

Table 1. Democratic Republic of the Congo: Fiscal Measures Planned for 2001

Measures	Implementation
Generation of revenue	
Depositing of all tax and off-budget revenue with the Central Bank of the Congo (BCC) and elimination of the system of tax offsets	May 2001
Appointment of a tax and customs reform commission	May 2001
Establishment of monthly revenue targets for <i>Office des Douanes et Accises</i> (OFIDA) and <i>Direction Générale des Contributions</i> (DGC)	May 2001
Elimination of all deferred payment options	May 2001
Application of the market exchange rate to the c.i.f. valuation of imports	End-May 2001
Taking of steps with financial and banking institutions participating in the collection of tax and non-tax revenue to expedite the centralization of revenue and reporting	June 2001
Creation of a large enterprises' unit within the DGC and establishment of one-stop windows in the three largest OFIDA offices	End-2001
Registration of all taxpayers with the DGC and OFIDA	End-2001
Finalization of the draft law on the VAT and preparation of an action plan for its implementation in 2003	End-2001
Assessment of payment authorization and revenue collection procedures and initial implementation of recommendations	End-2001
Adoption of an action plan to reduce tax exemptions	2002 Budget Law
Management and control of expenditure	
Refusal of the BCC to make disbursements that go beyond the ceiling set in the monetary program	June 2001
Strict management of expenditure on a cash basis (resources actually available) as defined in the treasury cash-flow plan.	June 2001
Reinstatement of budget and accounting procedures through the use of commitment vouchers for expenditure on goods and services and strict compliance with the payment authorization procedures under the supervision of the DRC treasury Directorate	June 2001
Coordination of commitments and payments by reinstatement of periodic commitment reports and appointment of a committee including the Minister of Finance, the Secretaries-General of Finance and the Budget, the Director of Budget Control, and the Director of the Treasury	June 2001
Launch of an audit of government and public enterprise arrears	August 2001
Breakdown of the budget allocation for the armed forces	End-2001
Finalization of the audit of civil service personnel and initial establishment of a database of government employees	End-2001
Beginning of reinstatement of the process of expenditure control in the provinces	September 2001
Preparation of a realistic 2002 budget (end-December 2001) and adoption by parliament (early 2002)	2002 Budget Law
Audit of fiscal year 2001 accounts	End-2002

Table 2. Democratic Republic of the Congo: Technical Assistance Requirements in the Fiscal Area

Requirements	Implementation
Generation of revenue	
Obtain financing for an audit of payment and collection procedures	By September 2001
Obtain technical assistance in support of tariff reforms and the program to modernize <i>Office des Douanes et Accises</i> (OFIDA) departments.	By November 2001
Obtain technical assistance for the preparation and introduction of a taxpayer identification number, a large taxpayers' unit, and the VAT	By December 2001
Obtain assistance for the establishment of a one-stop revenue collection window at the DGRAD	By December 2001
Obtain financial assistance for the renovation of <i>Direction Générale des Contributions</i> (DGC) and DGRAD buildings and offices	By July 2001
Obtain UN Conference on Trade and Development (UNCTAD) technical assistance to modernize the ASYCUDA customs data computer system	By July 2001
Obtain IDA financing to upgrade equipment, particularly computer equipment	By September 2001
Expenditure and control of staffing	
Obtain in-depth assessment and recommendations for reinstatement of the budget and accounting functions and the expenditure control process	Ongoing
Seek financing for an audit of the domestic arrears of the government and public enterprises	July 2001
Seek assistance and expert advice for the establishment of a database of government employees (civil service and non-civil service)	July 2001
Seek financing to rehabilitate the work environment and procedures of the ministries	August 2001–02
Seek financing for a review of public expenditure and an assessment of requirements in the area of infrastructure and basic services	End-2001
Request medium-term assistance for integration of the expenditure control process	End-2001
Launch a training program for Ministry of Finance staff on the accounting, budgetary, and supervision functions	Early 2002
Seek financing for partial computerization of the expenditure control process at the central level	Early 2002

Table 3. Democratic Republic of the Congo: Prior Actions

The government of the Democratic Republic of the Congo intends to undertake the following prior actions:

Government finance

Start execution of the 2001 budget strictly on a cash basis.

Centralize expenditure and eliminate all extrabudgetary expenditure.

Deposit all revenue in the treasury's general account with the BCC.

Finalize the list of priority strategic projects for 2001 with the World Bank.

Monetary sector

Enact and publish all legislation on the independence of the BCC, as well as the new banking law (taking due account of the comments of the IMF) by end-June 2001.

Liberalize all interest rates.

Ensure that the BCC will no longer extend direct credit to the private sector or to public enterprises. Moreover, any transaction on account of the government will require the authorization of the Minister of Economy, Finance, and the Budget.

In coordination with the Minister of Economy, Finance, and Budget, reconcile the accounts that constitute net credit to the government.

Begin strengthening the supervision of the banking system.

External sector

Introduce a floating exchange rate system and publish related legislation and regulations, taking due account of IMF comments.

Structural measures

Enhance interministerial coordination on economic and financial policies through ECOFIN.

Effectively liberalize the diamond market and publish applicable legislation.

Cease all arbitrary interference and involvement in commercial activities.

Liberalize the prices of goods by end-June 2001, with the exception of electricity, water, and public transportation, which will be adjusted periodically.

Liberalize petroleum product prices and establish an automatic and transparent mechanism for pricing petroleum products. Raise the prices of petroleum products in accordance with that mechanism.

Table 4. Democratic Republic of the Congo: Quarterly Quantitative Indicators,
March–December 2001 1/

(In millions of Congo francs, unless otherwise indicated)

	Stock		Cumulative Changes 2/		
	Projections		Program		
	End-Mar.	End-May 3/	End-Jun.	End-Sep.	End-Dec.
Net banking system credit to the government 4/	19,104.0	23,014.0	-30.0	-998.0	-4,376.0
Net banking system credit to public sector enterprises	-547.0	603.0	29.0	113.0	197.0
Net foreign assets of the BCC (floor) 4/ (in millions of U.S. dollars)	-481.0	-481.0	-481.0	-481.0	-481.0
Cumulative wage arrears	...	...	0.0	0.0	0.0
New nonconcessional external borrowing contracted or guaranteed by the government or the BCC	...	...	0.0	0.0	0.0
Deposits of a monthly amount of SDR 100,000 in an account held with the Bank for International Settlements					

1/ The indicators and the procedures for monitoring the indicators are defined in the technical memorandum of understanding for the 2001 enhanced interim program.

2/ Cumulative changes are calculated from end-May 2001.

3/ End-May projections take account of the gap between net credit to the government as shown in the BCC's consolidated monetary survey and records of the treasury account. It is expected that the figures will be reconciled by end-June 2001.

4/ All external nonproject budget financing (estimated at zero in the budget) will lower the ceiling on net banking system credit to the government and will raise the floor on net foreign assets of the BCC by a corresponding amount. Any excess of total revenue net of refunds to the revenue collecting agencies (*régies financières*) over and above the revenue programmed in the monthly treasury cash-flow plan will lower the ceiling on net banking system credit to the government.

Table 5. Democratic Republic of the Congo: Structural Performance Benchmarks

By September 30, 2001, the government of the Democratic Republic of the Congo intends to do the following:

Reinstate budget and accounting procedures through the use of commitment vouchers for expenditure on goods and services and comply strictly with payment authorization procedures under the supervision of the Directorate of the Treasury.

Execute budget on a cash basis (resources actually available) in accordance with the cash-flow plan.

Begin preparation of a public enterprise reform program with World Bank assistance.

Launch a study to identify domestic arrears between public enterprises and between public enterprises and the government.

Continue audits of commercial banks.

Finalize the investment code and the mining code prepared with World Bank assistance.

Begin the reform of the regulatory framework and the strengthening of the judicial system with assistance from the World Bank and other development partners.

Draft action plan to implement good governance.

Start work on the formulation of a poverty reduction strategy with assistance from the IMF, the AfDB, and the UNDP.

By December 31, 2001, the government of the Democratic Republic of the Congo intends to do the following:

Audit the Central Bank of the Congo.

Prepare the 2002 budget.

Complete the audit of civil service employees.

Table 6. Democratic Republic of the Congo: Monetary Programming, 2000–01

(In millions of Congo francs)

	2000 Dec.	2001 Apr.	2001 May	2001 Jun.	2001 Jul.	2001 Aug.	2001 Sep.	2001 Oct.	2001 Nov.	2001 Dec.
Net foreign assets	-23,045	-21,979	-22,179	-125,325	-127,426	-129,272	-131,719	-134,201	-135,543	-136,990
Net domestic assets	18,353	25,619	28,545	29,416	30,283	30,692	31,153	30,721	30,195	30,479
Net credit to government 1/	15,404	20,990	23,014	22,984	22,949	22,457	22,016	20,683	19,255	18,638
Credit to the private sector	2,539	4,054	4,927	5,801	6,674	7,548	8,421	9,294	10,168	11,041
Credit to the parastatals	409	575	603	632	660	688	716	744	772	800
Broad money (M2)	22,004	30,138	30,587	31,036	31,485	31,934	32,383	32,832	33,282	33,731
Narrow money (M1)	19,373	26,750	27,130	27,511	27,891	28,272	28,652	29,033	29,413	29,794
Currency in circulation	15,963	22,184	22,514	22,845	23,176	23,506	23,837	24,167	24,498	24,828
Demand deposits	3,410	4,566	4,616	4,666	4,716	4,766	4,816	4,866	4,916	4,966
Quasi money	2,631	3,388	3,457	3,525	3,594	3,662	3,731	3,800	3,868	3,937
Time deposits in domestic currency	0	5	5	5	5	5	5	5	5	5
Foreign currency deposits	2,630	3,384	3,452	3,521	3,589	3,658	3,726	3,794	3,863	3,931
Import deposits	1,554	1,678	1,713	1,747	1,782	1,816	1,851	1,885	1,920	1,954
Other items, net	-28,250	-30,280	-30,280	-132,766	-134,023	-135,300	-136,599	-137,922	-139,264	-142,196
<i>Of which: valuation change</i>	-27,928	-27,493	-27,493	-129,979	-131,236	-132,513	-133,812	-135,134	-136,476	-141,873
Memorandum item:										
Monetary base	18,908	24,493	26,517	26,487	26,452	25,960	25,519	24,186	22,758	22,141

Sources: Congolese authorities; and staff estimates and projections.

1/ End-May projections take account of the gap between net credits to the government in the monetary survey and the treasury accounts. It is expected the figures will be reconciled by end-June 2001.

Table 7. Democratic Republic of Congo: Monthly Treasury Cash-Flow Plan, 2001

(In millions of Congo francs)

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total
Total revenue and grants 1/	1,871	2,061	2,942	3,946	4,146	4,122	5,407	6,294	6,435	6,863	7,223	7,605	58,915
Total revenue	1,871	2,061	2,942	3,946	4,146	4,122	5,407	6,294	6,435	6,863	7,223	7,605	58,915
Customs and excise (OFIDA)	424	533	1,176	1,903	2,069	2,274	2,365	2,570	2,526	2,704	3,008	3,448	25,000
Direct and indirect taxes (DGC)	647	508	777	1,127	868	880	892	930	922	974	1,009	890	10,424
DGRAD	76	91	232	148	144	144	144	144	144	144	144	144	1,697
GECAMINES	0	0	0	0	0	68	193	457	364	405	408	449	2,343
MIBA	0	0	0	5	0	106	341	369	402	440	443	447	2,552
Petroleum	45	201	106	151	154	560	1,292	1,633	1,873	1,977	1,992	2,005	11,989
Other	3	113	205	182	182	91	181	192	204	219	220	222	2,013
Off-budget revenue	675	616	446	431	729	0	0	0	0	0	0	0	2,896
Total grants	0	0	0	0	0	0	0	0	0	0	0	0	0
Total expenditure	2,422	3,753	5,249	4,981	6,170	4,092	5,372	5,802	5,894	5,030	4,994	5,628	59,389
Current expenditure	1,624	3,043	4,588	4,236	4,270	2,660	3,694	4,035	4,049	4,072	4,105	4,667	45,044
Wages	696	1,308	1,288	1,324	2,033	2,033	2,033	2,034	2,034	2,034	2,034	2,034	20,885
Military	...	...	...	...	...	...	...	...	...	...	...	...	7,957
Civilians	...	...	...	...	...	...	...	...	...	...	...	...	12,928
Interest payments	3	45	4	10	69	69	69	69	69	69	69	69	613
External debt (payment)	0	0	0	0	0	0	0	0	0	0	0	0	0
Domestic debt (payment)	3	45	4	10	69	69	69	69	69	69	69	69	613
Other current expenditure	471	1,532	2,488	2,101	1,368	478	1,193	1,532	1,747	1,770	1,803	2,367	18,851
Institutions	25	345	701	700	500	89	89	89	89	89	89	89	2,892
Ministries	299	534	995	831	650	100	250	400	448	448	448	842	6,247
Centralized payment (utilities)	22	102	46	95	100	210	692	845	1,012	1,035	1,044	1,045	6,248
Province	80	138	372	148	100	70	140	176	176	176	200	369	2,144
Other	45	412	375	328	18	10	22	22	22	22	22	22	1,320
Transfers and subsidies	455	158	808	800	800	80	400	400	199	199	199	197	4,696
Petroleum Guarantee Fund	...	...	...	...	400	650	838	911	992	90	0	0	3,880
Off-budget expenditure	675	616	446	431	729	0	0	0	0	0	0	0	2,896
Capital expenditure	122	95	216	315	310	310	310	310	310	310	310	310	3,227
Other operations	...	...	...	...	161	172	230	246	243	258	280	351	1,941
Contingency Fund	0	0	0	0	300	300	300	300	300	300	300	300	2,400
Change in arrears 2/	...	...	...	...	...	...	...	...	-100	-500	-800	-1,360	-2,760
Monthly balance (cash basis)	-551	-1,693	-2,308	-1,035	-2,024	30	35	492	441	1,333	1,428	617	-3,234
Cumulated balance (cash basis)	-551	-2,244	-4,551	-5,586	-7,610	-7,580	-7,545	-7,053	-6,612	-5,279	-3,851	-3,234	
Cumulated balance from June 1						30	65	557	998	2,331	3,759	4,376	
Total bank financing	551	1,693	2,308	1,035	2,024	-30	-35	-492	-441	-1,333	-1,428	-617	3,234

Sources: Congolese authorities; and staff estimates and projections.

1/ No external financing included *ab initio* in the monthly treasury plan.

2/ Reimbursement of domestic payments arrears.