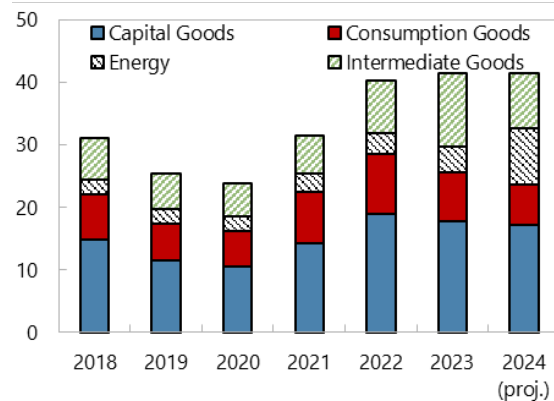
Exports are concentrated in mining products...

Exports of Goods



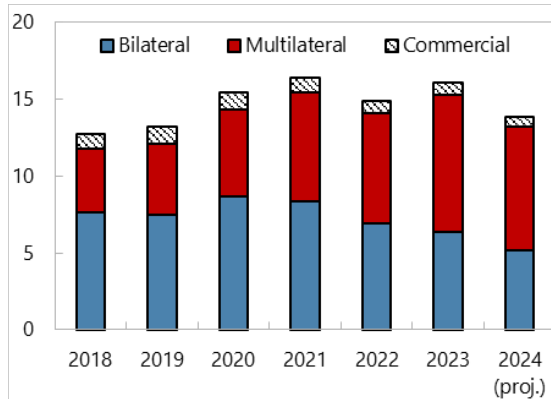
...while broad-based products constitute imports.

Imports of Goods



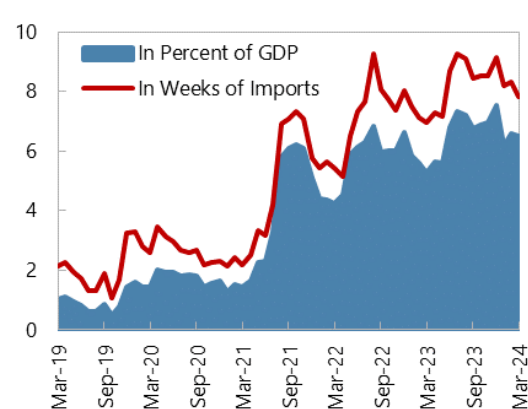
External debt remains low...

External Debt



...and reserves have strongly recovered though remain below adequate levels.

International Reserves



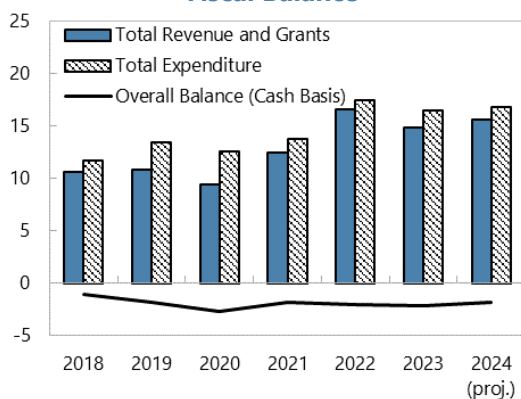
Sources: Congolese authorities; and IMF staff estimates.

Figure 3. Fiscal Sector Developments, 2018-24
(Percent of GDP)

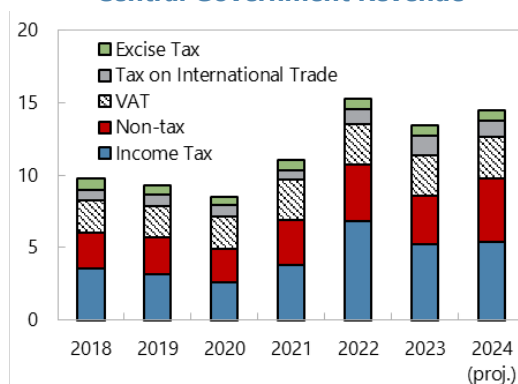
The fiscal deficit has remained broadly contained ...

...largely driven by stronger revenues...

Fiscal Balance



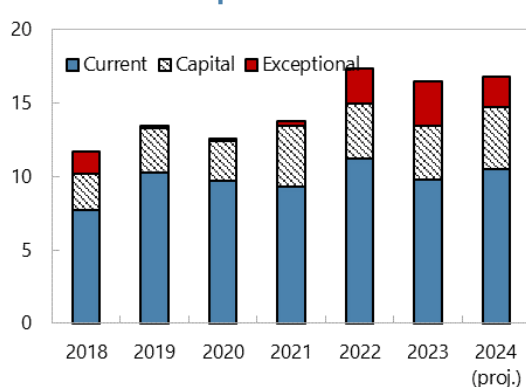
Central Government Revenue



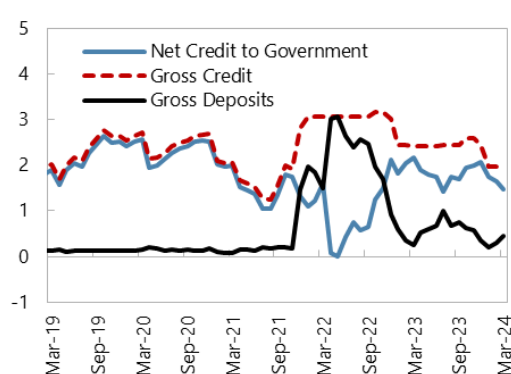
...but weighted down by increase in current and exceptional expenditures partly due to security spending.

NCG continues to improve following the discontinuation of BCC advances since end-April 2020. ^{2/}

Expenditure^{1/}



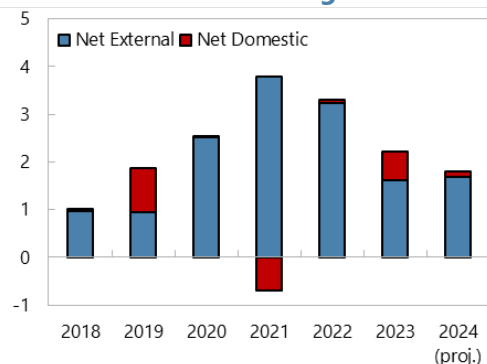
BCC Net Credit to the Government



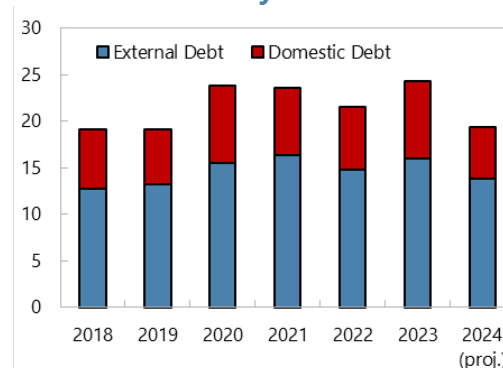
Domestic financing has remained limited despite efforts to issue more government securities ...

...and public debt has remained stable at moderate levels.

Net Financing



Public and Publicly Guaranteed Debt



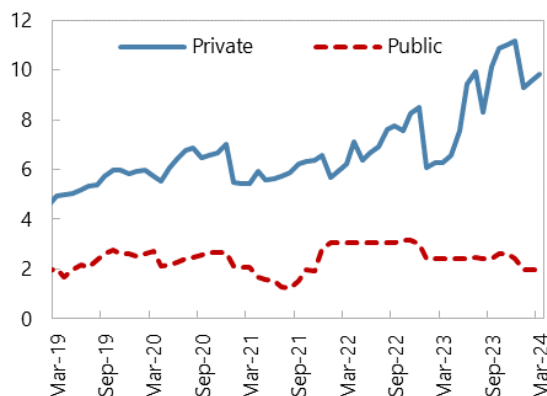
Sources: Congolese authorities; and IMF staff estimates.

1/ Exceptional expenditure includes security, elections, and other exceptional expenditures. 2/ The increase in NCG observed in the late part of 2021 onward is driven by the part of the SDR allocation retroceded to the government as budgetary support.

Figure 4. Monetary and Financial Sector Developments, 2019-24

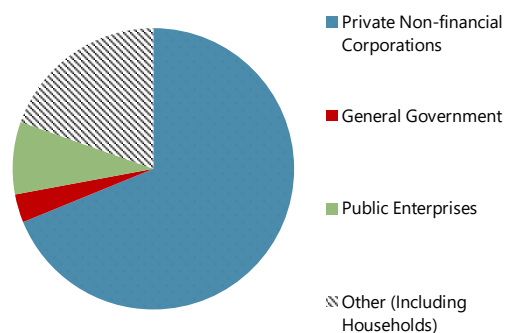
Credit to the economy is increasing, albeit from a low base....

Credit to Private and Public Sector (Percent of GDP)



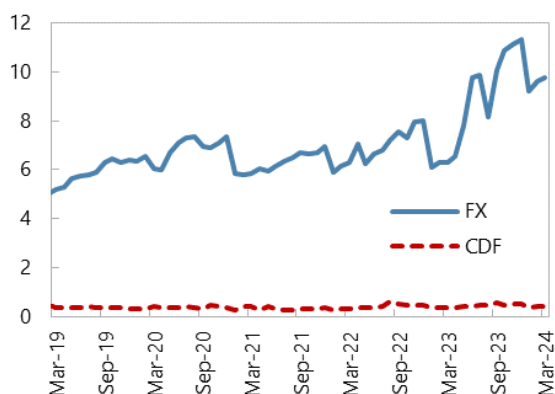
...with most credit allocated to private enterprises.

Bank Credit to the Non-financial Sector (By sector, in percent of total, as of Dec-23)



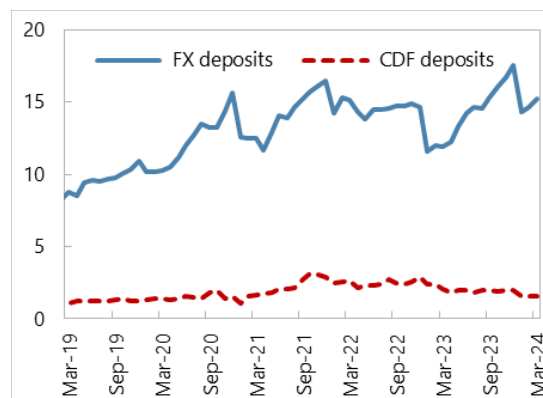
Credit is extended mostly in FX, while credit in Congolese francs remains limited.

Bank Credit to the Non-financial Sector (By currency, in percent of GDP)



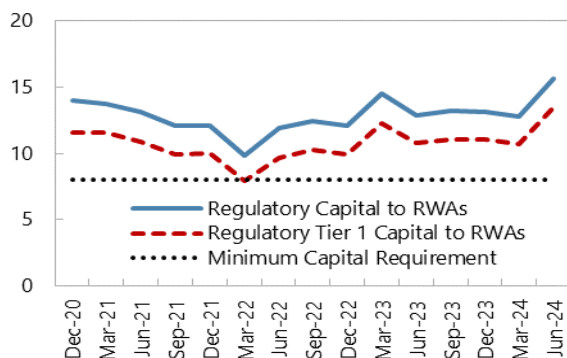
Bank deposits are almost entirely in foreign currency.

Evolution of Private Sector Deposits (Percent of GDP)



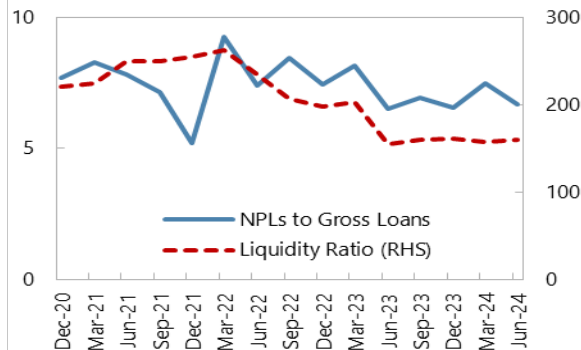
Capital ratios remain above requirements.

Regulatory Capital



After a peak following the reinstatement of credit quality rules, NPLs are declining.

Liquidity and Asset Quality

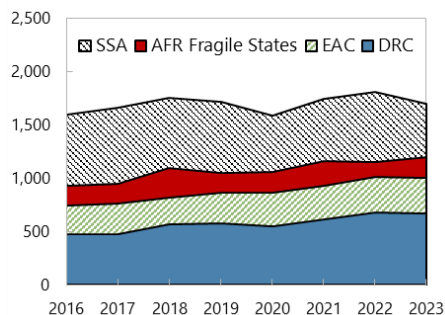


Sources: Congolese authorities; and IMF staff estimates.

Figure 5. Fragility Indicators

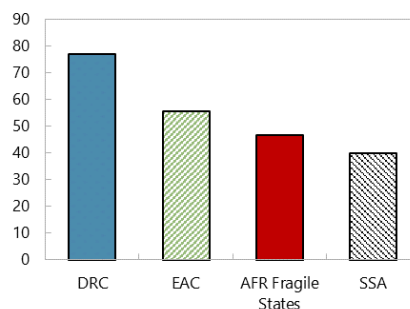
Per-capita GDP is much lower than peers...

GDP per Capita¹
(US\$)



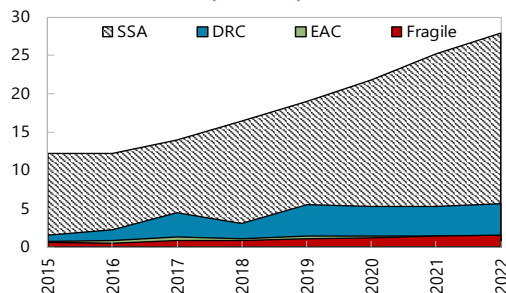
...and poverty rates stand out among African fragile states and SSA peers.

Poverty Rate²
(Percent, as of Feb-24)



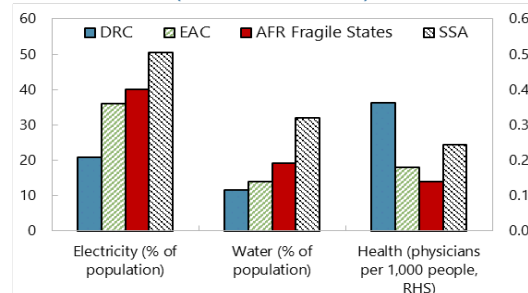
The population suffers from conflict displacement much more than other fragile states.

Internally Displaced Persons³
(Million)



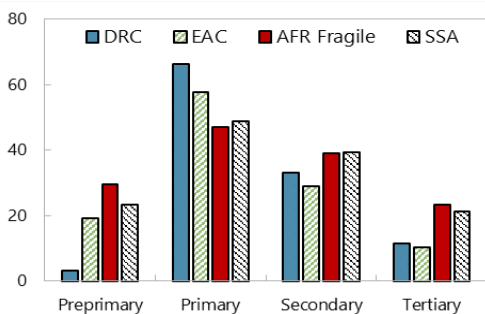
Access to basic utilities remain low, though access to physicians has improved compared to regional peers.

Access to Basic Services⁴
(Latest Available)



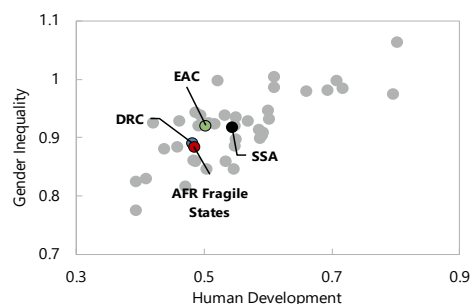
But education enrollment rates are broadly comparable to peers.

Education Enrollment, 2021⁵
(Percent of total relevant school-age pop.)



Gender equality and human capital are subpar for growth, but in line with other fragile states in the region.

Human Development and Gender Inequality, 2022⁶



1/ IMF World Economic Outlook Database.

2/ Haver Analytics, Oxford University (Our World in Data).

3/ Internal Displacement Monitoring Center (IDMC) and World Development Indicators, World Bank Group.

4/ World Development Indicators, World Bank Group.

5/ Ibrahim Index of African Governance.

6/ UNDP: Human Development Reports.

Note: East African Community (EAC) includes the seven Sub-Saharan African members: Burundi, Democratic Republic of the Congo, Kenya, Rwanda, South Sudan, Tanzania, and Uganda. AFR Fragile States include Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Republic of the Congo, Eritrea, Ethiopia, Guinea-Bissau, Mali, Mozambique, Niger, Nigeria, São Tomé and Príncipe, South Sudan, and Zimbabwe.

Figure 6. Governance Indicators

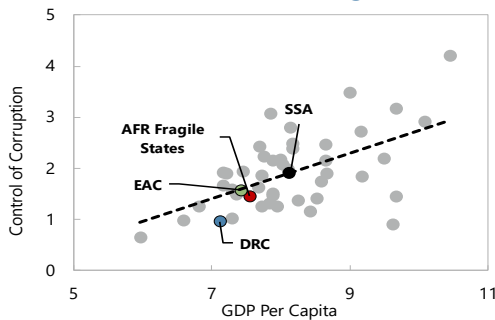
All governance indicators remain weaker than peers...

Governance Indicators (WGI), 2022¹
(Re-scaled: 0=Weak, 5=Strong)



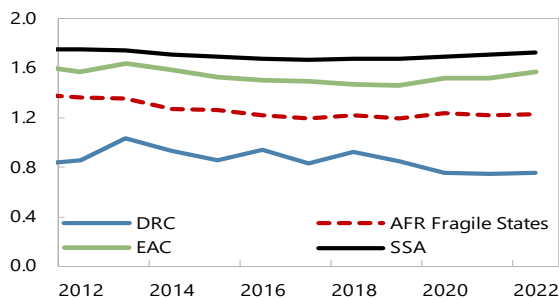
...and corruption control is below countries with similar income levels.

Governance (Control of Corruption) and GDP Per Capita (Ln, PPP), 2023³
(0=Weak, 5=Strong)



Government effectiveness remains low compared to other countries in the region...

Government Effectiveness¹
(Re-scaled: 0=Weak, 5=Strong)



1/ World Governance Indicators, World Bank Group.

2/ Transparency International.

3/ IMF World Economic Outlook and World Governance Indicators, World Bank Group.

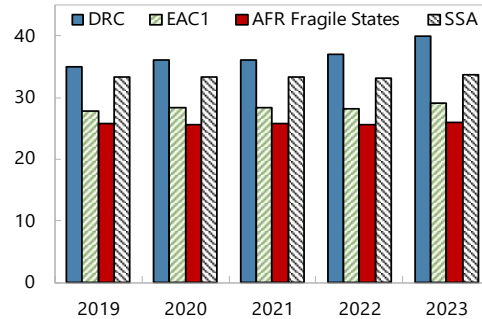
4/ Prosperity Data, World Bank Group.

5/ Open Budget Survey, IBP. Latest published, 2021.

Note: East African Community (EAC) includes the seven Sub-Saharan African members: Burundi, Democratic Republic of the Congo, Kenya, Rwanda, South Sudan, Tanzania, and Uganda. AFR Fragile States include Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Republic of the Congo, Eritrea, Ethiopia, Guinea-Bissau, Mali, Mozambique, Niger, Nigeria, São Tomé and Príncipe, South Sudan, and Zimbabwe.

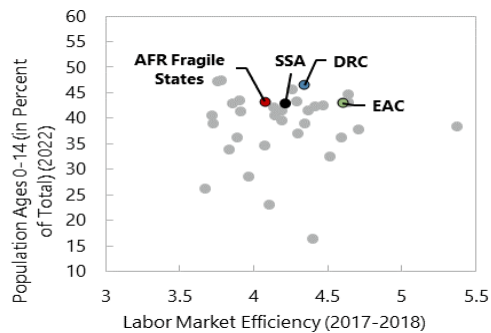
...while corruption index has improved in past years...

Corruption Perception Index²
(0=Very Corrupt, 100=Very Clean)



Labor market efficiency is slightly above peers.

Labor Market Efficiency and Young Population Ratio⁴



...but budget transparency indicators perform well against peers.

Open Budget Survey⁵
(Index Score 0-100, 100=Strong)

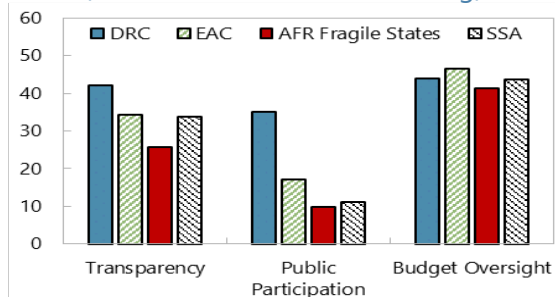
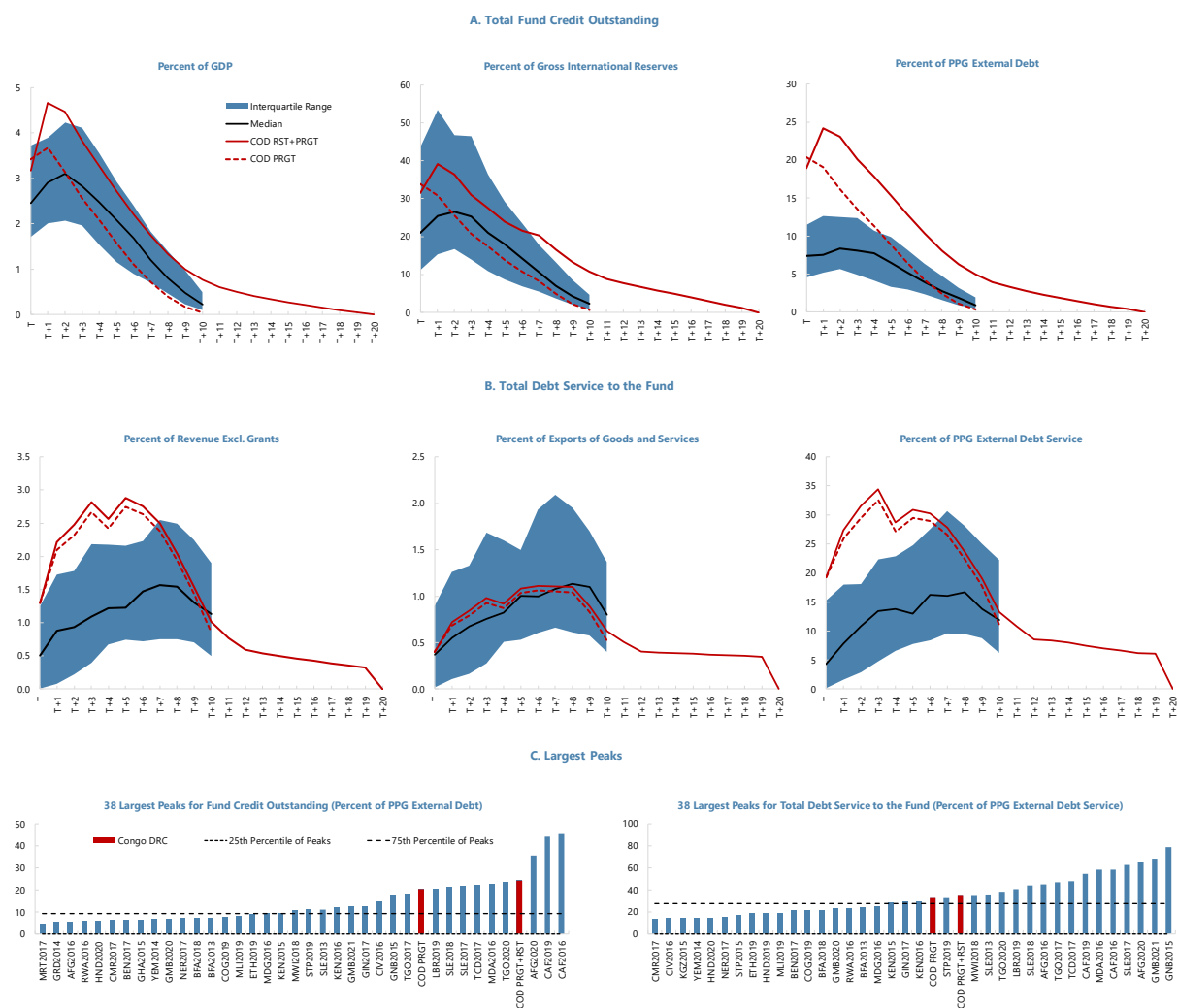


Figure 7. Capacity to Repay Indicators Compared to Upper Credit Tranche Arrangements for PRGT Countries
(In Percent of the Indicated Variable)



Notes: T = date of arrangement approval. PPG = public and publicly guaranteed. Red lines/bars indicate the CtR indicator for the arrangement of interest. The median, interquartile range, and comparator vars reflect all UCT arrangements (including blends) approved for PRGT countries between 2012 and 2022. PRGT countries in the control group with multiple arrangements are entered as separate events in the database. Comparator series is for PRGT arrangements only and runs up to T+10. Debt service obligations to the Fund reflect prospective payments, including for the current year.

Table 1. Democratic Republic of the Congo: Selected Economic and Financial Indicators, 2022-29

	2022	2023		2024		2025		2026	2027	2028	2029
	Act.	CR No. 24/226	Proj.	CR No. 24/226	Proj.	CR No. 24/226	Proj.	Proj.	Proj.	Proj.	Proj.
(Annual percentage change, unless otherwise indicated)											
GDP and prices											
Real GDP	9.2	8.4	8.5	4.7	6.0	5.1	5.4	5.1	5.3	5.5	5.4
Extractive GDP	26.0	18.2	19.8	5.8	11.6	4.8	7.7	5.2	4.4	4.7	3.9
Non-Extractive GDP	3.1	3.5	3.5	4.1	3.2	5.3	4.2	5.0	5.8	6.0	6.2
GDP deflator	5.9	14.4	14.4	16.2	17.4	9.1	8.8	7.4	6.4	6.3	6.5
Consumer prices, period average	9.3	19.9	19.9	17.2	17.7	8.8	8.9	7.3	7.0	7.0	7.0
Consumer prices, end of period	13.1	23.8	23.8	12.0	12.0	7.0	7.8	7.0	7.0	7.0	7.0
External sector											
Exports in U.S. dollars, f.o.b. value	28.7	3.6	3.6	5.1	16.2	5.6	8.2	7.4	5.0	5.2	4.9
Imports in U.S. dollars, f.o.b. value	46.3	4.9	4.9	2.8	13.5	5.8	3.5	6.2	6.6	7.0	7.1
Exports volume	26.4	19.0	19.0	6.3	10.1	3.9	7.8	5.4	4.6	4.9	4.2
Import volume	28.5	6.4	6.4	1.1	10.3	5.1	5.6	5.1	4.8	4.9	5.0
Terms of trade	-8.8	-12.9	-12.9	-2.2	5.0	0.9	2.0	0.8	-0.8	-1.1	-0.8
(Annual change in percent of beginning-of-period broad money)											
Money and credit											
Net foreign assets	-7.0	20.0	19.9	22.0	17.4	11.3	18.2	23.7	21.9	15.7	9.9
Net domestic assets	10.4	20.3	20.3	-0.3	4.9	3.4	-3.5	-10.9	-10.0	-3.6	2.3
Domestic credit	16.7	34.1	34.3	7.2	15.4	8.7	9.9	3.7	4.7	7.7	10.6
Of which: net credit to government	0.5	3.9	3.8	-1.6	-0.9	0.9	1.2	-3.9	-2.4	0.4	3.3
credit to the private sector	14.9	27.7	27.9	7.7	14.9	7.0	7.9	6.8	6.4	6.5	6.6
Broad money	3.5	40.3	40.3	21.6	22.4	14.7	14.7	12.8	12.0	12.2	12.2
(Percent of GDP, unless otherwise indicated)											
Central government finance											
Revenue and grants	16.5	14.8	14.8	15.7	15.6	14.2	15.0	14.9	15.3	15.6	15.6
Revenue	15.3	13.7	13.7	14.4	14.7	13.2	14.0	14.2	14.6	15.0	15.1
o/w extractive revenue	7.8		5.2		5.9		5.4	5.4	5.4	5.3	5.3
Grants	1.2	1.1	1.1	1.4	0.9	1.0	0.9	0.8	0.7	0.6	0.5
Expenditure	17.4	16.5	16.5	17.8	16.8	15.5	16.8	16.6	16.9	17.1	17.1
Overall fiscal balance	-2.0	-2.3	-2.2	-2.7	-1.8	-1.8	-2.4	-2.3	-2.3	-2.1	-2.1
Overall non-extractive fiscal balance	-9.8		-7.4	-7.4	-7.7		-7.8	-7.6	-7.6	-7.5	-7.4
Domestic fiscal balance (program target)	-1.2	-1.3	-1.2	-0.5	-0.3	-0.4	-0.8	-0.8	-0.8	-0.7	-0.6
Public debt	21.6	24.1	23.9	22.8	20.4	21.5	20.9	21.1	21.5	21.0	20.4
Investment and saving											
Gross national saving	6.9	9.4	9.5	10.9	9.1	11.7	12.2	13.0	12.9	12.8	12.2
Government	-1.4	-2.1	-2.0	-1.3	-1.5	0.0	-1.4	-0.3	0.1	0.6	0.7
Non-government	8.3	11.5	11.5	12.2	10.6	11.7	13.5	13.3	12.9	12.2	11.5
Investment	11.8	15.7	15.7	15.6	14.2	15.3	15.0	15.3	15.8	16.1	16.1
Government	3.8	3.7	3.7	5.6	4.2	5.3	5.0	5.3	5.8	6.1	6.1
Non-government	8.0	12.0	12.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Balance of payments											
Exports of goods and services	43.3	44.3	44.0	43.9	45.1	43.2	45.4	45.5	44.8	44.1	43.3
Imports of goods and services	47.9	50.3	49.9	48.5	48.9	47.8	47.3	46.9	46.6	46.4	46.2
Current account balance, incl. transfers	-4.9	-6.2	-6.2	-4.6	-5.1	-3.5	-2.8	-2.4	-2.8	-3.3	-3.9
Current account balance, excl. transfers	-6.5	-7.6	-7.5	-5.1	-5.1	-4.4	-2.7	-2.3	-2.7	-3.1	-3.8
Overall balance	-1.3	-1.5	-1.5	-1.1	-0.7	-0.4	-1.9	-2.2	-1.6	-0.5	-0.4
Gross official reserves (millions of U.S. dollars)	4,565	5,421	5,421	6,341	6,757	6,683	8,278	9,844	11,179	12,330	13,284
Gross official reserves (weeks of imports)	7.9	9.3	8.1	10.0	10.0	10.0	11.5	12.7	13.2	13.6	14.1
External debt											
Total stock, including IMF	14.9	17.8	17.7	18.5	16.0	18.3	17.6	19.3	20.2	19.8	19.4
PV of debt (percent of exports of goods and services)	29.1	28.0	28.2	30.2	26.2	30.0	27.5	29.1	30.5	30.0	29.7
Scheduled debt service (millions of U.S. dollars)	693	705	705	652	636	782	777	876	1110	1188	1329
Percent of exports of goods and services	2.4	2.4	2.4	2.1	1.8	2.4	2.1	2.2	2.6	2.7	2.9
Percent of government revenue	6.8	7.7	7.6	6.4	5.7	7.8	6.7	7.0	8.1	7.9	8.2
Exchange rate (CDF per U.S. dollars)											
Period average	2,007.0	2,444	2,444	...	...	...	...	...	...	...	...
End-of-period	2,016.9	2,687	2,687	...	...	...	...	...	...	...	...
Memorandum items:											
DRC copper export price (US\$ per ton)	8,342.4	8,162.5	8,162.5	8,220.1	8,938.9	8,326.4	9,033.8	9,187.0	9,219.9	9,239.4	9,296.9
DRC cobalt export price (US\$ per ton)	51,809.9	25,447.1	25,447.1	21,305.4	19,770.3	22,185.0	18,152.7	18,765.1	18,765.1	18,765.1	18,956.3
World crude oil price (US\$ per barrel)	96.4	80.6	80.6	78.6	82.9	73.7	78.1	74.1	71.6	69.9	68.8
Nominal GDP (billions of CDF)	132,830	163,596	164,876	198,980	205,186	228,181	235,339	265,427	297,181	333,306	374,137

Sources: Congolese authorities and IMF staff estimates and projections.

Table 2. Democratic Republic of the Congo: Balance of Payments, 2022-29
(Millions of US\$, unless otherwise indicated)

	2022	2023		2024		2025		2026	2027	2028	2029
	Act.	CR No. 24/226	Proj.	CR No. 24/226	Proj.	CR No. 24/226	Proj.	Proj.	Proj.	Proj.	Proj.
Current Account Balance	-3,238	-4,183	-4,183	-3,290	-3,871	-2,697	-2,272	-2,094	-2,645	-3,278	-4,155
Current Account Balance (excl. budget grants) [A]	-3,333	-4,237	-4,237	-3,347	-4,040	-2,697	-2,351	-2,117	-2,655	-3,278	-4,155
Goods balance	1,864	1,601	1,601	2,322	2,623	2,393	4,324	5,034	4,753	4,308	3,671
Exports of goods	28,562	29,601	29,601	31,106	34,401	32,845	37,214	39,970	41,988	44,165	46,338
o/w extractive sector	28,339	29,427	29,427	30,893	34,158	32,590	36,920	39,616	41,557	43,634	45,680
Imports of goods	26,698	28,000	28,000	28,784	31,778	30,452	32,890	34,936	37,234	39,857	42,667
o/w capital goods	12,590	12,089	12,089	12,975	13,147	13,920	14,147	15,228	16,417	17,743	19,146
Services balance	-4,908	-5,627	-5,627	-5,584	-5,534	-5,902	-5,858	-6,258	-6,432	-6,588	-6,803
Primary income	-2,515	-2,018	-2,018	-1,724	-2,492	-1,635	-2,260	-2,395	-2,537	-2,619	-2,706
o/w: Charges and interest on IMF credit	-9	41	-41	49	-48	49	-42	-46	-58	-66	-67
Secondary income (excl. budget support grants)	2,227	1,808	1,808	1,639	1,363	2,448	1,523	1,526	1,571	1,622	1,683
o/w: Budget grants	95	54	54	57	169	0	79	23	10	0	0
Capital Account Balance [B]	538	760	760	1,020	706	912	795	767	739	741	730
o/w: Project grants	720	714	714	933	540	775	696	664	633	601	516
Net Lending(+)/Borrowing(-) [A+B]	-2,795	-3,476	-3,476	-2,326	-3,333	-1,785	-1,557	-1,350	-1,916	-2,536	-3,426
Financial Account Balance (excl. ECF/RCF and budget loans) [C]	-1,770	-2,510	-2,388	-1,511	-2,820	-1,335	-109	132	-933	-2,067	-2,956
Financial Account Balance	-2,530	-3,484	-3,362	-2,270	-3,165	-1,785	-1,477	-1,327	-1,906	-2,536	-3,426
Portfolio investment	34	3	3	4	4	4	4	4	5	5	5
Direct investment	-1,409	-2,375	-2,375	-2,140	-2,294	-1,884	-2,020	-2,164	-2,310	-2,469	-2,640
Other investment (excl. IMF and budget support loans)	-2,219	-1,125	-1,003	-295	-1,865	203	385	725	37	-754	-1,276
Amortization on IMF credit	0	0	0	0	0	107	107	143	246	308	391
Public sector loan amortization (excl. IMF)	526	511	511	424	409	419	420	459	555	544	581
Project loans	-615	-653	-676	-1,521	-1,316	-1,005	-1,341	-1,199	-1,252	-1,316	-1,481
Private flows	-2,130	-984	-838	801	-958	682	1,199	1,322	488	-290	-766
Change in reserves (+: increase)	1,824	987	987	920	1,336	342	1,521	1,566	1,335	1,151	954
Net Errors and Omissions [D]	170	-61	61	0	0	0	0	0	0	0	0
Overall Balance [A+B-C+D]	-854	-1,027	-1,027	-815	-514	-450	-1,448	-1,482	-982	-470	-470
Overall Financing Needs	854	1,027	1,027	815	514	450	1,448	1,482	982	470	470
ECF/RCF disbursements	398	406	406	202	203	0	766	512	513	0	0
Bop Support	398	406	406	202	203	0	766	333	179	0	0
Budget Support	0	0	0	0	0	0	0	179	333	0	0
SDR allocation	0	0	0	0	0	0	0	0	0	0	0
Other exceptional financing	457	621	621	613	311	450	682	970	470	470	470
Budget support loans	362	568	568	557	142	450	603	946	460	470	470
World Bank	362	568	568	557	142	424	576				
Others	0	0	0	0	0	26	26				
Budget grants	95	54	54	57	169	0	79	23	10	0	0
Residual financing gap	0	0	0	0	0	0	0	0	0	0	0
Memorandum Items:											
RSF disbursements	0	0	0	0	0	0	89	448	538	0	0
Current account balance (in percent of GDP)	-4.9	-6.2	-6.2	-4.6	-5.1	-3.5	-2.8	-2.4	-2.8	-3.3	-3.9
Terms of trade (percent change)	-8.8	-12.9	-12.9	-2.2	5.0	0.9	2.0	0.8	-0.8	-1.1	-0.8
Gross reserves	4,565.1	5,460.8	5,420.7	6,285.4	6,756.6	7,158.0	8,278.0	9,844.3	11,178.9	12,329.8	13,283.9
in months of non-aid related imports	1.8	2.1	1.9	2.3	2.3		2.6	2.9	3.0	3.1	3.3
in months of non-aid related imports, excluding RSF disbursements	1.8	2.1	1.9	2.3	2.3		2.6	2.8	2.8	2.9	3.0
Nominal GDP (Million US Dollars)	66,183.5	66,932.7	67,456.3	70,953.5	76,654.2	76,170.5	82,294.4	88,189.0	94,105.0	100,587.6	107,559.0

Sources: Congolese authorities and IMF staff estimates and projections.

Table 3a. Democratic Republic of the Congo: Central Government Operations, 2022-29 ^{1/}
(Billions of CDF)

	2022		2023		2024		2025		2026	2027	2028	2029
	Act.	CR No. 24/226	Proj.	CR No. 24/226	Proj.	CR No. 24/226	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
Revenue and grants	21,951	23,543	24,424	30,695	31,967	31,693	35,209	39,656	45,365	52,021	58,259	
Revenue	20,308	22,393	22,575	28,581	30,069	30,061	32,992	37,588	43,337	50,030	56,464	
Central government revenue (excl. special accounts)	18,999	20,318	20,462	25,032	26,449	26,384	28,522	33,407	38,655	44,778	50,567	
Tax revenue	15,147	16,415	16,559	19,623	20,627	21,188	22,708	25,873	29,671	34,270	38,709	
Income tax	9,049	8,600	8,600	10,472	11,082	10,021	11,661	13,147	15,248	17,586	20,053	
Individuals	1,740	2,163	2,163	2,760	3,013	3,190	3,628	4,133	4,998	5,717	6,546	
Businesses	6,647	5,888	5,888	6,884	6,978	5,883	6,774	7,580	8,658	10,098	11,543	
Other unallocable taxes on income, profits, and capital gains	663	549	549	828	1,091	948	1,259	1,434	1,593	1,771	1,963	
Taxes on goods and services	4,628	5,751	5,751	6,529	7,256	8,166	8,423	9,765	11,109	12,782	14,058	
Value-added tax/Turnover tax	3,679	4,532	4,532	4,999	5,815	6,415	6,737	7,826	8,937	10,224	12,050	
Excises	949	1,218	1,218	1,530	1,441	1,751	1,686	1,940	2,172	2,558	2,908	
Taxes on international trade and transactions	1,469	2,064	2,208	2,622	2,288	3,001	2,625	2,960	3,314	3,903	4,598	
Non-tax revenue	5,161	5,560	5,599	8,757	9,038	8,873	10,284	11,715	13,665	15,760	17,755	
Revenue from natural resources and telecommunications	2,548	1,735	1,735	3,416	3,555	3,288	3,590	4,394	4,945	5,482	6,117	
Mining royalties	1,499	1,161	1,161	2,691	2,579	2,458	2,416	2,902	3,185	3,450	3,772	
Oil royalty and rent	417	232	232	266	299	287	323	410	463	506	551	
Telecommunications	254	159	159	236	377	270	476	537	601	708	834	
Dividends from state-owned enterprises	377	184	184	223	299	273	375	546	696	818	959	
Fees from sectoral ministries	560	1,310	1,310	1,275	1,462	1,317	1,752	2,577	3,373	4,244	4,859	
Other	745	440	440	517	401	591	472	563	666	782	882	
Special accounts and budgets	1,309	2,075	2,113	3,550	3,620	3,677	4,470	4,181	4,682	5,252	5,897	
Grants	1,643	1,150	1,848	2,113	1,898	1,632	2,217	2,068	2,029	1,991	1,794	
Project	1,452	1,019	1,717	1,955	1,446	1,632	1,990	1,998	1,998	1,991	1,794	
Budget support	191	131	131	158	451	0	227	70	31	0	0	
Expenditure	23,110	26,376	27,145	34,737	34,434	34,514	39,626	44,046	50,370	57,144	63,985	
Current expenditure	14,858	16,111	16,123	19,892	21,574	21,579	24,432	26,326	29,717	33,432	37,649	
Wages	6,578	7,132	7,132	8,125	9,169	8,973	10,260	11,225	12,442	13,844	15,540	
Interest due	457	574	548	702	695	731	771	939	1,171	1,403	1,636	
External	61	113	87	95	104	209	185	289	443	591	739	
Domestic	396	461	461	607	591	522	586	650	728	813	898	
Goods and services	4,159	4,197	4,197	5,001	5,201	5,730	5,963	6,550	7,480	8,505	9,518	
Subsidies and other current transfers	3,664	4,207	4,246	6,064	6,509	6,145	7,439	7,613	8,624	9,680	10,955	
Subsidies	2,037	1,879	1,879	2,115	2,473	2,011	2,492	2,943	3,342	3,793	4,368	
Transfers to other levels of national government	319	254	254	399	416	457	477	569	601	635	691	
Special accounts and budgets	1,309	2,075	2,113	3,550	3,620	3,677	4,470	4,102	4,682	5,252	5,897	
Capital expenditure	5,063	5,279	6,036	10,404	8,580	11,326	11,655	14,178	17,111	20,169	22,791	
Foreign-financed	2,686	2,614	3,370	6,202	4,969	4,624	5,824	5,606	5,951	6,353	6,947	
Domestically-financed	2,377	2,665	2,665	4,202	3,611	6,702	5,831	8,572	11,160	13,816	15,844	
Exceptional expenditure ^{2/}	3,188	4,986	4,986	4,442	4,280	1,609	3,539	3,541	3,542	3,544	3,545	
Security spending	2,356	3,568	3,568	4,200	4,109	1,584	3,530	3,530	3,530	3,530	3,530	
Domestic fiscal balance (excluding arrears repayment)	-55	-1,256	-1,112	141	708	380	-625	-563	-640	-171	165	
Overall fiscal balance (excluding arrears repayment)	-1,159	-2,833	-2,721	-4,043	-2,467	-2,821	-4,417	-4,390	-5,005	-5,124	-5,727	
Change in domestic arrears (repayment = -)	-1,495	-876	-876	-1,230	-1,230	-1,305	-1,305	-1,600	-1,800	-2,000	-2,240	
Domestic fiscal balance (program target)	-1,550	-2,132	-1,987	-1,089	-522	-925	-1,930	-2,163	-2,440	-2,171	-2,075	
Domestic non-extractive fiscal balance	-11,936	-10,578	-10,578	-12,715	-12,715	-14,546	-16,416	-18,350	-19,908	-21,763	-21,763	
Overall fiscal balance	-2,654	-3,709	-3,597	-5,273	-3,697	-4,126	-5,722	-5,990	-6,805	-7,124	-7,967	
Overall non-extractive fiscal balance	-13,040	-12,187	-12,187	-15,891	-15,891	-18,338	-20,243	-22,715	-24,860	-27,654	-27,654	
Errors and omissions	-1,748	228	-75	0	0	0	0	0	0	0	0	
Financing	4,402	3,480	3,672	5,273	3,697	4,126	5,722	5,990	6,805	7,124	7,967	
Net domestic financing	113	997	992	-46	223	626	646	-1,216	-856	823	2,220	
Accumulation of deposits ^{3/}	1,025	0	0	0	0	0	0	-755	-928	102	580	
Financing (banking system)	-912	997	992	-46	223	626	646	-460	72	720	1,640	
Net foreign financing	4,289	2,484	2,680	5,319	3,474	3,500	5,075	7,206	7,661	6,301	5,747	
Budget loans (disbursements)	3,556	1,387	1,525	1,554	380	1,257	1,724	4,197	4,485	2,831	1,633	
ECF							0	540	1,052	0	0	
RSF							256	1,349	1,699	0	0	
Other	3,556	1,387	1,525	1,554	380	1,257	1,468	2,309	1,734	2,831	1,633	
Project loans (disbursements)	1,234	1,595	1,653	4,247	3,523	2,991	3,835	3,608	3,953	4,362	5,153	
Amortization of external debt	-501	-499	-499	-482	-429	-748	-483	-599	-777	-893	-1,039	
Memorandum items:												
Gross domestic product (billions of CDF)	132,830	163,596	164,876	198,152	205,186	226,776	235,339	265,427	297,181	333,306	374,137	
Extractive revenue ^{4/}	10,385		8,590		12,193		12,616	14,253	15,910	17,737	19,687	

Sources: Congolese authorities; and IMF staff estimates and projections.

1/ Covers the central government

2/ Mainly expenditure related to security and elections.

3/ Includes the use of 2021 SDR allocation retroceded to the government, and funds disbursed for budget support kept as foreign and domestic deposits.

4/ Extractive revenue comprise revenue from the mining and petroleum sectors arising from direct taxes (personal and corporate income taxes), tax on exceptional profits, royalties, excise duties, VAT, other taxes and fees, dividends from SOEs in these sectors.

Table 3b. Democratic Republic of the Congo: Central Government Operations, 2022-29 ^{1/}
(Percent of GDP)

	2022	2023		2024		2025		2026	2027	2028	2029
	Act.	CR No. 24/226	Proj.	CR No. 24/226	Proj.	CR No. 24/226	Proj.	Proj.	Proj.	Proj.	Proj.
Revenue and grants	16.5	14.4	14.8	15.5	15.6	14.0	15.0	14.9	15.3	15.6	15.6
Revenue	15.3	13.7	13.7	14.4	14.7	13.3	14.0	14.2	14.6	15.0	15.1
Central government revenue (excl. special accounts)	14.3	12.4	12.4	12.6	12.9	11.6	12.1	12.6	13.0	13.4	13.5
Tax revenue	11.4	10.0	10.0	9.9	10.1	9.3	9.6	9.7	10.0	10.3	10.3
Income tax	6.8	5.3	5.2	5.3	5.4	4.4	5.0	5.0	5.1	5.3	5.4
Individuals	1.3	1.3	1.3	1.4	1.5	1.4	1.5	1.6	1.7	1.7	1.7
Businesses	5.0	3.6	3.6	3.5	3.4	2.6	2.9	2.9	2.9	3.0	3.1
Other unallocable taxes on income, profits, and capital gains	0.5	0.3	0.3	0.4	0.5	0.4	0.5	0.5	0.5	0.5	0.5
Taxes on goods and services	3.5	3.5	3.5	3.3	3.5	3.6	3.6	3.7	3.7	3.8	3.8
Value-added tax/Turnover tax	2.8	2.8	2.7	2.5	2.8	2.8	2.9	2.9	3.0	3.1	3.2
Excises	0.7	0.7	0.7	0.8	0.7	0.8	0.7	0.7	0.7	0.8	0.5
Taxes on international trade and transactions	1.1	1.3	1.3	1.3	1.1	1.3	1.1	1.1	1.1	1.2	1.2
Non-tax revenue	3.9	3.4	3.4	4.4	4.4	3.9	4.4	4.4	4.6	4.7	4.7
Revenue from natural resources and telecommunications	1.9	1.1	1.1	1.7	1.7	1.4	1.5	1.7	1.7	1.6	1.6
Mining royalties	1.1	0.7	0.7	1.4	1.3	1.1	1.0	1.1	1.1	1.0	1.0
Oil royalty and rent	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.1
Telecommunications	0.2	0.1	0.1	0.1	0.2	0.1	0.2	0.2	0.2	0.2	0.2
Dividends from state-owned enterprises	0.3	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.3
Fees from sectoral ministries	0.4	0.8	0.8	0.6	0.7	0.6	0.7	1.0	1.1	1.3	1.3
Other	0.6	0.3	0.3	0.3	0.2	0.3	0.2	0.2	0.2	0.2	0.2
Special accounts and budgets	1.0	1.3	1.3	1.8	1.8	1.6	1.9	1.6	1.6	1.6	1.6
Grants	1.2	0.7	1.1	1.1	0.9	0.7	0.9	0.8	0.7	0.6	0.5
Project	1.1	0.6	1.0	1.0	0.7	0.7	0.8	0.8	0.7	0.6	0.5
Budget support	0.1	0.1	0.1	0.1	0.2	0.0	0.1	0.0	0.0	0.0	0.0
Expenditure	17.4	16.1	16.5	17.5	16.8	15.2	16.8	16.6	16.9	17.1	17.1
Current expenditure	11.2	9.8	9.8	10.0	10.5	9.5	10.4	9.9	10.0	10.0	10.1
Wages	5.0	4.4	4.3	4.1	4.5	4.0	4.4	4.2	4.2	4.2	4.2
Interest due	0.3	0.4	0.3	0.4	0.3	0.3	0.3	0.4	0.4	0.4	0.4
External	0.0	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.2	0.2
Domestic	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Goods and services	3.1	2.6	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.6	2.5
Subsidies and other current transfers	2.8	2.6	2.6	3.1	3.2	2.7	3.2	2.9	2.9	2.9	2.9
Subsidies	1.5	1.1	1.1	1.1	1.2	0.9	1.1	1.1	1.1	1.1	1.2
Transfers to other levels of national government	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Special accounts and budgets	1.0	1.3	1.3	1.8	1.8	1.6	1.9	1.5	1.6	1.6	1.6
Capital expenditure	3.8	3.2	3.7	5.3	4.2	5.0	5.0	5.3	5.8	6.1	6.1
Foreign-financed	2.0	1.6	2.0	3.1	2.4	2.0	2.5	2.1	2.0	1.9	1.9
Domestically-financed	1.8	1.6	1.6	2.1	1.8	3.0	2.5	3.2	3.8	4.1	4.2
Exceptional expenditure ^{2/}	2.4	3.0	3.0	2.2	2.1	0.7	1.5	1.3	1.2	1.1	0.9
Security spending	1.8	2.2	2.2	2.1	2.0	0.7	1.5	1.3	1.2	1.1	0.9
Domestic fiscal balance (excluding arrears repayment)	0.0	-0.8	-0.7	0.1	0.3	0.2	-0.3	-0.2	-0.2	-0.1	0.1
Overall fiscal balance (excluding arrears repayment)	-0.9	-1.7	-1.7	-2.0	-1.2	-1.2	-1.9	-1.7	-1.7	-1.5	-1.5
Change in domestic arrears (repayment = -)	-1.1	-0.5	-0.5	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6
Domestic fiscal balance (program target)	-1.2	-1.3	-1.2	-0.5	-0.3	-0.4	-0.8	-0.8	-0.8	-0.7	-0.6
Domestic non-extractive fiscal balance	-9.0	-6.4	-6.4	-6.2	-6.2	-6.2	-6.2	-6.2	-6.2	-6.0	-5.8
Overall fiscal balance	-2.0	-2.3	-2.2	-2.7	-1.8	-1.8	-2.4	-2.3	-2.3	-2.1	-2.1
Overall non-extractive fiscal balance	-9.8	-7.4	-7.4	-7.7	-7.7	-7.8	-7.6	-7.6	-7.6	-7.5	-7.4
Errors and omissions	-1.3	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing	3.3	2.1	2.2	2.7	1.8	1.8	2.4	2.3	2.3	2.1	2.1
Net domestic financing	0.1	0.6	0.6	0.0	0.1	0.3	0.3	-0.5	-0.3	0.2	0.6
Accumulation of deposits ^{3/}	0.8	0.0	0.0	0.0	0.0	0.0	0.0	-0.3	-0.3	0.0	0.2
Financing (banking system)	-0.7	0.6	0.6	0.0	0.1	0.3	0.3	-0.2	0.0	0.2	0.4
Net foreign financing	3.2	1.5	1.6	2.7	1.7	1.5	2.2	2.7	2.6	1.9	1.5
Budget loans (disbursements)	2.7	0.8	0.9	0.8	0.2	0.6	0.7	1.6	1.5	0.8	0.4
ECF						0.0	0.0	0.2	0.4	0.0	0.0
RSF						0.0	0.1	0.5	0.6	0.0	0.0
Other						0.0	0.6	0.9	0.6	0.8	0.4
Project loans (disbursements)	0.9	1.0	1.0	2.1	1.7	1.3	1.6	1.4	1.3	1.3	1.4
Amortization of external debt	-0.4	-0.3	-0.3	-0.2	-0.2	-0.3	-0.2	-0.2	-0.3	-0.3	-0.3
Memorandum items:											
Gross domestic product (billions of CDF)	132,830	163,596	164,876	198,152	205,186	226,776	235,339	265,427	297,181	333,306	418,204
Extractive revenue ^{4/}	7.8		5.2		5.9		5.4		5.4		5.3

Sources: Congolese authorities; and IMF staff estimates and projections.

1/ Covers the central government.

2/ Mainly expenditure related to security and elections.

3/ Includes the use of 2021 SDR allocation retroceded to the government, and funds disbursed for budget support kept as foreign and domestic deposits.

4/ Extractive revenue comprise revenue from the mining and petroleum sectors arising from direct taxes (personal and corporate income taxes), tax on exceptional profits, royalties, excise duties, VAT, other taxes and fees, dividends from SOEs in these sectors.

Table 4. Democratic Republic of the Congo: Depository Corporations Survey, 2022-29
(Billions of CDF, unless otherwise indicated)

	2022	2023		2024		2025		2026	2027	2028	2029
	Act.	CR No. 24/226	Proj.	CR No. 24/226	Proj.	CR No. 24/226	Proj.	Proj.	Proj.	Proj.	Proj.
Depository corporations survey:											
Net foreign assets	15,737	20,891	20,888	28,484	27,210	35,020	35,262	47,314	59,895	69,994	77,151
Claims on non-residents	22,220	32,244	32,241	39,566	41,801	46,807	51,809	65,859	79,791	90,748	98,359
Liabilities to non-residents	6,483	11,353	11,353	11,082	14,590	11,787	16,547	18,546	19,896	20,754	21,207
Net domestic assets	10,090	15,340	15,342	15,393	17,136	15,191	15,596	10,043	4,320	2,023	3,684
Domestic credit	13,935	22,741	22,784	25,228	28,347	29,251	32,738	34,601	37,322	42,238	49,896
Net credit to the central government	1,448	2,444	2,440	1,845	2,110	2,471	2,628	626	-737	-471	1,925
Credit to other sectors	12,484	20,297	20,345	23,384	26,238	26,780	30,110	33,975	38,059	42,710	47,971
Credit to the private sector	11,276	18,421	18,469	21,132	23,867	24,171	27,356	30,834	34,505	38,680	43,399
Other items, net	-3,842	-7,402	-7,442	-9,835	-11,212	-14,060	-17,142	-24,558	-33,003	-40,215	-46,211
Broad Money (M2)	25,827	36,230	36,231	43,877	44,346	50,211	50,858	57,357	64,215	72,017	80,836
Narrow Money (M1)	6,470	7,036	7,396	8,467	8,404	9,690	9,638	10,870	12,171	13,650	15,321
Currency in circulation	3,543	4,528	4,528	5,484	4,899	6,276	5,619	6,337	7,095	7,958	8,933
Demand deposits	2,927	2,508	2,868	2,983	3,505	3,414	4,020	4,533	5,075	5,692	6,389
Quasi money	19,358	29,195	28,835	35,410	35,942	40,521	41,220	46,486	52,044	58,367	65,514
Time deposits in domestic currency	733	720	360	856	440	980	504	569	637	714	802
Foreign currency deposits	18,625	28,475	28,475	34,554	35,502	39,541	40,715	45,917	51,407	57,653	64,713
Banque centrale du Congo:											
Net foreign assets	4,524	6,663	6,660	9,726	8,877	13,012	12,674	17,305	22,371	27,899	33,705
Claims on non-residents	9,636	14,651	14,648	18,694	19,385	22,399	24,739	30,803	36,615	42,313	47,796
Gross official reserves	9,204	14,526	14,526	18,124	19,385	21,829	24,286	30,350	36,162	41,860	47,343
Liabilities to non-residents	-5,112	-7,988	-7,988	-8,968	-10,507	-9,387	-12,064	-13,498	-14,244	-14,414	-14,090
Net domestic assets	2,931	2,242	2,244	997	727	-823	-1,685	-4,808	-8,256	-11,972	-15,784
Domestic credit	3,703	4,383	4,430	4,212	4,401	4,169	4,411	3,630	3,130	2,579	2,762
Net credit to the central government	2,770	3,456	3,451	3,456	3,451	3,584	3,451	2,665	2,158	1,601	1,777
Government deposit	1,239		576		576		1,363	1,869	2,427	2,250	2,250
Claims on other depository corporations	847	814	817	639	762	465	762	762	762	762	762
Other items, net	-772	-2,141	-2,185	-3,216	-3,675	-4,992	-6,096	-8,438	-11,386	-14,551	-18,546
Monetary base (broad definition)	7,455	8,904	8,904	10,723	9,604	12,189	10,989	12,497	14,114	15,927	17,921
Other depository corporations:											
Net foreign assets	11,213	14,228	14,228	18,758	18,333	22,008	22,587	30,009	37,524	42,095	43,446
Net domestic assets	10,906	17,370	17,322	19,531	20,961	21,822	22,500	20,858	19,443	21,812	28,304
Claims on the central bank	4,234	4,952	4,952	5,820	5,389	6,494	6,054	6,843	7,703	8,652	9,672
Net credit to the central government	-1,323	-1,012	-1,012	-1,611	-1,342	-1,113	-823	-2,039	-2,895	-2,072	147
Credit to local administrations	211	254	254	305	313	354	364	415	470	532	604
Credit to public enterprises	997	1,621	1,621	1,946	2,057	2,256	2,390	2,726	3,084	3,497	3,968
Credit to private sector	11,190	18,308	18,308	21,015	23,679	24,050	27,159	30,631	34,295	38,464	43,176
Other items, net	-4,020	-6,753	-6,800	-7,944	-9,135	-10,219	-12,644	-17,718	-23,214	-27,262	-29,263
(Annual percent change)											
Net foreign assets	-9.9	32.7	32.7	36.3	30.3	22.9	29.6	34.2	26.6	16.9	10.2
Net domestic assets	34.9	52.0	52.1	0.4	11.7	-1.3	-9.0	-35.6	-57.0	-53.2	82.1
Domestic credit	53.3	55.7	56.0	13.0	24.8	13.1	13.0	9.2	9.8	10.2	12.3
Net credit to government	8.5	68.9	68.5	-24.5	-13.5	34.0	24.6	-76.2	-217.7	-36.0	-508.3
Credit to the private sector	49.1	63.4	63.8	14.7	29.2	14.4	14.6	12.7	11.9	12.1	12.2
Broad Money (M2)	3.5	40.3	40.3	21.1	22.4	14.4	14.7	12.8	12.0	12.2	12.2
Memorandum items:											
Nominal GDP (billions of CDF)											
Nominal GDP (billions of CDF)	132,830	163,596	164,876	198,152	205,186	226,776	235,339	265,427	297,181	333,306	374,137
Credit to the private sector (percent of GDP)	8.5%	11.3%	11.2%	10.7%	11.6%	10.7%	11.6%	11.6%	11.6%	11.6%	11.6%
Velocity (GDP/broad money)	5.1	4.5	4.6	4.5	4.6	4.5	4.6	4.6	4.6	4.6	4.6
Foreign currency deposits (percent of M2)	72.1	78.6	78.6	78.8	80.1	78.8	80.1	80.1	80.1	80.1	80.1
Foreign currency deposits (percent of total deposits)	83.6	89.8	89.8	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0

Sources: Congolese authorities and IMF staff estimates and projections.

Table 5. Democratic Republic of the Congo: Financial Soundness Indicators, 2020-24

	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24
Capital Adequacy															
Regulatory capital to risk-weighted assets	14.0	13.8	13.1	12.1	12.1	9.9	11.9	12.5	12.1	14.5	12.9	13.2	13.2	12.8	15.7
Tier 1 capital to risk-weighted assets	11.6	11.6	10.9	9.9	10.0	7.9	9.7	10.2	9.9	12.3	10.8	11.1	11.1	10.7	13.5
Common Equity Tier 1 capital to risk-weighted assets	11.2	11.1	10.4	9.5	9.5	7.5	9.3	9.8	9.5	11.9	10.5	10.7	10.7	10.4	13.2
Tier 1 capital to assets	6.1	5.9	5.6	5.1	4.9	4.4	5.1	5.5	5.5	7.0	6.4	6.1	5.9	5.9	7.3
Asset quality															
NPLs to total gross loans	7.7	8.3	7.8	7.1	5.2	9.2	7.4	8.4	7.4	8.2	6.5	6.9	6.6	7.5	6.7
NPLs net of provisions to capital	15.5	16.7	16.4	15.1	10.0	24.0	10.9	20.5	18.9	17.6	18.8	19.4	20.3	24.7	17.1
Provisions to nonperforming loans	61.4	60.6	58.1	60.2	67.7	58.3	74.2	57.9	58.0	55.1	54.0	55.3	52.9	48.8	51.5
Loan concentration by economic activity	51.4	50.1	52.5	54.3	46.9	49.7	50.6	53.8	49.3	44.3	52.2	56.2	57.3	55.6	61.1
Earnings and profitability															
Return on assets (net income/total assets)	0.3	1.4	1.4	1.2	1.1	1.4	1.7	1.9	2.2	3.8	3.5	3.5	3.5	3.6	3.4
Return on equity (net income/equity)	2.1	16.1	17.2	15.3	15.7	18.2	19.5	23.1	24.7	35.3	35.9	38.2	39.0	32.3	32.4
Interest margin to gross income	32.3	30.4	28.1	30.3	28.9	29.5	30.3	29.8	30.8	36.4	37.4	38.3	37.5	40.2	41.1
Noninterest expenses to gross income	75.1	67.6	66.2	66.2	66.8	62.0	62.8	59.6	58.1	47.2	49.4	48.7	49.1	46.3	48.7
Liquidity															
Liquid assets to total assets	14.6	14.7	13.0	15.4	16.7	15.0	18.4	17.5	21.1	22.5	19.1	21.0	19.9	19.3	19.0
Liquid assets to short-term liabilities	42.8	46.5	40.6	46.1	45.0	42.6	53.2	54.8	64.4	69.1	61.9	65.9	62.1	61.3	59.3
Customer deposits to total (noninterbank) loans	220.5	224.9	249.7	250.0	254.7	262.5	234.1	207.0	197.9	202.6	154.1	159.8	160.4	157.3	159.3
Sensitivity to market risk															
Net open position in foreign exchange to capital	25.2	16.0	12.4	10.9	5.4	53.9	-5.4	13.1	16.2	-0.4	2.4	4.4	7.3	5.0	-0.9
Foreign currency-denominated liabilities to total liabilities	89.8	87.8	86.7	85.0	85.0	84.1	85.8	85.1	82.8	83.1	86.5	86.5	88.1	89.1	89.9
Foreign currency-denominated loans to total loans	90.2	87.7	89.8	88.9	83.6	88.3	87.6	86.6	87.0	86.1	89.0	89.9	90.3	89.3	92.1

Source: Central Bank of Congo.

Table 6. Democratic Republic of the Congo: Capacity to Repay the Fund, 2022-44

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Total obligations on existing and prospective credit																							
Total obligations (in millions of SDRs)	6.6	30.9	35.7	111.3	140.8	225.7	277.7	336.6	327.2	395.7	411.0	391.9	346.2	277.8	195.9	159.2	127.4	125.6	123.8	122.0	120.2	118.4	116.6
Principal	0.0	0.0	0.0	80.0	106.6	182.8	228.4	289.4	277.9	346.4	361.7	342.6	296.9	228.5	146.6	110.4	80.0	80.0	80.0	80.0	80.0	80.0	80.0
Charges and interest 1/	6.6	30.9	35.7	31.3	34.2	42.9	49.2	49.3	49.3	49.3	49.3	49.3	49.3	49.3	49.3	48.8	47.4	45.6	43.9	42.0	40.2	38.4	36.6
Total obligations (in millions of U.S. dollars)	8.7	41.2	47.5	149.3	189.3	303.8	374.4	457.0	441.7	534.2	554.8	529.1	467.4	375.0	264.5	214.9	171.9	169.5	167.1	164.7	162.2	159.8	157.4
In percent of exports of goods and services	0.0	0.1	0.1	0.4	0.5	0.7	0.8	1.0	0.9	1.1	1.1	1.1	1.1	0.9	0.6	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4
In percent of GDP	0.0	0.1	0.1	0.2	0.2	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
In percent of quota	0.6	2.9	3.3	10.4	13.2	21.2	26.0	31.8	30.7	37.1	38.6	36.8	32.5	26.1	18.4	14.9	11.9	11.8	11.6	11.4	11.3	11.1	10.9
In percent of total external debt service	1.3	5.8	7.5	19.2	21.6	27.4	31.5	34.4	28.7	30.9	30.3	27.8	23.6	19.1	13.2	10.8	8.6	8.3	8.0	7.5	7.0	6.6	6.2
In percent of gross international reserves	0.2	0.8	0.7	1.8	1.9	2.7	3.0	3.4	3.2	3.9	4.2	4.5	4.1	3.3	2.3	1.9	1.5	1.5	1.4	1.4	1.4	1.4	1.3
Fund credit outstanding (end-period)																							
In millions of SDRs	1,142.2	1,446.8	1,599.0	2,156.6	2,763.9	3,361.7	3,133.3	2,843.9	2,566.0	2,219.6	1,857.9	1,515.3	1,218.4	989.9	843.3	732.9	652.9	573.0	493.0	413.1	333.1	253.2	173.2
In millions of U.S. dollars	1,517.8	1,929.9	2,142.6	2,888.2	3,717.4	4,529.5	4,226.4	3,839.6	3,464.4	2,996.7	2,508.4	2,045.8	1,644.9	1,336.5	1,138.5	989.5	881.5	773.6	665.6	557.7	449.8	341.8	233.9
In percent of exports of goods and services	5.3	6.5	6.2	7.7	9.3	10.7	9.5	8.2	7.2	6.1	5.0	4.3	3.9	3.2	2.7	2.3	2.1	1.8	1.5	1.3	1.0	0.8	0.5
In percent of GDP	2.3	2.9	2.8	3.5	4.2	4.8	4.2	3.6	3.0	2.5	1.9	1.5	1.2	0.9	0.7	0.6	0.5	0.4	0.3	0.3	0.2	0.1	0.1
In percent of quota	107.1	135.7	150.0	202.3	259.3	315.4	293.9	265.8	240.7	208.2	174.3	142.1	114.3	92.9	79.1	68.8	61.3	53.8	46.3	38.8	31.3	23.8	16.3
In percent of total external debt	15.4	17.8	18.0	21.0	23.1	25.0	21.7	18.8	16.4	13.8	11.3	8.9	7.0	5.5	4.6	3.8	3.3	2.7	2.2	1.8	1.4	1.0	0.6
In percent of gross international reserves	33.2	35.6	31.7	35.0	37.8	40.5	34.3	28.9	25.3	21.6	19.0	17.6	14.3	11.6	9.9	8.6	7.6	6.7	5.8	4.8	3.9	2.9	2.0
Memorandum items																							
Exports of goods and services (in millions of U.S. dollars)	28,632	29,650	34,571	37,397	40,167	42,195	44,382	46,566	48,038	49,302	49,970	47,896	42,564	42,224	42,409	42,603	42,788	42,983	43,189	43,406	43,633	43,873	44,254
Quota (in millions of SDRs)	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066
GDP (in millions of U.S. dollars)	66,184	67,456	76,654	82,294	88,189	94,105	100,588	107,559	114,530	121,859	129,202	134,716	142,856	151,614	160,985	170,954	180,278	190,279	200,906	212,293	224,304	237,179	250,973
Public sector external debt service (in millions of U.S. dollars)	693	705	656	777	876	1,110	1,188	1,329	1,537	1,728	1,833	1,901	1,979	1,968	1,998	1,988	2,004	2,031	2,066	2,202	2,309	2,414	2,532
Public sector external debt (end-period, in millions of U.S. dollars)	9,827	10,836	11,872	13,786	16,096	18,116	19,456	20,407	21,092	21,648	22,252	22,871	23,501	24,211	25,001	25,993	27,120	28,418	29,838	31,331	32,917	34,610	36,153
Gross international reserves (in millions of U.S. dollars)	4,565	5,421	6,757	8,278	9,844	11,179	12,330	13,284	13,683	13,858	13,228	11,637	11,491	11,494	11,503	11,513	11,533	11,554	11,576	11,598	11,622	11,684	11,710

Source: IMF staff estimates and projections.

1/ Obligations to the Fund in 2020 reflect the relief grant under the CCRT.

Table 7. Democratic Republic of the Congo: External Financing Requirements and Sources, 2022-29

(Millions of US\$, unless otherwise indicated)

	2022	2023	2024	2025	2026	2027	2028	2029
Gross Financing Requirements	3,859	4,748	4,449	2,879	2,719	3,456	4,130	5,126
Current account deficit excl. grants	3,333	4,237	4,040	2,351	2,117	2,655	3,278	4,155
Public sector loan amortization	526	511	409	527	602	801	852	971
of which: IMF	0	0	0	107	143	246	308	391
Identified Financing Sources	3,004	3,720	3,935	1,431	1,238	2,474	3,660	4,657
Capital account balance	538	760	706	795	767	739	741	730
Net foreign direct investment	1,409	2,375	2,294	2,020	2,164	2,310	2,469	2,640
Portfolio inflows	-34	-3	-4	-4	-4	-5	-5	-5
Project loan disbursements	615	676	1,316	1,341	1,199	1,252	1,316	1,481
Other capital flows (net)	2,130	838	958	-1,199	-1,322	-488	290	766
Change in reserves (- increase)	-1,824	-987	-1,336	-1,521	-1,566	-1,335	-1,151	-954
Net Errors and Omission	170	61	0	0	0	0	0	0
Financing Gap	854	1,027	514	1,448	1,482	982	470	470
Prospective Financing	854	1,027	514	1,448	1,482	982	470	470
ECF disbursements	398	406	203	766	512	513	0	0
World Bank	457	621	258	640	943	443	443	443
African Development Bank (AfDB)	0	0	0	0	0	0	0	0
Other multilateral and bilateral	0	0	52	43	26	26	26	26
<i>Memorandum items:</i>								
Gross reserves, months of non-aid related imports	1.8	1.9	2.3	2.6	2.9	3.0	3.1	3.3
RSF disbursements				89	448	538	0	0
Gross reserves, months of non-aid related imports, without RSF				2.6	2.8	2.8	2.9	3.0

Sources: Congolese authorities and IMF staff projections.

Sources: Congolese authorities and IMF staff projections.

Table 8. Democratic Republic of the Congo: External Borrowing Program, 2024-25

PPG external debt	Volume of new debt in 2024		PV of new debt in 2024 (program purposes)		Volume of new debt in 2025		PV of new debt in 2025 (program purposes)	
	US\$ million	Percent	US\$ million	Percent	US\$ million	Percent	US\$ million	Percent
By sources of debt financing	2290.0	100	1872.0	100	5493.4	100	2979.0	100
<i>Concessional debt, of which</i>	417.0	18	118.1	6	3100.0	56	842.0	28
Multilateral debt	317.0	14	86.1	5	3100.0	56	842.0	28
Bilateral debt	100.0	4	32.0	2	0.0	0	0.0	0
Other	0.0	0	0.0	0	0.0	0	0.0	0
<i>Non-concessional debt, of which</i>	1873.0	82	1753.9	94	2393.4	44	2137.0	72
Semi-concessional	458.5	20	339.5	18	993.4	18	737.0	25
Commercial terms	1414.4	62	1414.4	76	1400.0	25	1400.0	47
By Creditor Type	2290.0	100	1872.0	100	5493.4	100	2979.0	100
Multilateral	758.5	33	465.3	25	3869.7	70	1420.0	48
Bilateral - Paris Club	545.2	24	477.2	25	1400.0	25	1400.0	47
Bilateral - Non-Paris Club	197.0	9	140.3	7	223.7	4	159.0	5
Other	789.2	34	789.2	42	0.0	0	0.0	0
Uses of debt financing	2290.0	100	1872.0	100	5493.4	100	2979.0	100
Infrastructure	1920.1	84	1711.2	91	4301.1	78	2556.1	86
Social Spending	369.9	16	160.8	9	176.4	3	135.3	5
Budget Financing	0.0	0	0.0	0	1015.9	18	287.5	10
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Congolese authorities and IMF staff estimates.

Table 9. Democratic Republic of the Congo: Proposed Reviews and Disbursements Under the Extended Credit Facility Arrangement

Availability Date	Action	Associated Disbursement	Share of Quota (In percent)	Share of Budget Support (in percent)
On January 15, 2025	Approved three-year ECF arrangement	SDR 190.1 million	17.8	0.0
On or after May 15, 2025	Completed the first review based on end-December, 2024 performance criteria	SDR 190.4 million	17.9	0.0
On or after November 15, 2025	Completed the second review based on end-June, 2025 performance criteria	SDR 190.4 million	17.9	25.0
On or after May 15, 2026	Completed the third review based on end-December, 2025 performance criteria	SDR 190.4 million	17.9	45.0
On or after November 15, 2026	Completed the fourth review based on end-June, 2026 performance criteria	SDR 190.4 million	17.9	55.0
On or after May 15, 2027	Completed the fifth review based on end-December, 2026 performance criteria	SDR 190.4 million	17.9	75.0
On or after November 15, 2027	Completed the sixth and final review based on end-June, 2027 performance criteria	SDR 190.4 million	17.9	80.0
Total		SDR 1332.5 million	125.0	40.0

Source: International Monetary Fund.

Table 10. Democratic Republic of the Congo: Proposed Reviews and Disbursements Under the Resilience and Sustainability Facility Arrangement

Availability Date	Amount of Disbursements		Conditions
	Millions SDRs	Percent of Quota	
On January 15, 2025	-	-	Board Approval of the RSF Arrangement
On or after November 15, 2025	66.625	6.25	Reform Measure 7 implementation review
On or after May 15, 2026	66.625	6.25	Reform Measure 1 implementation review
On or after May 15, 2026	66.625	6.25	Reform Measure 8 implementation review
On or after November 15, 2026	66.625	6.25	Reform Measure 2 implementation review
On or after November 15, 2026	66.625	6.25	Reform Measure 9 implementation review
On or after November 15, 2026	66.625	6.25	Reform Measure 10 implementation review
On or after May 15, 2027	66.625	6.25	Reform Measure 3 implementation review
On or after May 15, 2027	66.625	6.25	Reform Measure 4 implementation review
On or after May 15, 2027	66.625	6.25	Reform Measure 11 implementation review
On or after May 15, 2027	66.625	6.25	Reform Measure 12 implementation review
On or after November 15, 2027	66.625	6.25	Reform Measure 5 implementation review
On or after November 15, 2027	66.625	6.25	Reform Measure 6 implementation review
Total	799.5	75	

Source: International Monetary Fund.

Annex I. Risk Assessment Matrix¹

Source of Risks	Likelihood	Expected Impact on Economy	Policy Response
Potential External Risks – Conjunctural shocks			
Abrupt growth slowdown in China. Greater-than-expected economic disruptions from rising geopolitical tensions, and/or a sharper-than-expected slowdown in the property sector disrupt economic activity.	Medium	High Lower exports and fiscal revenues would generate BoP and budget financing needs. Lower commodity prices could reduce investment in the extractive sector and dampen DRC's growth prospects. Lower fiscal revenues would put at risk priority spending and exacerbate poverty and inequality, derail government's investment plans and lower growth prospects.	<ul style="list-style-type: none"> • Maintain prudent macro policies to foster macro stability. • Allow the exchange rate to act as a shock absorber and use external buffers to prevent disorderly depreciation that could negatively impact financial stability. • Step up revenue mobilization efforts, limit nonpriority spending to create space for fiscal policy support. • Mobilize external financing support. • Promote economic diversification in exported goods as well as exports' markets destinations.
Intensification of regional conflict(s). Escalation of geopolitical fragmentation and regional conflicts which could disrupt trade (e.g., energy, food, tourism, and/or critical supply chain components), remittances, refugee flows, FDI and financial flows, and payment systems.	High	High Supply disruptions and sharper-than-anticipated increases in international energy prices raise the costs of energy imports and other imported goods	<ul style="list-style-type: none"> • Develop a contingency plan that would lower the impact of a delayed economic recovery. •

¹The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path—the scenario most likely to materialize in the view of the Staff. The relative likelihood of risks listed is the Staff's subjective assessment of the risks surrounding this baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects Staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly. The conjunctural shocks and scenarios highlight risks that may materialize over a shorter horizon (between 12 to 18 months) given the current baseline. Structural risks are those that are likely to remain salient over a longer horizon.

Source of Risks	Likelihood	Expected Impact on Economy	Policy Response
Commodity price volatility. A succession of supply disruptions (e.g., due to conflicts and export restrictions) and demand fluctuations (e.g., reflecting China ongoing slowdown) causes recurrent commodity price volatility, external and fiscal pressures, and social and economic instability.	Medium	High Higher volatility in commodity prices will challenge sustainable macro policies and put pressure on the domestic currency, reserves, and fiscal revenues.	<ul style="list-style-type: none"> • Accumulate international reserve buffers. • Diversify the structure of the economy and export sources. • Increase participation in regional trade area agreements (EAC and AFCFTA). • Use exchange rate flexibility as a shock absorber but intervene to prevent disorderly currency movements
DRC-Specific Risks			
Escalated armed conflicts in the East. Conflict may further intensify given the ongoing disengagement of MONUSCO in the region and given the eased weapons' embargo from the United Nations Security Council.	High	High Increase fiscal and external risks. Economic activity would be hurt though mostly in areas not well integrated with the rest of the country.	<ul style="list-style-type: none"> • Make room for a budgetary contingency for national security emergency. • Provide humanitarian assistance to people hit by the conflict. • Prioritize spending to face a surge in security spending.
Escalation of Mpox epidemic. A new, potentially more transmissible variant of the Mpox virus has emerged in the eastern region of the country, with a few cases also reported in Kinshasa.	High	Medium Economic activity could be disrupted, primarily in isolated regions with limited integration into the national economy. There may also be pressure on public expenditures if vaccine deliveries from the international community are delayed.	<ul style="list-style-type: none"> • Prepare contingency planning. • Obtain external technical and financial support and mobilize domestic resources to fight the epidemic
Extreme climate events. DRC is one of the most climate-vulnerable countries in the world (based on WB CCDR) and prone to extreme climate events. Such events may cause more severe than expected damage to infrastructure and loss of human lives and livelihoods, amplifying supply chain disruptions and causing water and food shortages and reducing growth. Additionally, climatic shocks could exacerbate regional tensions and intensify violence and conflict.	High	Medium Risks related to floods and landslides natural disasters could trigger further public expenditures and alter the planned reduction of public debt.	<ul style="list-style-type: none"> • Prioritize projects related to climate change. • Build infrastructure resilient to natural disaster.

Source of Risks	Likelihood	Expected Impact on Economy	Policy Response
Socio-political unrest amid envisaged constitutional reform plan. Recent announcement of a plan to set up a commission tasked with reflecting on options for revising the Constitution to “tailor it to local realities and address national security and territorial integrity loopholes” may undermine political stability and social cohesion.	Medium	High	<ul style="list-style-type: none"> • Ensure sufficient national dialog and consultation and build consensus.

Annex II. Climate Change in the Democratic Republic of Congo¹

This annex analyzes climate change impacts in the DRC and lays the basis for support under the Resilience and Sustainability Facility (RSF). The DRC is uniquely positioned to contribute to global climate change mitigation as it provides significant carbon sequestration services – it encompasses most of the Congo Basin, the world's second largest rainforest, and it provides critical minerals (primarily copper and cobalt) for the low-carbon transition. Nonetheless, the DRC exhibits a complex relationship with climate change. Due to deforestation pressures, it is the largest greenhouse gas (GHG) emitter in Africa. Severe development gaps contribute to the country's extreme climate vulnerability. Changes in precipitation, temperature increase, and extreme climate events exacerbate poverty and food insecurity and are interlinked with the country's fragility and conflicts. Therefore, climate change is a threat to macroeconomic stability and development – but also provides an opportunity. The authorities aim to improve the DRC's climate readiness and make it a "solutions country" for the global transition. The RSF-supported strategy would promote the protection of forests, integrate climate considerations into public investment management, and reduce vulnerabilities to climate hazards.

A. Climate Change Risks and Opportunities

Climate Risks: Exposure to Climate Hazards & Key Vulnerabilities

1. The DRC is one of the countries most vulnerable to—and least prepared for—climate change. The DRC is a fragile and conflict-affected state, and one of the five poorest nations in the world, with approximately three out of four Congolese living on less than US\$2.15 a day in 2023.² The 2021 IMF-adapted ND-GAIN Index on Climate Change Resilience ranks the DRC as the 11th most vulnerable and 4th least ready out of 182 countries. It ranks 8th in the overall index – higher than any country which has received RST support to date.

2. While the effects of climate change are already observable in the DRC, there are some uncertainties. Annual average temperatures have increased compared to historical averages (though there is some disagreement about the exact increase; Figure 1.a), nearing 25°C, with smaller than 1°C difference across months. As Figure 1.c shows, with precipitation there is a starker disagreement between sources, whether it stagnated (according to the Climatic Research Unit database) or strongly decreased (according to the ERA5 database). The DRC, despite its vast size, has very few weather stations — only about 6 per million square kilometers— a clear indicator of the low readiness highlighted earlier.³ With this caveat, Figure 1.d shows that according to one of the databases, extreme rainfall has been on an increasing trend in the past few years – with 2020, 2021 and 2022 extreme rain reaching levels unseen in the past 70 years (this is also supported by the

¹ Prepared by Balazs Stadler, Rafael Barbosa, Laura Gores, Myrto Oikonomou.

² This is an estimated 17 percent of the SSA total. [Democratic Republic of Congo Overview: Development news, research, data | World Bank](#)

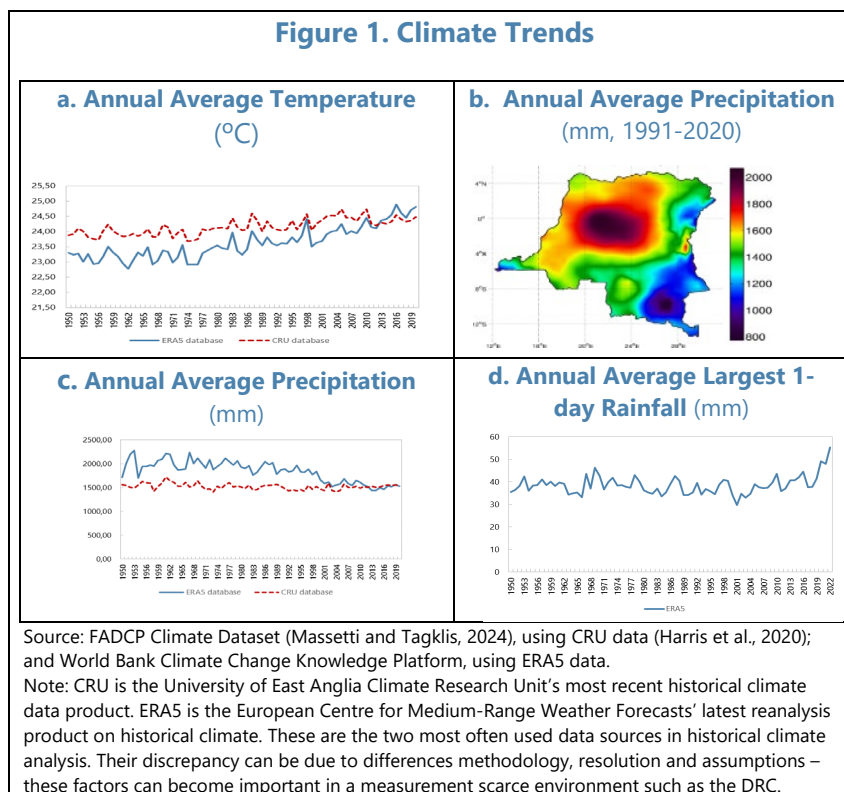
³ [Global Historical Climatology Network daily](#) (GHCNd).

increasing number of floods observed; see next paragraph). Precipitation is seasonal and exhibits significant geographical variation as local precipitation is strongly influenced by the state of the Congo Basin (compare Figures 1.b and 5; see 19).

3. In recent years, the frequency of floods and landslides has increased.⁴

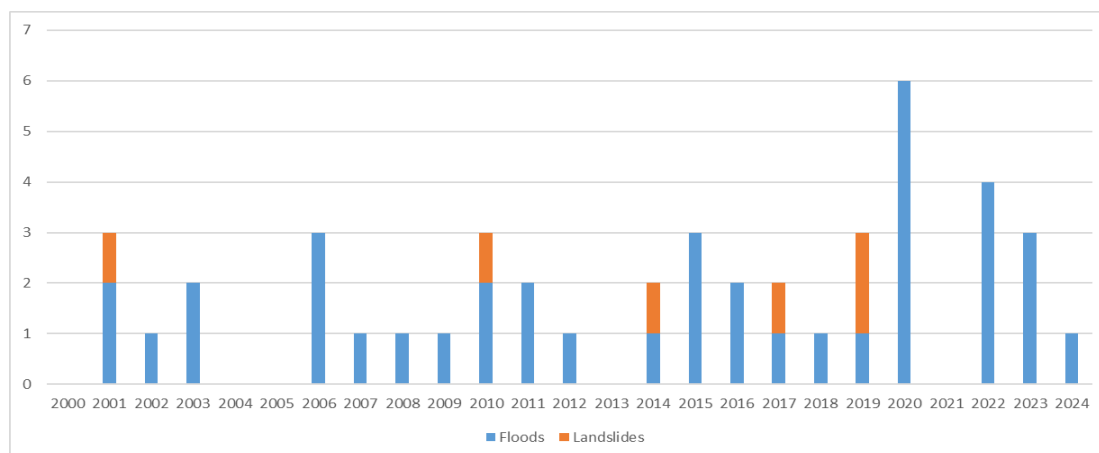
While historical precipitation has been uncertain, the DRC has been subject to increasing number of floods: eleven were recorded between 2000 and 2009, fourteen between 2010 and 2019, and since 2020 already fourteen have been recorded in EM-DAT (Figure 2) – with the most recent in 2024 being described as the ‘worst in 60 years’.⁵ This increasing trend is confirmed by the Dartmouth Flood Observatory. EM-DAT has also recorded more landslides in recent years. It

is difficult to put a price tag on such disasters. Based on the rapid post-disaster estimates of the World Bank, the most recent floods caused US\$1.3 billion of damage (about 2.2 percent of 2022 GDP). DIGNAD simulations show that a single natural disaster could cost about 3 percent of GDP in a scenario without ex-ante adaptation investment (Box 2). The World Bank’s Climate Change Development Report (CCDR) projects a 2.5 percent GDP decline by 2050 due to physical capital replacement from flood damage (Figure 3). Therefore, floods are already costly, and the costs is set to grow.



⁴ [Climate Risk Country Profile, Congo, Democratic Republic](#) and [CCDR report](#).

⁵ [UNICEF strengthens response to DRC's worst floods in 60 years and growing cholera outbreak - Democratic Republic of the Congo | ReliefWeb](#)

Figure 2. Frequency of Extreme Weather Events¹

Source: EM-DAT, CRED / UCLouvain, Brussels, Belgium – www.emdat.be

¹ There are limitations of the data from EM-DAT, notably reported source data may be incomplete or inaccurate. Also, the database does not report the actual economic impact of an event but only provides estimates.

4. Extreme weather events devastate urban areas and destroy infrastructure. Kinshasa, the largest urban agglomeration in the francophone world (with about 20 million inhabitants), and other rapidly growing urban centers.⁶ are particularly vulnerable to the increase in the frequency and magnitude of natural disasters, especially flooding (estimated to be the second-biggest source of GDP loss from climate change going forward, Figure 3). Inadequate land management pushes the urban poor into informal settlements, increasing their exposure to climate shocks. Public infrastructure –especially roads and bridges– are also severely exposed and vulnerable to climate hazards (Figure 3) with road damage costs estimated between 0.04 percent to 0.13 percent of GDP annually (CCDR and Koks et al, 2019⁷), only as direct impact on maintenance costs. Infrastructure damage not only slows capital accumulation (thereby impeding development), but –given that the DRC has one of the least dense road networks – also makes humanitarian response complicated and increases immediate fiscal disaster costs.

5. Climate hazards will also hurt agricultural productivity and lead to increased food insecurity. Agriculture employs 70 percent of the population and contributing 19 percent of GDP in 2020, but only around 0.1 percent of cultivated land is irrigated, making it vulnerable to climate change.⁸ Rising temperatures and changing rainfall patterns are expected to decrease agricultural yields on average between 2 and 10 percent, depending on the scenario and the crop type (a few crops might experience yield increases under some low emission scenarios). In addition, severe

⁶ Share of urban population in total projected to grow from 42 percent in 2015 to 60 percent in 2050 – DRC's cities grow by a million inhabitants each year ([UN-Habitat factsheet](#)).

⁷ Koks, E.E., Rozenberg, J., Zorn, C., Tariverdi, M., Vousedoukas, M., Fraser, S.A., Hall, J.W. and Hallegatte, S., 2019. A global multi-hazard risk analysis of road and railway infrastructure assets. *Nature Communications*, 10(1), p.2677.

⁸ [Agriculture and Food Security | Democratic Republic of the Congo | U.S. Agency for International Development \(usaid.gov\)](#).

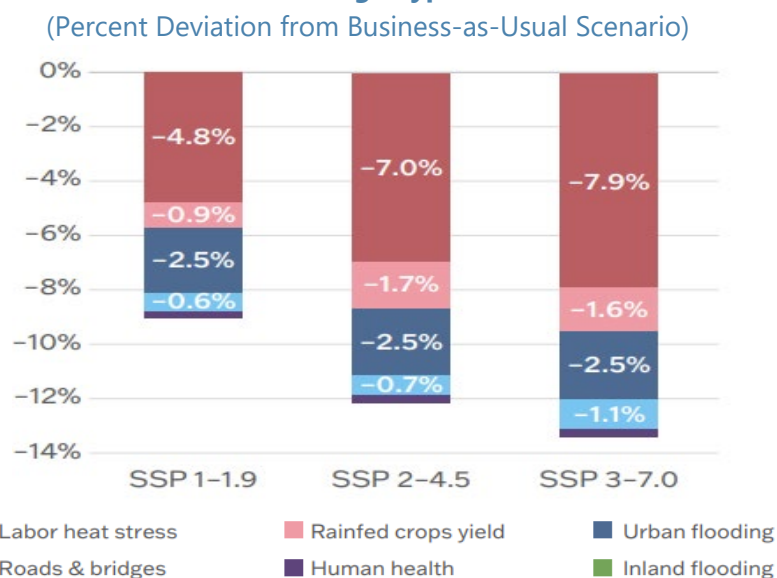
floods could increase food insecurity due to significant crops losses. Growing poverty and chronic conflicts amplify the impact of climate shocks on food security. For example, between July and December 2020, over 21 million people in DRC faced acute food insecurity driven by conflict, COVID-19, and floods with around 500,000 people losing nearly all food reserves to flooding.⁹ The CCDR projects a 1-2 percent GDP loss by 2050 (Figure 3), due to lost crop yields caused by temperature and rainfall changes, but this number abstracts from flood impacts, possible pests, and broader development shortfalls.

6. The largest projected GDP losses come from labor heat stress. As temperatures rises labor productivity is set to decline, especially during heatwaves. Both indoor and outdoor workers are exposed to extreme heatwaves, though outdoor workers have fewer coping mechanisms. Without adaptation or structural transformation, the impact could be between 5 and 8 percent of GDP by 2050, according to the CCDR (see Figure 3).

7. In addition to risks, climate change also presents opportunities for the DRC. As outlined above, climate change presents great macroeconomic risks to the DRC – in total about 9-13 percent GDP loss is projected by 2050 (see Figure 3). In the absence of reform measures, natural disasters could create sizable BoP pressures. Floods threaten road transport infrastructure for mining exports, which constitute major sources of FX revenues for the DRC. Artisanal gold mines, which produce a significant share of DRC's US\$2 billion gold exports (around 5.8 percent of total exports) have experienced significant flooding disasters and deadly collapses in recent years

and remain highly vulnerable. Heavy rains (see Figure 1.d) could wash out valuable minerals ('leaching'), thereby degrading the ore quality and decreasing export value, which directly impacts prospective BoP stability, especially Copper –comprising 78.4 percent of exports of the DRC.¹⁰

Figure 3. Impacts of Climate Change by 2050, GDP Loss by Damage Type



Source: Democratic Republic of Congo Country Climate and Development Report. World Bank Group, 2023.

Note: SSP refers Shared Socioeconomic Pathways, with the second number indicating the Representative Concentration Pathway (RCP). These are climate scenarios (related to temperature deviations) analyzed in the CCDR report.

⁹ See IMF's [DRC: SIP \(2022\)](#).

¹⁰ [Role of temperature, wind, and precipitation in heavy metal contamination at copper mines: a review | Environmental Science and Pollution Research \(springer.com\)](#) Further, this process leads to environmental degradation as copper is washed out of the mines and into the soil and water.

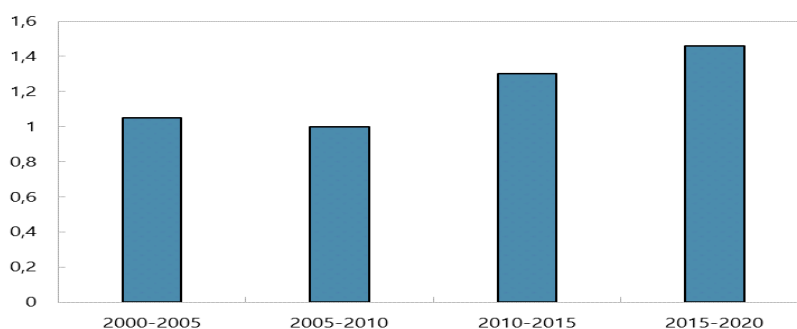
Flood-damaged infrastructure reconstruction could further increase significantly imports, deterioration of the external balances. Conversely, as hydropower provides a substantial share of electricity for mines (e.g. the Busanga power plant), droughts could provoke blackouts and require expensive electricity imports from Zambia. The DRC's wealth of natural resources, however, creates an opportunity to contribute to and benefit from the global low-carbon transition.

Opportunities in Forestry and Mining

8. The DRC hosts the Congo Basin, whose forests and peatlands serve as the world's largest carbon sink, providing an immense global public good. Over 60 percent of the Congo Basin, home to the world's second largest rainforest and largest tropical peatland complex, is located in the DRC. Through its forest and peatland resources, the DRC is one of the few remaining net carbon sinks globally, with the highest carbon absorption capacity in Africa, absorbing 2/3 of the continent's carbon emissions and holding an estimated carbon stock equivalent to 120 percent of the 2020 global annual emissions which, if released, would lead to irreversible climate damage.¹¹

9. Beyond its globally significant carbon sequestration services, the Congo Basin provides vital services to DRC's ecosystem and economy. Congo's forests safeguard biodiversity, contribute to rainfall regulation and water purification, flood mitigation, soil erosion prevention and provide food, timber and fuelwood production, providing substantial regional and global benefits. Accounting for these multiple services brings the forest sector's stock up to US\$6.4 trillion based on CCDR's estimates (for reference the total stock value of Brazil's Amazon rainforest is estimated at US\$7 trillion).¹²

Figure 4. Average Annual Forest Cover Loss (percent)



Sources: Eba'a Atyi R, Hiol Hiol F, Lescuyer G, Mayaux P, Defourny P, Bayol N, Saracco F, Pokem D, Sufo Kankeu R and Nasi R. 2022. *The Forests of the Congo Basin: State of the Forests 2021*. Bogor, Indonesia: CIFO

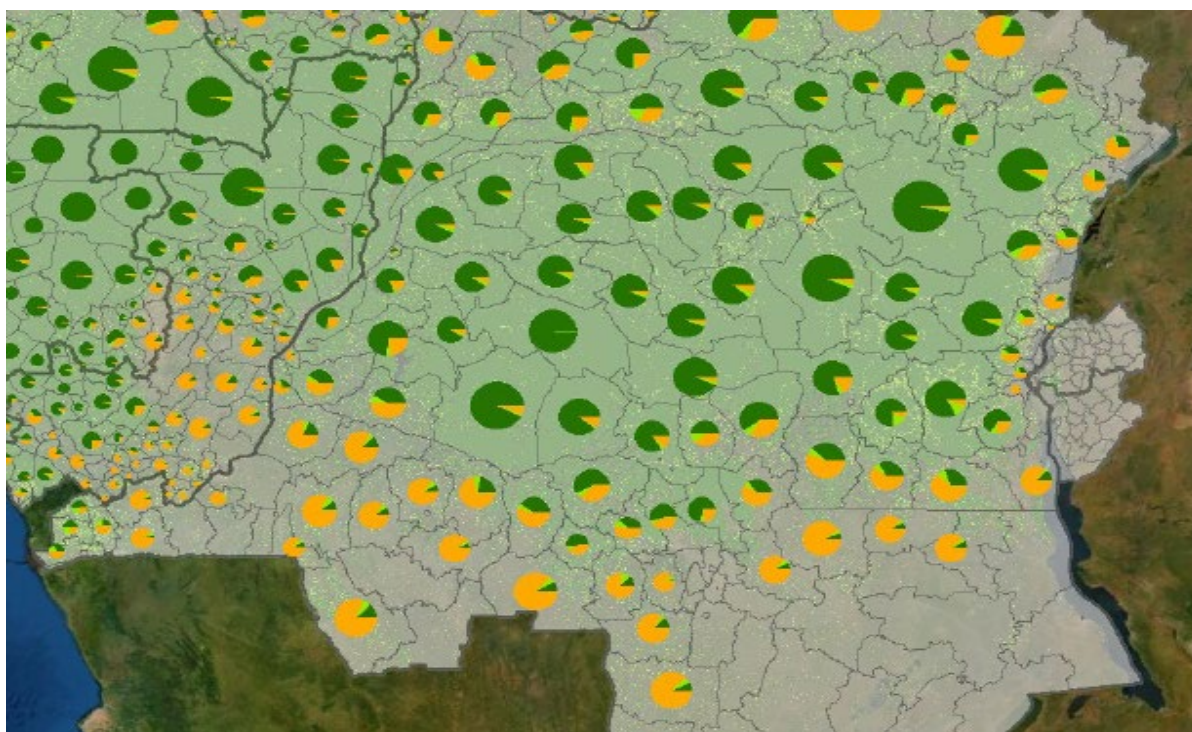
10. Deforestation is occurring at an alarming rate, making the DRC one of the largest greenhouse gas emitters (GHG) worldwide. Excluding carbon sequestration of the forests -

¹¹ See IMF's [DRC: SIP \(2022\)](#).

¹² This calculation by the World Bank is based on a US\$75/ton shadow price of carbon and assumes a 6 percent discount rate.

deforestation makes the DRC the 12th largest GHGs emitter globally and the 3rd most carbon-intensive economy (measured by tCO₂e/GDP). Since 2015, the DRC has lost around six percent of its tree cover, with an increasing rate of loss over time (see Figure 4). Figure 5 shows the current state of the deforestation and forest degradation across subnational units.¹³ If current deforestation trends persist, the DRC is projected to lose 7 percent of its 2020 carbon storage capacity by 2050—equivalent to twice the EU’s emissions reported for 2019.¹⁴ Under the current deforestation rates, and even under an optimistic scenario, the DRC could transition from being a net carbon sink to a net carbon source within three years. The CCDR estimates the total global cost of DRC’s carbon storage loss by 2050 at about US\$95.3 billion.

Figure 5. Deforestation and Forest Degradation by Territories



Source: Eba’a Atyi R, Hiol Hiol F, Lescuyer G, Mayaux P, Defourny P, Bayol N, Saracco F, Pokem D, Sufo Kankeu R and Nasi R. 2022. *The Forests of the Congo Basin: State of the Forests 2021*. Bogor, Indonesia: CIFOR.

Note: **Dark green** denotes the share of intact forest areas, **light green color** denotes share of degraded forest areas, **yellow color** denotes the share of deforested areas.

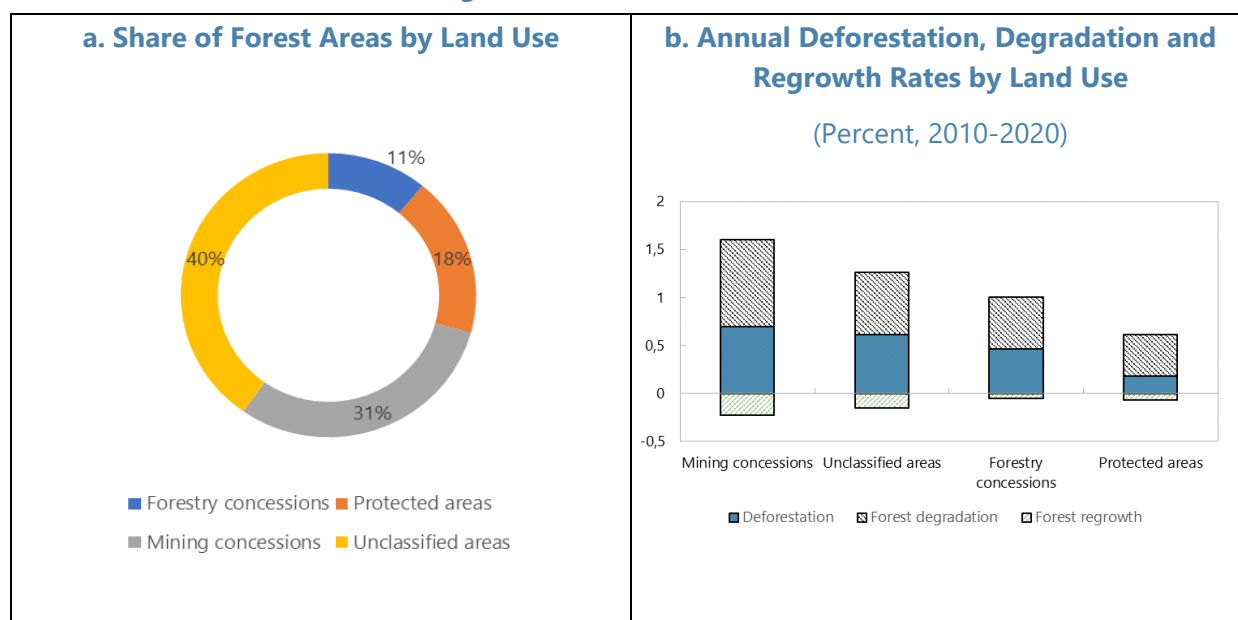
11. Deforestation is driven by several different causes, such as energy provision, agriculture, mining and forestry. Figures 6a and 6b show the share of forest for different classifications. Around 40 percent of areas are unclassified, and they have the second largest deforestation rate. Some deforestation is due to low electricity access rates, as many use forest resources to meet energy needs – fuelwood and charcoal amount to 94 percent of primary energy

¹³ Forest degradation describes the thinning of the forest and the biomass – from which the forest can still recover. Deforestation is permanent conversion of land to another use, thereby has a starker and longer-term effect.

¹⁴ Estimates based on the CCDR.

supply. The majority of population works in agriculture, which is also a key driver of deforestation in an effort to expand the cultivated land. Most of these activities are informal and illegal. The mining sector covers 31 percent of the forest, and while it holds great promise for the global low-carbon transition, is also a major driver of deforestation. Figure 6b shows that areas with mining concessions have the highest deforestation and degradation rates. Forestry concessions and protected areas together account for less than a third of the area and they also have the lowest deforestation and degradation rates within the DRC, but even these rates are significant and highest (forestry concessions), or second highest (protected areas), compared to other countries in the Congo Basin. Since 2000, the DRC lost about 10 percent of its tree cover and that may accelerate. According to a CAFI study, if 10-15 percent of current exploratory concessions for mining are converted into actual mining permits, this could lead to a loss of forest cover of 1.1 – 1.2 million ha, equivalent to 9 percent of DRC's forest capital, whereas oil extraction permits could add another 400,000 ha of loss of forest in the dense rainforest.¹⁵

Figure 6. Land Use in the Forest



Source: Eba'a Atyi R, Hiol Hiol F, Lescuyer G, Mayaux P, Defourny P, Bayol N, Saracco F, Pokem D, Sufo Kankeu R and Nasi R. 2022. *The Forests of the Congo Basin: State of the Forests 2021*. Bogor, Indonesia: CIFOR.

12. Given the importance of extractive industries both for DRC and globally, it is important to foster good governance to not compromise broader development goals.

Extractive industries represent 99 percent of all exports, and their share in GDP is set to increase with the global low-carbon transition. For example, revenues from cobalt (for which DRC produces 70 percent of the global supply and has 60 percent of the proven global reserves) are expected to increase sixteen-fold during 2025-2050 compared to the previous quarter century (see SSA REO

¹⁵ CAFI, 2024.

note¹⁶). Therefore, the mining sector has potential to deliver great benefits to the Congolese (and the global community), but it is important to be mindful of its possible impact on the forest and broader development goals. Despite provisions in DRC's Mining Code on conducting Environmental and Social Impact Assessments (ESIAs) and environmental audits, the enforcement of such safeguards is weak, creating potential for corruption and socially and environmentally damaging mining practices. Such challenges are present in industrial mining but also artisanal and small-scale mining, where human rights violations, child labor, and gender-based violence are prevalent.

B. National Climate Policies

13. The government has made ambitious international commitments to contribute to global climate change mitigation efforts. With half of Africa's forests and water resources, and mineral reserves worth a trillion-dollars, the DRC intends to establish itself as a global "climate solutions country"¹⁷ in its updated 2021 Nationally Determined Contribution (NDC). DRC has a crucial role to play in global climate action, especially in the sequestration of GHGs through conservation of its forests, supply of transition-critical minerals, and the potential generation of renewable energy. DRC's per capita emissions are high for a country at its income level (see paragraph 10). In its latest NDC, the DRC committed to limiting the increase in global temperature by cutting its GHG emissions by 21 percent by 2030 (conditionally on international support),¹⁸ through efforts in three key sectors: (i) forestry and land use management, agriculture, (ii) energy, and (iii) waste management. A 2023 roadmap spells out steps for the implementation of the NDC.¹⁹

14. Authorities spelled out national priorities to build resilience against climate change in two main strategic documents, the NDC and the National Adaptation Plan (NAP). The 2022-2026 NAP anchors DRC's adaptation agenda and aims to build resilience in three critical sectors: forest ecosystems and biodiversity conservation; integrated agriculture, fishing and livestock farming and rural development; and water and sanitation. The 2021 NDC had included the same sectors, plus a slightly wider set covering climate risks for agriculture, natural disasters affecting the coastline and resilience in the health sector.

15. Given its importance in both mitigation and adaptation, forest conservation is at the heart of DRC's approach to fighting climate change. The DRC adopted its national Reducing Emissions from Deforestation and Forest Degradation (REDD+) framework strategy in 2012, aiming to stabilize forest cover at 63.5 percent by 2030. The Central African Forest Initiative (CAFI) partnership with the DRC started in 2015, when the government adopted its national REDD+ investment plan, based on which a Letter of Intent was agreed to for five years (2016-2020) and 18

¹⁶ <https://www.imf.org/-/media/Files/Publications/REO/AFR/2024/April/English/MineralsNote.ashx>.

¹⁷ 2021 NDC, p. 7; CCDR, p. 16.

¹⁸ With domestic resources financing 2 percent of emission reductions and the remaining 19 percent being conditional on external financing.

¹⁹ Vice – Primature, Feuille de route pour la mise en œuvre de la Contribution Déterminée à l'échelle Nationale (CDN) révisée, 2023.

programs were progressively funded through the multi-donor National REDD+ Fund (FONAREDD). In 2021, during COP26, a successor ten-year agreement (2021-2031) was signed by the DRC government and the UK's Prime Minister, unlocking multi-donor funded investments of US\$500 million to halt deforestation and restore degraded lands.

16. In addition to these climate strategies, a set of national and sectoral public investment plans also refer to climate change. The NDC and the NAP in part draw on a wider set of national strategies, notably the national strategic development plan (PNSD) 2019-2023, currently under review, and sectoral strategies for line ministries, such as in energy, agriculture, infrastructure or forest conservation. Whilst many of these national plans mention climate change, not all of them are fully aligned with the NDC and NAP yet (Box 1).

17. In 2023, the authorities amended the 2011 environmental law, thereby creating a legal anchor for climate change.²⁰ The law now includes an obligation to adopt national measures for climate change mitigation, adaptation and disaster management – and states that the different levels of government shall take, within the limits of their respective powers, necessary measures for the reduction of greenhouse gas emissions (Article 66).²¹ Over the medium term, authorities plan to take stock of the application of this law, to examine the need for a dedicated climate law to provide a more comprehensive legal umbrella for climate policy.

18. Relevant sectoral laws largely remain to be aligned and specified when it comes to climate change. With the environment law establishing the principle of mainstreaming environmental protection across government legislation, there has been an effort to reflect these considerations in other sector legislations. For example, both the mining and agricultural codes require projects to be subject to ESIA's and environmental management plans. However, most sectoral laws and regulations do not include specific climate provisions.²² For example, the 1957 urban planning law does not refer to climate risks²³, and there is no law on disaster risk management. Even for sectoral legislation aligned with the environmental law (such as the mining code), the alignment with lower-level texts can be a challenge. For instance, more work is needed to

²⁰ The 2006 Constitution articulates overall protection of the environment but is silent on climate change. Specifically, Article 53 stipulates that all persons have the right to a healthy environment and that the State sees to the protection of the country's environment.

²¹ It adds climate-specific elements, including reference to the implementation of DRC's NDC as well as the creation of a Carbon Market Authority, and considerations for a carbon tax.

²² World Bank, Climate Change Institutional Assessment (CCIA) for DRC, 2023.

²³ It is however under revision with a draft urban planning and construction code to be submitted to Parliament in 2025.

bring the 2003 application decree of the mining code²⁴ in line with the mining code²⁵, notably to clarify institutional responsibilities to operationalize environmental and social safeguards.

C. Implementation Challenges

19. Implementation of the authorities' ambitious plan needs significant financing.

The ambitious nature of the NDC is reflected in its estimated financing needs, with the cost of investment in 2021-2030 estimated at close to 90 percent of 2021 GDP (Table 1). The authorities project that only around 2 percent of this investment can be covered by budget resources.²⁶

According to the authorities, as of 2024, no significant progress had been made yet in implementing the NDC. The RSF resources, amounting to US\$1.1 billion, will expand fiscal space to help finance

priorities identified in the climate strategies, by crowding in other financing, substituting for more expensive domestic financing, and reducing BoP pressures from import-intensive climate investment.

Text Table 1. DRC: Climate-related Investment Requirements Under the NDC (2021-30)

	Cost in US\$ billions	Percent of 2021 GDP
Mitigation	25.6	46.5
Energy	5.19	9.4
Agriculture	9.03	16.4
Forest and land use	10.02	18.2
Waste Management	1.36	2.5
Adaptation	22.6	41.0
Forest Management	4.31	7.8
Agriculture resilience and risk management	10.08	18.3
Coastal erosion	1.78	3.2
Water management	3.11	5.6
Health	3.3	6.0
Energy	1.15	2.1

Sources: Congolese authorities and IMF staff estimates.

20. Much remains to be done to operationalize the policy agenda, especially concerning forest conservation. Governance issues affect crucial processes, such as the management of the forest exploitation and replantation policies, as well as the processes to grant mining concessions. Current logging policies have failed to curb deforestation so far (see Figure 4 above). The 2002 forest code²⁷ is the main legal basis for forest management. While it includes good-practice elements (public competitive bidding for forest concessions, recognition of customary ownership and user rights), key aspects are not defined or not being implemented, creating loopholes and undermining the law's intent. A logging concession moratorium signed in 2002 has failed to shore up protections for forests in the DRC according to a 2022 audit by the Inspectorate General of

²⁴ Decree n° 038/2003 of 26 March 2003 establishing the mining regulation, modified by decree n° 18/024 of 8 June 2018. According to Art. 455, the Ministry of Mines' Directorate of Mining Environment (DPEM) presides the committee in charge of ESIA's.

²⁵ Law n°18/001 of 9 March 2018 modifying Law n° 7/2002 of 11 July 2002 establishing the mining code. According to Art. 42, the Congolese Environment Agency (ACE) is in charge of ESIA's in collaboration with the DPEM.

²⁶ NDC, section 8.10; The CCDDR has a more prudent estimate, with adaptation investment for US\$10.9 billion by 2050. It has no consolidated figure for mitigation but includes various estimates totaling less than USD 6 billion by 2030 (forest and landscape restoration and conservation - US\$3.2 billion, investments to meet clean cooking targets - US\$2.5 billion), CCDDR, p. 17-18.

²⁷ Law n°11/2002 of 29 August 2002 establishing the forest code.

Finance (IGF), demonstrating the risks pertaining to the effective implementation of the legal framework. These issues are compounded by weaknesses in the geospatial monitoring of forest cover and concessions – there is currently no official and regularly updated government source on deforestation. Recently halted auctions for exploring oil and gas, some in peatlands and rainforest areas²⁸, have put the credibility of the government’s commitment to its climate goals to a test. Strengthening the accountability of the allocation of permits would help reduce the risks that the extractive industries pose to forests (see paragraphs 11 and 12 above).²⁹

21. Extractive industries have been fraught with governance challenges. Global governance benchmarks for DRC are generally weak, and this especially affects the management of natural resources. Transparency International notes the country’s difficulties in the management of natural resources, with the management of its mineral wealth being tainted with allegations of corruption, lack of transparency and reports on inadequate labor conditions.³⁰ According to a 2013 report by the Africa Progress Panel, the DRC lost US\$1.36 billion in potential revenue between 2010 and 2012 in five mining deals involving its state company Gécamines.³¹ Systemic governance challenges – from limited oversight and audits, to continued resource exploitation in mining and forestry sectors, to scant civic engagement – constrain DRC’s public action including in the climate arena.

22. Public investment management is not yet coherently geared to deliver on climate goals. According to the 2023 C-PIMA diagnostic, public investment management in the DRC does not yet systematically consider climate change at the planning stage, or during project preparation (Box 1). While the Ministry of Environment and the Congolese Environmental Agency (ACE) own key expertise and leadership on national climate policies, coordination with other government actors has often been limited to technical levels or individual initiatives. Reform measures in public investment management would help institutionalize this coordination to put expertise more systematically at the service of incorporating climate considerations into public investment projects. Authorities plan to shortly issue a decree to operationalize the National Council of Environment and Sustainable Development (CNEDDD) as a key actor for inter-institutional coordination and the piloting of the climate change agenda.

²⁸ In July 2022, the DRC government launched licensing auctions for 27 oil blocks (to tap into its estimated 22 billion barrels of oil), nine of which are situated in critical rainforest and peatlands. The auction has raised concerns about the government’s commitment to forest protection as announced in the CAFI LOI, one of whose milestones is to ban all hydrocarbon activity incompatible with the conservation in protected areas. After a series of multinational oil companies ruled themselves out of the projects, the government postponed the bidding.

²⁹ Critical that going forward (i) the legal framework can protect forest zones (defining safeguard/compensation measures), and (ii) regulatory frameworks are properly enforced (need to apply rules via ESAs to each project and conduct environmental audits).

³⁰ [Overview of corruption and anti-corruption in the Democratic Republic of Congo](#). Transparency International, 2020.

³¹ Equity in Extractives: [Stewarding Africa’s natural resources for all](#). Africa Progress Panel, 2013.

Box 1. Summary of Key C-PIMA Findings

- **The 2023 C-PIMA diagnostic¹ highlighted challenges in the integration of climate considerations into public investment management in DRC.** It concluded that DRC's commitments in the fight against climate change were only just starting to feed into public investment management. Among emerging good practices, albeit still in the process of operationalization, it noted the legal obligation to conduct environmental impact assessments.
- **The national and sectoral strategies do not take up the climate objectives described in the NDC, except for the forestry sector.** The PNSD mentions objectives related to climate change but does not allow for easy cross-referencing with the NDC. Sectoral strategies (health, education, mines) make no reference to climate change. The Reduction of Deforestation and Forest Degradation (REDD+) strategy and its investment plan (PIREDD) is the notable exception, with its commitments being consistent with the NDC.
- **Urban planning and construction regulations do not reflect climate change risks.** National laws on land use are obsolete, with the applicable urban planning and construction code dating from 1957 (and silent on climate change).
- **The government does not have a method to assess the climate impact of public investment projects, nor a criterion to guide project selection.** As per the 2011 Environmental Law, public infrastructure projects are subject to prior environmental and social impact assessments, approved by the ACE. In practice there are several difficulties: appraisals do not need to cover climate considerations², there is no standard methodology for them, and no instructions guiding ACE's review. Also, there are no criteria, linked to climate or not, for selecting projects for budget funding.³
- **The legal framework for PPPs does not address climate change challenges.** The 2018 law on PPPs does not take into consideration climate change in terms of risk allocation or contract management. The C-PIMA recommended that the legal framework reflect climate risks appropriately, given that PPPs commit the government over long periods of generally 20 to 30 years or more.⁴
- **The fiscal risk statement does mention climate risks, but without quantifying them.** The fiscal risk statement, published for the first time in 2021, categorizes the main risks for public finances (macroeconomic, public debt, financial sector, other risks). Risks relating to natural disasters are presented only briefly and qualitatively.

¹IMF Country Report No. 23/58, January 2023

²That would make it possible to assess whether the potential impacts of projects on greenhouse gas emissions, and the exposure of projects to damage caused by climate-related disasters have been analyzed, before the projects are selected for financing in the budget.

³The C-PIMA recommended that the ex-ante appraisal of projects systematically include a climate analysis following a standard methodology, and that climate considerations be explicitly included in the list of decision-making criteria used for project selection. Subsequently, in 2023, the government adopted a public investment management manual with a reference to climate appraisals, which needs to be operationalized.

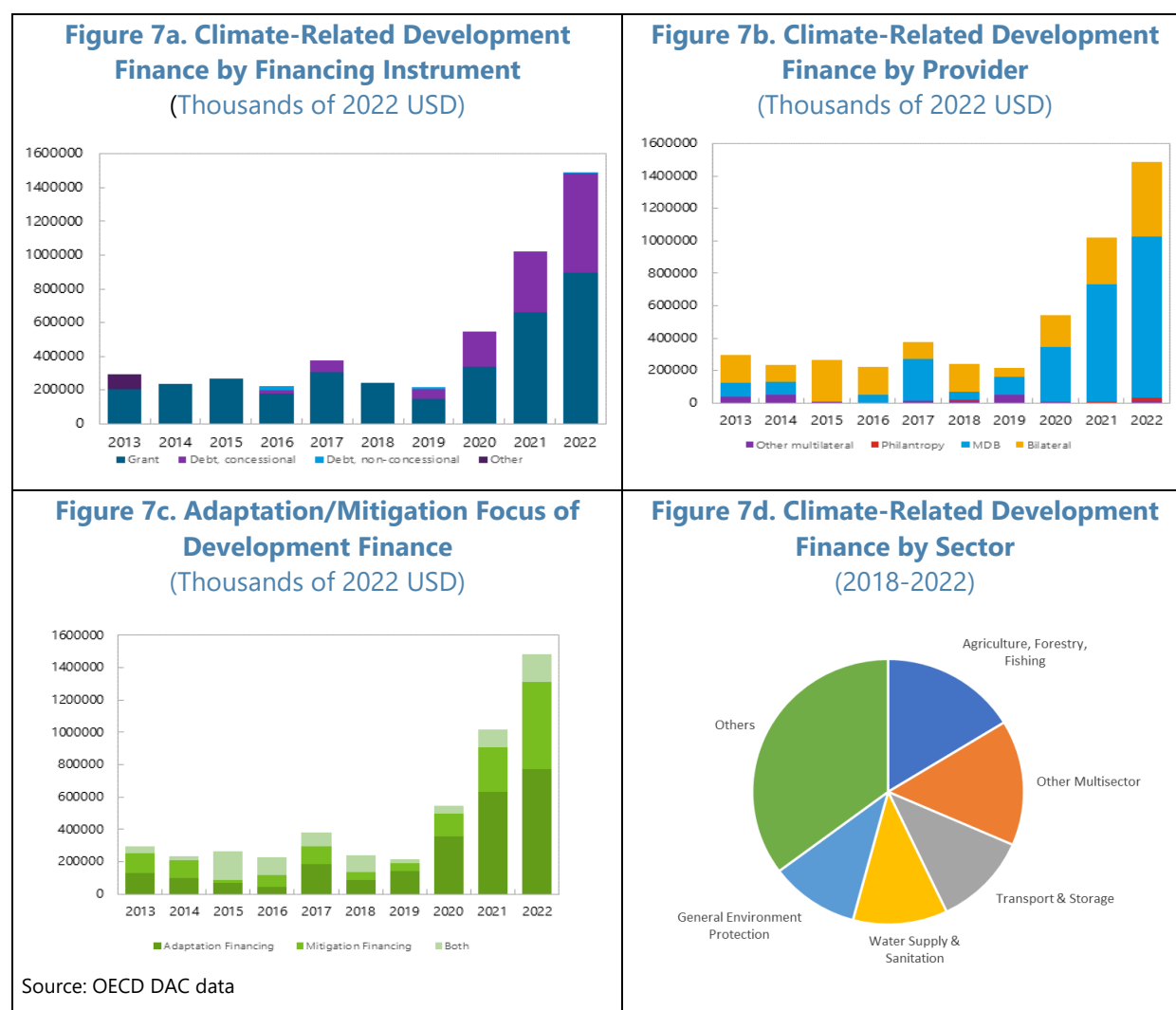
⁴A stock take of PPP contracts in DRC is ongoing, with as of 2024, 32 PPPs identified for over US\$13 billion (21 percent of 2022 GDP).

D. Development Partners

23. The DRC has worked closely with development partners – especially multilateral financial institutions and bilateral partners - towards its climate goals. Climate-related

development finance provided for DRC has increased fivefold within a decade, reaching close to US\$1.5 billion in 2022 according to OECD-DAC data (Figure 7a). Most financing was provided by multilateral development partners, such as the World Bank (providing more than half of total ODA), CAFI, UN agencies, followed by bilateral partners, such as the EU, French Development Agency (AFD) or the German Development Cooperation (GIZ) (Figure 7b). Financing was nearly exclusively grants or concessional debt (Figure 7a), with a very small share of non-concessional debt.

24. Partners channel more funds to climate change adaptation than to mitigation goals, though the focus on the latter is increasing. In 2022, just over half of the funding to DRC was targeted to climate change adaptation, over a third to climate change mitigation, and the remainder to both goals (Figure 7c). Climate change mitigation has however received increasing attention, quadrupling its funding over the past three years, making it a much faster growing focus area than adaptation, for which funding doubled. In terms of sectors, agriculture, forestry and fishery was the single biggest focus sector, followed by transport, water and general environment in about equal proportions (Figure 7d).



25. The most recent Development Policy Operation (DPO) of the World Bank focuses on climate-intelligent and inclusive growth, notably via the development of a carbon market. The 2024 DPO is to support DRC's plans to mobilize funding through forestry-based carbon credits to finance the measures outlined in its NDC.³² The DPO will support the creation of a Carbon Market Regulatory Authority as first step towards developing a carbon market in the DRC, as part of a wider objective to enhance the efficiency of public administrations for a climate-intelligent development. The DPO also has multiple-climate related triggers in the energy sector to contribute to the goal of fostering private sector development and improving the investment climate. These include conditions such as amending the 2014 electricity law to promote access to renewable energy, advancing the clean cooking agenda via a regulation on LPG standards (storage, transport, pricing, distribution), or strengthening the financial health of SNEL, the main state-owned enterprise in charge of hydropower generation.

26. Beyond the DPO, World Bank and other donors' have programs focusing on various sectors, the main one being agriculture and forestry (Figure 7d). To improve forested landscape management and enhance community livelihoods, the World Bank's 2023 "Forest and Savanna Restoration Investment Program" (P178642-US\$300 million) supports improved land use planning and governance for natural resource management, the development of agroforestry and forest value chains, the development of sustainable value chains for energy and clean cooking. It also supports enhanced and innovative approaches to measurement, reporting and verification (MRV) and result-based climate finance. Several bilateral programs also aim at forest conservation, sustainable agriculture and land use. The UK's bilateral program Investing in Forests and Sustainable Land Use (IFSLU) works primarily with the private sector to incubate forest-friendly enterprises, build sustainable business, and catalyze investment into sustainable practices along deforestation-linked commodity supply chains. It operates globally, with Central Africa as a focus region, with a total of £620m for global activities (2015 – 2034).

27. Relatedly, the multi-donor DRC National REDD+ Fund (FONAREDD) accompanies the government in achieving policy commitments regarding forest preservation. Donors participating in the CAFI have pledged US\$500 million for the first 2021-2026 phase of the partnership to accompany the government towards 90 milestones in eight sectoral pillars, namely forestry, governance, agriculture, land use planning, demographics, land tenure, mines and fossil fuels, and energy (in decreasing order of importance). The FONAREDD serves as the financing vehicle to address these challenges and currently finances 18 programs. Progress has been made in drafting sectorial policies in the areas of agriculture, land tenure and energy, that recognize the importance of high value forests and peatlands protection. Amongst the technical assistance programs, one managed by the German development cooperation (GIZ) aims to strengthen environmental and social governance for projects in the extractive sector over the period of 2024-

³² Thus far 40 million credits have been issued through the REDD+ framework with help of development partners and private actors. Experience shows that carbon credits need to be of high quality, including representation of additional mitigation efforts (i.e., result in emission reduction), they should be permanent (and minimize the chance of reversal—by illegal logging or wildfires), and ensure that the efforts are not double-counted—to be able to attract private climate finance.

2027. Since 2020, it finances with the AFD the Sustainable Forest Management Program (PGDF) to improve forest management governance within the framework of the forest policy for US\$17.5 million³³ This program will be carried out in close collaboration with five provinces concerned, with sectoral projects relating to land use planning or experimenting with community forestry models.

28. Various donors support building resilience to climate change. Two World Bank programs are especially relevant to adaptation, as they improve climate data availability, and urban resilience to floods. The project “Strengthening Hydro-Meteorological and Climate Services” (P159217-US\$8 million) strengthens the quality of the Government of the DRC’s hydro-meteorological and climate services. The “Kinshasa Multisector Development and Urban Resilience Project – Kin Elenda” (P171141-US\$250 million) aims to improve institutional capacity for urban management and access to infrastructure, and addresses key challenges confronting urban areas, including the exacerbated vulnerability of the urban poor to the adverse risks of climate change because of weak urban and land management. AFD finances the EUR 50 million project “Sustainable cities”, amongst other to improve drainage in prevention against urban flooding. The UN Office for Disaster Risk Reduction (UNDRR) has accompanied authorities in elaborating their disaster risk reduction strategy, validated in 2024.

Table 1. DRC: Climate-Related Priorities Supported by Development Partners			
Key Country Challenge	Reform Measure (not included in RSF Conditionality)	Diagnostic Reference	Development Partner Involvement
Inadequate meteorological data	Put in place meteorological stations and a fully-fledged Early Warning System against cyclones and other climate hazards	WB CCDR	WB, UN
Lack of clean cooking	Lay the legal basis (decree) for the use of LPG, support the access of vulnerable households to LPG, help with drafting energy wood master plans	WB CCDR	WB, UNDP, CAFI
Cities exposed to natural hazards	Implement climate-resilient urban construction projects, such as water drainage	WB CCDR	WB, AFD
Need to scale up renewable energy sources	Revise the 2014 Energy law to enhance investment in renewable energies, support large-scale hydropower investment projects (ex: Inga dam), adopt national energy policy and electrification master plan	WB CCDR	WB DPO, UNDP, CAFI
Protect vulnerable agricultural sector	Pilot and expand climate-smart agricultural practices and agro-forestry, and agriculture in savannas	WB CCDR	WB, FAO, EU, AFD, UNDP
Create carbon markets	Create of a Carbon Market Regulatory Authority, carbon credit purchase agreements, emission reductions projects in the forestry sector, develop national policy for Art. 6 of the Paris agreement	WB CCDR	WB, UNDP

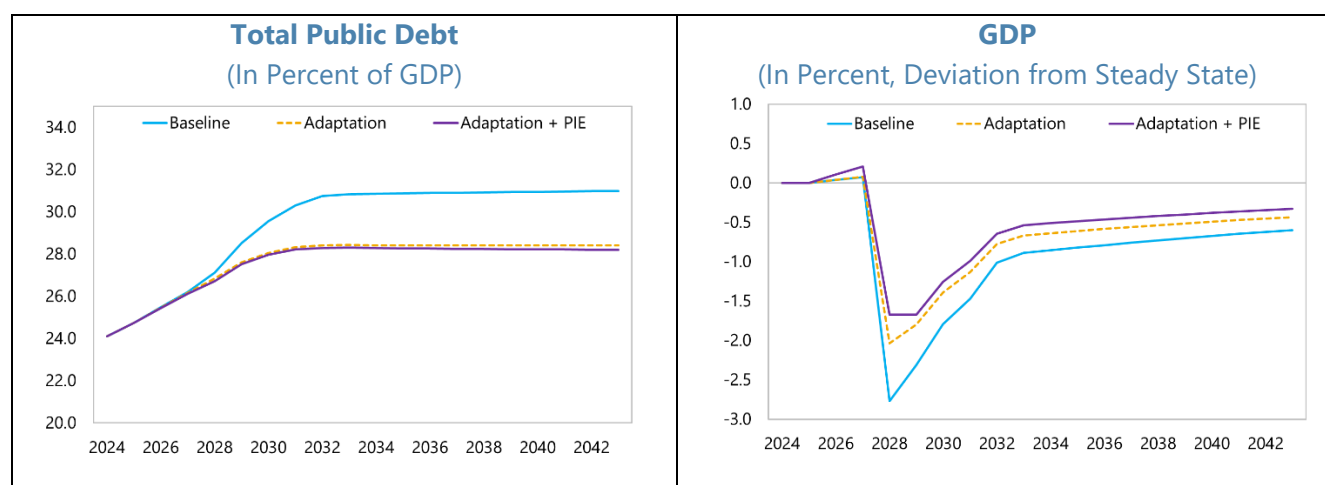
³³ Of which 12 million will be provided by FONAREDD, 4.4 million USD by the French Development Agency and 1.1 million USD by the French Global Environment Facility (FFEM).

Box 2. The Benefit of Investment in Adaptation: Results from DIGNAD Simulations¹

The Debt, Investment, Growth, and Natural Disasters (DIGNAD) model can demonstrate the impact of investing in ex-ante adaptation infrastructure on output growth and public debt. The model is calibrated to the DRC and is simulated for a hypothetical disaster lowering GDP by about 3 percent, based on preliminary World Bank estimates on the impact of recent floods in the country. The flood is simulated to occur the year following the end of the three-year RSF program (2028). The decline in GDP is a consequence of damage to infrastructure and the negative impact on other private and public capital.

- **Baseline Scenario:** This scenario assumes an additional non-adaptation investment of 1 percent of GDP (beyond the steady state level of public investment in infrastructure) during the three years of the disbursements of the RSF (2025-2027). Half of the investment is financed by concessional loans, broadly in line with the magnitude of the RSF loan, 25 percent through grants and 25 percent through domestic debt.
- **Adaptation Scenario:** Same as the baseline scenario but with all investment, 1.0 percent of GDP, dedicated to adaptation investment, which is 25 percent more expensive, but also more resilient to climate disasters.
- **Adaptation + PIE Reform Scenario:** This scenario features the same adaptation investment but assumes improved public investment management (PIM) efficiency associated with PIM reforms. The current level of public investment efficiency in the DRC is estimated to be very low, at 12.5 percent. We assume improved public investment efficiency by 20 percent, reaching 32.5 percent.

The simulations illustrate that investing in more robust infrastructure results, initially, in broadly the same path for real GDP and public debt during the years of the RSF program but leads to better outcomes once the exogenous natural disaster hits. The adaptation capital improves the resilience of the economy by reducing the adverse impact of the natural disaster on output by 0.8 percentage points of steady state GDP through more contained damages to physical assets. It would also imply a higher level of GDP for all the subsequent years due to the persistently higher level of capital. The effects on public debt are also substantial. The destruction of more capital under the baseline scenario implies the need for more debt-financed investment post-disaster, compared to the scenarios with higher level of adaptation capital at the time of the shock. After the disaster, debt climbs to close to 31 percent of GDP in the first scenario, 3 percentage points higher than under the adaptation scenarios. The effect of more efficient public investment is mostly felt in terms of real GDP loss, with an added protection of 0.2 percentage points, on impact.



¹ The IMF DIGNAD toolkit is developed by Zamid Aligishiev, Cian Ruane and Azar Sultanov. It should be noted that the simulation assumptions include a single one-time climate hazard event abstracting from recurring climate shocks or slow-moving climate changes.

Appendix I. Letter of Intent

Kinshasa, December 20, 2024

Ms. Kristalina Georgieva
Managing Director
International Monetary Fund
Washington, D.C. 20431 U.S.A

Dear Madam **Managing Director**,

1. The government is grateful to the International Monetary Fund (IMF) for its continued support to the Democratic Republic of the Congo (DRC). The IMF's support under the Extended Credit Facility (ECF) arrangement has helped create momentum for the implementation of sound economic policies and reforms, aimed at strengthening macroeconomic stability and promoting more inclusive and sustainable growth, while enabling the DRC to gradually resume benefiting budget support from development partners. We also welcome the IMF's continued support for capacity development in the DRC, which is progressively strengthening the effectiveness of our administrations and public entities in the provision of public services. The catalytic role of the ECF in fostering collaboration with other development partners is also highly appreciated.

2. Since the historic completion in July 2024 of the satisfactory implementation of the government's three-year program supported by the IMF under the ECF, we have faced a series of shocks that have put pressure on our health and humanitarian systems, as well as our public finances. The armed conflict in the eastern part of our country, which has intensified since 2022, has escalated despite the recent peace talks under the Luanda process. In addition, since this summer, our country has been facing an epidemic of Mpox (declared a global public health emergency by the World Health Organization), prompting us to launch a vaccination campaign in October 2024. We are also facing increased pressures on public expenditures, in connection with an upsurge in wage demands from government agents and civil servants.

3. Despite these shocks, our economy has shown remarkable resilience. We project real GDP growth to slow from 8.5 percent in 2023 to 6.0 percent in 2024, albeit 1.3 percentage point higher than initially projected last summer, essentially reflecting developments in the extractive sector. Copper production saw a slight increase in the first half of 2024 relative to the same period in 2023, while cobalt production (12 percent of the extractive sector) increased by nearly 40 percent. Zinc production, which accounted for a negligible share of production in 2023, is expected to quadruple with the reopening of country's largest zinc mine in November 2024. Overall, the extractive sector is projected to grow by 11.6 percent, down from 19.8 percent in 2023, reflecting copper's dominant share in production. The non-mining sector is expected to experience a slowdown in growth in 2024, to 3.2 percent, from 3.5 percent in 2023, driven mainly by the

normalization of growth in the construction sector to its historical average (following the strong rebound in 2023) and, to some extent, the decline in extractive sector growth.

4. Our adjustment efforts are also yielding encouraging results in terms of price and exchange rate stabilization. Inflation is declining, driven by both tight monetary and fiscal policy stances, as well as base effects. Inflation continued to decrease in the first half of 2024, after reaching 23.8 percent year-on-year at end-December 2023. On a monthly basis, inflation declined at an average pace of 1.1 percent over the first three quarters of 2024, compared to 1.9 percent during the same period last year. In November 2024, inflation declined to 12.8 percent year-on-year. Exchange rate pressures have also eased, thanks to the combined effect of closer coordination between monetary and fiscal policies, tighter monetary policy, and the gradual accumulation of foreign exchange reserves. By end-October 2024, the Congolese franc depreciated by 0.3 percent on the parallel market and 6.8 percent on the official market. This moderation in the exchange rate depreciation has intensified in recent months and is expected to persist. Combined with base effects, this should contribute to further reduce inflation in the coming months and help mitigate the erosion of households' purchasing power.

5. These efforts are anchored in the continued consolidation of the management of our public finances, as reflected in our supplementary 2024 budget law. This renewed fiscal discipline remained guided by a commitment to refrain from any direct monetary financing, restrict spending within the strict limits of existing fiscal buffers, as well as enforce stricter adherence to procedures governing the execution of public expenditures, which made it possible to reduce spending under emergency procedures from 22 percent in May 2024 to 7 percent and 10 percent in July and August 2024, respectively. This renewed fiscal discipline is also evident in the increased mobilization of fiscal revenues through the third quarter of 2024, which we have reflected in our supplementary budget law (SBL) for 2024, as well as the additional resources expected from the amendment to the contract with the mining company SICOMINES. This supplementary budget law also accounts for additional expenditures, including those related to the government's response to the escalating attacks in the eastern part of the country, the Mpox vaccination campaign, public wage increases, as well as the priorities outlined by the President of the Republic in the Government Action Program since mid-June 2024. As a result, we are now projecting the domestic fiscal deficit for 2024 to reach 0.3 percent of GDP, down from 0.5 percent projected last June.

6. We aim to build on the progress made under the 2021-24 economic and financial program supported by the IMF under the ECF, through successor arrangement under the same arrangement. The new program will focus on deepening the reforms initiated in the previous program, which was finalized in July 2024, while introducing additional reforms to promote more inclusive growth, accelerate the much-needed diversification of the Congolese economy and strengthen its resilience. In this respect, the new program will be guided by the Government Action Program (PAG 2024-2028), which aims, among other objectives, to tackle the high cost of living, restore security and peace, develop critical infrastructure to drive the long-awaited diversification of our economy, and address the challenges posed by climate change.

7. Therefore, this new program, for the implementation of which we are seeking IMF support under the ECF, will be centered around the following strategic objectives, as outlined in the accompanying Memorandum of Economic and Financial Policies (MEFP): (i) accelerating the diversification of the economy by expanding fiscal space through increased mobilization of domestic fiscal revenue, improved rationalization of public expenditure, and further modernization of public financial management, in order to prioritize spending on infrastructure, education, health, security, and agriculture; (ii) strengthening the resilience of the economy by enhancing external, financial, and price stability; and (iii) fostering more inclusive growth by deepening reforms aimed at strengthening governance, transparency (including in the mining sector and public procurement), anti-corruption and anti-money laundering frameworks, and improving the business environment. The attached Technical Memorandum of Understanding (TMU) details our specific objectives under the requested program and outlines the monitoring modalities.

8. We also request an IMF Resilience and Sustainability Facility (RSF) arrangement for budget support. The main aim of this RSF-supported program is to strengthen the resilience of our economy to climate change and to consolidate DRC's status as a "solutions country" to climate change. With half of Africa's forest and water resources, and transition-critical mineral reserves (including copper, cobalt, lithium, and germanium), our country is well positioned to become a major player in the global effort to reduce carbon emissions. More specifically, the program supported by the RSF is structured around the following three main pillars: (i) supporting the DRC's mitigation and adaptation efforts by promoting forest conservation; (ii) strengthening the resilience against climate disasters; and (iii) integrating the climate agenda into public investment management. The attached MEFP details the objectives of the RSF-supported program, while the attached TMU describes the specific objectives and specifies how progress on achieving these objectives will be monitored.

9. We request approval of the arrangements under the ECF and RSF, which would provide cumulative disbursements of 125 percent of quota, SDR 1,332.5 million (approximately US\$ 1.8 billion) and 75 percent of quota, SDR 799.5 million (approximately US\$ 1.1 billion), over the coming 38 months respectively. In view of our country's significant infrastructure, social, humanitarian, and security needs, we request that, unlike the previous ECF where disbursed resources contributed exclusively to balance of payments (BoP) support, a portion (50 percent of quota) of the resources under this successor arrangement be allocated to support the government budget. This is especially important as our foreign exchange reserves have increased substantially since the previous ECF, although they still fall short of the recommended coverage adequacy levels. In this regard, we commit to meeting the conditions for budget support and renewing the MoU between the Ministry of Finance and the BCC regarding their respective responsibilities in managing the resources disbursed into the BCC account at the Bank for International Settlements (BIS). This includes debt service payments to the IMF, as was the case with the IMF emergency support in 2020 and the exceptional SDR allocation in August 2021. In addition, to ensure proper safeguards for managing the portion of ECF resources allocated for budget support, the BCC commits to undertaking an updated safeguard assessment and authorizing its external auditors to hold discussions with IMF staff and share the BCC's financial statements and audit reports. The government also pledges to step up actions to ensure stricter adherence to procedures within the expenditure chain. We are

confident that the rigorous implementation of all these reforms will not only strengthen our public financial management but also catalyze additional budget support from the development partners, with a view to meeting any potential financing needs and ensuring a more equitable sharing of financial support between the IMF and the other development partners.

10. We are confident that the implementation of the measures set out in the MEFP will enable us to achieve the socioeconomic objectives of our 2024-2028 action program. To this end, we are committed to meeting all the performance criteria and structural benchmarks of the ECF- and RSF-supported program. We also commit to publishing quarterly expenditure execution plans for 2025, in line with the program objectives. We also remain determined to take any additional measures necessary to achieve the programs' objectives, including submitting a 2025 SBL to Parliament that aligns with the program's objectives, in particular the preservation of fiscal sustainability and the realistic and credible financing of the fiscal deficit, strictly without resorting to direct monetary financing. The Government will consult with the IMF before adopting such measures or revising any measures set out in the MEFP, in accordance with Fund policies on such consultations. The government will also collaborate with other development partners to enhance the country's access to grants and concessional financing, pending the development of the domestic market, which remains shallow and costly. In line with the government's commitment to transparency, we agree to publish this letter of intent, the MEFP, and the TMU, as well as the IMF staff report on the request for the ECF and RSF arrangements, and any related documents (including the Debt Sustainability Analysis), following approval by the IMF Executive Board.

Please accept, Madam Managing Director, the expression of my highest consideration.

/s/

Judith **SUMINWA TULUKA**

Prime Minister

/s/

Malangu **KABEDI MBUYI**
Governor of the BCC

/s/

Doudou Roussel **FWAMBA LIKUNDE LI-BOTAYI**
Minister of Finance

/s/

Aimé **BOJI SANGARA**
Minister of State and of the Budget

Attachments:

- ***Memorandum of Economic and Financial Policies***
- ***Technical Memorandum of Understanding***

Attachment I. Memorandum of Economic and Financial Policies

This memorandum sets out our reform objectives and priorities in the context of the arrangements that we are seeking from the IMF Executive Board under the ECF and RSF.

1. The programs for which we are requesting IMF support under the ECF and RSF will be aligned with the Government Action Program (PAG 2024-2028), which aims, among other objectives, to tackle the high cost of living, restore security and peace, build infrastructure that will drive the long-awaited diversification of our economy, and address the challenges posed by climate change. A key factor behind our heavy reliance on imports is the lack of economic diversification, which makes our country highly vulnerable to exchange rate fluctuations and volatility in oil and food prices, contributing to significant inflationary pressures. In particular:

- **The ECF-supported program will be structured around the following strategic objectives:** (i) accelerating economic diversification, expanding fiscal space through enhanced mobilization of domestic fiscal revenue, improved rationalization of public expenditure, and more intensive modernization of public financial management (including by stricter adherence to the expenditure chain, decentralization of payment orders, the entry into operation of the Directorate-General of the Treasury and Public Accounting (DGCTP), implementation of the Treasury Single Account (TSA), and gradual implementation of the roadmap for introducing a fiscal framework that excludes extractive sector resources, in order to mitigate procyclical spending), to finance priority spending on infrastructure, education, health, security, and agriculture; (ii) strengthening the economy's resilience to potential shocks, through greater external and financial price stability; (iii) promoting more inclusive growth through deepening reforms that strengthen financial inclusion, human capital, governance, transparency (including in the mining sector and public procurement), anti-corruption and anti-money laundering frameworks, and improve the business environment.
- **The RSF-supported program will pursue two strategic objectives,** namely strengthening the resilience of our economy to climate change and consolidating our status as a “solutions country” to climate change. With half of Africa's forest and water resources, as well as significant reserves of strategic minerals (including copper, cobalt, lithium, germanium), our country is uniquely positioned to become a major player in the global transition to a low-carbon economy. In particular, the program supported by the RSF will focus on the following three main areas: (i) supporting DRC's efforts in climate change mitigation and adaptation through forest conservation; (ii) strengthening resilience to climate disasters; and (iii) mainstreaming the climate agenda into public investment management. Guided by our 2021 Nationally Determined Contribution (NDC), the RSF-supported program will address weaknesses identified in other relevant diagnostic studies (including the C-PIMA, CCDD, and CCIA). Additionally, the program will seek to create synergies with reform priorities supported by development partners, including the upcoming budget support from the World Bank, the Central Africa Forest Initiative, UN agencies, and bilateral partners.

A. Context and Recent Economic Developments

2. Since mid-June, the new government's actions have been addressing a series of shocks that have placed significant pressure on our health and humanitarian systems, as well as our public finances. The aggression against the eastern region of our country, which has intensified since 2022, has escalated despite the recent peace talks under the framework of the Luanda process. In addition, since the fourth quarter of 2022, our country has been grappling with a Mpox epidemic, declared an international public health emergency by the WHO on August 15, 2024. In response, we launched a vaccination campaign in October 2024, supported by a US\$10 million allocation from the state budget, along with 365,000 doses of vaccines mobilized to date through our partners (CDC Africa, GAVI, USA, and the UE), well below the 3 million doses deemed necessary to contain the epidemic. While we welcome the expected pledges for additional vaccine doses from other partners, such as Japan, we are still significantly short of the estimated financing requirement of US\$ 779 million, including US\$ 490 million for vaccine procurement. In addition, our public finances are facing additional pressure due to an upsurge in wage demands from state agents and civil servants.

3. Despite the shocks, economic activity has remained resilient. We project real GDP growth to moderate to 6.0 percent in 2024, from 8.5 percent in 2023, albeit 1.3 percentage point higher than initially projected last June, essentially reflecting developments in the extractive sector. Copper production increased slightly in the first half of 2024 compared to the same period in 2023, while cobalt production (12 percent of the extractive sector) increased by nearly 40 percent. Zinc production, while representing a negligible share of production in 2023, is expected to quadruple, due to the reopening of the country's largest zinc mine in November 2024. Overall, the extractive sector is projected to grow by 11.6 percent, reflecting copper's dominant share in production, down from 19.8 percent in 2023. Growth in the non-mining sector is expected to decelerate to 3.2 percent in 2024, down from 3.5 percent in 2023, mainly driven by the normalization of growth in the construction sector to its historical average (after the strong rebound in 2023) and, to some extent, spillovers from the decline in extractive growth.

4. Inflation continues to ease, driven by both base effects, a tight monetary policy stance, and fiscal prudence. In the first nine months of 2024, inflation further declined from a peak of 23.8 percent year-on-year at end-December 2023. On a month-on-month basis, it declined to 1.1 percent on average over the first three quarters of 2024, from 1.9 percent in the same period last year. In November 2024, inflation reached 12.9 year-o-year, driven by base effects.

5. The fiscal deficit is expected to remain in line with projections.

- The mobilization of fiscal revenues during the first nine months of 2024 has met expectations, and is anticipated to continue, driven by strong performance in the mining sector in 2023 and 2024.
- Budget execution will also benefit from the financial resources expected from the SICOMINES contract amendment (US\$ 624 million expected in 2024, including US\$ 300 million from the remaining balance of the original agreement, provided as a state-guaranteed loan to

SICOMINES), as reflected in the 2024 SBL, which Parliament approved during the September session. These SICOMINES resources will be used to finance the implementation of public investments. We are committed to assessing the collaboration mechanism with SICOMINES and adapting it if necessary to ensure that the allocated resources are fully used or disbursed annually. Furthermore, in line with the government's objective of promoting greater transparency and public accountability, we will:

- (i) Publish by the end of December 2024, on the websites of the Ministry of Planning and the Ministry of Infrastructure and Public Works, the list of projects to be financed by SICOMINES resources.
 - (ii) Publish the feasibility studies, cost-benefit analyses and other ex-ante assessments associated with the selected projects.
 - (iii) Produce and publish an annual report detailing the utilization of SICOMINES resources, including both physical and financial project execution reports.
 - (iv) Adopt the financial and operational mechanisms selected for the implementation of projects financed by SICOMINES resources in the Council of Ministers.
 - (v) Conduct ex-post evaluations of projects by an independent oversight body.
- Exceptional security-related expenditures, which could reach 2 percent of GDP in 2024 due to the ongoing conflict in the eastern part of our country, continue to weigh heavily on the government budget.
 - The government is also facing unexpected expenses related to the vaccination campaign against Mpox (US\$ 24 million, of which US\$ 10 million from the national budget's own resources), and an increase in civil service salaries, particularly for teachers (budgetary impact of 0.54 percent of GDP for the fourth quarter of 2024).
 - Furthermore, the government undertook efforts to contain other expenditures during the first half of 2024, including, to the extent possible, limiting expenditure commitments to available resources. These efforts should help maintain a moderate deficit. The increased rigor in budget execution has also helped mitigate inflationary pressures and the depreciation of the Congolese franc.

6. The exchange rate pressures have thus eased, driven by the combined effect of closer coordination between monetary and fiscal policies, the tightening of monetary policy, and the gradual accumulation of foreign exchange reserves. By the end of October 2024, the depreciation rate of the Congolese franc fell to 6.3 percent on the parallel market and 6.8 percent on the official market. This moderation in the exchange rate depreciation has intensified in recent months and is expected to persist. Along with base effects, this trend should further reduce inflation in the coming months, helping to mitigate the erosion of households' purchasing power.

7. The buildup of foreign exchange reserves continued in 2024, driven by a narrowing current account deficit. After peaking at 6.2 percent of GDP in 2023, the current account deficit narrowed to a lower average during the first eight months of 2024, driven by strong growth in mining exports. By the end of October 2024, foreign exchange reserves reached US\$ 6.57 billion, an increase of US\$ 1.31 billion compared to the end of 2023. This level corresponds to 2.2 months of prospective non-aid-related import coverage, which remains below the recommended adequacy thresholds. This is partly due to a pick-up in import growth, notably of chemicals used in mining, as well as higher transport costs.

8. The strengthening of banks' financial resilience continued in the first half of 2024. US dollar-denominated credit to the private sector continued to grow, albeit at a slower monthly pace of 2.2 percent compared to 4.5 percent last year. US dollar deposits surged significantly, growing by 25 percent compared to 1.4 percent in 2023, while local currency deposits began to recover since March, reaching 7 percent growth in June after nine consecutive months of decline. The dollarization of the financial system intensified, with deposits rising to 91 percent and loans to 97 percent, compared to 88 percent and 96 percent, respectively, last year.

B. Economic Outlook and Risks

9. The outlook remains favorable. We project real GDP growth of 5.4 percent in 2025, mainly driven by the extractive sector, with a growth of 7.7 percent, up from 4.8 percent during the summer, partially offset by a downward revision in non-extractive sector growth, from 5.3 percent to 4.2 percent. Beyond 2025, growth is expected to hover around 5.0 percent, supported by the stabilization of mining activity growth rates at around 4.0 to 5.0 percent. Activity in the non-mining sector is expected to pick up from 2025, with growth reaching 6.2 percent in 2029, about 1 percentage point above the historical average, reflecting the positive impact of reforms and investments planned by the government. Inflation is expected to continue decelerating, returning to the Central Bank's target of 7.0 percent by the end of 2026, and stabilizing thereafter.

10. The overall fiscal position in 2025 is projected to remain almost unchanged from 2024, though it may face heightened external and institutional risks. Despite the anticipated slowdown in corporate income tax collection from the mining sector in 2025 due to large installment payments made in 2024, overall fiscal revenue collection (excluding special accounts) is projected to remain robust, at 12.1 percent of GDP in 2025, before reaching 13 percent in 2027, driven by increased efforts from the tax and customs administrations (as outlined below). On the expenditure side, the full impact of the 2024 wage increase will fully materialize, leading to an increase in the wage bill to 4.5 percent of GDP. Exceptional security-related expenditures are expected to decrease to 1.5 percent of GDP, thereby creating additional fiscal space (an additional 0.4 percent of GDP each year over the period 2025-2027) to finance the investments critical to accelerating our economy's diversification agenda. We also plan to allocate resources to address the Mpox crisis. However, exceptional expenditures related to security and to the Mpox response remain highly contingent on the progress of peace talks under the Luanda process and the timely availability of external financial support to effectively mitigate the spread of the virus. The government's ability to contain the wage

bill will hinge on progress with envisaged reforms, including the announcement of a retirement plan and the identification of potential ghost workers.

11. The external position is expected to strengthen, though it remains vulnerable. Terms of trade are projected to improve by 5.0 percent in 2024 and 1.0 percent in 2025, narrowing the current account deficit to 2.8 percent of GDP by 2025, supported by strong mining export growth. Private capital inflows have financed substantial private investments and imports in the period 2022-24, and mining profits are conservatively assumed to be paid out as dividends to multinational parent companies or used to replenish foreign deposits. However, our external position will remain vulnerable to idiosyncratic shocks, particularly in the copper market, given the limited diversification of our exports, with copper accounting for nearly 80 percent of goods export receipts. In addition, our significant development needs, including those arising from our ambitious investment program, should continue to drive a sharp rise in imports, outpacing real GDP growth over the medium term. Reserve coverage is projected to increase to 3 months of prospective non-aid related imports by 2027.

12. However, this outlook remains subject to significant downside risks. At the domestic level, risks primarily stem from budgetary pressures that could arise from the continuation of the conflict in the eastern part of our country, uncertainties related to the planned gradual withdrawal of MONUSCO, our response to the Mpox epidemic, as well as increasing wage demands in the civil service. At the external level, risks include additional inflationary pressures driven by the volatility of oil and food prices, which could negatively impact the purchasing power of households and aggregate demand. A possible sudden growth slowdown in China and an intensification of conflicts, notably the Russia-Ukraine war and the conflict in the Middle East, could also constitute downside risks to our economic outlook, including through their adverse effects on export earnings and FDI inflows.

C. Macroeconomic Policies and Structural Reforms Under the ECF Arrangement

Fiscal Policy

13. The formulation and execution of our fiscal policy remains anchored on the following fundamental principles: (i) avoiding any direct monetary financing of deficits, in accordance with the Law on Public Finance and the Organic Law of the BCC; (ii) preserving a moderate risk of debt distress, which requires a significant increase in fiscal revenue collection and spending efficiency, while prioritizing the mobilization of long-term concessional financing to the extent possible; (iii) ensuring consistency with monetary and foreign exchange policies; and (iv) building up budgetary savings conducive to implementing the roadmap for the long-term transition to a fiscal framework that excludes extractive sector resources. As a result, the present value of new public sector debt to be contracted in 2025 is estimated at US\$ 2.979 billion.

Improvement of the Effectiveness of the Tax and Customs Administration

14. Efforts to increase mobilization of domestic revenues remain necessary to better support our development strategy and we will create a revenue mobilization action plan. Our goal is to increase the revenue-to-GDP ratio by 0.9 percentage points during the duration of the ECF-supported program (2025-2027). Accordingly, we project an increase in central government budget revenue (excluding special accounts) from 12.4 percent of GDP in 2023, to 13 percent of GDP in 2027. In the medium term, we aim to converge toward the average of our sub-Saharan African peers, which is around 17 percent of GDP. These goals necessitate the creation of a revenue mobilization action plan that would coordinate the efforts among the different revenue agencies, tax policy and tax administration reforms and their synergies, and help identify further measures. The action plan will leverage recommendations from various technical assistance and various diagnostics, including by government institutions.

15. In this respect, we will establish a revenue mobilization action plan and we will, in the short term, accelerate the implementation of the following reforms, many of which were initiated under the previous ECF. The objective is to strengthen the performance of the three revenue agencies, namely the Directorate-General of Taxes (DGI), the Directorate-General of Customs and Excise (DGDA), and the Directorate-General of Administrative, State, Judicial and Participation Revenues (DGRAD). The related reform priorities, which build among others on the findings of the TADAT assessment (February 2024), include:

Tax Policy

- *The prompt implementation of the standardized VAT invoicing system*, whose pilot phase was launched in September 2024. Certification, technical set-up, and homologation are set to commence in February 2025, paving the way for the production phase. This reform is expected to generate additional tax revenue gains of CDF 242 billion in 2025. Therefore, we remain determined to move forward with all the necessary steps, including finalizing all legal texts, launching the call for tenders for physical DEF suppliers, developing an effective communication plan for businesses and the public, and harmonizing company software with the DGI's SYGDEF system. These efforts aim to ensure the widespread adoption of the standardized VAT invoicing system by all VAT-registered companies (SB, July 2025).
- *Tax base broadening by accelerating the streamlining of tax expenditures*, which accounted for nearly 33 percent of central government domestic revenues in 2022, of which approximately 53 percent stemmed from subsidies to the oil sector. We will work on reforming preferential tax regimes (such as the strategic partnership on value chains and CKD-MKD) and rationalizing other undue related exemptions, in line with the tax expenditure rationalization plan adopted in October 2022. Already in December 2024, the Council of Ministers will adopt the decree repealing the strategic value chains partnership regime. We will also continue our efforts to comprehensively identify tax expenditures, which we will include as an annex to the budget law, as was done in 2024 for the tax expenditures granted in 2022. We will develop a strategy to reduce VAT exemptions by the end of 2025, with potential measures planned for 2026,

supported by technical assistance from the IMF. Moreover, we will continue our efforts to strengthen the taxpayer registry by not only implementing biometric taxpayer registration, but also systematically restricting public procurement to taxpayers identified by the DGI.

- *The finalization and submission to Parliament of the new tax code by January 2027*, in collaboration with the World Bank, while ensuring that it is accompanied by a new tax procedures code, a section on non-tax revenues that are collected by sectoral ministries, and a revised section on excise duties (expected by the end of 2025). We will also continue our work to harmonize provincial taxation.
- *A more effective utilization of excise duties revenue potential*, considering the encouraging results observed following the implementation of the Excise Duties Traceability System (STDA) for tobacco and beverages. Excise taxes on beer and tobacco have already been increased in the 2025 budget, with additional revenues estimated at 0.1 percent of GDP. Our objective is to gradually increase the excise tax revenue to GDP ratio from the current 0.6 percent toward the African average of 1.6 percent by 2027. We will strengthen enforcement and monitoring to ensure higher compliance levels (currently 50 percent for imported beverages and 70 percent for imported cigarettes). In addition, we will prioritize efforts on conventional excise duties (which perform relatively well elsewhere in Africa), including further raising excise duties on cigarettes, alcohol, and vehicles, while exploring the possibility of rationalizing others. In the long term, reforms aimed at rationalizing fuel price subsidies should also allow for the reintroduction of excise duties on these products.
- *The finalization of the tax compliance promotion strategy by July 2025*, taking into account initiatives by certain civil society actors. Tax compliance is a recurring effort of both policymakers and civil society organizations.
- *The signing of the Convention on Mutual Administrative Assistance in Tax Matters (MAC)*, jointly developed by the OECD and the Council of Europe in 1988, with the aim of strengthening the fight against base erosion and profit shifting in low-tax jurisdictions. We are committed to making every effort to achieve the signing of this Convention by December 2026.
- *Strengthening transfer pricing legislation and initiating discussions with the goods' countries of origin for the introduction of a secure electronic invoicing system*. We are committed to clarifying the thin capitalization rule and the methods for determining and controlling arm length prices, including with technical assistance from development partners.
- *Modernizing mechanisms for sharing information among revenue agencies*. The government plans to set up an information sharing platform among revenue agencies to improve the quality of cross-referenced data in the context of tax audits.
- *The development of a legal framework and the establishment of the Gambling and Related Practices Regulatory Authority by the end of 2026*. The government intends to accelerate the

reform of the gambling and similar practices sector to rehabilitate the sector, increase revenues mobilized from this sector, and combat money laundering.

Tax and Customs Administration

- *Strengthening the operational capacities of the mineral analysis laboratory set up by the DGI and the DGDA's* inspections of material flows related to mineral exports, with a view to enable a more appropriate assessment of volumes, mineral and moisture levels content of exports. This should also improve compliance with tax rules, including through improved DGI calculation of mining companies' taxable bases and tax obligations. Although we do not yet have quantitative estimates of the potential tax revenue gains, we are confident that the DGI's audit capacities will be significantly strengthened. In addition, we will update the traceability manual outlining procedures by December 2025, based on the findings of the first report on laboratory operations produced at the end of 2023. More broadly, we will explore measures to substantially increase mining revenue collection, guided by the principle of limiting human interaction as much as possible, through the installation of weighing scales and computerized quality control mechanisms by September 2025. Studies suggest that our country loses close to half of its potential mining revenues due to weaknesses in mineral volume and content controls.
- *Accelerating dematerialization and digitization.* We will continue digitization reforms in collaboration with our development partners (European Union, French Development Agency, etc.). In particular, we will accelerate the deployment of the following software: (i) LOGIRAD within the various government units (Mines, Hydrocarbons, Telecommunications, Directorate-General for Migration, Land Affairs, Mining and Registry, Portfolio, Justice and Keeper of the Seals, Public Prosecutors' Police, Employment and Labor, Foreign Affairs and Transportation, Communications Routes, and Opening-up Systems); and (ii) Integrated Tax Management (ERP) at the DGI and customs procedures at the DGDA, respectively. We aim to finalize these deployments by February 2025.

Improving the Effectiveness of Public Spending

16. We will establish an ad hoc committee (Finance, Budget, Defense) to review exceptional security expenditures for 2023 and 2024 and submit a report to the country's top leadership.

Additionally, the government will adopt a decree on special procurement in the defense sector to regulate the acquisition process of defense equipment. We are committed to continuing to minimize the use of emergency procedures for non-eligible spending categories.

17. We are working diligently to implement the domestic arrears clearance strategy, according to the new *timetable* established by the government in December 2024, based on the independent audit of the stock of domestic arrears certified in December 2022.

- We will update the roadmap of November 13, 2023, to provide a first payment of about US\$ 5 million by the end of December 2024. Additionally, the new roadmap will provide for the payment of small claims amounting to US\$ 150,000 or less starting in February 2025,

and the securitization of larger claims by March 2025, following the submission of the beneficiaries' banking details and the opening of a securities account to hold the bonds that will be issued.

- A first early buyback operation for these securities will take place in September 2025, in accordance with the October 2023 Order establishing the terms for the securitization of certified domestic arrears and the organization of the buyback of securitized domestic public debt.
- We will continue to refrain from making any payments outside the framework of this clearance strategy.

18. We will increase the level and effectiveness of social spending. Recognizing the substantial progress made in allocating resources to the three health programs¹ through their inclusion in the monitoring of the indicative target (IT) on priority social spending in the previous ECF, we are committed to continuing this experience and extending it to other equally priority elements, including (i) social protection; and (ii) humanitarian spending. To this end, we will accelerate efforts to streamline nonpriority spending with a view to redirecting the resulting savings toward high priority social sectors.

19. We will intensify efforts to rationalize the fuel price subsidy. We are diligently pursuing the implementation of the November 2023 roadmap aimed at limiting oil companies' revenue shortfalls, in accordance with the findings of the May 2023 audit on the price structure and the July 2023 IMF technical assistance mission. This, combined with our increased transparency efforts through the monthly publication of price structures and improved estimates of the associated revenue shortfalls, made it possible to reduce them substantially during the first nine months of 2024. In early October 2024, we lowered fuel pump prices by 13 percent to address the persistently high cost of living, which increased the losses owed to oil distributors. However, this does not undermine our commitment to continue the prudent implementation of the roadmap, which revolves around the following priorities:

- *Streamlining the price structure by optimizing certain items, notably the Average Commercial Border Price and updating the calculation methods for the transportation differential.* In particular, we will improve the methods for calculating revenue shortfalls by strictly adhering to the February 2024 interministerial decree on eligibility criteria and the calculation methods of losses and revenue shortfalls. We will also ensure compliance with the maximum two-month deadline for certifying revenue shortfalls for a given quarter and publish the price structure and subsidy estimates monthly on the website of the Ministry of National Economy.

¹ The three health programs selected for monitoring of the IT on social spending under the previous ECF were: (i) the GAVI-supported vaccination program; (ii) the Reproductive, Maternal, Neonatal, Child and Adolescent Health Program (RMNCAH); and (iii) the mother/childcare program.

- *Strictly enforce (since October 2023) the exclusion of mining companies from the diesel subsidy in the southern supply zone*, by accounting for the volumes of diesel sold by the oil companies to the mining companies, in accordance with the March 2023 Interministerial Order. In this regard, in September 2024, we launched a molecular marking program in the eastern supply zone. We will continue efforts to rationalize import exemptions to optimize petroleum taxes and parafiscal, and to control the volumes consumed. Pending the implementation of a rigorous evaluation mechanism, we will continue the suspension of these exemptions.
- *To mitigate the emergency of new shortfalls*, we will closely monitor the key parameters influencing the price structure of petroleum products and implement regular adjustments to pump prices. This approach aims to substantially narrow the gap between actual market prices and pump prices.
- *Furthermore, we are continuing the reform* to end the cumulative remuneration of oil logistics companies within the price structure by ending the pooling of their operating costs.
- *We will ensure the repayment of liabilities to oil companies*. In the first ten months of 2024, we repaid US\$293 million, including US\$123.5 million through a syndicated bank loan, with repayment secured by a portion of the parafiscal charges included in the fuel price structure. We will continue to diligently repay the balance of 2023 arrears, estimated at US\$ 211 million, through a second bank loan disbursed by the banks involved at the end of November 2024. As with the first loan, this second drawing will be covered by a portion of the fuel parafiscal charge. The remaining resources will be used exclusively to reimburse shortfalls from the first half of 2024, estimated at US\$ 77 million.
- *We are committed to enhancing transparency in the calculation and certification of losses and revenue shortfalls owed to oil companies* by strengthening the operational capacities of the Strategic Products Price Regulation Committee, established in February 2023, and involving all relevant ministries.

20. We will continue civil service reforms with a view to sustainably controlling the wage bill. The government is committed to implementing public administration reforms, focusing on managing staffing levels and the wage bill. However, it faces several binding commitments, including agreements reached during negotiations with labor unions, the need to formalize the payroll for staff in new ministries not yet paid (People with Disabilities, Digitalization), and the inclusion of new recruits in the Army (FARDC), Police (PNC), Judiciary, and General Labor Inspectorate. We are facing increased pressure to raise wages, given the erosion of purchasing power across all socio-professional categories due to the inflation surge over the past three years. The implementation of recent agreements with the National Education, Higher Education and University, and Health sectors has led to an increase in the total wage bill, projected to reach CDF 9,169 billion by the end of December 2024, equivalent to 4.5 percent of GDP. With the full impact of these measures in 2025, the wage bill is projected to rise to CDF 10,260 billion, equivalent to 4.4 percent of GDP. To avoid overruns in managing the wage bill in 2025, the government is committed to strengthening planned

inter-ministerial consultation mechanisms and developing a new wage policy.² Our goal is to return to a wage bill of 4.2 percent of GDP over the period 2026-29. In this respect, the reform of the civil service will revolve around the need to:

- Ensuring that any wage bill increase resulting from agreements with the trade union is accompanied by a proposal of concrete and credible measures to achieve equivalent savings or increase revenues mobilization to maintain the balance of the current budget law.
- Spreading any salary increases over a timeline agreed upon with social partners and in close coordination between the Ministers of Budget, Finance, and the Civil Service, in accordance with the July 2023 Order, to limit the inflationary impact.
- Cleaning up the civil service registry by conducting biometric identification of all civil servants in order to remove any employees found to be in a situation of proven irregularity, expanding the publication of the civil servant directorate across the entire territory by the end of 2025, initiating legal reforms to regulate recruitment, and promoting contractualization.
- Continuing efforts to reform the social security system for all public employees and resuming the retirement program starting in 2025, in line with the budgetary allocations provided in the 2025 budget law.
- Launching joint commissions in 2025 in key sectors such as education and health, with a view to upgrading these professions and improving pay equity (by reviewing base salaries and avoiding *ad hoc* salary demands).
- Adopting a wage policy, in consultation with the social partners, to guide the government's actions with regard to compensation of civil servants. This wage policy will aim to ensure the fiscal sustainability of the wage bill and promote greater social equity by minimizing, as much as possible, unjustified wage disparities among civil servants.
- Limiting, as much as possible, pending the adoption of the salary policy, new recruitments and the regularization of civil servants, including in cases of retirement.

21. We will accelerate the implementation of the recommendations from the January 2023 report on the assessment of public investment management (PIMA), as adopted in the form of a

² The government has established a consultation mechanism formalized by Interministerial Decree No.125/CAB.VPMIN/FE-MA-ISP/JPL/2023, No. CAB.MINETAT/BUDGET/003/2023, and No. CAB.MIN.FINANCES/054bis/2023 of July 28, 2023, which outlines the implementation modalities of the government's commitments regarding the remuneration of civil servants. This mechanism enables collaboration among the Ministries of Civil Service, Finance, and Budget on all matters likely to impact the wage bill and staffing levels.

roadmap by the government in early November 2023, accompanied by a priority action plan. To this end, we will:

- *Ensure (i) the strict application of the May 2023 decree on public investment management, covering all phases of the project cycle; (ii) issue a ministerial order by June 2025 to make the application of the new codification of investment projects effective and mandatory, while updating IT systems to integrate the new codification; and (iii) update, by June 2026, the procedures manual adopted in November 2023 on public investment management, to include the climate impact assessment framework, which will be finalized in the second quarter of 2026 (iv) improve the PPP procedures manual to ensure appropriate appraisal standards, including with regard to climate impacts and a comprehensive analysis of fiscal risks arising from PPPs; (v) improve the quality of the public investment program by signing an integration protocol for capturing externally financed projects among the PGAI, the DPB, and the CSPP; (vi) systematically attach the multi-year public investment program to the budget law (as initiated in 2024).*
- *Accelerate the strengthening of monitoring of projects financed with external resources through: (i) restructuring and strengthening the Project and Program Monitoring Unit (CSPP); (ii) broadening the powers of CSPP, which now monitors, in addition to projects from the World Bank and African Development Bank, those from the International Fund for Agricultural Development, the French Development Agency, the Arab Bank for Development, the German International Cooperation Agency, and the Japan International Cooperation Agency; (iii) producing real-time dashboards for project and program monitoring and improving the processing of files in order to reduce administrative delays; and (iv) evaluating the performance of contracts signed between the government and the coordinators of the project management units.*
- *Conduct a study on the feasibility of creating a single office to strengthen the framework for monitoring and coordinating externally funded projects, possibly based on the integration of the CSPP, the Central Coordination Office (BCeCo), the Financial Unit for Fragile States (CFEF), and the Support Unit for the European Development Fund Authorizing Officer (COFED).*
- *We will also accelerate the strengthening of implementation and governance of investments financed with own resources.* This is crucial as rapid progress in this area constitutes strong assurance of our request that a portion of IMF financing under the ECF be disbursed in the form of budget support, with a view to support the financing of expenditure in infrastructure, education, health, and security. This will affect both (i) investments in infrastructure using budgetary resources resulting from the amendment to the SICOMINES contract; (ii) than those carried out under the Local Development Program for 145 Territories (PDL-145T), partly financed by the general SDR allocation of August 2021 (US\$ 511 million in 2022 and 2023). The quarterly reports produced by the agencies charged with its implementation indicate an implementation rate of approximately 80 percent for CFEF and 70 percent for BCeCo at the end of October 2024.

22. We will strengthen our efforts to monitor and mitigate risks related to public debt. We remain committed to avoiding the accumulation of: (i) arrears on external public debt service; (ii) salary arrears in the civil service; and (iii) the recourse to BCC advances to the central government.

We also remain committed to refrain from using BCC deposits as collateral/guarantee for central government borrowing and to repaying advances already granted in line with the agreed schedule.

23. In summary, we plan to contain the domestic fiscal deficit on a cash basis to 0.3 percent of GDP at the end of December 2024 (from 0.5 percent projected initially) and to 0.8 percent of GDP in 2025, ensuring that expenditures are committed strictly based on available resources (excluding any advances from the BCC), in accordance with the Public Finance Law and the Central Bank's Organic Law. To this end, we will publish regularly revised quarterly budget commitment plans (by the end of January 2025 at the latest for the first quarter of 2025, and by the end of March 2025 at the latest for the second quarter of 2025), aligned with the program's objectives regarding the budget deficit, maintaining the moderate risk of debt distress, and preventing the accumulation of arrears. In the event of under-execution of investment expenditures or exceptional security expenditures, or in the event of an increase in budget revenues, we commit to using the resulting savings in accordance with the TMU.

Modernization of Public Financial Management (PFM)

24. We will continue to implement our multi-year strategic plan to modernize public financial management, adopted in August 2022. These reforms, coordinated by the Steering and Orientation Committee for the Public Finance Reform (COREF), continue to be guided by a regularly updated action plan, with technical and financial support from the development partners. This includes leveraging the conclusion of the Public Financial Management Assessment (PEFA), which are now expected by the end of June 2025.

25. Our PFM modernization priorities are structured around the following axes:

- *Accelerate adherence to the expenditure chain as strictly as possible to minimize expenditures executed under emergency procedures.* To achieve this, by the end of December 2024, we will issue an interministerial decree that upholds the expenditure procedures manual, that will revise emergency spending procedures (Prior action). This is essential as we are aware that rapid progress on this reform constitutes solid assurance of our request that a portion of IMF financing under the ECF be disbursed in the form of budget support, with a view to supporting the financing of expenditures on infrastructure, education, health, and security. We aim to reduce spending using emergency procedures (simplified procedure) from 10 percent at the end of August 2024 to no more than 8 percent of total spending from domestic resources by the end of 2025, and to systematize the publication of quarterly reports detailing the nature and amount of this spending, along with other non-compliant expenditures not following the expenditure chain. To this end, we will publish disaggregated quarterly reports by volume, nature, and institution, distinguishing between expenditures executed under standard and exceptional procedures, and those executed outside the expenditure chain (continuous structural benchmark). To regulate expenditures eligible for simplified procedure due to national security concerns (as specified in the December 2024 interministerial order on the expenditure procedures manual), these expenditures shall first receive confirmation of budget allocation by the expenditure authorizer (sub-credit manager) assigned to the Ministry of Finance. Following the confirmation of the

budget allocation, these expenditures shall then be regularized on a quarterly basis, in accordance with the procedure's manual. Stricter adherence to the expenditure chain, combined with an improvement in the effective operation of the standard procedure, a realistic formulation of the budget (based on credible macro-budgetary assumptions and increased coordination among the relevant services), as well as increased transparency through the systematic publication of quarterly Treasury Plan implementation, should contribute to strengthening the credibility of the budget.

- *At the same time, operationalizing the decentralization of expenditure authorization*, in close cooperation with the World Bank, in close collaboration with the World Bank, within the framework of implementing the project to improve revenue collection and public expenditure management in the DRC (ENCORE). Our objective is to launch, by March 2025, the pilot phase of the decentralization of authorizations with four sectoral ministries (National Education, Rural Development, Health and Public Works), and by October 2025, extend it to four additional pilot ministries (National Defense, Agriculture, High Education and universities, Fisheries and Livestock). This will involve: (i) deploying the network of public accounting officers for four pilot ministries, in accordance with the decrees of March 2023 and March 2024 on the creation of eight accounting positions by the Minister of Finance (SB, June 2025); (ii) setting up and activating the expenditure chain software in the four initial pilot sector ministries (SB, June 2025) (National Education, Rural Development, Health, and Public Works); (iii) deploying the expenditure chain in four additional ministries (National Defense, Agriculture, Ministry of Higher and University Education, Fisheries, and Livestock); (iv) finalizing the accounting software intended for use by public accountants to maintain accounts and interfacing it with the expenditure chain software, taking into account the provisions of the September 2023 procedures manual related to procedures and the expenditure process, integrating the decentralization of payment authorizations, and the October 2023 decree establishing procedures for the payment and accounting of public expenditure.
- *Accelerating the operationalization of the Directorate-General of the Treasury and Public Accounting (DGTCP)* in undertaking its missions related to accounting and treasury management. To achieve this, regarding the accounting aspect, we will work to ensure: (i) the operationalization, by *June 2025*, of the accounting positions for the first four ministries benefiting from the decentralization of the expenditure authorization process (National Education, Rural Development, Health, and Public Works); (ii) the opening, by *March 2025*, of the operating accounts for the first four ministries benefiting from the decentralization of the expenditure authorization process. By February 2025, we will take the necessary steps to establish the sourcing scheme for these accounting positions, to be filled in by the ACCT. This process will continue in October 2025 for the accounting positions of four additional ministries benefiting from the decentralization of the payment authorization process (National Defense, Agriculture, Ministry of Higher and University Education, Fisheries, and Livestock).
- Operationalizing the ACCT accounting position and finalizing the remaining texts necessary for the exercise of the accounting function, in order to restore the accounting role in the expenditure

chain and enable the eight accounting positions created to pay the expenditures of the decentralized ministries. These are: (i) the decree amending and supplementing the decree establishing the framework and organic structures of the DGTCP; (ii) the decree amending and supplementing the decree on administrative regulations applicable to public accounting officers; (iii) the decree amending and supplementing the decree on public expenditure payment and accounting procedures (SB, April 2025).

- It will also involve adopting the following decrees and orders:
 - (a) Decree modifying and supplementing the decree on the State Accounting Plan;
 - (b) Decree on the compilation of State accounting standards;
 - (c) Order establishing the assignments of the Treasury's direct public accountants in relation to their reporting authorizing officers;
 - (d) Order establishing the procedures for producing the public accountant's revenue and expenditure account;
 - (e) Order laying down accounting procedures for cash operations;
 - (f) Order establishing accounting procedures for centralization and consolidation;
 - (g) Order amending and supplementing the order on the organization and operation of the national network of public accountants;
 - (h) Order establishing the State's account nomenclature;
 - (i) Order establishing the modalities for the installation and handover of public accounts;
 - (j) Order establishing the conditions for the constitution and release of the public accountant's bond.
- Deploying agents and executives to their job positions with a view to establishing the administrative structures of the DGTCP, in accordance with the decree amending and supplementing the 2022 decree establishing the framework and organizational structures of the DGTCP. This deployment will specifically begin with vacant positions of Directors, Division Heads, Office Heads, and First Category Collaborative Agents (ATA1) at the central level, and to be completed no later than July 2025 (SB, July 2025). We will ensure the gradual deployment of other categories of agents at the central level by June 2026 and at the national level by June 2027. In order to carry out the actions mentioned above, we commit to providing substantial financial and material resources in support of the DGTCP.
- Ultimately, all these efforts will enable us to maintain accounting records to produce financial statements, including ledgers, trial balances and the accounting balance, in line with the Decree establishing the State's accounting standards.

- With regard to cash-flow management, continuing the implementation of the Treasury Single Account (TSA) following the signing of the amended 2023 Decree of establishing its perimeter, in collaboration with the BCC. To this end, the agreement on the maintenance of the Central Government's Single Account will be signed by December 2024, and the Steering Committee for this agreement, tasked with ensuring its proper implementation and proposing any useful improvements will be created by January 2025. In line with the roadmap for implementing the TSA, we will continue and complete the inventory of Treasury accounts in commercial banks and the BCC, and we will conduct a stress test on the impact of account closures on the financial system, and develop the strategy for closing bank accounts (SB, September 2025). A diagnostic assessment of the BCC's software will be carried out, and necessary improvements will be made to accommodate the TSA, with technical assistance from AFRITAC Central.
- Regarding the improvement of cash-flow forecasting activities, strengthening coordination by institutionalizing weekly meetings of the Treasury Plan Commission, bringing together experts from the Ministry of Finance, the Ministry of the Budget, and the BCC.
- *Making concomitant progress toward the medium-term adoption of program-based budgeting*, while ensuring that this reform does not delay other sufficiently advanced reforms, such as the decentralization of payment authorizations, the operationalization of the DGTCP, and the implementation of the TSA.
- *Adopting a roadmap for transitioning to a fiscal framework excluding extractive sector resources*, in line with the recommendations of the IMF technical assistance mission (structural benchmark, March 2025), *in order to mitigate the procyclicality expenditures*. We have recently published the non-mining and non-oil fiscal balance in the 2025 budget documents and the Medium-Term Budget Framework (MTBF). We are continuing our efforts to implement the next stages of the reform, in line with the recommendations of the March 2024 IMF technical assistance mission: (i) strengthening and centralizing statistical data on mining revenues; (ii) deepening the analysis of fiscal risks related to the volatility of mineral prices, which will be set out in an annex to the Budget Law (see next point); (iii) strengthening capacities in the analysis and forecasting of mining revenues using the Fiscal Analysis of Extractive Industries (FARI) model, in collaboration with support from the IMF and other partners, including GIZ.
- *Further strengthening our capacities for identifying, assessing, monitoring, and managing fiscal risks*. Over the years, we will systematize and refine the statement on fiscal risks (with a quantification of their associated budgetary costs), in the form of an annex to the budget law. In keeping with the recommendations of the IMF's technical assistance, we classify these risks into the following categories: (i) macroeconomic risks; (ii) public debt risks; (iii) risks related to public entities other than the central government; (iv) financial sector risks; (v) institutional risks; and (vi) long-term risks, particularly those related to climate change.
- *Strengthening the transparency and efficiency of public procurement*, in line with the March 2023 decree on public procurement procedures, which outlines the legal provisions necessary to enhance the identification and disclosure of beneficial owner information, in accordance with the

recommendations of the IMF technical assistance mission. Our objective is to fully deploy the integrated public procurement management system (SIGMAP), in accordance with the 2024-2027 roadmap adopted by the Council of Ministers on October 18, 2024. This roadmap is organized around the following six (6) priority areas: (i) strengthening the regulatory framework for the electronic public procurement management; (ii) carrying out tests and updating SIGMAP; (iii) the launching SIGMAP and implementing it in user entities; (iv) acquiring infrastructure and creating shared service centers; (v) strengthening SIGMAP security; (vi) training users; and (vii) transitioning to the full digitization of public procurement.

- *Strengthening our public debt management capacities.* Our strategy focuses on strengthening the enforcement of (i) the interministerial order of December 2020, which stipulates that the Directorate-General of Public Debt (DGDP) is responsible for evaluating and monitoring all new debt contracts; and (ii) the Ordinance-Law of September 2023, which harmonizes the legal framework for public debt management.
- *Strengthening the performance monitoring of State-owned enterprises (SOEs).* Our objective is to improve the governance of public enterprises, to resolutely reverse the worrying trend emerging from the recent audit by the Ministry of the State Portfolio, which concluded that most of these enterprises posted losses over the past three years, weighing heavily on the State budget. We will focus, in particular, on the main SOEs (Générale des carrières et des mines (Gécamines), Société minière de Bakwanga (MIBA), Régie de distribution d'eau (REGIDESO), Société nationale d'électricité (SNEL), Régie des voies aériennes (RVA), Société nationale des chemins de fer du Congo (SNCC) et Société commerciale des transports et des ports (SCTP)), whose financial statements we will publish systematically on the website of the Conseil Supérieur of the State Portfolio (Conseil Supérieur du Portefeuille— CNOP). We will also systematize the publication, initiated in 2024, of a report on the consolidated financial position of public enterprises as an annex to the budget law. Moreover, by December 2025, we will adopt a roadmap for improving the governance and recovery of the financial situation of SOEs.

26. The government, in collaboration with the BCC, is committed to continuing the implementation of reforms aimed at developing the government securities market.

Government securities issuance operations posted positive developments, with outstanding amounts rising from 0.14 percent of GDP in 2019, to 1.2 percent of GDP in September 2024. However, the securities market in the DRC remains shallow, with a predominance of treasury bonds with staggered repayment, with maturities averaging around 18 months. The reforms under way aim to expand the market and extend maturities to further reduce refinancing risk and ease pressure on the government's cash-flow. Therefore, we plan to: (i) amend the Insurance Code by the end of December 2025 to introduce a mandatory minimum subscription of government securities by insurance companies; (ii) submit to Parliament the text of laws on the mutual fund by end-December 2025; and (iii) following up on the training workshop on government securities accounting held last October, organize additional training workshops for non-bank investors, starting in March 2025.

27. We will resolutely place the dematerialization and digitization of procedures at the core of our efforts to modernize PFM. With the elevation of digitizing procedures to a more

strategic priority since the inauguration of the new government in mid-June 2024, we are working to establish an integrated public financial management system (SIGeFiP) by September 2027. This system will include a core comprising modules for program-based budgeting and execution, accounting, and cash-flow management. Existing IT systems for managing taxes, duties, public debt, public procurement, and others to be developed will be interfaced with the SIGeFiP, in accordance with the overall orientation plan for digitization of the PFM system (POG) adopted in October 2023.

Monetary, Financial, and Exchange Rate Policies

Monetary Policy

28. The BCC will maintain its tight monetary policy stance and remains committed to mobilizing its available instruments to curb inflationary pressures. The BCC will continue maintaining high positive real interest rates and remains committed to mobilizing its available instruments to curb inflationary pressures. This involves actively managing liquidity, including by raising reserves requirement, to ensure that monetary growth remains broadly aligned with nominal GDP growth.

- Since the last policy rate hike, from 11 to 25 percent, on August 8, 2023, the Monetary Policy Committee (MPC) has kept this rate unchanged, while inflation continues to decelerate, resulting in positive real interest rates. This monetary tightening since the third quarter of 2023 has been transmitted to the interbank market, where interest rates have risen as bank liquidity has become scarcer. However, this trend reversed in the second quarter of 2024, with an increase in bank liquidity amid strong tax revenue mobilization during April's tax deadlines and following the BCC's decision to release an additional 2.5 percent of the frozen stock of reserves requirement on foreign currency deposits. This led the BCC to raise the reserve requirement ratio on sight deposits in national currency to 12 percent in July 2024, up from 10 percent since June 2023, to absorb excess liquidity.
- The central bank is working to expand its toolkit to enhance the effectiveness of its liquidity absorbing operations, including by widening the range of BCC bills and, where necessary, by increasing the reserve requirement ratio on sight deposits in both national and foreign currency. In addition, in keeping with the recommendations of the March 2024 IMF technical assistance mission, the BCC has committed to:
 - (i) Making on-demand financing accessible through the standing facility window, available daily but at a higher rate, and introducing a standard refinancing instrument in the form of an auction-based operation to reduce banks' precautionary liquidity and incentivize them to trade liquidity in the interbank market. In this context, the BCC will eliminate the short-term lending facility window (with 7-day maturity). The instruction will be signed in January 2025, and it will be implemented with support from the IMF throughout 2025.

- (ii) remunerating required reserves in national currency to contribute to increasing financial inclusion and to reducing financial dollarization. To this end, the BCC has already incorporated this principle into its Instruction No. 10 and has initiated consultations with banks to encourage them to use this remuneration as a lever to better remunerate deposits. However, the implementation of this measure will be balanced against the financial constraints weighing on the BCC. The final decision on this option will be made following a study analysis (January 2026).
- (iii) Improving the banks' database to enable a rigorous analysis of their vulnerability to shocks, particularly in terms of liquidity in CDF, liquidity in U.S. dollar, and exchange rate depreciation. The results of the study are expected by January 2026.
- (v) Improving the measurement of interest rates in the economy on new credit flows, to better assess the effect of monetary policy decisions (2nd half of 2025).
- Strengthening the close coordination between monetary and fiscal policies, initiated in mid-June 2024, will continue to be an essential element in supporting our efforts to curb inflationary and exchange rate pressures more effectively through the improvements of the liquidity management framework. In this context, the Ministry of Finance shall provide the BCC with elements of the Treasury Plan (PTR), which will allow for refining the analysis of liquidity forecast discrepancies on a weekly basis and the establishment of a liquidity forecasting framework with IMF technical assistance (August 2025).

Exchange Rate Policy

29. We are determined to continuing efforts to strengthen the external sustainability of our economy, in order to enhance its resilience to potential shocks. Foreign exchange reserves, which stood at nearly US\$ 6.57 billion at the end of October 2024 (equivalent to 2.2 months of prospective non-aid imports) have increased from their pre-ECF level of just US\$ 803 million (equivalent to 2 weeks of imports at the end of 2020). Our objective remains to achieve a reserve coverage of at least 3 months of imports by 2027, requiring an annual accumulation of slightly below US \$1.5 billion, supported by enhanced coordination between monetary and fiscal policies, as well as expected disbursements, notably from the IMF under the ECF and RSF, as well as the World Bank's DPO.

30. We remain firmly committed to ensuring exchange rate flexibility. The exchange rate remains the primary buffer against external shocks, and our exchange rate policy remains guided by the objectives of accumulating foreign exchange reserves on the one hand, and mitigating episodes of extreme exchange rate volatility that could undermine macroeconomic stability on the other. Although exchange-rate pressures have eased in recent months, vulnerabilities persist, particularly as the recent trend reflects, to some extent, strong mining revenue collection, which remains dependent on fluctuations in mineral price. Therefore, it remains crucial to further strengthen the BCC's intervention policy. In particular, the BCC is committed to adopting a foreign exchange intervention strategy by January 2025, in line with the recommendations of the IMF Technical Assistance (SB), and

to beginning its implementation in 2025. The BCC shall also strengthen its monitoring and oversight system for foreign exchange transactions through on-site or off-site audits. Our objective remains to ensure that the indicative rate of the CDF reflects market forces, as evidenced by the increasingly narrow spread with the parallel market rate.

31. We will continue to uphold our commitments not to (i) impose or intensify restrictions on the payments and transfers for current international transactions; (ii) introduce or modify multiple exchange rate practices; (iii) enter into bilateral payments agreements inconsistent with Article VIII of the IMF arrangements; and (iv) impose or intensify import restrictions for balance-of-payments reasons.

Structural Reforms

32. We will continue to modernize the monetary policy framework.

- The prudent conduct of monetary policy will continue to rely on the absence of any advances from the BCC to finance the government's budget deficit, in accordance with the BCC Organic Law and the Public Finance Law. In this regard, we undertake to continuing to observe the ceilings on changes in net credit to the government and on the BCC's net domestic assets, as set under the new program for which we are requesting IMF support through the ECF. The BCC will also refrain from providing new guarantees for central government loans, in compliance with the organic law. In addition, deposits pledged as collateral for existing loans reaching maturity will gradually be transferred to international reserves.
- Since January 2022, the reserve requirement on FX deposits has been fulfilled in foreign currency for deposits exceeding their end-2021 level. The portion of this reserve constituted in national currency, a frozen stock of CDF 2,375.6 billion resulting from the old system, was further reduced by CDF 118.7 billion (5 percent) in 2024 and converted into banks' reserve requirements in foreign currency in the dedicated BIS account. We will continue the unfreezing process.
- The principle of updating the exchange rate applied to the stock of banks' reserve requirements frozen at end-2021 is also enacted in Instruction No. 10. The BCC defined the method for updating this stock, in terms of currency composition at end-November, for implementation in January 2025, with technical support from the IMF. The update will then become automatic each time the reserve is established. Subsequently, the BCC will consider using this instrument to combat dollarization by increasing the reserve requirement ratio on foreign currency deposits.
- As part of the IMF's multiyear technical assistance program, we will finalize the implementation of the forecasting and policy analysis system (FPAS) by December 2024 and proceed to its operationalization, in particular by setting up an organizational framework to strengthen the monetary policy decision-making process. We will continue to take the necessary steps to improve the BCC's economic analysis and forecasting capabilities, as well as its communications.

- We remain committed to holding regular MPC meetings according to a pre-established schedule and to sufficiently communicating on its decisions, in particular by means of a BCC press release and a press conference following these meetings. Actions to strengthen outreach will also focus on the policies and reforms implemented by the BCC, to increase their visibility. Similarly, we plan to start publishing methodologies for the data produced by the BCC, including monetary statistics and balance of payments. In this context, the BCC website will be reviewed and improved (December 2026).

33. The government and the BCC remain firmly committed to continuing to limit cash transactions at BCC counters. The instruction issued in July 2023 by the President of the Republic resulted in a significant reduction in cash payments in national currency. We are also committed to reducing cash payments in foreign currency at BCC counters. These efforts also comply with the requirements of the December 2022 AML/CFT law. To this end, we will diligently implement the Decree of June 20, 2024, stipulating that no cash payments or bearer instrument transactions may be made on behalf of the central government and its bodies at the BCC or at commercial banks, in either CDF or foreign currencies, beyond the amounts set by law.

Safeguards

34. We will further strengthen the BCC's governance, accountability, and transparency mechanisms, addressing the outstanding recommendations of the 2020 safeguards assessment.

- The implementation of these recommendations, including the issuance of BCC's financial statements for 2023 fiscal year in compliance with IFRS, will be monitored during the planned update of the safeguards assessment.
- To strengthen the equity of the BCC to reach 10 percent of profitable assets, the Government and the BCC commit to requesting technical assistance from the IMF by January 2025. This assistance will aim to propose a plan for strengthening the equity by the Government, considering the sustainability of public finances, the impact of the fair valuation of the BCC's claims on the Treasury, and the resulting recapitalization needs. The modalities and timeline for releasing the equity based on the financial statements presented in IFRS format will be defined in an agreement between the two parties.
- The transition of BCC's accounting framework to IFRS has received a favorable opinion from the Ministry of Finance and has been adopted by the BCC's Board of Directors, in accordance with its organic law. We are continuing to work to produce BCC financial statements, with technical assistance from the IMF. The BCC is committed to publishing IFRS-certified financial statements starting with FY2023 by April 2025, as rescheduled following delays caused by the external auditor's workload. In the meantime, the FY2023 accounts according to the bank's current accounting rules were adopted by the BCC's Board of Directors in August 2024 and published, including on the BCC's website.

- The BCC will also expedite the remaining safeguards actions, including: (i) the adoption of a plan to close foreign currency accounts in resident commercial banks; (ii) strengthening governance frameworks and mechanisms in the area of foreign exchange reserve management; and (iii) operationalizing the BCC's compliance policy.
- In light of our request to receive a portion of the resources that will be disbursed by the IMF under the new ECF-supported program as budget support, the BCC and the Ministry of Finance will renew their framework agreement (MoU) on their respective debt servicing responsibilities to the Fund by December 2024.

Financial Sector

35. We will continue implementing the recommendations of the Financial Sector Stability Review (FSSR), with a view to strengthening monitoring of compliance with financial sector regulations, with technical support from the IMF over the period 2023-26. In particular, the BCC undertakes to:

- Strengthening its supervisory capacities by enhancing the risk-based supervision framework, primarily aiming at aligning the BCC's regulation with Basel standards. Following the completion of a pilot mission with IMF technical assistance, on-site inspections of credit risk assessment resumed in the second half of 2023 and continued in 2024. We have set up the unit in charge of crisis simulations (*stress tests*) within the Financial Stability Directorate to identify major risks and exposures of the financial system and formulate recommendations on these risks. The operational implementation of risk-based supervision is underway with the launch of the third general rating system for banks. We will set up a Consultative Committee to Combat Cybercrime under the leadership of the BCC, to deal with IT-related risks.
- Updating Instruction No. 14, particularly the solvency and liquidity standards, with technical assistance from the IMF. This update of the regulatory framework aims to strengthen the assessment of risk-weighted credit, market risk, and operational risk. The same applies to the transposition of the Basel III Liquidity Coverage Ratio (LCR). In addition, we will move further toward aligning the "credit risk mitigation" (CRM) framework under the standard approach set out in Instruction No. 14 with that of Basel III by in 2026. However, to encourage the development of the securities market, the BCC will publish a decision adjusting downwards the risk weighting coefficient for sovereign risks by March 2025. To enhance its effectiveness, the DSIF's human resources have been reinforced, and continuous training programs have been put in place.
- With the creation of the Financial Stability Directorate, we will resolutely advance in establishing the financial stability function, with the support of the IMF resident advisor, in accordance with the financial stability mandate, with a view to strengthening the BCC's macroprudential policies. The BCC will also continue (i) strengthening the supervision of non-bank financial institutions; and (ii) developing monitoring and early warning tools capable of improving the analysis of interdependencies and sectoral interconnections.

- Establishing by [June] 2025 a framework for emergency liquidity assistance to solvent financial institutions facing temporary liquidity shortages, with technical assistance from the IMF. To this end, the BCC will align the framework for the provision of emergency liquidity to solvent financial institutions facing temporary illiquidity with international best practices.
- The BCC will adopt an instruction by June 2025 specifying the elements to be included in banks' prevention and recovery plans, including liquidity crisis scenarios and the loss of one or more correspondent banking relationships. Based on the plans submitted by commercial banks in May 2025, the BCC will conduct a review of the cross-border cooperation agreements with all the home countries of the parent companies of banks established in the DRC, with a view to incorporating recovery and resolution planning.
- The government is also committed to establish a deposit protection system, in accordance with Article 69 of the law on the activity and supervision of credit institutions. The relevant draft decree will be submitted to the government by the end of 2025.

36. We will continue implementing the national financial inclusion strategy adopted by the government in July 2023.

- Our objective remains to achieve a financial inclusion rate of over 50 percent as of 2025, under the coordination of the Implementation Committee for this strategy that we have established, which is composed of experts from the Ministry of Finance, the Ministry responsible for primary and secondary education, the BCC, and the Insurance Regulation and Supervisory Authority, the National Institute of Statistics, as well as representatives of the Congolese Association of Banks and professional associations of the microfinance sector. Thanks to the deployment of mobile payment solutions, our inclusion goal is already nearly achieved.
- We will continue our efforts to improve the interoperability of electronic payment systems and financial inclusion. Significant progress was made in this area in 2024, including the increase in the number of financial institutions connected to the national electronic payment switch, the publication of Instruction No. 58 on the interoperability of electronic payment systems, the issuance of low-cost national currency bank cards (denominated Mosolo) by the BCC for the benefit of the financial system, and the configuration of payment terminals exclusively in national currency. Additional actions to be taken in this area are related to the establishment of the Interbank Electronic Banking Group (GMI), which is to be launched by the end of March 2025, with support from the International Finance Corporation (IFC).

Strengthening Governance, Transparency, and the Business Environment for More Inclusive, Diversified, and Sustainable Growth

37. Improving governance and fighting corruption remain at the core of the government's strategy. To this end, we will:

- *Accelerate the strengthening of the institutions in charge of combating corruption*, primarily the Agency for Preventing and Combating Corruption (APLC), the Observatory for Corruption Monitoring and Professional Ethics (OSCEP), and the Technical Unit for Combating Corruption under the Ministry of Justice, in accordance with the United Nations Convention Against Corruption (UNCAC) and international best practices.
- *Regularly monitor the implementation of the priority action plan of the National Anti-Corruption Strategy* adopted in October 2022, following the approval of the National Justice Reform Policy (PNRJ). This monitoring is carried out by the Ministry of Justice, APLC, OSCEP, and other institutions, in collaboration with development partners.
- *Establish the legal framework for the Economic and Financial Criminal Court and its related specialized prosecutor's office, with national jurisdiction, in line with best international practices, in collaboration with development partners*, with a view to combating more effectively corruption, illicit enrichment and serious economic and financial crimes by the end of 2025.
- *We will activate all the implementing measures provided for by Law No. 16/012 of July 15, 2016, on the creation, organization, and functioning of the profession of notaries by the end of 2025.*
- *We will submit to Parliament, a draft anti-corruption law*, considering the conclusions of the workshop organized in October 2024 by the APLC with various actors in the fight against corruption, and in line with the UN Convention against Corruption (UNCAC) and international best practices, in collaboration with development partners (UNDP, and UNODC). Our goal is to submit the final draft by September 2025. This law is expected to provide a legal framework guiding all our anti-corruption efforts going forward.
- *Continue the work, with the offices and jurisdictions, to finalize in 2025 the extension of data compilation on corruption cases to the 15 other provinces*, with technical support from the National Institute of Statistics, and building on the experience of August 2023 in 10 pilot provinces.
- *Provide anti-corruption institutions with adequate resources (including OSCEP, APLC, EITI, CTLC)*. Following the swearing-in of the heads of the Court of Audit and its new magistrates on August 31, 2022, we are continuing to strengthen the resources of the Court of Auditors. The General Inspectorate of Finance (IGF), which has recently been equipped with new premises and equipment, is expected to see its operational capacities further strengthened to continue its oversight missions, including the prior control of expenditures by public institutions and special funds. As far as OSCEP is concerned, we will ensure that its branches are deployed in the remaining 15 provinces.

38. We will continue our efforts to improve transparency in the mining sector and public procurement:

- The government will continue to support the work of EITI, including by ensuring the necessary budgetary allocations for its operation. While the DRC's validation, finalized on October 13, 2022, showed a high overall score with respect to the EITI requirements, it also underlined the need for progress in strengthening transparency and publishing the beneficial owners of mining contracts.
- We will continue to publish new contracts (continuous structural benchmark), in accordance with the Mining Code and the requirements of the EITI standard, including renegotiated contracts.³ Furthermore, Gécamines' 2023 financial statements, including the auditors' comments, will be published, as has been done every year for the 2020, 2021, and 2022 accounts.
- *We will accelerate the implementation of reforms aimed at increasing transparency in public procurement, including through the digitalization and digitization of procedures, in collaboration with the World Bank (see paragraph 25).*

39. We will continue the resolute implementation of the action plan agreed upon with the Financial Action Task Force (FATF) in order to exit the list of jurisdictions under enhanced monitoring, in collaboration with the technical and financial assistance of numerous development partners, including the European Union's Global Facility AML/CFT, the World Bank, the FSVC (U.S. Embassy Project), GIZ and UNODC.

- *Our strategy for anti-money laundering and combating the financing of terrorism (AML/CFT) will continue to be guided by the new AML/CFT law (No. 22/068), enacted in December 2022, which revolves around the following areas: (i) broadening the application of AML/CFT measures to the financial sector (beyond banks); (ii) banning anonymous bank accounts; (iii) strengthening verification measures for wire transfers involving politically exposed persons (PEPs); (iv) establishing basic requirements for due diligence on correspondent bank customers; and (v) strengthening asset declaration procedures for PEPs.*
- *We will consolidate the progress noted in the fifth progress report submitted to the FATF Joint Africa Group on March 22, 2024, including: (i) the validation, at the end of 2023, of the national AML/CFT strategy prepared by the Advisory Committee on Anti-Money Laundering and Combating the Financing of Terrorism (COLUB); (ii) wide dissemination of the National Risk Assessment (NRA) report, prepared with World Bank technical assistance, including to microfinance institutions; (iii) the signing of the decree designating supervisory authorities for all nonfinancial business sectors and professions; (iv) building capacity for AML/CFT investigations and prosecutions, through the recruitment of magistrates and the development of a training plan for all investigators; (v) the signing, on March 21, 2024, of the two decrees establishing a*

³ According to Law No. 18/001 amending and supplementing Law No. 007/2002 on the Mining Code, all mining conventions must be published within sixty days of the date of effectiveness of the contract.

targeted financial sanctions regime and creating a National Committee for the implementation of targeted financial sanctions; and (vi) strengthening the capacities of CENAREF analysts and the ongoing deployment of a technological solution for the secure receipt and processing of suspicious transaction reports. We are working to meet the deadlines for several outstanding action plan items, as highlighted in the fifth report, aiming to increase our achievement rate from 40 percent in the fifth report to 74 percent for the sixth progress report, due in January 2025. Our goal is to exit the grey list by the submission of the seventh progress report, in October 2025.

- *Membership of the Egmont Group was delayed at the June 2024 Plenary in Paris due to Technical Compliance reasons*, notwithstanding the concluding report from the experts following their visit to the premises of CENAREF from 22 to 26 April 2024. For the time being, the work to amend Law No. 22/068 of December 27, 2022, on AML/CFT is ongoing and are taking into account the deficiencies noted. Our goal is to join the Egmont Group by June 2025.

40. We will accelerate reforms aimed at improving the business environment, with a view to strengthening the private sector's role as a driver in promoting stronger, more inclusive, diversified, and sustainable economic growth. In keeping with the strategic priority assigned to this reform agenda by the new government in place since mid-June 2024, we will work to reinvigorate, in collaboration with our development partners and the private sector, the emergency reform plan that was adopted in November 2023, following the June 2023 National Business Environment Barometer. The barometer revealed major concerns among economic operators in relation to taxation and parafiscal taxation, legal certainty, access to financing, political tensions, public procurement management, and the quality of public administration and infrastructure. The plan was based on a road map containing nearly 70 reforms designed to facilitate, among others: (i) business creation (introduction of a business visa, implementation of a One-Stop Shop for issuing specific licenses, permits, and authorizations); (ii) access to electricity; (iii) transfer of property; and (iv) international trade (promotion of logistical platforms and establishment of the dispute resolution commission). In this regard, we will:

- *By March 2025, adopt an updated roadmap for streamlining tax regulations, accompanied by a credible implementation action plan*, to better protect taxpayers against potential tax harassment and streamline tax compliance procedures for companies as much as possible. In particular, this will focus on: (i) streamlining non-tax revenue-generating acts; and (ii) systematically publishing the schedule for audit missions to be conducted by the revenue agencies.
- *Adopt, by June 2025, a roadmap for rationalizing parafiscal charges* (collected by entities other than tax authorities), building on the inventory of parafiscal charges and subsidiary entities (specific budgets, public establishments, and expenditure departments) completed in June 2023, as well as the recommendations of the recent IMF technical assistance report. To this end, we will adopt a reclassification decree, no later than by end-2025, formalizing the reorganization of entities according to the LOFIP categories, which is therefore crucial for the continuation of reforms, as without it, the Ministry of Budget (DGPPB) will be unable to complete the inventory of revenue-generating acts and enforce the LOFIP budget rules on them. We will limit as much as

possible the creation of special accounts, insofar as the implementation of parafiscal charges to finance them would counteract our strategic objective of improving the business environment and increasing the formalization of our economy.

- *Adopt by June 2025 an action plan to improve the functioning of the VAT credit refund mechanism, building on the recommendations of the IMF technical assistance. Specifically, we will ensure to (i) continue the differentiated monthly processing of refund requests based on risks; (ii) avoid, as much as possible, systematic due diligence for low-risk enterprises; and (iii) limit the application of deferred payment of VAT on imports (or reverse charge VAT) to businesses with low risk and frequent VAT credits due to the nature of their business. Moreover, we will develop and implement a comprehensive strategy for refunding the stock of VAT credits, with technical assistance from the IMF, taking into account the rationalization of exemptions, the simplification of refund procedures, the improved use of economic data, and budgetary space.*
- *Adopt by September 2025 a roadmap for the introduction of online procedures (e-filing, e-payment of taxes by January 2026), starting with large companies (subject to VAT), followed by medium-sized companies in January 2027; and gradually launch the use of mobile payment for taxes for small taxpayers, starting in January 2027).*
- *Issue a decree clarifying the concept of "subcontractor" and defining its scope by September 2025, to mitigate difficulties in enforcing the law on subcontracting, related to potential confusions (between the project owner and the main contractor; between subcontractor and supplier, etc.).*
- *Systematically publish all judicial decisions in commercial matters on the official website of the Ministry of Justice, create commercial chambers within the courts of appeals, continue the revitalization of the One-Stop Shop for business creation. We will also work to clear (audited and validated) arrears according to mutually agreed timelines, while accelerating efforts to prevent the accumulation of new arrears, which are major factors in the financial strain on the private sector and, by extension, a threat to financial sector stability.*
- *Accelerate reforms to strengthen controls and the management of disputes, including through improved risk assessment (for instance, with respect to declared import values or exemptions), better coordination within and between revenue agencies, enhanced control frameworks to ensure uniform application of the law, and the deployment of a mechanism to monitor the quality and effectiveness of controls. More specifically, we will ensure stricter enforcement of the law on the status of career civil servants and the decree-law establishing the code of conduct for government officials, as well as the introduction of specific ethics and deontology codes for revenue agency employees, accompanied by sanctions in case of violations. We will also strengthen the operational capacities of internal and external inspections and ensure that the rules governing the management of disputes (including the incentive schemes of the Tax and Customs agencies) do not encourage unlawful behavior or actions contrary to objective of maximizing fiscal revenues. OSCEP's work and ongoing anti-corruption reforms, which specify sanctions for violations, support this effort. Similarly, the decree adopted by the Council of Ministers on October 18, 2024, establishing a regime for public officials to declare their family*

assets, is aimed at strengthening the transparency and the duty of integrity of public officials, as well as putting in place tools to sanction illicit enrichment and other related unethical behaviors.

- Set up the National Tax Mediation Commission, a consultative, equal-representation and independent body designed to provide advice to the Ministry of Finance for the resolution of disputes between taxpayers and the tax administration, following the examination of complaints in the administrative phase. We are committed to implementing the National Tax Mediation Commission by the end of May 2025.

D. Structural Reforms Under the RSF Arrangement

41. **Climate change poses major challenges to the economic development of our country, even though it has the potential to play a key role in the transition to a global green economy.**

According to the IMF-adapted Notre Dame Global Adaptation Initiative (ND-GAIN) index on resilience to climate change, our country ranks as the 11th most at-risk country and the 4th least prepared country out of 182 nations. At the same time, DRC being a global "solutions country" for climate change, forest conservation is essential to consolidate this status.

42. The government has launched ambitious initiatives to combat climate change, as shown in the 2021 National Determined Contribution (NDC), the financing cost of which is estimated at US\$ 48.4 billion. Our country plays a critical role in global climate action, particularly through GHG sequestration through forest conservation, the supply of transition-critical minerals, and the potential production of renewable energy. Despite its income level, the DRC has relatively high per capita emissions, which prompted the government to pledge to reduce its GHG emissions by 21 percent by 2030, conditional on international support. The NDC also identifies national priorities for building resilience to climate change, which are detailed in the National Adaptation Plan (NAP) 2022–2026. Forest conservation is at the core of our climate strategy, as reflected in our National Framework for Reducing Emissions from Deforestation and Forest Degradation (REDD+), which aims to stabilize forest cover at 63.5 percent by 2030. The Central Africa Forest Initiative (CAFI)'s partnership with the DRC began in 2015, coinciding with the Government's first REDD+ investment plan for 2016–2020, supported by the National REDD+ Fund (FONAREDD). In 2021, at COP26, the government signed a new ten-year agreement to end deforestation and restore degraded lands.

43. Implementation of our initiatives to consolidate our status as a "solutions country" faces institutional and operational challenges. Recent evaluations of our climate policies by partners such as the IMF and the World Bank—in particular, the Climate Public Investment Management Assessment (C-PIMA), the Country Climate and Development Report (CCDR), and the Institutional Climate Change Assessment (CCIA)—have identified barriers that hinder our climate action in three main areas: (i) the governance of forest conservation policies, essential to support mitigation and adaptation efforts; (ii) institutional capacity to build resilience against climate-related disasters; and (iii) public investment management that responds to climate challenges.

Reform Area 1. Support Mitigation and Adaptation Efforts by Encouraging Forest Conservation

44. The government will strengthen governance of forest conservation policies.

Strengthening forest management is critical to curb deforestation rates in the Congo Basin and to achieve the government's ambitious climate change mitigation and adaptation goals. The government plans a comprehensive set of reforms to address these challenges. It will: (i) promote the systematic (biennial) collection and publication of geospatial data on forest cover, deforestation, GHG emissions, and forest concessions (RM3); (ii) strengthen the legal framework by addressing weaknesses in the Forest Code with regard to: (a) safeguarding and compensation measures, and (b) mechanisms to ensure transparency in the process of awarding forest concessions, conservation concessions and concessions of local communities' forests (RM1); (iii) improve accountability in the sector through the publication of a performance audit by the Audit Office of the National Forest Fund (FFN), in charge of channeling revenue from forest concessions towards reforestation efforts (RM2), followed by a timed action plan by the FFN in response to the challenges identified, whose execution will in turn be audited (RM6).

45. The government will strengthen environmental and social guarantees in the mining sector to actively manage its impact on forests and the most vulnerable populations.

The mining sector's contribution to deforestation and greenhouse gas emissions is significant and expected to increase due to the projected increase in the supply of critical and strategic minerals, and the expansion of mining supply chains, which could amplify future deforestation pressures. The government will work to mitigate these pressures by (i) strengthening the legal framework to set forest protection standards, and (ii) requiring the timely publication of environmental and social impact studies (ESISs) and ex-post environmental audits of mining projects (RM4/5).

46. The government will promote clean cooking by promoting the large-scale adoption of liquefied petroleum gas (LPG) as an alternative to biomass and wood.

More than 90 percent of households in our country use biomass and wood as cooking fuels, making it a major driver of deforestation in peri-urban areas. LPG is the alternative chosen by the Government (2022 Energy Policy). It has health and gender equality benefits and has a lower overall carbon footprint. Affordability, however, is an issue – the cooking equipment required to use LPG involves an unattainable upfront cost for most households. Market research recommends lowering barriers to entry, i.e. subsidizing starter kits, rather than subsidizing LPG. In the medium term, the Ministry of Hydrocarbons will formulate a program to make clean cooking equipment more affordable for the most vulnerable households, to ensure a widespread adoption of LPG.

Reform Area 2: Building Resilience to Climate-induced Disasters

47. The DRC is one of the few countries without a legal framework organizing the management of natural disaster risks. We are working to lay the groundwork for an improved response in the form of a disaster risk management (DRM) policy that will clarify institutional

responsibilities (RM8). Our capital, Kinshasa, is the largest urban agglomeration in the Francophone world, and its urban poor population are especially vulnerable to climate change. The government plans to make urban planning climate-sensitive through the adoption of (i) an Urban Planning and Construction Code, defining provisions for risk-sensitive urban planning, accompanied by its implementing decree, as well as (ii) a climate-sensitive urban plan for Kinshasa, regulating construction in high-risk areas and the preservation of green areas. In addition, the Ministry of Budget will strengthen the management of climate fiscal risks by including a quantified analysis of natural disasters in the fiscal risk statement (RM7). This analysis will likely only include direct costs at first due to limited data and capacity, with an aim to also include indirect impacts in the future.

48. Slash-and-burn agriculture is one of the main drivers of deforestation in our country.

The underdeveloped agricultural sector is also one of the main drivers of high vulnerability of populations to climate hazards. The Government will adopt a national land use plan, which will serve as a basis for stimulating agriculture in anthropogenic savannahs and degraded forests, while ensuring forest protection.

Reform Area 3: Mainstream the Climate Agenda into Public Investment Management

49. The government plans to incorporate climate considerations into its public investment management. To this end, it will formally adopt a methodology integrating climate aspects into the appraisal of public investment projects (RM10), to ensure that all public investment projects (including those funded by extrabudgetary funds) address climate impacts, and that assessments are made public before receiving a budget allocation (RM12). The government will also update the legal framework for public-private partnerships (PPPs) to include a climate analysis covering resilience or projects, as well as the impact on greenhouse gas emissions (RM9). The government is committed to implementing its 2021 NDC and will publish an investment plan that identifies and costs high-priority NDC projects and commits to allocating budget funding to them (RM11).

E. Capacity Building and Statistical Data Improvement

50. We will continue to build the capacities of the government and public entities with the support of the development partners. We remain determined to be continuing the diligent implementation of the recommendations of the various technical assistance missions from which we have benefited, including the World Bank's SSR, PIMA, TADAT, and CCDR, as well as the IMF mission that has made it possible to perform a full diagnostic of weaknesses in the area of governance. We appreciate the support of the two resident experts in Kinshasa in the field of PFM and taxation, funded by the Belgian development agency (Enabel) and working in close collaboration with IMF technical assistance, as well as the support made available to the BCC since October 2023 by the IMF's Monetary and Capital Markets Department for the operationalization of the BCC's Financial Stability Unit. We would also appreciate a renewal of funding from the Government of Japan to replace the IMF Fiscal Affairs Department resident expert, whose term has come to an end.

51. We will finalize and submit to Parliament, for adoption by the end of 2025, the draft Statistics Law, in accordance with the African Chart of Statistics to which the DRC acceded in June

2022. This law will harmonize the national statistics system and ensure the autonomy of the INS's resources.

52. We will complete the census mapping by June 2025, with a view to carrying out a general census of the population and housing, including with the support of the development partners.

53. We remain determined to improving our statistical data and their dissemination, in order to enhance the quality of the monitoring of the programs supported by the ECF and RSF.

- After publishing the new revised GDP series up to 2019 according to the 1993 System of National Accounts (SNA) and with 2005 as the base year, we will update the data to 2023 (provisional version) and publish the national accounts in March 2025, with technical support from AFRITAC Centre. We are continuing the work to rebase GDP to 2024 in accordance with SNA 2008. The work launched in 2023 to implement activity and product nomenclatures, as well as initializing the ERETES database (a tool for preparing national accounts), will be completed by the end of December 2026.
- We will consolidate the quarterly transmission of financial soundness indicators to the IMF, initiated by the BCC in March 2023, for publication. Furthermore, the BCC is committed to producing improved and updated monetary data, through better coordination among the departments involved and in close collaboration with the recent IMF technical assistance.
- We will continue to support the National Institute of Statistics (INS) and the other institutions responsible for producing official statistics data in fulfilling their missions and improving institutional coordination, in close cooperation with technical and financial assistance from our development partners. Priorities at this level continue to focus on debt data, including particularly for state-owned enterprises and provinces, enhancing the quality and frequency of data transmission by the BCC, and improving the reliability of economic indicators.
- After improving our fiscal statistics through the preparation and regular publication of the TOFE in the GFSM 2014 format, prepared until now on the basis of the version of the TOFE in the GFSM 1986 format for the IMF Statistical Yearbook, we now aim to improve the quality of our production by soon producing a TOFE directly based on detailed primary data in the GFSM 2014 format. Our continued efforts are focused on using the General Balance of Treasury Accounts (BGCT) as the main source of the TOFE in the GFSM 2014 format, through the implementation of the new accounting system.
- We will continue to improve the quality and dissemination of public debt statistics, including by gradually expanding the scope of debt coverage to include state-owned enterprises and enhancing the transmission of statistical data to the quarterly public debt database co-managed by the World Bank and the IMF (QPSD).

- We welcome the availability of the IMF's Statistics Department to support us in our objective of participating in the IMF's data standard initiative for electronic dissemination of data and metadata (e-GDDS/National Summary Data Page (NSDP)), in close coordination with the recently appointed e-GDDS coordinator. In anticipation of the announced IMF technical assistance mission, we are preparing metadata describing current practices in the compilation and dissemination of official statistics, with plans to improve them in the short and medium term.

F. Monitoring the Performance of ECF and RSF-Supported Programs

54. The program will be evaluated based on quantitative performance criteria and structural benchmarks (Tables 1 and 2) and semi-annual reviews. The first and second reviews are scheduled to be completed on or after May 15, 2025 and November 15, 2025 respectively, based on test dates for periodic performance criteria of end-December 2024 and end-June 2025, respectively. The end-December 2025 performance criteria (PC) will initially be established as an indicative target (IT) and will be elevated to a performance criteria during the first review. Under the RSF, monitoring will be carried out through the reform measures outlined in Table 3. The performance criteria, indicative target, key concepts, and indicators are defined in the attached Technical Memorandum of Understanding (TMU), which also specifies the nature and frequency of the data and information to be provided for monitoring the performance of the ECF and the RSF supported program. Under the leadership of the Minister of Finance, the Minister of State and of the Budget, and the Governor of the BCC, a technical troika chaired by the Ministry of Finance and comprising the Ministry of Budget and the BCC is responsible for monitoring the implementation of the program. The Technical Committee for Reform Monitoring and Evaluation (CTR) will ensure coordination, technical secretariat functions, and liaison with the IMF for the transmission of information to IMF staff, in accordance with the TMU.

Table 1. Democratic Republic of the Congo: Proposed Quantitative Performance Criteria and Indicative Targets for the Three-Year Arrangement Under the Extended Credit Facility

	2024	2025			
	End-December	End-March	End-June	End-September	End-December
	PC Proposed	IT Proposed	PC Proposed	IT Proposed	IT Proposed
Quantitative Performance Criteria					
Floors on changes in net international reserves of the BCC (US\$ millions)	800	0	400	400	800
Ceilings on changes in net BCC credit to central government (CDF billions) ^{1/}	0	0	0	0	0
Ceilings on changes in net domestic assets of the BCC (CDF billions)	-1,518	-603	-1206	-1809	-2412
Floors on the domestic fiscal balance (cash basis, CDF billions)	-522	-501	-984	-1403	-1930
Continuous Performance Criteria					
Ceilings on the accumulation of external payment arrears (US\$ millions) ^{2/}	0	0	0	0	0
Ceilings on the levels of foreign currency assets of the BCC held with domestic correspondents (US\$ millions)	200	200	200	200	200
Ceilings on contracting or guaranteeing of new external debt by the public sector (present value, US\$ millions)	3000	3000	3000	3000	3000
Indicative Targets					
Floors on revenues of the central government (CDF billions)	25,100	4,900	12,600	20,700	27,100
Floors on social spending (CDF billions)	115	27	103	154	193
Ceilings on the accumulation of wage arrears of the central government (US\$ millions)	0	0	0	0	0
Ceilings on the wage bill (CDF billions)	9,169	9,442	9,715	9,987	10,260
Ceilings on central government expenditures executed under emergency procedures (in percent of total domestically financed expenditures)	10%	10%	10%	8%	8%
Adjustors					
Budget support (US\$ millions)	311	23	599	606	682
External debt service payments (US\$ millions)	201	49	117	165	233
Domestic arrears payments (CDF billions)	-1,230	-326	-653	-979	-1,305
Domestically-financed investment (CDF billions)	3,611	1,458	2,915	4,373	5,831
Central government revenues (CDF billions)	26,449	5,191	13,234	21,791	28,522

Sources: Congolese authorities; and IMF estimates and projections.

1/ The ceilings are positive to account for the partial use of the SDR allocation for budgetary purposes (see IMF Country Report No. 22/3, Box 1).

2/ Continuous.

Table 2. Democratic Republic of the Congo: Prior Action and Proposed Structural Conditionality Under the ECF Arrangement

Policy measure	Rationale	Deadlines
I. Prior Action		
Issue an interministerial order that upholds the expenditure procedures manual, where the latter will revise the procedures and govern the nature of eligible exceptional expenditure.	Strengthen adherence to normal expenditure chain procedures.	Met
II. Structural Benchmarks		
Enhance governance and enforce adherence to normal expenditure chain procedures		
Publish a detailed quarterly report on the execution of expenditure by emergency procedure (simplified procedure).	Strengthen adherence to normal expenditure chain procedures.	Continuous
Publish a detailed quarterly report on the execution of expenditure by volume, type and institution, distinguishing between expenditure carried out through different procedures.		Continuous
Operationalization of the General Directorate of the Treasury and Public Accounting (DGTCP)		
Adoption by the government of the three decrees necessary to restore the accounting function in the expenditure chain (MEFP, 125)	Enforce the spending chain and the public accounting rules.	April-2025
Deploy agents and managers to their positions of employment (MEFP, 125) to establish the administrative structures of the DGTCP, in accordance with the decree amending and supplementing the 2022 decree establishing the framework and organic structures of the DGTCP.		July-2025
Deploy accountants in the four pilot ministries (MEFP, 125).		June-2025
Decentralization of the expenditure chain		
Finalize and activate the expenditure chain software in four pilot sectoral ministries, (MEFP, 125).		June-2025
Treasury Single Account		
Conduct a stress test on the impact of account closures on the financial system and develop the accounts closure strategy.		Sep- 2025
Resource-based framework		
Adopt a roadmap for the transition toward a resource-based framework in line with the recommendations of the IMF technical assistance.	Reduce the spending procyclicality.	March-2025
Domestic revenue mobilization		
Generalize the use of the standardized VAT billing system to all companies subject to VAT.	Increase tax to GDP ratio.	July-2025
Central Bank of Congo (BCC)		
Adopt an FX intervention policy.	Strengthening the FX intervention framework	Jan-25
The BCC should create a standard refinancing instrument ready for use in the form of an auction operation, eliminate the short-term lending facility, and raise the permanent facility rate.	Strengthen transmission of monetary policy	June-25

Table 3. Democratic Republic of the Congo: Structural Conditionality Under the RSF Arrangement

Pillar	Reform measure	Diagnostic	Expected outcome	Implementing partner	Technical assistance	Date
Support mitigation and adaptation efforts by promoting forest protection	RM1. Forest exploitation concessions. The government will adopt amendments to the forest law to define the process to allocate concessions (forest, conservation and community forest concessions) specifying (i) social and environmental safeguard and compensation measures, (ii) mechanisms to guarantee the transparency of the allocation process and monitoring of the implementation of environmental and social management plans.	CCDR, CCIA	Government defines protection rules for forests in DRC's laws. Complete information - on concession award processes, concessions awarded, and environmental and social management plans - is published. This allows citizens to hold the government and concession holders accountable for how they manage forests.	Ministry of Environment and Sustainable Development (MEDD)	WB CAFI AFD	March 2026
	RM2. Governance in the forest sector. The Court of Accounts will publish a performance audit that evaluates the reforestation operations financed by the National Forestry Fund (FFN).	DRC Governance Diagnostic, C-PIMA, CCIA	Public institutions are held accountable for the climate results they deliver. Enhanced reforestation efforts given the mandate of the FFN.	Court of Accounts (CDC) FFN	INTOSAI Development Initiative (IDI)	June 2026
	RM3. Geo-monitoring of forests. The Ministry of Environment and Sustainable Development will publish (i) geospatial forest monitoring data on the state of the forest, that is updated at minima on a biennial basis, (ii) maps and databases on forest concessions drawn from a digitalized forest cadaster.	CCDR	DRC has the second-most important forest worldwide after the Amazonas, and deforestation is worrying. Government establishes a - regularly updated - official data source on state of the forest, deforestation and related GHG, and on forest concessions.	MEDD -Directorate of the Forest Cadaster (DCF), Directorate of the Forest Inventory and Use (DIAF)	FAO AFD WRI	November 2026
	RM4. Mining norms. The government will align the mining regulation to the mining code regarding environmental and forest protection norms, and notably to specify safeguard and compensation measures.	WB climate-smart mining diagnostic DRC (CEM), CCDR, C-PIMA, CCIA	DRC has rules to protect the most valuable forest zones (virgin forests/peatlands) from mining activities. DRC as a solutions country provides transition critical minerals at an affordable human and environmental cost.	MEDD - Congolese Environment Agency (ACE) Ministry of Mines – Directorate for Protecting the Mining Environment (DPEM) National Fund for Social Promotion and Service (FNPSS)	CAFI GIZ	March 2027

Table 3. Democratic Republic of the Congo: Structural Conditionality Under the RSF Arrangement (continued)

	RM5. Mining norms. The government will systematically publish the environmental and social impact assessments of all approved mining projects, accompanied by their management plans and summary reports, as well as ex-post environmental audits.	CEM, CCDR, C-PIMA, CCIA	DRC has rules to protect the most valuable forest zones (virgin forests/peatlands) from mining activities. DRC as a solutions country provides transition critical minerals at an affordable human and environmental cost.	ACE DPEM FNPSS	CAFI GIZ	September 2027
	RM6. Governance in the forest sector. The FFN drafts a reform action plan in response to the audit, whose implementation will be revised by the Court after one year.	DRC Governance Diagnostic, C-PIMA, CCIA	Public institutions are held accountable for the climate policy results they deliver. Enhanced reforestation efforts given the mandate of the FFN.	FFN CDC	IDI	September 2027
Build resilience to climate natural disasters	RM7. Climate fiscal risks. Starting with the 2026-2028 fiscal risk statement (FRS), the Ministry of Budget will integrate a quantified analysis of natural disasters in the FRS published in annex to the budget law.	C-PIMA, CCIA	Natural disasters have an important impact on DRC's public finances, and their analysis supports better fiscal planning. Quantification of risks will better inform risk management by the Government.	Ministry of Budget – Directorate General for Budget Planning and Programming (DGPPB)	FAD	October 2025
	RM8. Disaster risk management. The government will adopt by decree a policy to clarify institutional responsibilities for disaster risk management at the Ministry of Interior and the Ministry of Social Affairs and Humanitarian Action, in line with the roadmap of the 2024 disaster risk reduction strategy.	CCDR, CCIA	DRC ceases to be amongst the minority of countries to not have a DRM law that organizes its disaster risks response.	Ministry of Interior and Security Ministry of Social Affairs and Humanitarian Action	UNDP UNDRR WB	November 2025

Table 3. Democratic Republic of the Congo: Structural Conditionality Under the RSF Arrangement (concluded)

Integrate the climate agenda into public investment management	RM9. Preparation of PPPs. The Ministry of Planning will approve draft amendments to the PPP law to require an appraisal of climate risks during the preparation of PPPs and publish a methodological manual to operationalize this requirement.	C-PIMA	PPPs are analyzed for their climate change impacts to ensure their resilience and that effects on GHGs are known.	Ministry of Planning – Unit for the Coordination of PPPs (UC-PPP)	FAD	June 2026
	RM10. Preparation of public investment projects. The Ministry of Planning will adopt by decree a methodology for climate change impact screening of relevant projects to assess their impacts on GHGs, and their exposure to natural disasters.	C-PIMA, CCIA	All public investment projects are screened for their climate change effects before they receive budget funding.	Ministry of Planning MEDD	FAD	June 2026
	RM11. Implementation of the NDC. The Government will (i) publish an investment plan that costs high priority projects under the NDC by 2025, (ii) allocate identifiable budget funding to these in the finance laws.	C-PIMA, CCIA	The 2021 NDC gets implemented, by defining the investment projects needed to achieve it, and by a commitment from authorities to finance them.	Ministry of Planning Ministry of Budget	FAD	January 2027
	RM12. Preparation of public investment projects. The Ministry of Planning will update the annual public investment circular instructing line ministries to share climate appraisals, based on the adopted methodology, when submitting projects for budget funding. The government will finance and publish these appraisals, including for extrabudgetary funds (ACGT, BCECO).	C-PIMA, CCIA	All public investment projects are screened for their climate change effects before they receive budget funding.	Ministry of Planning Congolesse Agency of Great Works (ACGT) Central Bureau for Coordination (BCECO)		April 2027

Attachment II. Technical Memorandum of Understanding

1. This **Technical Memorandum of Understanding (TMU)** contains definitions and adjusters that clarify the measurement of quantitative performance criteria and indicative targets in Tables 1 and 2, which are attached to the Memorandum of Economic and Financial Policies. Unless otherwise indicated, all performance criteria and indicative targets will be evaluated in terms of cumulative flows from the beginning of each calendar year.

A. Definitions

2. In the TMU, **exterior** and **interior** are defined on the basis of residence.

3. **Institutional Coverage:** Central government comprises all units of government that exercise authority over the entire economic territory. However, unless otherwise specified in this memorandum, the central government does not include non-profit organizations controlled and financed by it. The banking system is made up of the Central Bank of the Congo (BCC) as well as deposit-taking institutions.

4. The **program exchange rates** for the TMU are as follows (BCC indicative rates as of December 31, 2024):

- The variables denominated in U.S. dollars will be converted to Congolese francs (CDF) using the program exchange rate of xx CDF per one U.S. dollar.
- The variables denominated in SDRs will be valued at the program exchange rate of CDF xx per SDR.
- The variables denominated in euros will be evaluated at the program exchange rate of-xx per euro.
- Variables denominated in currencies other than the U.S. dollar, SDR, or euro will first be converted to U.S. dollars at the indicative exchange rate on December 31, 2024, US\$/foreign currency (taken from *IMF International Financial Statistics*) and then converted to Congolese francs using the CDF/US\$ program exchange rate.

5. The **quantitative performance criteria** (PCs) included in the program, as defined below, refer to net international reserves of the BCC, foreign currency assets of the BCC held with domestic correspondents, net credit of the BCC to the government, net domestic assets of the BCC, external payment arrears, subscriptions or guarantees of new external debt by the public sector, and the domestic fiscal balance (cash basis). Performance criteria are set for end-December 2024 and end-June 2025, while indicative targets are set for end-March 2025 and end-September 2025.

6. In addition to the specific PCs listed in paragraph 5, as with any Fund arrangement, **continuous PCs** also include the non-introduction of exchange restrictions and multiple currency

practices. In particular, ongoing conditionality covers: (i) not imposing or intensifying restrictions on making payments and transfers for current international transactions; (ii) not to introduce or modify multiple currency practices; (iii) not to enter into bilateral payments agreements incompatible with Article VIII; and (iv) not imposing or intensifying import restrictions for balance of payments purposes. In view of their non-quantitative nature, these continuous PCs are not included in the PC table appended to the MEFP.

B. Quantitative Performance Criteria and Adjustors

Floors on Changes in BCC Net International Reserves

7. Definition: Net **international reserves** (NIR) are defined as the difference between the BCC's **gross international reserves** and its total **foreign liabilities**, excluding SDR allocations.

8. Definition: Gross **international reserves** are defined in accordance with the sixth edition of the Balance of Payments Manual and International Investment Position Manual (BPM6) as the sum of: (i) the BCC's monetary gold holdings held abroad; (ii) SDR holdings held abroad; (iii) foreign exchange cash holdings; and (iv) convertible claims on nonresidents, such as foreign deposits and foreign securities. The following items are excluded from the definition of gross international reserves: foreign currency claims on residents, assets in nonconvertible currency, assets whose availability is subject to conditions, and assets that are in any manner encumbered or pledged, including without limitation, reserve assets used as pledges or guarantees against third-party external liabilities and swap transactions.

9. Definition: External **liabilities** are all BCC liabilities in foreign currency to nonresidents, including the IMF, but excluding SDR allocations.

10. The following **adjustments** will apply to NIR floors:

- **Balance of payments support (BPS):** The NIR floors will be adjusted upward by an amount equivalent to 50 percent of the surplus of BPS over programmed levels. The NIR floors will be adjusted downward by an amount equivalent to 50 percent of the least collected compared to programmed levels.
- **External debt service payments:** The NIR floors will be adjusted either (i) upward by an amount equivalent to the underpayment of external debt service compared to programmed amounts or (ii) downward by an amount equivalent to the excess of external debt service payments compared to programmed amounts.
- **Proceeds from privatizations in convertible foreign currency (PPDC):** the NIR floors will be adjusted upward by an amount equivalent to 50 percent of the total surplus of the PPDC over programmed levels. There will be no downward adjustment in the event of a shortfall.

11. Definition: **BPS** includes all external grants and loans disbursed to the central government, excluding those related to projects.

12. Definition: **Payments for servicing the external debt of** the central government are defined as payments of principal and interest owed to external creditors (excluding the IMF).

Ceiling on Levels of BCC Foreign Currency Assets Held with Domestic Correspondents

13. Definition: **The BCC's foreign currency assets held with domestic correspondents** are defined as BCC assets of (i) any denomination other than Congolese francs; (ii) held with institutions or subsidiaries domiciled in the Democratic Republic of the Congo; (iii) but excluding BCC deposits used as guarantee/collateral for central government borrowing (as defined in §1432).

14. Definition: **Deposits of the BCC used as collateral/guarantee for central government** loans cover central government loans guaranteed by the BCC, and is specifically understood to include central government liabilities secured by liens over BCC deposits in local or foreign currency

Ceiling on Changes in Net Domestic Assets of the BCC

15. Definition: **Net domestic assets** (NDA) of the BCC are defined as the monetary base (see §16) minus Net International Reserves (see §7) minus foreign assets excluded from international reserves, **minus Treasury securities payable to the BCC** (§19) minus, as of December 2022, the reserve requirements of deposit takers. Based on this definition, the NDA of the BCC includes: (i) net credit to the government (central government) (see §17); (ii) credit to the private sector; (iii) credit to public enterprises; (iv) credit to commercial banks; (v) other claims on the rest of the economy (on other financial corporations and other nonfinancial corporations); and (vi) other net assets.

16. Definition: **Monetary base** in the strict sense is defined as the sum of (i) currency in circulation; (ii) banks' cash balances; (iii) banks' deposits with the BCC; (iv) nonbank private sector deposits at the BCC; and (v) deposits of SOEs at the BCC.

17. The following adjustments will be made to NDA ceilings:

- **BPS:** The NDA ceilings will be adjusted downward by an amount equivalent to 50 percent of total BPS in excess of the programmed level. The ceilings for NDA will be adjusted upward by an amount equivalent to 50 percent of the least collected compared to programmed levels.
- **External debt service payments:** the NDA ceilings will be adjusted (i) downward by an amount equivalent to the underpayment of debt service compared to the programmed amounts; and (ii) upward by an amount equivalent to the excess of external debt service payments compared to the programmed amounts.

Ceiling on Changes in Net BCC Credit to Government (NCG)

18. Definition: **BCC net credit to the government** (NCG) is defined as the difference between gross BCC claims on central government and central government deposits at the BCC. Government deposits include those related to the Agreement on the distribution of SDRs between the government and the BCC. For program monitoring purposes, government deposits related to externally financed projects as well as **treasury securities in favor of the BCC** are excluded from the NCG.

19. Definition: **Treasury securities payable to the BCC** are interest-bearing securities issued by the Treasury to recapitalize the BCC or to regularize past BCC claims on the government and to cover past operating losses, unsecured operating losses from 2011 and subsequent years, overdue interest payments for securities related to the BCC's operating losses and foreign currency translation losses. These securities include Treasury obligations redeemable *in fine* provided for in the *Memorandum of Understanding between the government and the Central Bank of the Congo on the regularization of its claims on the Public Treasury* of December 2021, and its April 2022 amendment. This definition excludes non-interest-bearing credits of the BCC to the government, non-interest-bearing Treasury securities, and advances from the BCC to the Treasury.

20. The following **adjustments** will apply to the NCG ceilings.

- **BPS:** The NCG ceilings will be adjusted downwards by an amount equivalent to 50 percent of the surplus of BPS over the programmed level. In the event of a shortfall, the CNE ceilings will be adjusted upwards by an amount equivalent to 50 percent of the shortfall in relation to the programmed levels.
- **External debt service payments:** The NCG ceilings will be adjusted either downward by (i) an amount equivalent to the underpayment of debt service compared to programmed amounts or (ii) an increase by an amount equivalent to the excess of external debt service payments compared to programmed amounts.
- **Privatizations Proceeds:** The ceilings will be adjusted downward by an amount equivalent to 50 percent of the total surplus of privatization proceeds over programmed levels. There will be no upward adjustment for shortfalls.

Floors on the Domestic Fiscal Balance

21. Definition: Domestic **fiscal balance** (cash basis) is defined as domestic revenue minus domestically financed expenditure. Domestic **revenue** is defined as total revenue and grants minus grants. **Domestically-financed expenditure** is defined as total expenditure minus externally financed investment (loans and grants) minus foreign interest payments plus the **net accumulation of domestic arrears**.

22. The **following adjustments** will apply to the floors on the domestic fiscal balance:

- **Domestic arrears payment:** The floors on the domestic fiscal balance will be adjusted downward (higher deficit) by the equivalent of the amount of domestic arrears repayments made in excess of programmed amount; symmetrically, they will be adjusted upward (lower deficit) by the equivalent of the amount of domestic arrears repayments made below the programmed amount.
- **Domestically-financed investment:** The floors on the domestic fiscal balance will be adjusted upward (lower deficit) by the equivalent of the amount of domestically-financed investment undertaken below (shorter) than programmed.
- **Privatizations proceeds:** The floors on the domestic fiscal balance will be adjusted (i) upward by the amount of the total underpayment of privatization proceeds compared to the programmed level; (ii) a reduction of 50 percent in the total amount of proceeds from privatizations exceeding the programmed level;
- **Central government revenue:** The floors for the domestic budget balance will be adjusted upward by an amount equivalent to 80 percent of the surplus of central government revenue over the programmed level. They will be adjusted downward by an amount equivalent to 50 percent of central government revenue compared to the programmed level, capped at a maximum of 0.5 percent of GDP.

23. Definition: Domestic **arrears** are defined as obligations to domestic public suppliers that have not been paid by the due date according to the contractual provisions with a delay of at least 60 days, including also VAT credits due but not refunded, and which have been certified and validated by the government.

Ceiling on Accumulation of External Payment Arrears

24. Definition: External **payment arrears** are defined as central government external debt service obligations (interest and principal) that have not been paid by the date due, in accordance with contractual provisions. The ceilings on new external payment arrears shall apply **continuously** throughout the period covered by the Extended Credit Facility. It does not apply to external payment arrears that are in the process of being renegotiated, nor to those for which the creditor has agreed to suspend payment pending the outcome of negotiations. For the purposes of this continuous PC, which is monitored on an ongoing basis, the government will immediately report any new external arrears it accumulates to Fund staff.

Ceilings on the Present Value of Contracts or Guarantees of New External Debt by the Public Sector

25. Definition: **The public sector** comprises the central government (State), local governments, the central bank (BCC), public enterprises,¹⁷ decentralized territorial entities (ETDs), as well as public establishments controlled and financed by the central government.

- 26.** Definition: **Debt** is defined in accordance with paragraph 8(a) of the Guidelines on Public Debt Conditionality in Fund Arrangements attached to Executive Board Decision No. 16919-(20-103), adopted October 8, 2020. External debt is defined as contracted when all parties have signed the debt contract. For program purposes, external debt is measured on a gross basis using the residency criterion.
- 27.** Definition: The **guarantee** of a debt arises from any explicit legal obligation of the public sector to repay a debt in the event of default by the debtor (payments in cash or kind), or from any implicit legal or contractual obligation of the public sector to finance in whole or in part any shortfall in payment on the part of the debtor.
- 28.** Definition: The **present value** (PV) of new external debt is calculated by discounting all projected disbursements and debt service payments (principal and interest) on the basis of a program discount rate of 5 percent and taking into account all of the conditions of the loan, including projected disbursements, maturity, grace period, etc. payment schedule, entry fees, and management fees. The PV is calculated using the IMF "DSA template", which is based on the amount of the loan and the above parameters. In the case of loans for which the grant element is zero or below zero, the PV is set at an amount equal to the face value.
- 29.** Definition: **Ceiling.** Effective March 2022, a performance criterion applies to the PV of new external debt (i.e., debt owed to non-residents) contracted or guaranteed by the public sector with original maturities of one year or more. The ceiling applies to commitments contracted or guaranteed for which no value has been received. It excludes the use of Fund resources and normal import credits with a maturity of less than one year.¹⁸
- 30.** Definition: **A reporting requirement.** The authorities will inform IMF staff of any planned external borrowing and the conditions for such borrowing before the loans are contracted or guaranteed by the government and will consult with staff on any potential debt management operations.

C. Indicative targets

Floors on Central Government Revenues

31. Definition: Central **government revenue** is defined according to the Government Finance Statistics Manual (GFSM 2001) but on a cash basis and excluding grants. Revenue is an increase in the net worth of the central government (including its units in the provinces and agencies) resulting from a transaction.

- Central government revenue includes taxes and other compulsory transfers imposed by the central government, property income derived from the ownership of assets, sales of goods and services, social contributions (excluding pension contributions received by the central government), interest, fines, penalties, and forfeitures, and voluntary transfers received from non-government authorities other than subsidies. The definition, for program monitoring,

excludes grants and other noncompulsory contributions received from foreign governments and international organizations; These transfers between central governments would be eliminated in the consolidation of fiscal reports and would not be recorded as revenues. Receipts from the sale of nonfinancial assets (for example, privatization and bonuses for signing natural resource contracts) and transactions in financial assets and liabilities, such as borrowing but excluding interest payments, are also excluded from the definition of income. The transfer of profits from the BCC to the Treasury is also excluded from the definition of revenues. Revenues from the special accounts and annexed budget are also excluded.

- Revenue should be recorded on a cash basis and flows should be recorded when cash is received. Exceptional advance payments will be treated as if they had been received on the normal due date.

Floors on Social Spending

32. Definition: **Social spending** is central government expenditure (excluding wages) defined as the sum of:

- *Health Spending*
 - Expenditure on RMNCAH and primary health
 - Disbursements of GAVI-supported vaccine co-financing and traditional vaccines procurement
 - Disbursements of TB/Malaria/HIV/AIDS co-financing
- *Social Spending*

Social expenditure includes interventions related to the universal health coverage policy within the framework of the activities of the Health Solidarity Fund, the promotion of social services, the protection of vulnerable groups, and the construction of shelters for children who have broken away from their family ties.

Ceilings on Accumulation of Central Government Wage Arrears

33. Definition: Wage **arrears** are defined as approved wages and salaries that are 60 days past due. Wages and salaries include the total compensation of public sector employees, including permanent benefits. These arrears will be assessed on a cumulative basis from July 1, 2021.

34. Definition: Public **service employees** are civilian, police and military personnel, either statutory employees or under contract with the central government.

Ceilings on Wage Bill

35. Definition: The **wage bill** is defined as the total remuneration paid to civil servants (see §34), including permanent benefits.

Ceiling on Central Government Spending Executed Under Emergency Procedures.

36. Definition: central **government expenditures carried out under emergency procedures** are expenditures that do not adhere to the specified expenditure procedures of the expenditure chain as defined in the expenditure manual.

37. Definition: The **ceiling** is defined quarterly as the percentage of central government spending executed under emergency procedures in relation to total central government spending from own resources.

D. Data Reporting for Program Monitoring

38. The DRC's authorities will provide IMF staff with the information required for program monitoring within the prescribed deadlines as shown in the table below.

Table 1. Democratic Republic of the Congo: Overview of Data Required to Be Transmitted by Authorities				
	Data Description	Institution in charge	Frequency of data (Frequency of reporting, if different)	Submission deadline (business days)
1	Exchange rates and foreign exchange market statistics Including rates and volumes submitted by commercial banks, foreign exchange bureaus, and the BCC; the official exchange rate (indicative exchange rate); parallel market exchange rates; BCC interventions; BCC foreign exchange auctions; supply and demand for foreign currency reported by commercial banks.	BCC (Directorate of Banking Operations and Markets (DOBM)); Directorate of Research and Statistics (DRS)	Daily (Weekly)	1
2	BCC Foreign Assets and Liabilities Disaggregated by category and currency; NIR and GIR according to program definition.	BCC (Directorate of Banking Operations and Markets (DOBM))	Daily (Weekly)	1
3	Monetary Policy Instruments and Interventions BCC bills, swap facility, emergency lending facilities, interbank market (rates and volumes, by bank)	BCC	Daily (Weekly)	1
4	Depository corporations' reserves at the BCC Required and excess reserves	BCC (Directorate for the Supervision of Financial Intermediaries (DSIF))	Daily (Weekly)	1

Table 1. Democratic Republic of the Congo: Overview of Data Required to Be Reported by Authorities (continued)

	Data Description	Data Description	Data Description	Data Description
5	Depository Corporations Survey (DCS) Central bank and other depository corporations survey.	BCC	Monthly	10
6	Detailed Monetary Survey: Standardized Report Forms 1SR & 2SR	BCC	Monthly	10
7	Government deposits with the BCC and commercial banks: By Type, Entity and Currency	BCC	Monthly	10
8	BCC guarantees. Promissory notes, term deposits, insured deposits, or any other type of guarantee contracted by the BCC with local commercial banks (by bank, category, terms, and currency); For guarantees, detailed information on payments related to guaranteed loans, and terms of these loans and associated guarantees.	BCC	Monthly	10
9	BIS 2D IMF USD statement of account Statement of account (downloadable electronic data format) provided by the BIS for the two-day deposit account in USD opened on the books of the BCC to record IMF-related disbursements.	BCC	Monthly	10
10	Monitoring of monetary criteria Net international reserves, BCC net credit to the government, BCC net domestic assets, BCC foreign currency assets held with domestic correspondents.	BCC	Monthly	15
11	BCC cash payments. BCC and Government Cashier Operations, by Currency and Execution Procedure	BCC	Monthly	10
12	BCC local currency budget	BCC	Monthly	3
13	Commercial Bank Balance Sheets Detailed tables of assets and liabilities, for each depository institution and aggregated, broken down by national and foreign currencies.	BCC (Directorate for the Supervision of Financial Intermediaries (DSIF))	Monthly	10
14	Financial Soundness Indicators (FSIs) Capital adequacy, asset quality, profitability, liquidity, sensitivity to market risks.	BCC (Directorate for the Supervision of Financial Intermediaries (DSIF))	Monthly	10

Table 1. Democratic Republic of the Congo: Overview of Data Required to Be Reported by Authorities (continued)

	Data Description	Institution in charge	Frequency of data (Frequency of reporting, if different)	Submission deadline (business days)
15	Forward structure of interest rates Deposit-taking institutions and the BCC	BCC (Directorate for the Supervision of Financial Intermediaries (DSIF))	Monthly	10
16	Foreign exchange budget	BCC (Directorate of Banking Operations and Markets (DOBM))	Weekly	5
17	Statistical Digest Main productions	BCC	Monthly	15
18	Commodity Exports and Imports Value and volume	BCC	Monthly	15
19	Transactions of the capital and financial accounts of the balance of payments	BCC	Quarterly	15
20	GDP Estimates and Forecasts	CESCN	Quarterly	45
21	Expenditures carried out under emergency procedures. Amounts approved by the Emergency Expenditures Commission and amounts paid and regularized by the BCC.	Emergency Committee	Quarterly	15
22	Customs and Excise Revenues Including mining – by category	DGDA	Monthly	40
23	Revenues from direct and indirect taxes	DGI	Monthly	40
24	Revenues from the mining sector By Nature	DGI	Monthly	40
25	Subscriptions to the corporate income tax (IBP)	DGI	Annual	20
26	Non-tax revenue Excluding provinces, including revenues from the mining sector	DGRAD	Monthly	20
27	Privatization proceeds	DGRAD	One-off, for asset sales	15
28	Indicators of national production	INS	Monthly	15
29	Consumer Price Index	INS	Weekly	5

Table 1. Democratic Republic of the Congo: Overview of Data Required to Be Reported by Authorities (continued)

	Data Description	Institution in charge	Frequency of data (Frequency of reporting, if different)	Submission deadline (business days)
30	Estimating the Fiscal Cost of Fuel Pricing Policy	Ministry of Economy (validation by the Ministry of Finance)	Quarterly	40
31	External Arrears Discounted amounts	Ministry of Finance (General Directorate of Public Debt (DGDP))	Monthly	15
32	External debt service Interest and principal, by creditor	Ministry of Finance (General Directorate of Public Debt (DGDP))	Monthly	10
33	Central Government Domestic Debt Debt Stock and Debt Service, by Category and Creditor	Ministry of Finance (General Directorate of Public Debt (DGDP))	Quarterly	15
34	Public external debt contracted Including central or local governments, state-owned enterprises (Gécamines, Sicominex, SNEL, MIBA) and the BCC; Details on related collateral/collateral.	Ministry of Finance (General Directorate of Public Debt (DGDP))	Ad hoc, where a loan is signed	15
35	Public External Debt Stock Including central or local governments, state-owned enterprises (Gécamines, Sicominex, SNEL, MIBA) and the BCC; associated depreciation schedules.	Ministry of Finance (General Directorate of Public Debt (DGDP))	Annual	30
36	Status of natural resource revenue collection	Ministry of Finance (Technical Committee for Reform Monitoring and Evaluation (CTR))	Quarterly	20
37	Government Cash Flow Plan (PTR) Execution and projections	Ministry of Finance (General Directorate of the Treasury and Public Accounting (DGTCP))	Weekly	5

Table 1. Democratic Republic of the Congo: Overview of Data Required to Be Reported by Authorities (concluded)				
	Data Description	Institution in charge	Frequency of data (Frequency of reporting, if different)	Submission deadline (business days)
38	T-bills and bonds Issuance amount, maturities and interest rates; amortization	Ministry of Finance (Securities Committee)	Weekly	3
39	Mining Exports By mineral and company with annual projections	Ministry of Mines (Technical Mining Coordination and Planning Unit (CTCPM))	Monthly vs Quarterly	10
40	Budget arrears Up-to-date stock	Ministry of Budget (Budget Control Department (DCB))	Annual	15
41	Budget monitoring statement (BSS)	Ministry of Budget (General Directorate of Budget Policy and Programming (DGPPB))	Monthly	10
42	Wage arrears Inventory, including details by category	Ministry of Budget (Payroll Directorate)	Monthly	60
43	Projected expenditure commitment plan	Ministry of Budget (Budget Control Department (DCB))	Quarterly	10
44	Economic situation report Prepared for weekly meeting with the Prime Minister	Ministry of Planning (Directorate of Macroeconomic Studies (DEME))	Weekly	3

Criteria and Data for the RSF

39. With respect to the RSF, the authorities will provide IMF staff with all the documents (legal texts, manuals, methodologies, etc.) mentioned in each reform measure. Table 2 below provides criteria for interpreting reform measures.

Table 2. Democratic Republic of Congo: Overview of Information to be Provided by the Authorities Under the RSF	
Reform Measure	Interpretive Criteria
RM1.	Adoption of the Code by the Government and transmission to Parliament. Preliminary stage: this measure will take place after the adoption of the forestry policy (expected in early 2025).
RM2.	Performance audit report published on the Court's website, including observations on the efficiency and effectiveness of public policy and reform recommendations (in line with INTOSAI auditing standards). Preliminary stage: The Committee includes the audit in the 2025 Annual Work Plan (PAT).
RM3.	The SNSF's geospatial data covers deforestation data, forest degradation data, and National Forest Inventory data. They are updated at least every two years and published by the government on the official SNSF web portal according to different spatial scales (national and provincial), forest types and management methods (exploitation concessions, conservation concessions, CFCL, protected areas, etc.). Measurement for the SNSF involves an initial release (first quarter of 2025) and at least one subsequent data update.
RM4.	Adoption of the revised mining regulation by the Government and publication of the new text in the Official Journal The new regulation will clarify the institutional arrangements, procedures and standards governing the protection of the environment and forests, including safeguards and compensation measures.
RM5.	The revised Mining Regulations (RM4) will specify the government entity responsible for publishing studies, plans, reports and audits at a government site. All mining projects approved after the end of RM4 will have a study with its management plan and the synthesis report previously published. As ex post audits are lagged, publication will cover all audits due after RM4.
RM6.	Action plan in response to the audit (in line with INTOSAI's auditing standards) prepared by May 2026 at the latest. The FFN states that it can draw up this plan in three months. Court's report on the review of implementation published.
RM7.	Chapter with quantified data on natural disasters in the 2026–2028 DRB, published as part of the budget documentation for the 2026 budget law. In case of limitations in the availability of data on natural disasters, an action plan will be adopted to improve data collection.
RM8.	Policy formally adopted by a published decree.
RM9.	Amendments to the PPP Act adopted by the Government and tabled in Parliament. PPP methodological guide developed in line with international best practices, published (on the UC-PPP website) and formally adopted (with formal presentation to the Council of Ministers for endorsement). Chapter 4.5 of the <i>November 2023 Public Investment Management Procedures Manual</i> (Order No. 210 /CAB/MINET/PLAN/ JST/2023 of November 15, 2023) is amended to include a reference to the PPP methodological guide.

Table 2. Democratic Republic of Congo: Overview of Information to be Provided by the Authorities Under the RSF (concluded)

RM10.	<p>The Ministry of Planning will revise the November 2023 <i>Decree on the Public Investment Management Procedures Manual</i> (Decree No. 210 /CAB/MINET/PLAN/ JST/2023 of November 15, 2023) to include an annex that explains the climate assessment methodology that details the principle set forth in Chapter 4.4.1 of the said Manual.</p> <p>The term "relevant" will be defined by the methodology, i.e., it will differentiate which type of analysis will be applied to which type of project.</p>
RM11.	<p>A plan was published on the Ministry of Planning or MEDD website listing and quantifying the costs of priority climate projects.</p> <p>These projects will have been included (in an identifiable manner) in the PIP appended to the LFI and will have received budget appropriations by 2027.</p> <p>For mature projects, they should already be included in the 2026 budget law.</p>
RM12.	<p>Planning ministry circular issued January 2026.</p> <p>The government will pay, for each fiscal year, expenditures relating to project evaluations to be included in the budget for fiscal year n+1. A report showing the execution rate of appropriations allocated to finance project evaluations is published.</p> <p>Assessments are published by April 2027.</p>



DEMOCRATIC REPUBLIC OF CONGO

REQUESTS FOR AN ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY AND AN ARRANGEMENT UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY—DEBT SUSTAINABILITY ANALYSIS

Approved By
Annalisa Fedelino (IMF),
Geremia Palomba (IMF),
Manuela Francisco and Hassan Zaman (IDA)

Prepared by the staffs of the International Monetary Fund (IMF) and the International Development Association (IDA)

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

Under the updated Low-Income Country Debt Sustainability Framework (LIC DSF), the Democratic Republic of the Congo (DRC) remains at moderate risk of both external and overall debt distress, with some capacity to absorb shocks. However, its debt-carrying capacity is assessed as weak. Weak revenue mobilization—notably in the non-extractive sector—is a key factor underpinning the DRC’s moderate risk rating, despite relatively low external debt levels. Stress tests reveal breaches in external debt thresholds for both solvency and liquidity risks, underscoring the country’s vulnerability to external shocks, particularly from adverse export performance. Given limited fiscal buffers and significant exposure to volatile commodity prices, maintaining debt sustainability will require the adoption of prudent borrowing policies that prioritize concessional financing. Strengthening debt management frameworks and enhancing revenue mobilization are also critical to mitigating vulnerabilities and ensuring a sustainable debt trajectory.

PUBLIC DEBT COVERAGE

1. Public and publicly guaranteed (PPG) external and domestic debt covers debt contracted or guaranteed by the central government, the Central Bank of Congo (BCC), provinces, and state-owned enterprises (SOEs). The Directorate-General for Public Debt (*Direction Générale de la Dette Publique*, DGDP), operating under the Ministry of Finance, publishes quarterly and annual reports on its website, detailing domestic and external debt based on the residency criteria. These reports summarize the debt of the central government, the debt of Sicomines (a joint venture between the Congolese government and Chinese investors) and Gécamines, guaranteed external debt of SOEs managed by the government, and the BCC.¹ Other public institutions are legally prevented from borrowing externally without approval and are unlikely to command market access without a government guarantee. However, the authorities do not receive regular reports from public institutions other than those named above or provinces. To address this information gap, the authorities are committed to improving the quality of debt reporting, especially for SOEs, and are implementing recommendations from recent IMF technical assistance. In this regard, the authorities approved an ordinance-law on public debt management in September 2023, which mandates the DGDP to evaluate any new borrowing by SOEs prior to debt contracting, harmonizes the legal framework, and reaffirms the Ministry of Finance's exclusive role in contracting external debt. Supported by the World Bank Sustainable Development Finance Policy (SDFP), under Performance and Policy Actions (PPA2), the authorities are committed to further enhancing the coverage of their debt reports by including the reporting of additional SOE and provincial debt.² Moreover, Sicomines' infrastructure loans are backed by a government guarantee, which can only be called after 2040. These loans are expected to be repaid by 2028 and are collateralized by Sicomines' earnings.³ Additionally, Sicomines has contracted a loan to finance the Busanga power plant to secure its electricity supply. Data on private sector debt remains limited, and the private sector is believed not to be borrowing externally.

¹ SOEs account for 34 percent of PPG external debt, of which 3 percent is managed by the government through escrow accounts.

² Under the SDFP PPA2 of the past two fiscal years 2023 and 2024, the authorities have been progressively improving debt transparency and coverage by publishing quarterly debt bulletins and annual debt reports to include debt of seven strategic SOEs to date (SNEL, MIBA, Gécamines, Sodimico, Sonahydroc, REGIDESO and RVA), and of eight provinces (Kinshasa, Kwilu Kongo Central, Haut-Katanga, Equateur, Lomami, Kasai-Orientale and Lualaba). Under SDFP PPA2 for fiscal year 2025, the authorities will continue improving debt coverage for the 2023 annual debt report and for the last two quarterly bulletins for 2024, to include two additional SOEs (ONATRA and SNCC) and two additional provinces (Kasai Central and Tanganyika).

³ Box 1, Debt Sustainability Analysis, [IMF Country Report No. 15/280](#). This report includes data on disbursements up to the end of 2022 for publicly guaranteed infrastructure loans, and up to the end of 2021 for other loans.

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

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

Public Debt Coverage and the Magnitude of the Contingent Liability Tailored Stress Test

The country's coverage of public debt		The central, state, and local governments, central bank, government-guaranteed debt, non-guaranteed SOE debt		
		Default	Used for the analysis	Reasons for deviations from the default settings
2	Other elements of the general government not captured in 1.	0 percent of GDP	2.0	Some public institutions are not reporting to the DGDP.
3	SoE's debt (guaranteed and not guaranteed by the government) 1/	2 percent of GDP	2.0	
4	PPP	35 percent of PPP stock	0.0	
5	Financial market (the default value of 5 percent of GDP is the minimum value)	5 percent of GDP	5.0	
Total (2+3+4+5) (in percent of GDP)			9.0	

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

BACKGROUND AND RECENT DEVELOPMENTS

2. Despite its vast natural resources, the DRC remains one of the poorest countries in the world, with fragility that leaves it susceptible to health crisis, humanitarian emergencies, and conflict. The economy is highly dollarized, lacks diversification, and is deeply vulnerable to commodity-price shocks and supply chain disruptions.

3. While the DRC's economy has demonstrated resilience in recent years, it remains highly vulnerable to shocks. Real GDP grew by 8.5 percent in 2023, following 9.2 percent in 2022, and growth is projected to moderate to 6.0 percent in 2024 and average 5.0 percent annually over the medium term. This growth is primarily driven by high commodity prices and expanded mining production, along with contributions from the non-extractive sector. Inflation is on a sustained downward trajectory and is projected to reach 7.0 percent by the end of 2026, before stabilizing. Nevertheless, the country remains highly vulnerable to supply shocks and exchange rate fluctuations due to its significant import dependency and the extensive dollarization of its economy. The primary deficit is projected to narrow from 1.3 percent of GDP in 2023 to 0.9 percent in 2024, driven by robust revenue collection, particularly boosted by strong performance in the mining sector. This improvement comes despite ongoing pressures from elevated security-related expenditures necessitated by the continued conflict in the Eastern region of the country. Despite a deterioration in the current account in 2023, reserves strengthened that year, reaching nearly 2 months of non-aid-related imports by year-end. Looking ahead, further strengthening of reserves is expected in 2024, supported by a gradual recovery in the current account balance and continued favorable dynamics in the mining sector.

4. Central government external arrears date back to the pre-HIPC Completion Point period, with additional arrears from Gécamines contributing to the total stock.

By the end of 2023, external arrears amounted to US\$ 250.8 million (0.4 percent of GDP).⁴ Four non-Paris Club creditors hold pre-HIPC claims against the DRC totaling US\$ 59.8 million (0.1 percent of GDP), which are either under negotiation or in a reconciliation process. Meetings with these creditors were held in 2023 or are expected to take place by the end of 2024, with enhanced information sharing aimed at reaching agreements. The remaining external arrears consist of claims from commercial creditors to the central government (less than 0.2 percent of GDP, pre-HIPC) and to Gécamines (less than 0.2 percent of GDP). The authorities are actively engaging with these creditors in good faith to resolve the arrears.

5. External public debt increased from 14.9 percent of GDP at the end of 2022 to 17.7 percent of GDP at the end of 2023.

This rise was primarily driven by higher borrowing from multilateral creditors and the substantial depreciation of the Franc Congolais (CDF) in 2023. Multilateral and bilateral creditors continue to dominate the creditor base (Table 2).

6. Domestic debt—totaling 6.3 percent of GDP in 2023—is predominantly composed of arrears.

The stock of domestic arrears amounted to 5.4 percent of GDP in 2023, while non-arrears domestic debt accounted for 0.9 percent of GDP. Non-arrears debt primarily comprised Treasury bills and bonds, along with a small amount of bank debt under the now phased-out CREDOCs ("*Credit Documentaire*") scheme, which used central bank deposits to guarantee central government loans. In 2023, arrears—categorized as non-financial debt—were mainly composed of: (i) reconciled arrears (3.8 percent of GDP, Table 1), (ii) arrears to oil companies (0.7 percent of GDP), and (iii) VAT arrears to exporters (0.6 percent of GDP). Reconciled arrears have been audited and encompass obligations such as bank debt, social debt, judicial debt, supplier payments, and liabilities related to rent and other services. The repayment of domestic arrears is guided by the clearance strategy, underpinned by a roadmap updated by the government in December 2024.⁵ Implementation is expected to gain momentum towards the end of the year, with the authorities planning an initial payment of approximately US\$ 5 million by December 2024. At the end of 2023, the public debt ratio was 23.9 percent of GDP, an increase of 2.3 percentage points compared to the 2022 level. This rise was primarily attributed to the underlying increase in external debt.

⁴ In accordance with the LIC DSF Guidance Note, external arrears do not trigger an "in-debt-distress" risk rating when they are considered *de minimus* cases, meaning the arrears amount to less than 1 percent of GDP. For additional information, refer to paragraph 16.

⁵ The three-pronged strategy consists of (i) repaying first claims under US\$ 300,000 (for a total of US\$ 99 million) and residuals on large claims; (ii) securitizing large claims; (iii) resuming the payment of arrears subject to MoUs with creditors ([Country Report No. 2023/434](#), ¶13).

**Table 2. Democratic Republic of the Congo:
Decomposition of Public Debt and Debt Service by Creditor 2023-25¹**

	Debt Stock ²			Debt Service					
	2023			2023	2024	2025	2023	2024	2025
	(in M US\$)	(Percent total debt)	(Percent GDP)	(in M US\$)			(Percent GDP)		
Total	14,682.9	100.0	23.9	1,480.4	1,598.8	1,450.4	2.2	2.1	1.8
External	10,836.0	73.8	17.7	705.0	635.8	740.3	1.0	0.8	0.9
Multilateral creditors	6,027.7	41.1	9.8	178.0	154.3	261.4	0.3	0.2	0.3
IMF ²	2,611.3	17.8	4.3	41.2	47.5	149.3	0.1	0.1	0.2
World Bank	3,009.4	20.5	4.9	75.3	85.8	90.0	0.1	0.1	0.1
AfDB	246.8	1.7	0.4	51.8	5.1	5.5	0.1	0.0	0.0
Other Multilaterals	160.1	1.1	0.3	9.7	15.9	16.5	0.0	0.0	0.0
o/w: European Investment Bank	44.8	0.3	0.1	4.9	9.6	9.5	0.0	0.0	0.0
Arab Bank for Economic Development in Africa	40.3	0.3	0.1	0.6	1.0	1.0	0.0	0.0	0.0
Bilateral creditors	4,281.3	29.2	7.0	503.6	419.5	420.3	0.7	0.5	0.5
Paris Club	80.7	0.5	0.1	20.4	7.7	3.9	0.0	0.0	0.0
o/w: France	22.8	0.2	0.0	20.4	7.7	3.9	0.0	0.0	0.0
Exim Bank of Korea	58.0	0.4	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Non-Paris Club	4,200.6	28.6	6.8	483.2	411.8	416.3	0.7	0.5	0.5
o/w: Exim Bank of China	3,757.1	25.6	6.1	453.4	382.8	367.4	0.7	0.5	0.4
Exim Bank of India	133.0	0.9	0.2	20.7	20.1	19.5	0.0	0.0	0.0
Bonds	...	...	...	...	...	...	...	...	...
Commercial creditors	527.0	3.6	0.9	23.5	62.0	58.7	0.0	0.1	0.1
o/w: FG Hemisphere	93.2	0.6	0.2	-	11.6	11.6	-	0.0	0.0
Financial Investment Holding	24.3	0.2	0.0	7.2	7.2	7.1	0.0	0.0	0.0
Domestic	3,846.9	26.2	6.3	775.4	962.9	710.1	1.1	1.3	0.9
T-Bills	319.8	2.2	0.5	97.9	335.8	176.4	0.1	0.4	0.2
T-Bonds	212.3	1.4	0.3	211.2	148.6	74.3	0.3	0.2	0.1
Loans	22.0	0.1	0.0	108.0	19.0	3.0	0.2	0.0	0.0
Arrears	3,292.8	22.4	5.4	358.3	459.5	456.3	0.5	0.6	0.6
Memo items:									
Collateralized debt	3,013.0	20.5	4.9						
Contingent liabilities	3,381.3	23.0	5.5						
o/w: Public guarantees	138.5	0.9	0.2						
o/w: Other explicit contingent liabilities	3,242.8	22.1	5.3						
Nominal GDP (in M USD)	61,368.2	...	...	67,456.3	76,654.2	82,294.4	...	...	...

Sources: Congolese authorities and IMF staff estimates.

1/ As reported by country authorities according to their classification of creditors, including official and commercial creditors. Debt coverage is consistent with the DSA.

2/ Includes the net negative SDR position following the SDR allocation retroceded to the government and used for budget support.

3/ Based on the exchange rate at the end of the year.

Table 3. Democratic Republic of the Congo: Total Domestic Debt, 2023

	2023		
	Nominal in US\$ million	in percent of GDP ^{2/}	in percent of total domestic debt
Stock of Treasury bills and other bank loans	554.1	0.9	14.4
Reconciled legacy arrears ^{1/}	2,328.1	3.8	60.5
Arrears from provinces	145.8	0.2	3.8
Arrears to oil companies	422.7	0.7	11.0
VAT arrears	396.2	0.6	10.3
Total	3,846.9	6.3	100.0

Sources: Congolese authorities and IMF staff calculations.

1/ Includes the stock of validated and certified arrears under the domestic debt clearance strategy, as well as the stock of certified arrears pending validation.

2/ At end-year exchange rate.

BACKGROUND ON MACROECONOMIC FORECASTS

7. The projections underlying this DSA are based on the macroeconomic framework supporting the request for an ECF- and RSF-supported arrangement.

- GDP growth is expected to average 5.5 percent during 2024-29, reflecting a moderation in the pace of mining production expansion. At the same time, sustained high commodity prices, robust global demand for the DRC's commodity exports, and advancements in the non-extractive sector are expected to support improvements in the trade balance over the medium to long term. The deficit in the balance of goods and services, which stood at 6.0 percent of GDP in 2023, is projected to narrow to 1.4 percent of GDP by 2026, by favorable terms of trade adjustments compared to the previous DSA. Over the medium term, the deficit is expected to stabilize at around 2.0 percent of GDP. Key risks include a potential escalation of conflict in the Eastern region and reversals in commodity prices, both of which could pose significant challenges to the DRC's economic stability and trade performance.
- Amid significant development needs and heightened security-related spending, the DSA incorporates an ambitious new public spending program focused on education and infrastructure compared to the previous DSA. This program is underpinned by additional financing sources, bolstered by the catalytic effect of the ECF-supported arrangement, and enhanced domestic revenue mobilization efforts.⁶ These efforts hinge on the authorities' commitment to restoring the effectiveness of the VAT system through the implementation of a new standardized VAT invoicing system, streamlining tax expenditures, implementing comprehensive tax administration reforms.
- Substantial foreign direct investment (FDI) and other investment inflows, including project financing, contributed to robust reserve accumulation in 2023, despite a deterioration in the current account balance. Looking ahead, the baseline scenario projects higher levels of private and public investment compared to the previous DSA, including investments aimed at climate change adaptation. Additionally, a favorable outlook for commodity prices is expected to drive further investment in the mining sector, mostly through capacity expansion in existing projects.
- Multilateral and bilateral loans remain the primary sources of debt financing. Excluding IMF financing, contracted external borrowing is projected to reach approximately US\$ 2.2 billion in 2024 and US\$ 2.7 billion in 2025. The financial terms of new borrowing are expected to remain predominantly concessional, although there is an anticipated increase in non-concessional lending over the medium term.

⁶ The ECF-supported arrangement focuses on four key priorities: (i) strengthening domestic revenue mobilization by enhancing VAT collection, streamlining tax expenditures, and improving revenue administration; (ii) strengthening budget management through the implementation of a resource-based fiscal framework designed to mitigate procyclicality; (iii) advancing governance reforms by ensuring stricter adherence to the expenditure chain to enhance transparency and accountability; and (iv) enhancing the monetary policy framework and reinforcing the independence of the BCC to underpin macroeconomic stability.

- The stock of Treasury bills and bonds stood at \$ 554.1 million (0.9 percent of GDP) at the end of 2023 and is expected to remain relatively low during 2024–29. It is projected to gradually increase thereafter as domestic markets deepen and concessional financing declines over the long term. Consequently, public debt service as a percentage of GDP is expected to rise after 2034, reflecting the shorter maturities of domestic debt in the DSA projections.

8. The debt drivers and realism tools indicate that the DSA projections are broadly consistent with the DRC’s historical experience (Figures 3 and 4).

- **Debt drivers:** The external debt-to-GDP ratio remained low in 2023. New engagement strategies with multilateral institutions are expected to continue providing additional financing to support development efforts. Compared to the previous DSA, and despite the favorable revision in 2024 driven by robust revenue collection, higher public investment is projected to result in a slightly higher fiscal deficit in the short to medium term (see Figure 3). Disbursements under the new ECF- and RSF-supported arrangements are anticipated to contribute to the stabilization of external debt levels, contrasting with the slight decline projected in the previous DSA. Additionally, projected improvements in the current account balance over the short to medium term further enhance debt dynamics compared to the previous DSA. The sizable residuals possibly reflect the accumulation of deposits abroad—including reserve accumulation—as well as time lags between the drawing of external loans and their actual use in public spending.
- **Fiscal adjustment and economic growth.** The projected fiscal primary deficit—averaging just below 1.0 percent of GDP over the period 2024–44—exceeds its historical average of 0.3 percent of GDP. This higher primary deficit reflects the expanding role of the domestic public sector in addressing the country’s critical development needs. That notwithstanding, the primary deficit is expected to remain somewhat contained over the medium term, supported by enhanced revenue mobilization—primarily, in the non-extractive sector—and sustained economic growth. Realism tools confirm that the projected primary adjustment over the program period is achievable. While the fiscal adjustment is relatively moderate, the projected growth slowdown in 2024–25 is more pronounced than what would typically result from demand-side factors alone. It is attributed to supply-side challenges, including infrastructure bottlenecks and persistent supply chain disruptions (see Figure 4).

9. The DRC’s domestic debt is expected to decrease in the medium term as the authorities advance the implementation of their arrears’ clearance strategy (see Figure 1). The domestic debt-to-GDP ratio is projected to decline substantially, falling below 1.0 percent by 2030. This reduction is primarily driven by the clearance of arrears and the limited access to domestic financial markets. From 2031 onward, a gradual shift toward increased reliance on domestic issuance is anticipated, supported by market deepening, rising development needs, and conservative assumptions regarding the availability of concessional financing. This issuance is expected to predominantly involve short-maturity instruments, reflecting the relatively shallow and underdeveloped structure of the domestic debt market.

Box 1. Macroeconomic Assumptions for 2024-44

Real GDP growth. Growth is expected to average approximately 5.0 percent over the medium to long term, supported by sustained increases in mining production, favorable commodity prices, and a gradual rise in public investment.

Inflation. After reaching 17.4 percent in 2024, average annual inflation, as measured by the CPI percentage change, is expected to stabilize within the 6–7 percent range. This aligns with the BCC's target of keeping inflation below 7 percent. Maintaining this trajectory will rely on the BCC's readiness to tighten monetary policy as necessary to control inflationary pressures and anchor expectations effectively.

Primary fiscal balance. The primary fiscal deficit is projected to average slightly below 1.0 percent of GDP over the period 2024-44, supported by enhanced revenue mobilization—notably, in the non-extractive sector—and additional external financing to address significant spending needs. Capital expenditure is expected to increase throughout the projection period, with a gradual shift towards greater reliance on domestic financing. Revenues are calculated as the sum of central government revenues, combined with revenues from SOEs, which are assumed to match their debt service obligations.

Current account balance. The current account balance is heavily influenced by developments in the mining sector. Mineral exports, which account for a substantial share of total exports, are projected to grow on average over the medium term, driven by capacity expansion in existing mining projects and strong global demand for commodities tied to the global energy transition. Imports are expected to increase gradually, reflecting rising demand for capital goods and intermediate goods needed for infrastructure investment. Overall, the non-interest current account deficit is projected to average slightly below 2.5 percent of GDP over the period 2024–44.

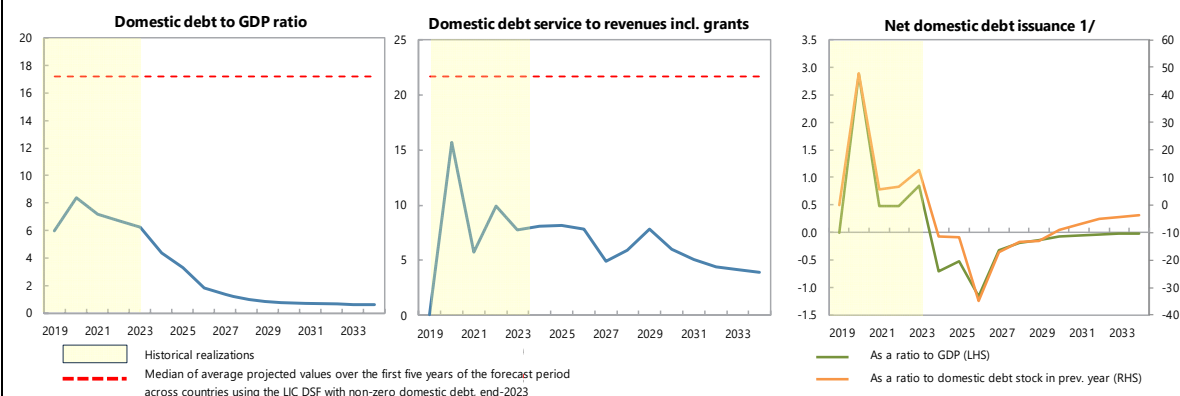
Financing. External financing is projected to comprise a mix of concessional and non-concessional loans from multilateral, bilateral, and commercial lenders, alongside FDI. Additionally, foreign grants are expected to play a significant role in funding public investment projects. To address remaining government financing needs, reliance on domestic market instruments is anticipated, with Treasury bills accounting for 70 percent of issuance and Treasury bonds with maturities under seven years making up 30 percent until 2034. Over time, the composition of domestic financing is expected to shift, with the share of bond issuance increasing to 40 percent by 2044, reflecting a deeper domestic financial market and a more diversified borrowing strategy.

Gross official reserves. Gross official reserves are projected to gradually increase, reaching approximately 3.3 months of non-aid-related imports by 2029. This reserve buildup is primarily driven by strong export performance and the catalytic impact of the ECF- and RSF-supported programs.

Table 4. Democratic Republic of the Congo: Selected Macroeconomic Indicators, Current vs. Previous¹ DSA, 2018–44

		2018–23	2024	2025	2026	2027	2028	2029	2030–44
Real GDP (annual percentage change)	Current	5.1	6.0	5.4	5.1	5.3	5.5	5.4	4.3
	Previous	5.7	4.7	5.1	4.5	5.1	4.4	4.3	4.7
Consumer prices, period average (annual percentage change)	Current	13.9	17.7	8.9	7.3	7.0	7.0	7.0	6.4
	Previous	13.9	17.2	8.8	7.0	7.0	7.0	7.0	6.4
Fiscal Balance (percent of GDP)	Current	-1.8	-1.2	-1.9	-1.7	-1.7	-1.6	-1.6	-1.2
	Previous	-1.7	-2.0	-1.2	-1.1	-1.1	-1.3	-1.7	-2.6
Current Account Balance (percent of GDP)	Current	-3.5	-5.1	-2.8	-2.4	-2.8	-3.3	-3.9	-2.7
	Previous	-3.5	-4.6	-3.5	-3.5	-3.3	-3.3	-3.1	-2.2
Exports of Goods and Services (percent of GDP)	Current	35.6	45.1	45.4	45.5	44.8	44.1	43.3	27.3
	Previous	35.7	43.9	43.2	42.3	40.9	39.3	38.2	26.9
Foreign Direct Investment (percent of GDP)	Current	2.9	3.0	2.5	2.5	2.5	2.5	2.5	1.6
	Previous	2.9	3.0	2.5	2.5	2.5	2.5	2.5	1.6

1/ The previous vintage refers to the DSA conducted in June 2024.

Figure 1. Democratic Republic of the Congo: Indicators of Domestic Public Debt, 2019–33 (Percent)

Borrowing Assumptions (average over 10-year projection)	Value
Shares in new domestic debt issuance	
Medium and long-term	30%
Short-term	70%
Borrowing terms	
Domestic MLT debt	
Avg. real interest rate on new borrowing	0.3%
Avg. maturity (incl. grace period)	3
Avg. grace period	1
Domestic short-term debt	
Avg. real interest rate	-2.7%

Sources: Country authorities, and staff estimates and projections.

1/ Net domestic debt issuance is an estimate based on the calculated public gross financing need net of gross external financing, drawdown of assets, other adjustments, and domestic debt amortization. It excludes short-term debt that was issued and matured within the calendar year.

COUNTRY CLASSIFICATION AND DETERMINATION OF SCENARIO STRESS TESTS

10. The DRC's debt carrying capacity remains classified as weak (see Table 2), unchanged from the previous DSA. This classification is determined by the composite indicator (CI) score, which is based on the World Bank's CPIA and other macroeconomic variables, including forward-looking elements. The DRC's CI score is 2.33, remaining largely consistent with previous assessments. As a fragile state, the DRC remains highly vulnerable to external shocks, underscoring the importance of prudent debt management and sustainable financing strategies.

Text Table 1. Democratic Republic of the Congo: Composite Indicator and Threshold Tables

Debt Carrying Capacity		Weak		
Final	Classification based on current vintage	Classification based on the previous vintage	Classification based on the two previous vintage	
Weak	Weak 2.33	Weak 2.38	Weak 2.32	

Applicable Thresholds

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

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

Note: The current vintage refers to the October 2024 WEO and the 2023 CPIA (published in July 2024); the previous vintages refer to the October 2023 and April 2024 WEOs and the 2022 CPIA (published in July 2023).

11. The debt sustainability analysis incorporates six standardized stress tests and two tailored stress tests (a commodity price shock and a combined contingent liabilities shock). The standardized stress tests use the default settings. The standardized stress tests are conducted using default settings. While the DRC does not meet the criteria for a market financing shock stress test, the commodity price shock stress test is particularly relevant for evaluating the sensitivity of projected debt burden indicators to adverse movements in commodity export prices, given the economy's reliance on the mining sector.⁷

⁷ Under the debt sustainability framework, countries where commodity exports constitute at least 50 percent of total exports of goods and services over the preceding three-year period are subject to a commodity price shock stress test. In the case of the DRC, commodities accounted for approximately 98 percent of total exports of goods and services during the period 2018–23, making this stress test highly relevant.

EXTERNAL DEBT SUSTAINABILITY

Baseline

12. External PPG debt remains sustainable under the baseline scenario, though vulnerabilities persist due to structural weaknesses. All external debt is either owed or guaranteed by the government. Improved access to external financing led to an increase in external debt, rising from US\$ 9,826.6 million at the end of 2022 to US\$ 10,836.0 million at the end of 2023, primarily driven by higher borrowing from multilateral creditors. The present value (PV) of external debt, estimated at 12.4 percent of GDP in 2023, is well below the benchmark of 30 percent, reflecting the predominance of concessional debt, which is expected to remain broadly unchanged. Despite higher debt issuance facilitated by the catalytic effects of the ECF- and RSF-supported arrangements, and temporarily larger fiscal deficits due to increased investment needs, the medium-term trajectory of external and public debt remains consistent with debt sustainability, assuming the currently favorable medium-term growth outlook holds. Indicators of public external debt and external debt service remain below their respective thresholds under the baseline scenario (see Figure 1).

Alternative Scenarios and Stress Tests

13. The PV of debt-to-GDP and debt-to-exports ratios, along with the two debt service indicators, breach their respective thresholds under the most extreme shock scenario, which assumes lower nominal exports (see Figure 1).⁸ In this export shock scenario, nominal exports are projected to decline by approximately 16.5 percent in both 2025 and 2026, compared to the previous year's levels. With copper exports comprising 70 percent of total exports in 2023, this shock can be modeled as two consecutive nearly 25-percent drops in international copper prices in 2025 and 2026 relative to baseline projections. These breaches underscore the vulnerabilities associated with a potential reversal in commodity prices. To mitigate these risks, it is crucial to limit non-concessional borrowing and leverage the current period of high commodity prices to build fiscal and external buffers, thereby safeguarding borrowing space and enhancing resilience against future shocks.

PUBLIC DEBT SUSTAINABILITY

Baseline

14. The overall risk of debt distress is projected to remain moderate. Under the baseline scenario, the public debt-to-GDP ratio remains below its threshold. The public debt-to-GDP ratio does not breach its threshold in the baseline scenario. However, risks persist. While Treasury bill issuance is expected to stay low, the recognition of uncertified VAT arrears and arrears to suppliers could increase domestic debt and,

⁸ Nominal export growth (in US\$) is set to the lower of two values: its historical average minus one standard deviation or the baseline projection minus one standard deviation. This approach imposes a shock that may be excessively severe for assessing external financing needs, as imports would likely contract significantly under such conditions. For details on the specification of other stress tests, refer to Table 8 in the [2018 Guidance Note](#).

consequently, total public debt. Additionally, the realization of guarantees and other contingent liabilities poses potential risks to the debt trajectory, underscoring the need for continued vigilance in fiscal management and liability monitoring.

Alternative Scenarios and Stress Tests

15. Stress tests underscore the DRC's vulnerability to export and commodity price shocks. The most extreme shock to the PV of public debt-to-GDP ratio involves a significant decline in exports (see Figure 2). Under this shock scenario, the PV of the public debt-to-GDP ratio temporarily exceeds the applicable threshold of 35 percent before gradually declining over the medium term.

CLIMATE CHANGE VULNERABILITIES

16. The macro-fiscal assumptions underlying the DSA baseline scenario incorporate estimated public investment required to address climate challenges. The forecast is benchmarked against CCDD estimates, which indicate that annual public investment of at least 3 to 5 percent of GDP is necessary to mitigate the impacts of climate shocks under the most optimistic climate scenario, SSP1-1.9. This scenario assumes sustainable development, low greenhouse gas (GHG) emissions, and global warming limited to below 2° C by 2100.

17. Climate change is projected to impose significant fiscal and balance-of-payments pressures under a no-adaptation scenario.⁹ The fiscal cost of climate change can be indirectly assessed by estimating the additional public investment required to counteract its adverse effects on GDP. Projections from the World Bank's CCDD under the pessimistic SSP 3-7.0 scenario—characterized by high inequality, limited climate action, and global warming of approximately 4° C by 2100—indicate that real GDP losses could reach up to 13 percent by 2050. These losses are primarily driven by labor heat stress, urban flooding, and reduced rainfed crop yields, with lower production affecting exports and government revenues. Under a scenario without adequate adaptation measures, offsetting these climate-induced shocks would require additional public investment of 1.4 to 6.0 percent of GDP annually compared to the baseline scenario. These costs are incorporated into the DSA through a customized scenario—'Disaster, no adaptation'—calibrated using CCDD estimates. The scenario assumes that these costs would take the form of (i) additional public investment, and (ii) higher capital goods imports. It also incorporates the impact of a natural disaster in 2026, with a 10-percentage-point increase in the public debt-to-GDP ratio, a 1.5-percent decline in real GDP growth, and 3.5-percent reductions in exports relative to the baseline scenario.

18. Several sustainability thresholds would be breached under the customized disaster scenario without adaptation. Debt dynamics under this scenario closely resemble those observed in the most extreme shock to exports. The PV of external debt-to-GDP ratio would nearly breach the respective threshold in 2034, consistently following an upward trend, while the debt-service-to revenue ratio would exceed the applicable threshold in 2031, emphasizing the long-term fiscal risks associated with delayed or insufficient adaptation measures in the near term (see Figure 1). Although the PV of public debt-to-GDP

⁹ World Bank, Democratic Republic of the Congo, Country Climate and Development Report, 2023.

ratio would remain below its threshold, it too is expected to follow an upward trajectory, with public debt service rising to 20 percent of revenue (see Figure 2).

RISK RATING AND VULNERABILITIES

19. The external and overall risk of debt distress for the DRC remains moderate, driven by breaches of thresholds under stress tests. Public debt metrics remain broadly stable, as stronger projected economic and revenue growth is expected to be partially offset by increased borrowing. The PV of external debt is expected to gradually decline relative to GDP while remaining stable relative to exports. External arrears, primarily pre-HIPC in origin, account for less than 1 percent of GDP, qualifying as a *de minimis* case and, therefore, not influencing the risk rating. In turn, domestic arrears are owed to suppliers of goods and services and primarily reflect weaknesses in public financial management rather than issues of government insolvency or liquidity constraints. To address these, the authorities are implementing measures aimed at reducing these arrears and improving fiscal practices.

20. The DRC's low revenue mobilization capacity underscores the importance of preserving the borrowing space created by favorable commodity prices. While there is some room for additional borrowing without jeopardizing the country's risk rating (see Figure 5), low revenue mobilization remains a significant challenge. The debt service-to-revenue ratio breaches the lower threshold for qualifying as moderate risk, indicating some but not substantial space to absorb shocks. Under the previous ECF arrangement and the ongoing ECF and RSF programs, revenues are projected to rise from approximately 9.5 percent of GDP in 2020 to 15.6 percent in 2024, stabilizing around 15.5 percent by 2029. However, this remains well below the sub-Saharan Africa (SSA) average of 20 percent of GDP, highlighting the need for sustained efforts to enhance revenue mobilization, especially in the non-extractive sector.

21. Risks to the DRC's debt sustainability largely stem from export performance and the country's capacity to implement meaningful reforms. Export performance, heavily reliant on commodity prices, represents a critical vulnerability. Fluctuations in global commodity markets remain a key risk to fiscal and external stability. To mitigate these risks, the DRC should focus on building buffers by increasing international reserves, enhancing revenue mobilization, and ensuring that borrowed resources are effectively channeled toward inclusive growth. This includes promoting economic diversification and supporting private sector development, particularly in non-extractive sectors, to reduce dependency on commodity exports. Although borrowing on non-concessional terms is projected to rise, it should remain limited. The DRC should continue to prioritize concessional financing to maintain sustainable debt levels while addressing critical development needs.

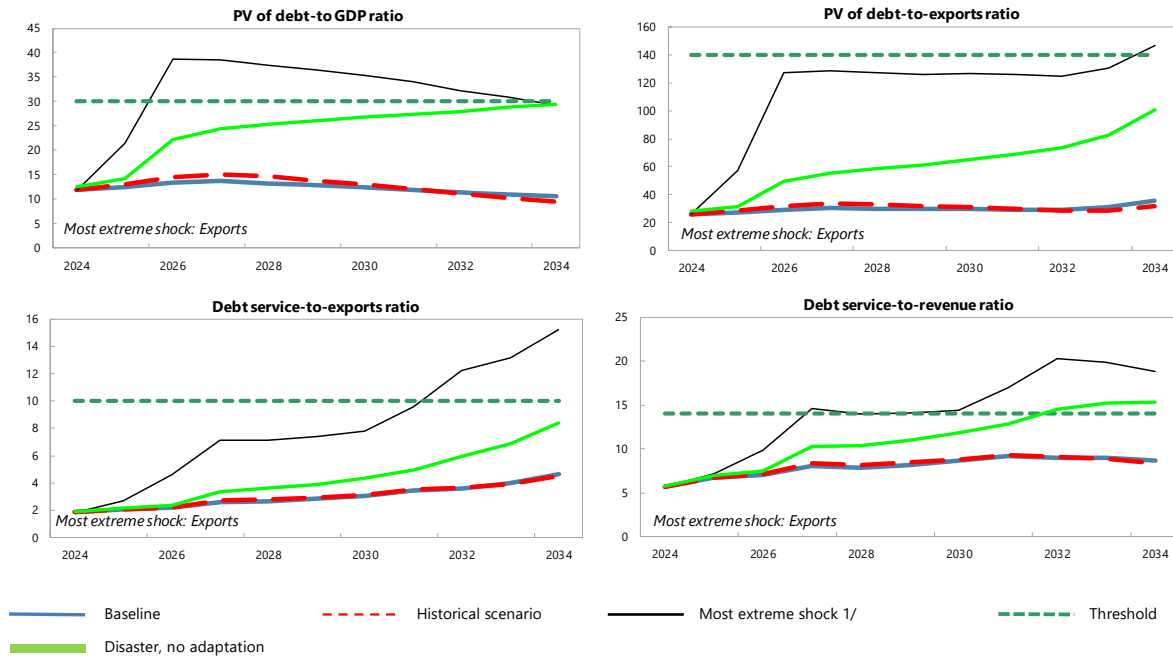
22. Despite the DRC's relatively low total public debt, limited repayment capacity remains a significant vulnerability. Key risks stem from fluctuations in commodity prices and persistent challenges in fiscal revenue mobilization. While revenues are projected to increase gradually, the high debt service-to-revenue ratio indicates that the space for additional borrowing is close to becoming constrained (Figures 1 and 2). This underscores the importance of adopting prudent fiscal policies, including limiting new borrowing to preserve debt sustainability. Structural reforms are essential to strengthening the DRC's debt carrying capacity. Priorities include enhancing revenue mobilization, improving public financial

management, and increasing the efficiency and growth potential of public investment. These measures are critical to building fiscal resilience and supporting sustainable economic development.

AUTHORITIES' VIEWS

23. The authorities broadly concurred with the country's debt distress risk rating and sustainability assessment. They expect debt carrying capacity to improve under the reforms and fiscal measures supported by the ECF- and RSF-supported arrangements. The authorities reiterated their commitment to strengthening debt management practices. Key priorities include enhancing the reporting and transparency of SOE debt, provincial debt, and publicly guaranteed debt, to support better fiscal oversight and sustainability.

Figure 2. Indicators of Public and Publicly Guaranteed External Debt under Alternative Scenarios, 2024-34



Customization of Default Settings		
	Size	Interactions
Tailored Stress		
Combined CL	Yes	
Natural disaster	n.a.	n.a.
Commodity price	Yes	Yes
Market financing	n.a.	n.a.

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

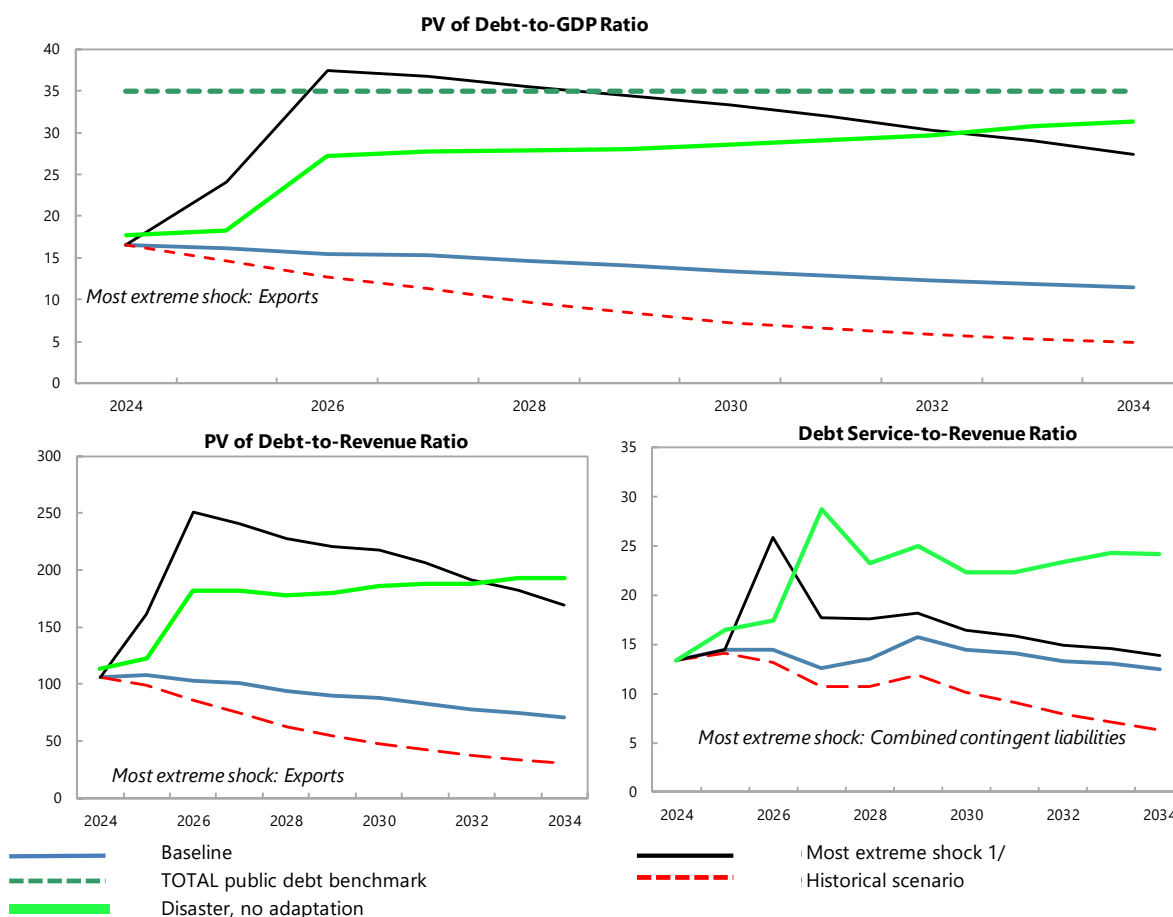
Borrowing assumptions on additional financing needs resulting from the stress tests*		
	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	2.8%	2.8%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	28	28
Avg. grace period	5	5

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

Sources: Country authorities and IMF staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2034. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most extreme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Figure 3. Indicators of Public Debt under Alternative Scenarios, 2024-34

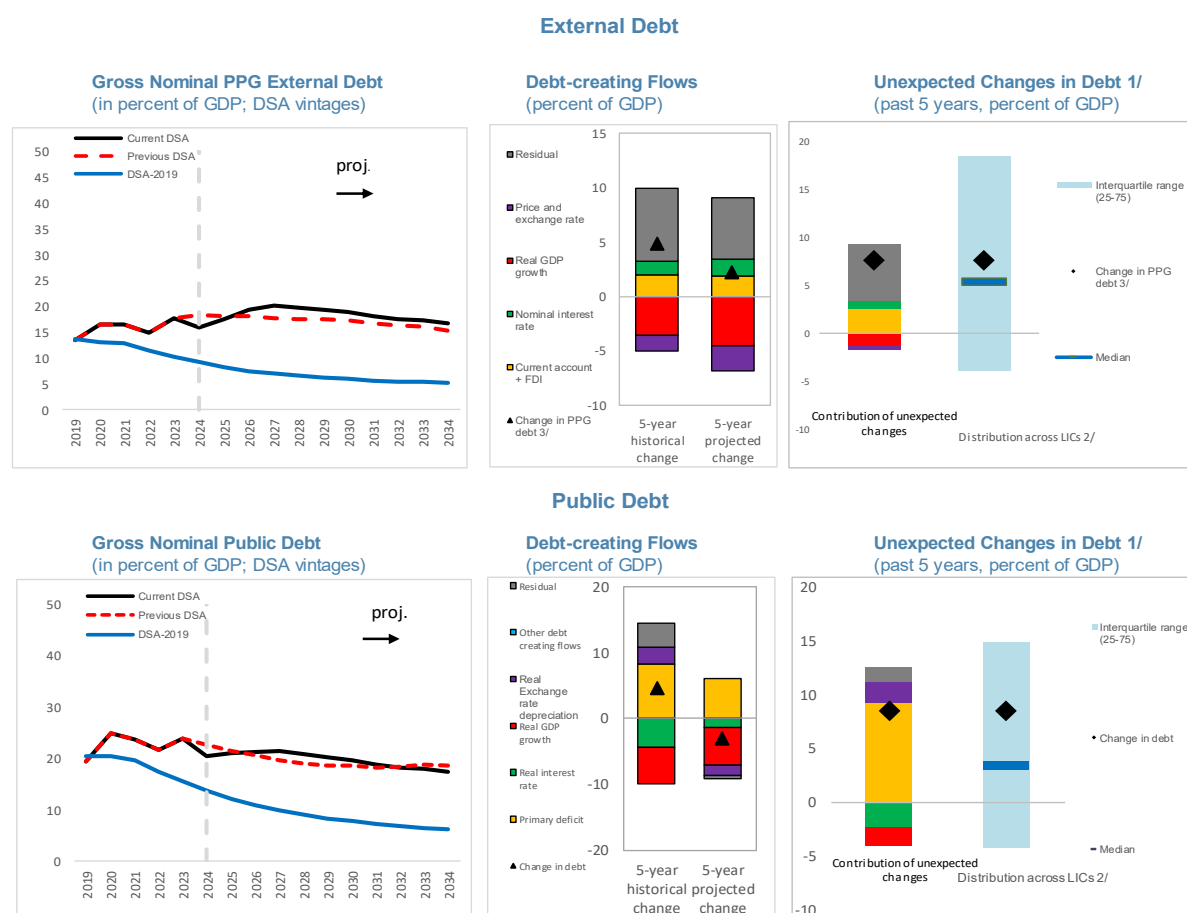


Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	75%	75%
Domestic medium and long-term	8%	8%
Domestic short-term	18%	18%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	2.8%	2.8%
Avg. maturity (incl. grace period)	28	28
Avg. grace period	5	5
Domestic MLT debt		
Avg. real interest rate on new borrowing	0.3%	0.3%
Avg. maturity (incl. grace period)	3	3
Avg. grace period	1	1
Domestic short-term debt		
Avg. real interest rate	-2.7%	-2.7%

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

Sources: Country authorities and IMF staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2034. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most extreme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

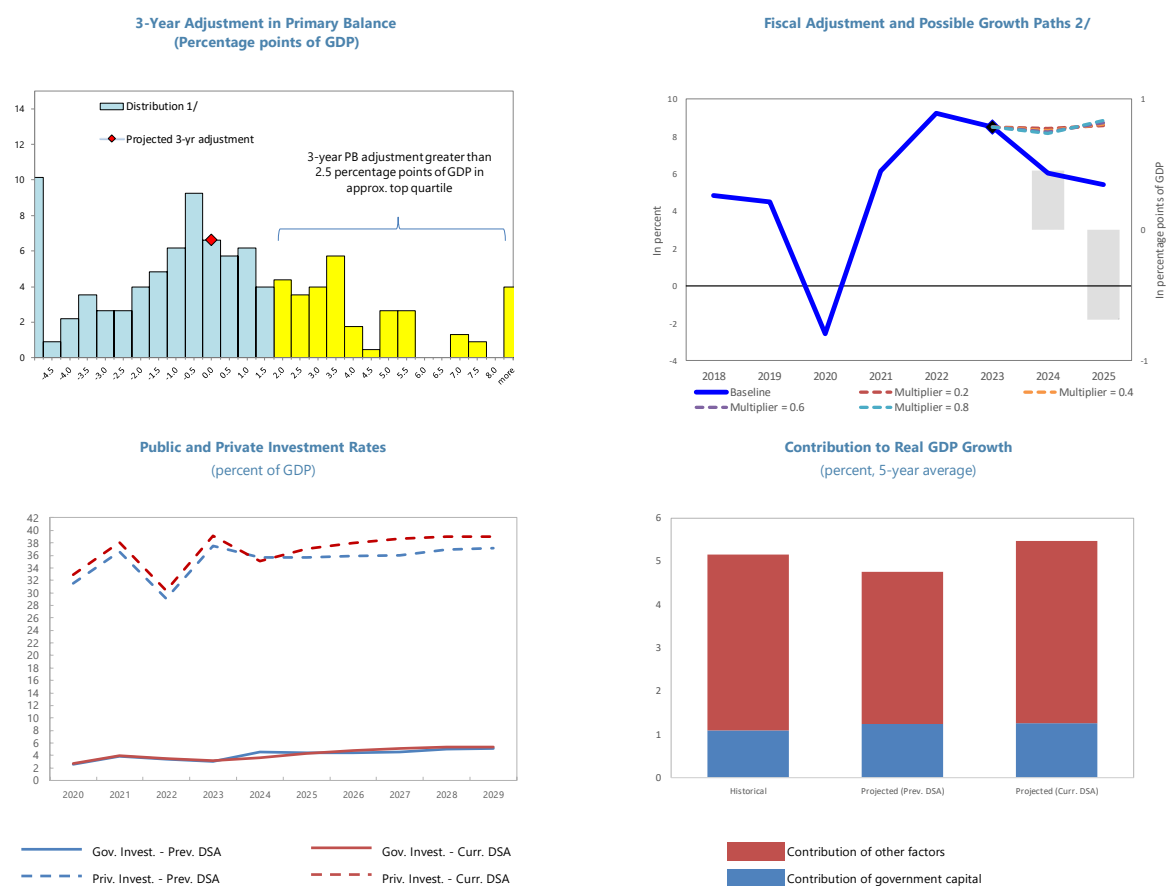
Figure 4. Drivers of Debt Dynamics – Baseline Scenario

Sources: Country authorities and IMF staff estimates and projections.

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

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

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

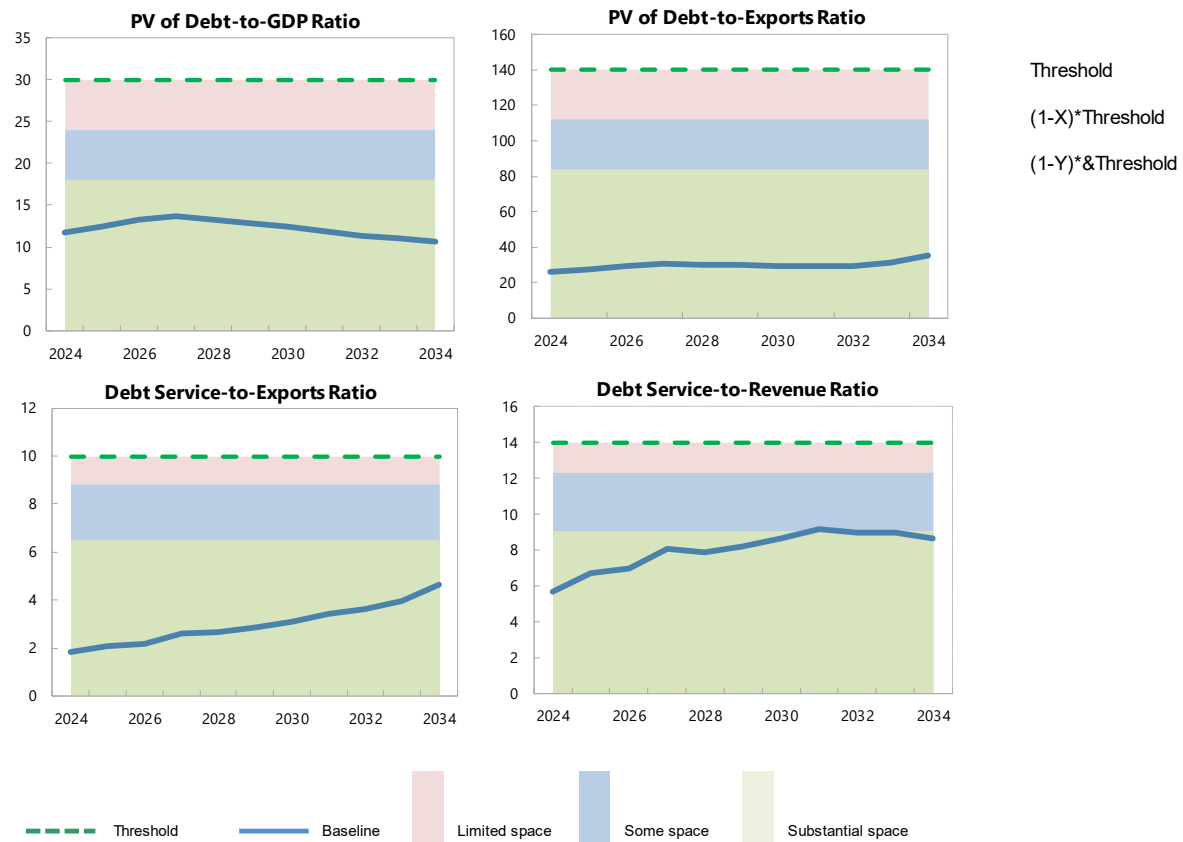
Figure 5. Realism Tools ³

Sources: Country authorities and IMF staff estimates and projections.

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

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

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

Figure 6. Qualification of the Moderate Category 2024-34¹

Sources: Country authorities and IMF staff estimates and projections.

1/ For the PV of the debt-to-GDP ratio and the PV of debt-to-exports thresholds, x is 20 percent and y is 40 percent. For ratios of debt service-to-exports and debt service-to-revenue thresholds, x is 12 percent and y is 35 percent.

Table 5. Democratic Republic of the Congo: External Debt Sustainability Framework, Baseline Scenario 2021-44
(In percent of GDP, unless otherwise indicated)

	Actual		Projections										Average 8/		Definition of external/debt is there a material difference between the two criteria?
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2034	2034	2044	Historical	Projections	
External debt (nominal) 1/	16.5	14.9	17.7	16.0	17.6	19.3	20.2	19.8	19.4	16.7	16.7	14.8	17.2	18.3	No
of which: public and publicly guaranteed (PPG)	16.5	14.9	17.7	16.0	17.6	19.3	20.2	19.8	19.4	16.7	16.7	14.8	17.2	18.3	
Change in external debt	0.0	-1.6	2.7	-1.6	1.6	1.7	0.9	-0.4	-0.4	-0.5	-0.5	-0.1	-0.3	0.1	
Identified net debt-creating flows	-4.2	0.7	2.4	1.1	-0.5	-0.9	-0.6	-0.2	0.4	0.3	0.7	0.7	-0.3	0.1	
Non-interest current account deficit	0.8	4.6	5.9	4.8	2.5	2.1	2.5	2.9	3.5	2.5	2.5	1.9	3.4	3.0	
Deficit in balance of goods and services	-0.3	4.6	6.0	3.8	1.9	1.4	1.8	2.3	2.9	2.0	2.0	1.2	4.2	2.4	
Imports	38.7	43.3	44.0	45.1	45.4	46.5	44.8	44.1	43.3	29.8	29.8	17.6			
Exports	38.4	47.9	49.9	48.9	47.3	46.9	46.6	46.4	46.2	31.8	31.8	17.6			
Net current transfers (negative = inflow)	-2.2	-3.5	-2.8	-2.0	-1.9	-1.7	-1.7	-1.6	-1.3	-0.9	-0.9	-0.1	-3.3	-1.6	
of which: official	-1.2	-1.6	-1.3	-0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1			
Other current account flows (negative = net inflow)	3.3	3.5	2.7	3.0	2.4	2.4	2.4	2.3	2.2	1.8	1.7	1.7	2.6	2.1	
Net FD (negative = inflow)	-2.9	-2.1	-3.5	-3.0	-2.5	-2.5	-2.5	-2.5	-2.5	-1.8	-1.0	-1.0	-2.9	-2.3	
Endogenous debt dynamics 2/	-2.1	-1.9	0.0	-0.6	-0.5	-0.5	-0.5	-0.5	-0.7	-0.4	-0.4	-0.3			
Contribution from nominal interest rate	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.3			
Contribution from real GDP growth	-0.9	-1.3	-1.2	-0.9	-0.8	-0.8	-1.0	-1.0	-1.0	-0.7	-0.6	-0.6			
Contribution from price and exchange rate changes	-1.4	-0.8	1.0	...	...	...	...	...	...	...	...	...
Residual 3/	4.2	-2.2	0.3	-2.8	2.1	2.6	1.5	-0.1	-0.8	-0.8	-0.8	-0.7	0.3	-0.2	
of which: exceptional financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Sustainability indicators															
PV of PPG external debt to GDP ratio	...	...	12.4	11.8	12.5	13.3	13.7	13.2	12.9	10.6	10.6	8.9			
PV of PPG external debt to exports ratio	...	...	28.2	26.2	27.5	29.1	30.5	30.0	29.7	35.5	35.5	50.3			
PPG debt service to exports ratio	2.3	2.4	2.4	1.8	2.1	2.2	2.6	2.7	2.9	4.6	4.6	5.7			
PPG debt service to revenue ratio	8.1	6.8	7.6	5.7	6.7	7.0	8.1	7.9	8.2	8.6	8.6	5.8			
Gross external financing need (Million of U.S. dollars)	-680.7	2354.4	2318.5	1986.4	779.6	531.8	1136.3	1661.3	2486.7	2929.9	2929.9	4976.5			
Key macroeconomic assumptions															
Real GDP growth (in percent)	6.1	9.2	8.5	6.0	5.4	5.1	5.3	5.5	5.4	4.5	4.5	4.4	4.8	5.0	
GDP deflator in US dollar terms (change in percent)	9.6	5.0	-6.1	7.2	1.8	2.0	1.4	1.3	1.5	1.5	1.5	1.4	2.1	2.0	
Effective interest rate (percent) 4/	1.3	1.8	2.0	1.9	2.0	1.9	1.8	1.8	1.8	2.2	2.2	2.2	1.2	1.9	
Growth of exports of G&S (US dollar terms, in percent)	60.4	28.1	3.6	16.6	8.2	7.4	5.0	5.2	4.9	-11.1	-11.1	0.9	11.8	3.6	
Growth of imports of G&S (US dollar terms, in percent)	52.5	42.7	6.3	11.3	3.9	6.3	6.0	6.4	6.5	-11.1	-11.1	0.9	12.0	2.9	
Grant element of new public sector borrowing (in percent)	...	...	...	37.2	44.1	41.8	38.8	43.1	39.0	36.8	36.2	36.2	...	38.7	
Government revenues (excluding grants, in percent of GDP)	11.0	15.3	13.7	14.7	14.0	14.2	14.6	15.0	15.1	16.0	17.5	11.5	...	15.0	
Aid flows (in Million of US dollars) 5/	1640.4	2398.5	3383.9	3374.9	2010.8	2169.1	1700.6	1736.2	1695.1	1444.3	1444.3	1444.3			
Grant-equivalent financing (in percent of GDP) 6/	...	...	...	1.6	2.4	2.3	1.8	1.4	1.2	0.7	0.6	0.6	...	1.3	
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	57.8	56.2	52.4	50.5	57.5	51.7	48.3	40.8	40.8	...	50.1	
Nominal GDP (Million of US dollars)	57721	66184	67456	76654	82294	88189	94105	100588	107559	142856	142856	250973			
Nominal dollar GDP growth	16.3	14.7	19.1	13.6	7.4	7.2	6.7	6.9	6.9	6.0	5.8	7.1			
Memorandum items:															
PV of external debt 7/	...	...	12.4	11.8	12.5	13.3	13.7	13.2	12.9	10.6	10.6	8.9			
In percent of exports	...	...	28.2	26.2	27.5	29.1	30.5	30.0	29.7	35.5	35.5	50.3			
Total external debt service to exports ratio	2.3	2.4	2.4	1.8	2.1	2.2	2.6	2.7	2.9	4.6	4.6	5.7			
PV of PPG external debt (in Million of US dollars)	...	...	8371.6	9044.3	10368.9	11706.0	12857.0	13820.1	13853.1	19947.7	19947.7	22525.5			
(PV)-PV-1/GDP-1 (in percent)	...	...	...	1.0	1.6	1.7	1.3	0.5	0.5	0.2	0.4	0.4			
Non-interest current account deficit that stabilizes debt ratio	0.8	6.2	3.2	6.4	0.9	0.4	1.6	3.3	3.9	3.0	3.0	2.0			

Sources: Country authorities and IMF staff estimations and projections.

1/ Includes both public and private sector external debt.

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

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

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

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

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

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

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

Table 6. Democratic Republic of the Congo: Public Sector Debt Sustainability Framework, Baseline Scenario 2021-44

(In percent of GDP, unless otherwise indicated)

	Actual			Projections											Average 6/	
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Historical	Projections
Public sector debt 1/																
of which external debt	22.7	21.6	23.9	20.4	20.9	21.1	21.5	20.9	20.3	17.4	16.7	14.8	16.2	16.3	23.7	19.7
of which local currency denominated	16.5	14.9	17.7	16.0	17.6	19.3	20.2	19.8	19.4	16.7	16.7	14.8	16.7	14.8	17.2	18.3
of which foreign currency denominated	6.2	6.7	6.2	4.4	3.3	1.8	1.3	1.1	0.9	0.7	0.0	0.0	0.1	0.1	6.5	1.4
Change in public sector debt	-1.2	-2.0	2.3	-3.6	0.6	0.2	0.4	-0.7	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-1.3	-4.2
Identified debt-creating flows	-3.5	-2.3	1.4	-1.4	0.2	0.1	0.2	-0.1	0.0	-0.4	-0.4	-0.3	-0.3	-0.3	0.3	0.9
Primary deficit	1.1	0.5	1.3	0.9	1.5	1.3	1.3	1.1	1.1	0.3	0.3	0.3	0.3	0.3	13.2	15.5
Revenue and grants	12.4	16.5	14.8	15.6	15.0	14.9	15.3	15.6	15.6	16.2	16.2	17.7	17.7	17.7	13.5	16.4
of which grants	1.4	1.2	1.1	0.9	0.9	0.8	0.7	0.6	0.5	0.2	0.1	0.1	0.1	0.1	13.5	16.4
Primary (noninterest) expenditure	13.5	17.7	16.1	16.4	16.5	16.2	16.6	16.7	16.7	16.5	16.5	18.0	18.0	18.0	13.5	16.4
Automatic debt dynamics	-4.6	-2.8	0.1	-2.3	-1.3	-1.2	-1.1	-1.2	-1.1	-0.7	-0.7	-0.6	-0.6	-0.6	-1.3	-4.2
Contribution from interest rate/growth differential	-3.1	-3.1	-2.7	-2.3	-1.3	-1.2	-1.1	-1.2	-1.1	-0.7	-0.7	-0.6	-0.6	-0.6	-1.3	-4.2
of which contribution from average real interest rate	-1.7	-1.1	-1.0	-0.9	-0.3	-0.2	-0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.3	0.9
of which contribution from real GDP growth	-1.4	-2.0	-1.7	-1.4	-1.0	-1.0	-1.1	-1.1	-1.1	-0.8	-0.7	-0.7	-0.7	-0.7	13.2	15.5
Contribution from real exchange rate depreciation	-1.5	0.3	2.8	---	---	---	---	---	---	---	---	---	---	---	13.5	16.4
Other identified debt-creating flows	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Privatization receipts (negative)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Recognition of contingent liabilities (e.g., bank recapitalization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt relief (HIPC and other)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt creating or reducing flow (please specify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residual	2.3	0.2	0.9	-2.2	0.3	0.1	0.2	-0.6	-0.6	-0.1	-0.1	0.1	0.1	0.1	1.3	-4.4
Sustainability indicators																
PV of public debt-to-GDP ratio 2/	...	...	19.9	16.6	16.1	15.4	15.3	14.6	14.0	11.4	11.4	10.5	10.5	10.5	23.7	19.7
PV of public debt-to-revenue and grants ratio 3/	...	...	134.4	106.2	107.8	103.3	100.5	99.6	90.2	70.6	70.6	59.5	59.5	59.5	17.2	18.3
Debt service-to-revenue and grants ratio 3/	...	...	12.9	16.2	14.8	13.4	14.5	12.6	13.5	15.8	12.4	11.1	11.1	11.1	13.2	15.5
Gross financing need 4/	2.7	3.2	3.5	2.9	3.7	3.5	3.2	3.2	3.2	3.5	3.5	2.3	2.3	2.3	13.5	16.4
in billions of U.S. dollars	1556.3	2126.6	2369.4	2280.9	3058.9	3054.3	3022.6	3235.4	3815.1	3295.0	3295.0	5688.9	5688.9	5688.9	13.5	16.4
Key macroeconomic and fiscal assumptions																
Nominal GDP (local currency)	144,873,663	132,883,321	164,076,173	205,186,249	233,338,969	265,427,346	297,181,168	333,306,409	374,137,081	633,442,202	1,095,765,805	1,095,765,805	1,095,765,805	1,095,765,805	144,873,663	132,883,321
Real GDP growth (in percent)	6.1	9.2	8.5	6.0	5.4	5.1	5.3	5.5	5.4	4.5	4.5	4.4	4.4	4.4	6.1	9.2
Average nominal interest rate on external debt (in percent)	1.4	1.8	2.0	2.1	2.1	1.9	1.8	1.8	1.8	2.3	2.2	2.2	2.2	2.2	1.4	1.8
Average real interest rate on domestic debt (in percent)	-15.1	-5.3	-12.2	-14.3	-7.0	-5.4	-5.0	-3.4	-0.8	3.8	2.3	2.3	2.3	2.3	-15.1	-5.3
Real exchange rate depreciation (in percent, + indicates depreciation)	-10.0	2.0	20.7	---	---	---	---	---	---	---	---	---	---	---	-10.0	2.0
Inflation rate (GDP deflator, in percent)	17.8	5.9	14.4	17.4	8.8	7.4	6.4	6.3	6.5	6.5	5.7	5.7	5.7	5.7	17.8	5.9
Growth of real primary spending (deflated by GDP deflator, in percent)	16.3	37.8	2.6	8.1	5.9	3.3	7.3	6.6	5.0	6.0	6.0	4.6	4.6	4.6	16.3	37.8
Primary deficit that stabilizes the debt-to-GDP ratio 5/	2.3	2.6	-1.0	4.4	1.0	1.1	0.9	1.8	1.7	0.9	0.6	0.6	0.6	0.6	2.3	2.6
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Sources: Country authorities and IMF staff estimations and projections.

- 1/ Coverage of debt: The central, state, and local governments, central bank, government-guaranteed debt, non-guaranteed SOE debt. Definition of external debt is Residency-based.
- 2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.
- 3/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.
- 4/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.
- 5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio (Δ): a primary surplus, which would stabilize the debt ratio only in the year in question.
- 6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years

Table 7. Democratic Republic of the Congo: Sensitivity Analysis for Key Indicators of PPG External Debt, 2024-34 (In percent)

	Projections 1/										
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
PV of debt-to GDP ratio											
Baseline	12	12	13	14	13	13	12	12	11	11	11
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2024-2034 2/	12	13	14	15	15	14	13	12	11	10	10
A2. Alternative Scenario : Natural Disaster, No Adaptation	13	14	22	24	25	26	27	27	28	29	29
B. Bound Tests											
B1. Real GDP growth	12	13	15	16	15	15	14	13	13	13	12
B2. Primary balance	12	14	16	16	16	16	15	15	14	14	13
B3. Exports	12	21	39	38	37	36	35	34	32	31	29
B4. Other flows 3/	12	14	16	16	16	15	15	14	13	13	12
B5. Depreciation	12	16	15	16	15	15	14	13	13	13	12
B6. Combination of B1-B5	12	18	20	20	20	19	18	17	17	16	15
C. Tailored Tests											
C1. Combined contingent liabilities	12	18	19	20	19	19	18	18	17	17	16
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	12	18	23	24	23	22	22	21	20	19	18
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	30	30	30	30	30	30	30	30	30	30	30
PV of debt-to-exports ratio											
Baseline	26	27	29	30	30	30	30	29	29	31	35
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2024-2034 2/	26	28	32	34	33	32	31	30	29	29	32
A2. Alternative Scenario : Natural Disaster, No Adaptation	28	31	50	56	59	61	65	69	74	83	101
B. Bound Tests											
B1. Real GDP growth	26	27	29	30	30	30	30	29	29	31	35
B2. Primary balance	26	30	35	37	36	36	36	36	36	38	44
B3. Exports	26	58	127	129	127	126	127	126	125	130	147
B4. Other flows 3/	26	30	34	36	35	35	35	34	34	36	41
B5. Depreciation	26	27	26	28	27	27	27	26	26	28	32
B6. Combination of B1-B5	26	42	40	52	51	51	51	50	50	52	59
C. Tailored Tests											
C1. Combined contingent liabilities	26	39	42	44	44	43	43	43	44	47	54
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	26	46	58	58	57	55	53	52	52	54	61
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	140	140	140	140	140	140	140	140	140	140	140
Debt service-to-exports ratio											
Baseline	2	2	2	3	3	3	3	3	4	4	5
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2024-2034 2/	2	2	2	3	3	3	3	3	4	4	5
A2. Alternative Scenario : Natural Disaster, No Adaptation	2	2	2	3	4	4	4	5	6	7	8
B. Bound Tests											
B1. Real GDP growth	2	2	2	3	3	3	3	3	4	4	5
B2. Primary balance	2	2	2	3	3	3	3	4	4	5	5
B3. Exports	2	3	5	7	7	7	8	10	12	13	15
B4. Other flows 3/	2	2	2	3	3	3	3	4	4	4	5
B5. Depreciation	2	2	2	3	3	3	3	3	3	4	4
B6. Combination of B1-B5	2	2	3	4	4	4	4	5	6	6	7
C. Tailored Tests											
C1. Combined contingent liabilities	2	2	3	3	3	3	4	4	4	4	5
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	2	2	3	4	4	4	4	5	6	6	7
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	10	10	10	10	10	10	10	10	10	10	10
Debt service-to-revenue ratio											
Baseline	6	7	7	8	8	8	9	9	9	9	9
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2024-2034 2/	6	7	7	8	8	8	9	9	9	9	8
A2. Alternative Scenario : Natural Disaster, No Adaptation	6	7	8	10	10	11	12	13	15	15	15
B. Bound Tests											
B1. Real GDP growth	6	7	8	9	9	9	10	10	10	10	10
B2. Primary balance	6	7	7	9	8	9	9	10	10	10	10
B3. Exports	6	7	10	15	14	14	14	17	20	20	19
B4. Other flows 3/	6	7	7	9	8	9	9	10	10	10	10
B5. Depreciation	6	8	9	10	10	10	11	11	11	11	10
B6. Combination of B1-B5	6	7	9	10	10	10	11	12	12	12	12
C. Tailored Tests											
C1. Combined contingent liabilities	6	7	8	9	9	10	10	10	10	10	10
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	6	7	9	12	11	11	11	13	14	13	13
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	14	14	14	14	14	14	14	14	14	14	14

Sources: Country authorities and IMF staff estimates and projections.

1/ A bold value indicates a breach of the threshold.

2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.

3/ Includes official and private transfers and FDI.

Table 8. Democratic Republic of the Congo: Sensitivity Analysis for Key Indicators of Public Debt, 2024-34 (In percent)

	Projections 1/										
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
PV of Debt-to-GDP Ratio											
Baseline	17	16	15	15	15	14	13	13	12	12	11
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2024-2034 2/	17	15	13	11	10	8	7	6	6	5	5
A2. Alternative Scenario : Natural Disaster, No Adaptation	18	18	27	28	28	28	29	29	30	31	31
B. Bound Tests											
B1. Real GDP growth	17	18	20	21	22	22	23	24	24	26	26
B2. Primary balance	17	18	19	18	18	17	16	16	15	15	14
B3. Exports	17	24	37	37	36	34	33	32	30	29	27
B4. Other flows 3/	17	17	18	18	17	16	16	15	14	14	13
B5. Depreciation	17	17	15	14	13	11	10	9	7	6	5
B6. Combination of B1-B5	17	17	16	16	15	14	13	13	12	12	11
C. Tailored Tests											
C1. Combined contingent liabilities	17	23	22	22	21	20	19	19	18	18	17
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	17	18	20	22	24	25	26	27	28	29	30
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
TOTAL public debt benchmark	35	35	35	35	35	35	35	35	35	35	35
PV of Debt-to-Revenue Ratio											
Baseline	106	108	103	100	94	90	88	83	78	75	71
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2024-2034 2/	106	98	85	75	63	54	48	42	38	34	30
A2. Alternative Scenario : Natural Disaster, No Adaptation	114	123	182	182	178	180	186	188	188	193	193
B. Bound Tests											
B1. Real GDP growth	106	120	131	137	138	143	150	153	155	161	162
B2. Primary balance	106	119	126	121	113	109	106	101	95	92	87
B3. Exports	106	161	250	241	227	221	217	207	192	183	169
B4. Other flows 3/	106	116	120	116	109	105	102	97	90	87	82
B5. Depreciation	106	117	104	94	82	73	65	55	46	38	29
B6. Combination of B1-B5	106	113	110	102	94	91	88	83	78	75	71
C. Tailored Tests											
C1. Combined contingent liabilities	106	157	149	143	134	129	126	121	114	111	106
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	106	131	144	159	163	168	174	173	175	181	182
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Debt Service-to-Revenue Ratio											
Baseline	13	14	14	13	13	16	14	14	13	13	12
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2024-2034 2/	13	14	13	11	11	12	10	9	8	7	6
A2. Alternative Scenario : Natural Disaster, No Adaptation	13	16	17	29	23	25	22	22	23	24	24
B. Bound Tests											
B1. Real GDP growth	13	15	18	17	19	22	21	22	21	22	22
B2. Primary balance	13	14	17	16	16	17	15	15	15	15	14
B3. Exports	13	14	16	17	18	20	19	20	22	22	21
B4. Other flows 3/	13	14	15	13	14	16	15	15	14	14	13
B5. Depreciation	13	14	15	13	14	16	15	15	14	13	12
B6. Combination of B1-B5	13	14	15	14	14	16	14	14	13	13	12
C. Tailored Tests											
C1. Combined contingent liabilities	13	14	26	18	18	18	16	16	15	15	14
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	13	16	16	15	20	24	23	23	22	23	23
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Sources: Country authorities and IMF staff estimates and projections.

1/ A bold value indicates a breach of the benchmark.

2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.

3/ Includes official and private transfers and FDI.



DEMOCRATIC REPUBLIC OF CONGO

REQUESTS FOR AN ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY AND AN ARRANGEMENT UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY

January 14, 2025

WORLD BANK ASSESSMENT LETTER FOR THE RESILIENCE AND SUSTAINABILITY FACILITY

A. Country Vulnerability to Climate Change Including Human, Social and Economic Costs

1. **DRC is vulnerable to increasingly frequent climate-induced natural disasters as well as to rising temperatures and changing rainfall patterns.** The University of Notre Dame Global Adaptation Initiative (ND-GAIN) Index, ranks DRC as 184th out of 187 countries with respect to the country's vulnerability to climate change and other global challenges as well as its readiness to improve resilience.¹ DRC's vulnerability to climate change reflects the economy's dependence on climate sensitive and dependent sectors such as, rainfed subsistence agriculture, natural resources, extractives, and other weather-sensitive industries, which in 2021 accounted for two thirds of employment, half of GDP, and more than 90 percent of imports. The DRC Country Climate and Development Report (CCDR, 2023) estimates that compared to a baseline with no climate change, DRC's GDP could be between 4.7 and 12.9 percent lower by 2050, depending on the climate scenario.² The largest economic impacts from climate change are projected to come from the heat stress of rural workers experiencing extreme heatwaves, with losses amounting to 4.8 percent of GDP and, under the most pessimistic climate scenario, 8.0 percent. Another important contributor is significant urban damage from flooding, with losses amounting to 2.5 percent of GDP. Nearly 74 percent of the DRC population lives below the international poverty line. Poor households and communities have little capacity to manage climate risks, including the health risks that are likely to increase with climate change. As a

¹ <https://gain.nd.edu/our-work/country-index/rankings/>

² World Bank Group, Democratic Republic of Congo Country Climate and Development Report, 2023.

result, under the most pessimistic of the climate scenarios, an additional 16+ million people could be pushed into poverty by 2050.

2. DRC contributes 1.4 percent to global greenhouse gas (GHG) emissions and emitted 687.2 MtCO₂e in 2021.³ DRC's per capita emissions are about 7.2 tCO₂e, which is the second highest among the 8 central African Countries⁴ and the 64th in the world. DRC also has a high emissions intensity—around 12.4 tCO₂e per 1000 2021 US\$ GDP. Land-use changes due to deforestation and expansion of agriculture are the primary contributors to DRC's GHG emissions (92 percent), followed by agriculture (4 percent), waste (2.3 percent), and energy (1.5 percent). Approximately 30 percent of total GHG emissions are generated directly in urban centers, dense and semi-dense urban clusters, as well as suburban or peri-urban areas.⁵

B. Government Policies and Commitments for Climate Change Adaptation and Priority Areas to Strengthen Resilience

3. DRC is aligning its climate change initiatives with its development goals, considering its large rural population, high poverty rates, lack of universal access to basic services, dependence on ecosystem services, and limited private sector engagement. DRC ranked the 10th lowest among 113 countries in 2022 on the global food security index and 6th lowest among 28 Sub-Saharan African countries.⁶ This low ranking is primarily due to significant challenges in food affordability and availability, which are exacerbated by the impacts of climate change. Access to water and sanitation, health services, and energy is very limited, and informal settlements are likely to expand in the country with rapid urbanization and population growth in disasters-prone areas. Addressing these challenges will require modernizing agriculture, integrated management of landscapes and forested areas, managing urbanization, promoting competitive domestic enterprises, strengthening regional integration, and investing in human development.

4. DRC has progressively strengthened its climate commitments and put in place a legal, policy, and strategic framework to build resilience against climate change. The government has indicated its strong commitment to climate change action through its National Adaptation Strategy (NAP) and related measures. It has anchored its medium-term climate strategy framework in the country's Nationally Determined Contributions (NDCs). With half of Africa's forests and water resources, as well as trillion-dollar mineral reserves, DRC is aiming to position itself as a global 'climate solutions country.' This positioning is intended to generate revenue that will enhance the country's climate resilience and support sustainable, low carbon growth. DRC is pivotal in global climate action, notably through the conservation and management of its forests and carbon stocks, the generation of renewable hydroelectric power, and the supply of critical minerals for green

³ https://www.climatewatchdata.org/countries/COD?end_year=2021&start_year=1990

⁴ Central African Republic, Democratic Republic of Congo, Republic of Congo, Zambia, Angola, Uganda, Burundi, and Rwanda.

⁵ World Bank Group, Democratic Republic of Congo Country Climate and Development Report, 2023.

⁶ [Global Food Security Index 2022](#)

energy technologies. Despite its potential, DRC's per capita emissions are notably high for its income level.

5. DRC has a comprehensive set of international climate commitments, with a new NAP for 2022–26 guiding implementation. In its updated NDC, the DRC has conditionally committed to cutting its GHG emissions by 21 percent by 2030. The Ministry of Environment and Sustainable Development (MEDD) and the Congolese Environmental Agency (ACE) possess general expertise and leadership on climate change. However, their coordination with other government entities is inconsistent and predominantly focused on technical-level initiatives rather than on-ground implementation and capacity building. Additionally, climate-related technical capacity and understanding continue to be significant challenges for line ministries and provinces.

C. Government Policies and Commitments for Climate Change Mitigation and Priority Areas to Reduce Greenhouse Gas Emissions

6. Enhancing institutions, building capacity, and improving governance are essential preconditions for climate change action and for DRC to become a 'climate solutions country.' Key components of this vision include explicit political commitment, well-aligned multi-level governance, clear institutional frameworks, robust laws, policies and strategies, well-managed oversight and financing, and robust data management. Although the core elements of DRC's climate agenda are well-defined, the country now needs to focus on operationalizing and financing climate action and addressing governance challenges. Additionally, DRC is aiming to increase the conservation and protection of its peatlands and soil carbon stocks to promote sustainable development through initiatives like the New Climate Economy country project.

7. DRC's medium-term climate strategy framework is anchored in its NDC. Initially, the Intended Nationally Determined Contribution (INDC) submitted in 2015 recognized various impacts of climate change, such as infrastructure damage due to floods, habitat destruction, loss of ecosystem services and biodiversity, a rise in water-borne diseases, and severe disruption of agricultural crop cycles due to seasonal droughts. The updated NDC incorporates additional aspects for the reduction of emissions from contributing sectors including waste management and transport, and responsible forest management and land use, renewable energy, and sustainable agriculture. Of the planned reductions, 19 percent is conditional on external financing and 2 percent is to be financed by domestic resources. This update not only strengthens DRC's GHG reduction target but also expands the sector-specific targets, policies, actions and adaptation plans, marking a significant step in operationalizing its climate agenda.

8. In the context of the M300 initiative seeking to bring electricity to 300 million Africans through innovation and partnerships, DRC has just finalized the preparation and adoption of its National Energy Compact outlining the actions aimed at increasing the current electricity access rate from 21.5% to 62% while keeping renewable to at least 95% of the generation mix. This action plan outlines reforms in the five following areas: (a) rehabilitate and expand the electricity infrastructure; (b) leverage increased regional integration; (c) adopt decentralized renewable energy (DRE) and clean cooking solutions; (d) promote private sector participation to

mobilize additional resources; and (e) ensure financially viable public services, prioritizing energy security and the provision of affordable, reliable, inclusive, sustainable, and clean energy. The Inga site on the Congo river has the world's largest hydropower potential (around 42GW) and its development could make significant contributions to increasing local and regional access to clean energy, reducing greenhouse gas emissions, and protecting the Congo rainforest through reducing demand for charcoal.

D. Other Challenges and Opportunities

9. Mobilizing financing for the proposed investments in DRC's NDC will be challenging.

The government estimates that these actions will be short of at least US\$54.8 billion. The government plans to invest in its hydropower installations and renewable energy infrastructure to improve energy access, with needs estimated at US\$8.3 billion. This includes the installation, construction, and renovation of hydropower plants (US\$7.5 billion), the construction of 418 mini-grids (US\$105 million), and high-priority rural electrification projects (US\$671 million). With limited local resources, access to international climate finance is vital. DRC should work with the international community to properly value and protect the ecosystem services provided by its standing forests. A preliminary estimate sets the value of the global carbon sink services rendered by DRC's forests between US\$40.3 billion and US\$100 billion. A dedicated international fund could be created to mobilize external funding through grants or international climate tax. The proceeds could be used to protect DRC's forests and develop clean energy projects through large-scale de-risking instruments, as the lack of access to energy is the main cause of deforestation.⁷ De-risking would play a major role in maximizing investment in, and production of, critical minerals for the energy transition while maximizing revenue for the government and creating opportunities for value chain development and employment.

10. Refinements to public investment management systems can support DRC in meeting its climate commitments. The initial public investments required to partially offset climate change risks are estimated at around US\$10.9 billion by 2050, focusing mainly on (i) improving transport infrastructure, and (ii) reducing risks to infrastructure and livelihoods from urban flooding, including improving solid waste management practices in urban areas. DRC's transition to program-based budgeting presents an opportunity to incorporate more climate-aware resource management. Fiscal risk statements now mention climate considerations, and public investment planning for infrastructure or asset management includes environmental assessments. However, these efforts need to be strengthened to fully consider specific climate impacts. Although bidding reviews are starting to include environmental aspects, these efforts should evolve into a sustainable public procurement policy. Early investments in adaptation aimed at building climate resilience could reduce the fiscal burden of addressing climate shocks by 40 percent by 2050, thereby lowering the overall fiscal cost of higher investment requirements. Improved planning for maintenance during the investment phase is crucial for mitigating future climate risks. This requires the establishment of financial mechanisms and the deployment of dedicated maintenance programs to ensure the

⁷ World Bank Group, Democratic Republic of Congo Country Climate and Development Report, 2023.

physical resilience of infrastructure against climate and natural hazards. Enhanced institutional capacity and robust governance at the subnational level is critical to ensure the allocation and transfer of climate related funds to the most vulnerable.

11. Given DRC's limited financial capacities, engaging the private sector and identifying alternative sources of finance are crucial. Achieving this will require actions by financial regulators and supervisors to create an enabling environment, including strengthening institutions, enhancing transparency, and developing a functioning financial market to attract external investments and foster private sector engagement and job creation in renewable/clean energy and climate smart agribusiness. Raising awareness of green finance among local financial players is essential, alongside the development of risk finance mechanisms and the establishment of a taxonomy for green assets.⁸

E. World Bank Engagement

12. The World Bank has an active portfolio of financing and technical assistance that is helping DRC implement its climate commitments.

- **Active operations:** the Emission Reduction Program Agreement (ERPA [P160320](#)), active since September 2018, for a US\$ 55 million financing, and its companion technical assistance (Support to the operationalization of the Emission Reductions Payment Agreement under the Mai-Ndombe ER Program [P170835](#)), ongoing since August 2022 until December 2025, for a total project cost of US\$ 5 million, are supporting the MEDD. The Kananga Emergency Urban Resilience Project (KEURP [P179292](#)), started in September 2022 with a closing date in December 2027, for an amount of US\$ 100 million, supports the strengthening of institutional capacity for urban management, the development of disaster-risk management systems, and the financing of infrastructure that is resilient to the risks of erosion and climate change. Activities are primarily focused on Kananga (Central Kasai), but the project supports efforts to scale up activities to other cities around the country. Also, the Forest and Savanna Restoration Investment Program ([P178642](#)), ongoing since June 2023 till June 2030, for a total cost of US\$ 300 million, supports land use planning and the Measurement, Reporting and Verification (MRV) of forest data and climate results. IDA's DRC Access Governance and Reform of the Electricity and Water Sectors project – AGREE ([P173506](#)), ongoing since March 2022 for a total IDA financing of US\$600 million, seeks, among other objectives, to expand access to renewable-based electricity and drinking water services in selected urban and peri-urban areas of the Democratic Republic of Congo. IFC Project on Scaling Mini-grids (SMG) DRC project ([#605948](#)), launched in March 2022 for US\$400 million, with a time span of three years, aims to increase electricity access through renewable-based hybrid mini-grids and to enhance resilience to adverse climate effects through decentralized energy production and distribution. The project works in close coordination with AGREE to complement their preparation activities, incorporating analysis and investor input to support the DRC mini-grids program and support the GoDRC in the implementation of the various actions agreed in its National Energy Compact.

⁸ World Bank Group, Democratic Republic of Congo Country Climate and Development Report, 2023.

- **Operations under preparation:** The World Bank is preparing the DRC Urban Flood Resilience Project ([P508410](#)) for US\$ 200 million. The project supports the Government in strengthening its capacity to quantify the damage and loss from disasters. It also supports the development of risk information tools, including conflict-informed hazard maps and a data-sharing platform, to support compounded risk-informed decision-making with city-specific risk maps. IFC LPG DRC project ([#608711](#)) is in pre-implementation phase and aims at reducing deforestation in the DRC by decreasing the reliance on charcoal and encouraging private households to adopt cleaner cooking technologies, thereby bolstering IFC's climate change investments. In collaboration with the Ministry of Hydrocarbons, the project plans to improve the business environment to promote the use of LPG in households over the next 5-7 years by addressing regulatory issues related to LPG while also enhancing access to finance. The Bank is also developing the Inga 3 Development Program ([P506438](#)) MPA to prepare Inga 3, the next logical project at the Inga site, which would significantly boost the country's energy capacity and access, support its economic growth, and limit greenhouse gas emissions, as outlined in its NDCs.
- **Analysis and technical assistance:** The CCDD provides policy- and investment-related recommendations on climate change. The World Bank is leveraging on the findings of the CCDD to support the ongoing dialogue and formulation of the Democratic Republic of Congo (DRC) forest policy and the amendment of Law No. 11-2002 on the forestry code. This effort is complemented by the Natural Capital Accounting (NCA) technical assistance work under the project "Leveraging Natural Capital Accounting and Climate Finance for the Congo Basin Forests" ([P180767](#)), for a budget of US\$ 2.5 million. Also, under the Regional Project, SSA Climate Finance ([#601402](#)) with a budget of US\$2.0 billion, launched in July 2018, and to be completed by end-June 2025, IFC is providing investment and advisory to local banks such as Rawbank and EquityBCDC. This initiative involved reviewing the banks' portfolios to identify assets eligible for climate finance and equipping them with advanced skills to originate loans accordingly.

13. Overall, all World Bank projects now deal with the related sector governance and institutional set-up. In addition, FCI projects are at the junction of private sector climate and rule of law. Finally, ENCORE Project (Enhancing Collection of Revenue and Expenditure Management Project- [P171762](#)) is dedicated to management of public expenditure, and the Development Policy Operations, discussed below, play a role in improving governance and capacity.

14. **The World Bank DRC Development Policy Financing (DPF) series and the RSF for DRC are complementary** – particularly in the sector of renewable energy, with a common focus on the forest. The DPF series supports the strengthening of the energy sector with the improvement of the performance and financial viability of the public electricity service (SOE SNEL) as well as promoting energy transition through the LPG development, which also supports combatting deforestation. It also promotes private investment and private capital enabling. The RSF reforms on the other hand focus on integrating the climate agenda into the preparation of PPPs; and on supporting mitigation and adaptation efforts by promoting forest protection and implementing the NDC. The latter builds on the previous DPO series for DRC that tackled compliance of forest concessions with applicable

law, the amount of financing mobilized to implement the National Strategy for Reducing Deforestation and Forest Degradation (REDD+), and the number of carbon projects registered.

**Statement by Mr. Regis N'Sonde, Executive Director,
Mr. Mbuyamu Matungulu, Alternate Executive Director
and Ms. Mwanza Nkusu, Senior Advisor to the Executive
Director on the Democratic Republic of Congo
January 15, 2025**

On behalf of our Congolese authorities, we would like to express our appreciation to the Executive Board, Management, and staff for the Fund's continued engagement with the Democratic Republic of the Congo (DRC). The Fund's technical assistance (TA) for capacity building and its financing under the 2021–2024 Extended Credit Facility (ECF) have been instrumental in supporting the authorities' implementation of sound economic policies and key structural reforms set out in the 2019–23 National Strategic Development Plan (NSDP).

Amid a very difficult context characterized by significant challenges, the DRC authorities have preserved macroeconomic stability and broadly advanced their reform agenda under the 2021–24 ECF-supported program, the sixth and final Board review of which was completed in July 2024. Program implementation faced multiple challenges, including the economic fallout from the COVID-19 pandemic and repeated natural disasters. The authorities also addressed acute spending pressures from costly general elections in 2023 and security and social needs arising from intensified armed groups' attacks and a foreign invasion in the eastern part of the country, which caused large internal displacements of civilian populations and a worsening of humanitarian conditions in the afflicted areas. Despite these multifaceted challenges, the authorities preserved the objectives of the ECF-supported program, achieving the first ever successful completion of a Fund-supported program for the country.

Our Congolese authorities seek to build on gains achieved under the previous Fund-supported program by deepening reforms necessary to advance the implementation of the Government Action Program for 2024–2028 (PAG 2024–2028) and strengthen domestic and external economic resilience and viability with financial and technical assistance from the Fund. The socioeconomic objectives of the PAG 2024–2028 include addressing the high cost of living, developing critical infrastructure to meet development needs and promote inclusive growth through the much-needed diversification of the economy, and addressing the challenges posed by climate change. Towards these ends, our Congolese authorities are requesting 38-month arrangements under the ECF and the

Resilience and Sustainability Facility (RSF). The ECF program aims to support the authorities' endeavor to implement sound economic policies and structural reforms to enhance macroeconomic stability and transform the economy to build resilience and reduce poverty. The authorities have asked that part of Fund disbursements under the ECF be channeled to the budget in support of their infrastructure development agenda, which has an important balance-of-payment component. Appropriate safeguards have been designed in this regard. The implementation of the RSF-supported program would support the DRC's climate mitigation and adaptation efforts and consolidate the country's status as a *solutions nation* regarding the global climate challenges the world faces.

RECENT DEVELOPMENTS AND OUTLOOK

Recent Developments

The Congolese economy has continued to demonstrate resilience as economic growth in 2024 has been strong albeit somewhat weaker than last year. Projected at 4.7 percent at the time of the sixth review under the 2021–2024 program (thereafter sixth review), from 8.5 percent in 2023, real GDP growth for 2024 has been upwardly revised to 6 percent, mostly sustained by stronger-than-anticipated performance of the extractive sector. At an estimated 11.6 percent for 2024, growth in the extractive sector is double the rate projected at the time of the sixth review as production of several mining products—notably copper—picked up. The upward revision of the extractive sector's growth more than compensate for an expected underperformance of the non-extractive sector driven in part by faltering activity in the construction sector.

The estimated outturn for other key macroeconomic indicators for 2024 is favorable although outcomes for some indicators would be slightly below expectations. At 14.7 percent of GDP, revenue is one percentage point higher than in 2023 and 0.3 percentage point of GDP better than previously projected, reflecting the positive impact of strong copper and cobalt exports. Both the domestic and overall fiscal deficits are expected to be lower than previously projected. At 5.1 percent of GDP, the external current account deficit is estimated to have narrowed by nearly one percentage point relative to 2023 but is half a percentage point of GDP wider than the projection made at the time of the sixth review. Against this background, at US\$6.76 billion, official foreign exchange (FX) reserves would be slightly lower than expected, equivalent to just over 2.3 months on non-aid related imports (compared with 1.9 months of imports at end-2023). In the financial system, banks profitability has remained robust, non-performing loans have declined, but dollarization continued. Though credit to the private sector grew at a slower pace in 2024H1 relative to the same period a year earlier, FX loans accounted for 97 percent of total loans while FX deposits represented 91 percent of total deposits.

The economic outlook remains favorable. Real GDP growth is projected at 5.4 percent for 2025 and an average of 5 percent over the medium term. In 2025, growth would be mainly driven by the extractive sector. Over the medium-term, as mining activity stabilizes and growth of the extractive sector falls within the 4.0 to 5.0 percent range, non-mining growth is expected to pick up starting in 2025, reaching 6.2 percent in 2029, from 3.2 percent in 2024, reflecting the positive impact of reforms and planned development of infrastructure. Inflation is expected to continue decelerating and return to the central bank's target of 7.0 percent by

the end of 2026. The overall fiscal deficit in 2025 is projected to remain almost unchanged from 2024, at 1.8 percent of GDP. Over the medium-term, despite projected stronger revenue mobilization and a containment of current spending, the deficit is expected to widen to just over 2 percent of GDP, reflecting the envisaged increase in highly needed infrastructure development spending. The current account deficit is projected to narrow to 2.8 percent of GDP in 2025 but widen over the medium-term as imports growth would remain strong owing in part to the government's ambitious investment program. Financial inflows, notably from balance of payments and budget support loans from development partners would contribute to a gradual buildup of FX reserves that strengthens the external position. FX reserves are projected to increase to 3.3 months of non-aid related imports by 2029.

The authorities and staff concur that uncertainty is elevated, and the outlook is subject to significant downside risks. On the domestic front, risks stem from budgetary pressures that could arise from an intensification of armed groups' attacks in the eastern provinces and the government's response to the Mpox outbreak, uncertainties related to the planned gradual withdrawal of the United Nations' peace-keeping force (MONUSCO), as well as extreme climate events that could damage infrastructure and people's livelihoods. In the external sector, risks include inflationary pressures stemming from volatility of oil and food prices, which could exacerbate the lingering high cost of living and adversely affect aggregate demand. Also, a possible sudden growth slowdown in major trading partners or an intensification of regional conflicts notably in the Middle East and between Russia and Ukraine could adversely affect world prices of the DRC's mining commodities, with spillovers to government revenue and the overall economy.

POLICIES AND REFORMS FOR THE PERIOD AHEAD

Our Congolese authorities are cognizant that orderly and effective implementation of the policies and reforms underpinning the Fund-supported programs they have requested is key to advancing their stabilization efforts and development agenda. The main objectives and priorities of the ECF-supported program are to promote strong, sustainable, and inclusive growth by implementing reforms that improve the fiscal and monetary policy frameworks to bolster price stability and deepen governance and anti-corruption reforms with the view to further improve fiscal outcomes and foster a business environment conducive to increased private investment. The RSF-supported program would help advance reforms aimed at reducing the DRC's vulnerability to climate change and contributing to global climate change mitigation efforts. Implementation of the ECF and RSF-supported programs would help mobilize stronger external assistance.

Fiscal Policy and Reforms

Fiscal policy will gear towards increasing the fiscal space available for higher priority outlays and ensuring closer adherence to normal budget and expenditure procedures. Increasing fiscal space for higher social and development spending will hinge on the quality and effectiveness of the authorities' revenue and expenditure measures. To boost revenue mobilization, the authorities are accelerating the implementation of pending reforms initiated under the previous ECF-supported program. They are also establishing a revenue mobilization action plan to broaden the tax base and improve tax compliance. Specific reform priorities include the implementation of the standardized VAT invoicing system and

accelerated streamlining of tax expenditures, the strengthening of the operational capacities of the mineral analysis laboratory set up by the tax authorities for the inspection of volumes and mineral content of exports to curb exports underpricing and stem related mineral revenue losses. It is estimated that the DRC loses close to half of its potential mining revenues due to weaknesses in the valuation of mineral exports. On the expenditure side, the authorities are committed to containing the wage bill from 5 percent of GDP in 2022 to about 4.2 percent of GDP by 2029 and to further curbing fuel subsidies. The containment of the wage bill will be supported by actions in train to clean up the civil service registry and better regulate recruitments.

The authorities' public finance reform plans cover strong fiscal structural measures to bolster fiscal performance. Retained reforms aim at improving the quality of public spending, enhancing budget credibility and adherence to spending procedures, continuing the implementation of the Treasury Single Account (TSA), and reducing fiscal risks. The modernization of public financial management (PFM) is central to these reforms. PFM priorities include accelerated operationalization of the Directorate General of the Treasury and Public Accounting (DGTCP), decentralization of expenditure authorizations while ensuring adequate local management capacity, rigorous adherence to established expenditure execution rules to contain spending executed under emergency procedures, and timely regularization of such spending in strict adherence to relevant regulations. The key program measures to contain such expenditures include a major overhaul of the spending procedures manual that specifies the nature of expenditures eligible for simplified execution procedure and publication of detailed quarterly spending execution reports providing indications on the volume and nature of expenditures executed under exceptional procedures, as well as on beneficiary government services and institutions. To contain fiscal procyclicality risks, the authorities envisage to transition to a resource-based fiscal framework in due course in light of the country's high dependence on volatile revenue from the extractive sector. They also intend to adopt a roadmap for improving the governance of state-owned enterprises (SOEs) to better contain the fiscal risks these entities pose.

Monetary, Financial Sector, and External Sector Policies

The Central Bank of Congo (BCC) is committed to keeping bank liquidity under control and continuing efforts to curb inflationary pressures. The BCC will maintain its tight monetary policy stance, continue to monitor liquidity and economic development trends, and respond as may be needed to keep inflation in check consistent with its price stability mandate, while pursuing reserve accumulation to further strengthen external buffers. The Monetary Policy Committee has kept the policy rate unchanged at 25 percent since raising it by 1400 basis points in one go in August 2023. In July 2024, the committee raised the required reserve ratio on local currency deposits to 12 percent, from 10 percent since its June 19, 2023 meeting. If warranted by developments, the central bank will further tighten monetary policy and absorb possible excess liquidity.

The BCC will continue efforts to modernize its monetary policy framework, strengthen its governance and transparency arrangements, and improve financial sector surveillance. Drawing from IMF TA recommendations, the monetary authorities are taking steps to strengthen the monetary policy institutional framework and improve the effectiveness of monetary policy transmission. To this end, they have committed to

introducing a standard refinancing instrument in the form of auction-based operations to encourage banks to manage liquidity more efficiently and to eliminating their short-term lending facility window in the same context; remunerating required reserves in national currency to help reduce banks' intermediation costs with the aim of encouraging the collection of deposits in domestic currency and eventually curbing dollarization. Also, the BCC will operationalize the Forecasting and Policy Analysis System (FPAS), notably by setting up a framework to strengthen the monetary policy decision-making process and will further improve its communication and messaging practices. The BCC's operational and governance frameworks are also benefiting from the implementation of the 2020 Safeguards recommendations. As regards financial sector policy, reforms to strengthen banking and financial sector supervision will continue to be underpinned by the 2022 banking law. Relatedly, implementing the recommendations of the Financial Sector Stability Review (FSSR) is essential to strengthening surveillance and compliance with financial sector regulations with IMF technical support.

The authorities are committed to maintaining a flexible exchange rate system as a line of defense against shocks while continuing efforts to strengthen the external position and enhance resilience to shocks. The BCC will continue implementing an exchange rate policy guided by its price stability objective and the need to have adequate FX reserves. It will continue to ensure that the indicative exchange rate for the Congolese franc (CDF) remains consistent with relevant market conditions as reflected by the observed narrowing of the spread between the indicative and the parallel market exchange rates. The BCC is also taking measures to improve the functioning of the FX market and has committed to adopting, by end-March 2025, a FX market intervention strategy consistent with the recommendations of the November 2023 IMF technical assistance mission. Implementation of the FX market intervention strategy should help smooth out excessive exchange rate volatility.

Other Structural Reforms

Beyond their fiscal structural reform agenda, the authorities are committed to implementing a broad range of structural reforms to address bottlenecks to investment and support strong, sustainable, and inclusive growth. The focus is on improving the business climate, strengthening transparency in the mining sector and in public procurement, and improving governance and fighting corruption. Regarding the **business climate**, the authorities intend to streamline tax regulations, simplify corporate tax compliance procedures, establish an independent body for resolving disputes between the tax administration and taxpayers, and improve the functioning of the VAT credit refund mechanism. In the **mining sector**, the authorities have committed to continuing the publication of new mining contracts in line with the country's Mining Code and the requirements of the Extractive Industries Transparency Initiative (EITI). Efforts to fight **corruption** and illicit enrichment more effectively will be enhanced. In this regard, the authorities will submit to Parliament a draft anti-corruption law and create an economic and financial court along with its related specialized prosecution office, with national jurisdiction, in line with the United Nations Convention against Corruption (UNCAC) and international best practices. The authorities are confident that these broad-based reforms, together with the development of infrastructure and enhanced health and education services, will contribute to boosting private investment, economic diversification, and inclusive growth.

The authorities continue strengthening their Anti Money Laundering and Countering the Financing of Terrorism (AML/CFT) framework and improving its effectiveness.

They will continue to implement the action plan agreed with the Financial Action Task Force (FATF) and address identified deficiencies. The authorities intend to consolidate the progress noted in the fifth progress report submitted to the FATF Joint Africa Group in March 2024 and are working to meet the deadlines for several outstanding action plan items, as highlighted in the above-mentioned progress report with the aim of significantly increasing the country's achievement rate from 40 percent in the fifth progress report to 74 percent for the next report, due out early this year. The government's goal is to exit the FATF's grey list of jurisdictions under enhanced scrutiny by the submission of the seventh progress report in October 2025.

Climate Change-related Reforms under the RSF

The RSF-supported program covers both mitigation and adaptation measures based on the DRC's ambitious agenda to tackle climate change challenges that reinforces its status as a "solution country" in the global energy transition efforts.

Twelve reform measures (RMs) have been identified and articulated around the following three pillars: promote forest preservation to support mitigation and adaptation efforts; build resilience to climate natural disasters; and integrate the climate agenda into public investment management. The RMs are aligned with those outlined in the country's 2021 Nationally Determined Contribution (NDC) and the National Adaptation Plan on Climate Change (NAP), which has benefitted from feedback from key stakeholders. The NAP is complemented by the Fund's C-PIMA climate diagnostics and the World Bank's Country Climate and Development Report (CCDR) completed in 2024. With forest conservation being at the center of the DRC's approach to fight climate change, the implementation of the national climate agenda would not only reduce the country's own vulnerability to extreme climate shocks but also benefit the world by offering a public good. In fact, the DRC is home to the largest world reserves of strategic mineral for the low-carbon energy transition, the Congo Basin with half of Africa's freshwater resources, and the second largest rainforest in the world that absorbs as much as four percent of global carbon emissions every year.

The implementation of the authorities' ambitious climate agenda will require substantially large financial resources, on top of the funds needed to advance the country's other development challenges. The NDC estimates the cost of financing investment under the climate agenda at about US\$48 billion, almost 90 percent of the DRC's 2021 GDP. Access under the requested RSF amounts to about US\$1.1 billion. While this assistance would provide fiscal space to meet the priorities included in the RSF program, much more resources would be needed to fully implement the country's climate reform agenda. The authorities expect that the DRC, as a nation-solution to global climate challenges, would attract funding from external stakeholders to advance critical components of its climate agenda for the benefit of humanity.

CONCLUSION

The Congolese authorities are determined to build on gains achieved under their 2021–2024 ECF-supported program and deepen reforms aimed at further strengthening macroeconomic stability, promoting economic diversification to enhance growth potential and economic

resilience, and addressing the daunting climate change challenges the DRC faces. Given the authorities' satisfactory track record of policy and reform implementation, we would appreciate the Executive Board's support for their request for a successor arrangement under the ECF and an arrangement under the RSF. The authorities look forward to continuing close engagement with the IMF and other partners as they seek to advance the country's socioeconomic and climate goals.