

Table 1. Republic of Congo: Quantitative Indicators Under the Staff-Monitored Program (January-June, 2004)
(In billions of CFA francs, unless otherwise indicated; cumulative from January)

	End-March			End-June		
	Prog.	Adjust. Prog.	Est.	Prog.	Adjust. Prog.	Est.
Main indicators						
Primary fiscal balance (floor) 1/ 2/	12.3	18.9	34.2	54.4	88.1	112.2
Ceiling on the change in net claims of the banking system on the central government (ceiling) 2/ 3/	7.7	7.7	-23.7	8.9	8.9	-30.6
New medium- and long-term nonconcessional external debt (including leasing) contracted or guaranteed by the government (ceiling) 4/ 5/ 6/	0.0	0.0	0.0	0.0	0.0	0.0
New external debt (including leasing) with an original maturity of less than one year (ceiling) 5/ 6/	0.0	0.0	0.0	0.0	0.0	0.0
New oil collateralized debt by the central government 6/	0.0	0.0	0.0	0.0	0.0	0.0
External arrears payment (floor) 2/	0.0	0.0	0.4	0.0	0.0	0.4
New external arrears on nonreschedulable debt 6/	0.0	0.0	0.0	0.0	0.0	0.0
Domestic arrears payment (ceiling) 7/	6.0	6.0	5.9	10.8	10.8	11.1
New domestic arrears 6/ 7/	0.0	0.0	0.0	0.0	0.0	0.0
Other indicators						
Non-oil revenue (floor)	38.2	38.2	47.3	82.9	82.9	104.8
Central government wage bill (ceiling)	30.5	30.5	29.9	61.8	61.8	60.0
Domestically-financed investment	34.7	34.7	26.9	59.5	59.5	58.8
Memorandum items						
Oil revenue (in billions of CFA francs)	87.4	94.0	85.5	184.6	218.3	218.4
Petroleum price Brent (US\$/barrel), quarterly average	30.0	...	32.0	28.7	...	35.4
Exchange rate (CFAF/US\$), quarterly average	516.5	...	521.8	515.1	...	534.1
Petroleum price Brent (thousand CFA francs/barrel), quarterly average	15.5	...	16.7	14.8	...	18.9
Oil production (millions barrels)	20.4	...	20.2	19.7	...	20.2
Of which: share of government's oil traded by SNPC	6.7	...	5.8	4.6	...	5.6

Sources: Congolese authorities; and staff estimates.

1/ See definition in paragraph 5 of the technical memorandum of understanding (TMU) for the 2004 SMP (EBS/04/59; May 17, 2004; Appendix III, Attachment II).

2/ See paragraphs 20 and 21 of the TMU for the 2004 SMP for the definition on the adjusters (see reference above).

3/ Including IMF credit.

4/ Excluding rescheduling arrangements and disbursements from the IMF.

5/ See paragraph 13.b of the TMU for the 2004 SMP for definition of concessional debt (see reference above).

6/ Continuous performance indicator.

7/ See paragraphs 17 and 18 of the TMU for the 2004 SMP for the definition (see reference above).

Table 2. Republic of Congo: Structural Indicators Under the 2004 SMP

Measures	Schedule	Status
Certification by an external auditor of oil revenue for the fourth quarter of 2003; based on the work of the oil-monitoring unit, the external auditor will ascertain that all oil revenue legally due by oil companies (including the SNPC) was received by treasury. 1/	March 31, 2004	Done
Publication by the government on an Internet site of the external auditor's full report on oil revenue reconciliation for the first half of 2003.	March 31, 2004	Done 2/
Adoption by the government of an action plan for the implementation of all the recommendations of the audit of the SNPC, prepared with the assistance of the World Bank and IMF.	March 31, 2004	Done
Adoption by the government of a fully articulated and operational policy on the payment of dividends by the SNPC, prepared with the assistance of the World Bank and IMF; policy to be published on an Internet site.	March 31, 2004	Done
Publication by the government, on an Internet site, of the August 1, 2003 summary of the report on the 1999–2001 audit of the SNPC prepared by the auditing firm, as well as (i) the 108 recommendations of the audit report, (ii) the action plan for the implementation of the recommendations from the SNPC audit (see above); (iii) Chapter 4 of the audit report, and (iv) the comments of the SNPC.	March 31, 2004	Done
Preparation by the government of the consolidated fiscal treasury balance for January 2004.	March 31, 2004	Done
Publication by the government, on an Internet site, of the production sharing agreements (PSAs) already published in the Official Gazette, a list of the PSAs that were not published, and an explanation of how these PSAs relate to the various production fields.	April 15, 2004	Done on August 15 3/
Publication by the government on an Internet site of a complete list of the financial transactions carried out by the SNPC on behalf of the government in 2002 and 2003 (including the dates of transactions, amounts, interest rates and commissions, and terms and conditions).	April 30, 2004	Done on October 15
Preparation by the government of a preliminary strategy aimed at ensuring that the SNPC's activities are restricted to the oil sector.	June 30, 2004	Done 4/

Table 2. Republic of Congo: Structural Indicators Under the 2004 SMP

Measures	Schedule	Status
Completion of the privatization of the CAIC (commercial bank) and effective operation of the new private bank (La Congolaise de Banque).	June 30, 2004	Done
Completion, by an international external auditing firm, of the 2002 external audit of the SNPC (according to the same terms of reference as the previous audit and with no qualifications related to access to information). 5/	July 31, 2004	Done on September 15
Signing by the government of a contract with an international auditing firm to perform the external financial audit of the 2002 operations of the national oil refinery (CORAF).	August 31, 2004	Done
Signing by the government of a three-year contract with an international firm to perform the annual external audits of the SNPC for 2003–05 (using the same terms of reference as for the previous audit). 6/	August 31, 2004	Prior action for the PRGF
Quarterly certification, by an external auditor, of oil revenue in 2004, using the same terms of reference as for the 2003 certifications. Reports to be published on an Internet site on a timely basis.	With a one- quarter lag	Done for the first half of 2004
Centralization of all government revenues in, and execution of all payments through, the treasury.	Continuous	Done 7/
No settlement of public expenditures through the direct transfer of government revenue by oil companies.	Continuous	Done

1/ Using the same terms of reference as for the certifications in previous quarters of 2003.

2/ In addition, the reports for the third and fourth quarters were published.

3/ Published on the official internet websites (www.congo-site.cg and www.mefb-cg.org).

4/ The strategy will be completed with a description of the existing situation and a diagnosis of the problem.

5/ The publication of the 2002 external audit will be done under the same modalities as for the 1999-2001 audit.

6/ Financial audits of the consolidated accounts, review of financial flows, review of implementation of the fiscal agency role, and review of internal control.

7/ With the exception of a portion of forestry fiscal receipts that was withheld by the Water and Forestry Services.

Table 3. Republic of Congo: Quantitative Criteria and Indicators for the first year of the program
(In billions of CFA francs, unless otherwise indicated; cumulative from January)

	End-Jun. 04 Est.	End-Sep. 04 Proj.	End-Dec. 04 Benchmark	End-Mar. 05 Perf. Crit.	End-Jun. 05 Benchmark	End-Sep. 05 Perf. Crit.
Quantitative criteria						
Primary fiscal balance (floor) 1/ 2/	112.2	153.2	235.0	98.8	163.6	230.4
Change in net claims of the banking system on the government (ceiling) 2/ 3/	-27.7	12.7	17.7	1.8	2.3	4.0
New medium or long-term nonconcessional external debt (including leasing) contracted or guaranteed by the government (ceiling) 4/ 5/ 6/	0.0	0.0	0.0	0.0	0.0	0.0
New external debt (including leasing) with an original maturity of less than one year (ceiling) 5/ 6/	0.0	0.0	0.0	0.0	0.0	0.0
New oil-collateralized external debt contracted by or on behalf of the central government (ceiling) 6/	0.0	0.0	0.0	0.0	0.0	0.0
New nonconcessional external debt contacted by SNPC (ceiling) 6/	0.0	0.0	5.0	13.5	13.5	13.5
External arrears payment (floor) 2/ 7/	...	26.2	60.7	60.2	108.5	119.6
New external arrears on nonreschedulable debt 6/	0.0	0.0	0.0	0.0	0.0	0.0
Domestic arrears payment (ceiling) 8/ 9/	11.1	17.8	40.8	8.0	17.8	34.8
New domestic arrears 6/ 8/	0.0	0.0	0.0	0.0	0.0	0.0
Quantitative indicators						
Non-oil revenue	104.8	139.2	202.2	45.3	101.1	155.7
Domestically-financed investment (ceiling)	58.8	96.8	123.1	39.1	82.2	115.3
Memorandum items						
Oil revenue (in billions of CFA francs)	218.4	369.5	515.0	183.1	338.5	486.1
Petroleum price Brent (US\$/barrel), quarterly average	35.4	39.0	38.3	34.5	33.5	32.8
Exchange rate (CFAF/US\$), quarterly average	546.4	531.4	531.6	544.4	543.7	543.1
Petroleum price Brent (thousand CFAF/barrel), quarterly average	19.3	20.7	20.3	18.8	18.2	17.8
Oil production (millions of barrels)	20.2	20.8	22.1	23.8	24.1	24.7

1/ See paragraph 6 of the technical memorandum of understanding (TMU) for the definition.

2/ See paras. 23-25 of the TMU on the adjustors.

3/ Excluding IMF credit.

4/ Excluding rescheduling arrangements and disbursements from the IMF.

5/ See para. 13.b of the TMU for the definition of concessional debt.

6/ Continuous performance criterion; see para. 17 of the TMU for the definition of nonreschedulable debt.

7/ Excluding cancellation of arrears to the European Union, cancellation of part of arrears by the African Development Bank, and clearance of arrears of Congolese embassies abroad.

8/ See para. 21 of the TMU for the definition.

9/ See para. 26 of the TMU for the adjustor.

Table 4. Republic of Congo – Prior Actions and Structural Performance Criteria and Benchmarks for the First Program Year

Measures	Date
1. Prior actions	
<p>Signing by the government of a three-year contract with an audit firm of international reputation to undertake the annual external audits of the SNPC for each of the years during 2003–05 (using the same terms of reference as for the 1999-2001 audit).</p>	
<p>Publication by the government of the 2002 external audit report of the SNPC on Internet sites (www.congo-site.cg and www.mefb-cg.org).¹</p>	
<p>Publication on the Republic of Congo’s internet sites (www.congo-site.cg and www.mefb-cg.org) and in local mass media of a government statement on the July 2003 settlement between the Republic of Congo and Total E&P Congo, providing details on the transactions related to the Likouala oil field concession and assurances that the Republic of Congo, its state oil company (SNPC), and Total E&P Congo are the only parties involved in those transactions, and that all related benefits and profits accrue only to them, and not to other parties.</p>	
2. Structural performance criteria	
<p>Completion, by an audit firm of international reputation and in accordance with international standards on auditing, of the 2002 external financial audit of CORAF, and submission of the report to the government.</p>	December 31, 2004
<p>Completion, by audit firms of international reputation and in accordance with international standards, of audits of oil costs for 2003, for all production-sharing contracts as defined in these contracts, and submission of the reports to the government.</p>	March 31, 2005
<p>Preparation by the government and submission to the IMF of a table with data tracking the expenditure circuit (commitment, payment order, and cash payment) in 2004.</p>	March 31, 2005
<p>Preparation by the government and submission to the IMF of a table tracking poverty-reducing spending in 2004.</p>	June 30, 2005
<p>Adoption by the government of an action plan (including a timetable) for the introduction of an automatic price adjustment mechanism for refined petroleum products.</p>	September 30, 2005
<p>Certification of forestry revenues in 2004 by an audit firm of international reputation, and submission of the report to the government.</p>	September 30, 2005

Table 4. Republic of Congo – Prior Actions and Structural Performance Criteria and Benchmarks for the First Program Year (concluded)

Measures	Dates
3. Structural benchmarks	
Adoption, by the board of directors of a bank in difficulty, of a restructuring plan approved by the Central African Banking Commission (COBAC) and the government. ²	December 31, 2004
Implementation by the Hydrocarbons Unit of the Ministry responsible for Finance of the nine recommendations made by the international audit firm in the context of the certification of oil revenues in 2003, and increase in the staffing of this unit from three to six qualified officials.	March 31, 2005
Completion, by an audit firm of international reputation and in accordance with international standards on auditing, of the external audit of the SNPC for 2003, and submission of the report to the government.	March 31, 2005
Preparation by the SNPC of a statement of sources and uses of funds for the consolidated activities of the SNPC group for 2004, and quarterly tables for 2005.	June 30, 2005
Adoption by the government of a definitive strategy to refocus the activities of the SNPC on its core activities in the oil sector along with the related implementation timetable.	September 30, 2005
Adoption by the government of a comprehensive plan for the settlement of domestic arrears; posting of the related policy on an Internet site.	September 30, 2005
Quarterly publication on the Internet of the recipients of domestic debt payments.	With one-month lag
Quarterly certification of oil revenue by an audit firm of international reputation using the same terms of reference as for the 2003 certification; certification reports to be published on Internet sites.	With one-month lag
Publication on Internet sites of a detailed statement of all hydrocarbons transactions (oil and gas).	With one-month lag
Centralization of all public revenues and execution of all public payments by the Treasury.	Continuous

¹ Publication of the following: (i) Summary (Chapter 1); (ii) Review of Financial Flows (Chapter 2); (iii) Review of Execution of the Management Contract (Chapter 5); and (iv) Recommendations made by the audit firm, KPMG (Chapter 7).

² Failing this, COBAC and the government will automatically take interim measures and impose a restructuring plan by December 31, 2004.

Table 5. Republic of Congo: Government Budgetary Operations, 2003-04
(In billions of CFA francs; cumulative from January)

	2003 Est.	2004			
		End-March		End-June	
		Prog.	Est.	Prog.	Est.
Total domestic revenue	603.6	125.6	132.8	267.5	323.2
Oil revenue	421.6	87.4	85.5	184.6	218.4
Non-oil revenue	182.0	38.2	47.3	82.9	104.8
Primary expenditures	-464.5	-113.3	-98.6	-213.1	-211.0
Current 1/	-352.7	-78.6	-71.7	-153.6	-152.2
Capital expenditure 2/	-111.8	-34.7	-26.9	-59.5	-58.8
Primary budget balance	139.1	12.3	34.2	54.4	112.2
Debt service due 3/	-111.1	-39.2	-42.2	-83.2	-86.7
Domestic	-23.4	-3.7	-4.4	-7.4	-11.1
External non-reschedulable debt service	-87.7	-35.5	-37.8	-75.8	-75.6
Multilaterals	-30.5	-9.3	-9.8	-13.1	-13.8
Paris Club, post cut-off date	-10.0	-0.5	-0.5	-11.7	-11.6
Collateralized debt	-47.2	-25.7	-27.6	-51.0	-50.3
Balance after debt service	28.0	-26.9	-8.0	-28.8	25.5
Identified financing	36.5	38.4	14.3	39.6	-13.9
Domestic (net)	28.8	7.7	-12.5	8.9	-42.3
Banking system (net)	1.0	7.7	-23.7	8.9	-30.6
Nonbank financing	27.8	0.0	11.2	0.0	-11.7
Of which: Exceptional oil receipts 4/	59.2	...	...	...	...
Statistical float 5/	-3.3	0.0	9.9	0.0	-7.9
External financing	7.7	30.7	26.8	30.7	28.4
Non-project loans	7.7	...	...	...	...
Advance payment on oil shipment	...	30.7	26.8	30.7	27.7
Other	0.0	...	...	...	0.7
Residual gap before arrears payment (+ = surplus)	64.5	11.5	6.3	10.8	11.5
Arrears payments	-64.6	-6.0	-6.3	-10.8	-11.5
Domestic	-57.6	-6.0	-5.9	-10.8	-11.1
External	-7.0	...	-0.4	...	-0.4
Residual gap	0.0	5.5	0.0	0.0	0.0

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

1/ Excluding interest payment.

2/ Excluding domestically-financed investment.

3/ Nonreschedulable debt only.

4/ Receipts from a legal settlement with a private oil company.

5/ Including errors and omissions.

Table 6. Republic of Congo: Elements of Government Budgetary Operations, 2003-05
(In billions of CFA francs; cumulative from January)

	2004			2005			
	End-Jun.	End-Sep.	End-Dec.	End-Mar.	End-Jun.	End-Sep.	End-Dec.
	Est.	Proj.	Prog.	Prog.	Prog.	Prog.	Proj.
Total domestic revenue	323.2	508.7	717.2	228.4	439.6	641.8	851.7
Oil revenue	218.4	369.5	515.0	183.1	338.5	486.1	632.4
Non-oil revenue	104.8	139.2	202.2	45.3	101.1	155.7	219.3
Primary expenditures	-211.0	-355.5	-482.3	-129.6	-276.1	-411.4	-521.7
Current 1/	-152.2	-258.7	-359.2	-90.5	-193.9	-296.1	-380.2
Capital expenditure 2/	-58.8	-96.8	-123.1	-39.1	-82.2	-115.3	-141.5
Primary budget balance	112.2	153.2	235.0	98.8	163.6	230.4	329.9
Debt service due 3/	-86.7	-109.4	-137.5	-30.6	-55.2	-93.0	-122.5
Domestic	-11.1	-17.7	-23.4	-5.4	-10.9	-14.7	-20.2
External non-reschedulable debt service	-75.6	-91.7	-114.1	-25.2	-44.3	-78.4	-102.3
Multilaterals	-13.8	-23.6	-25.4	-8.9	-9.9	-18.8	-20.2
Paris Club, post cut-off date	-11.6	-12.0	-23.4	-0.3	-10.9	-11.2	-18.5
Collateralized debt	-50.3	-56.2	-61.8	-11.3	-14.2	-34.4	-45.1
Moratorium interest on consolidated debt	...	...	-3.6	-4.6	-9.3	-13.9	-18.6
Balance after debt service	25.5	43.8	97.4	68.2	108.4	137.4	207.4
Identified financing	-13.9	25.5	30.8	1.6	45.6	44.8	32.1
Domestic (net)	-42.3	4.8	9.8	1.6	-1.5	-2.3	-15.0
Banking system (net)	-30.6	6.4	11.4	-0.7	-1.5	-2.3	-15.0
Nonbank financing	-11.7	-1.6	-1.6	2.3	0.0	0.0	0.0
External financing	28.4	20.7	21.0	0.0	47.1	47.1	47.1
Non-project loans	0.0	...	...	...	...	...	...
Advance oil payment	27.7	20.0	0.0	0.0	0.0	0.0	0.0
Cancellation and rescheduling of debt	0.7	0.7	21.0	...	26.2	26.2	26.2
Exceptional bilateral assistance	0.0	...	...	...	20.9	20.9	20.9
Residual gap before arrears payment (+ = surplus)	11.5	69.3	128.2	69.7	154.0	182.1	239.5
Arrears payments	-11.5	-44.4	-128.2	-69.7	-154.0	-182.1	-197.3
Domestic	-11.1	-17.8	-40.8	-8.0	-17.8	-34.8	-50.0
External	-0.4	-26.6	-87.4	-61.7	-136.2	-147.3	-147.3
African Development Bank	...	-26.2	-26.2	...	-52.3	-52.3	-52.3
European Union/EIB	...	...	-24.0	...	...	...	...
Paris Club, post cut-off, 2003	0.0	...	-18.0	...	...	...	...
Paris Club, post cut-off, end-2002	0.0	...	-12.8	-60.2	-82.4	-93.5	-93.5
Other	-0.4	-0.4	-6.4	-1.5	-1.5	-1.5	-1.5
Residual gap (+ = surplus)	0.0	25.0	0.0	0.0	0.0	0.0	42.2
Memorandum items							
Potential oil windfall 4/	...	2.1	9.8	37.7	70.2	107.0	144.3
Possible budgetary assistance	...	...	...	9.2	9.2	9.2	16.0
Stock of arrears at end-2002, post-cutoff-date debt	257.9	257.9	245.1	184.9	162.7	151.6	151.6

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

1/ Excluding interest payment.

2/ Excluding externally-financed investment.

3/ Nonreschedulable debt only.

4/ Additional revenue that would be generated by using WEO forecasts for world oil prices, that is, without applying the price rule.