



INTERNATIONAL MONETARY FUND



Press Release No. 19/465
FOR IMMEDIATE RELEASE
December 17, 2019

International Monetary Fund
Washington, D.C. 20431 USA

IMF Executive Board Approves a US\$368.4 Million Disbursement Under the Rapid Credit Facility for the Democratic Republic of the Congo

On December 16, 2019, the Executive Board of the International Monetary Fund (IMF) approved a disbursement to the Democratic Republic of Congo under the Rapid Credit Facility (RCF) [1] in the amount equivalent to SDR266.5 million (about US\$368.4 million, 25 percent of quota) to enable the authorities to meet their urgent balance of payment needs.

In addition, the Board was informed about the IMF Managing Director's approval of a staff-monitored program (SMP) [2] running up to May 2020. The SMP is intended to guide policy implementation, provide authorities with more time to identify, prioritize, and implement reforms aimed at boosting revenue, tackling corruption, and improving governance.

The economic environment remains challenging and vulnerable to shocks. Real GDP growth is projected to decelerate to 4.5 percent in 2019 from 5.8 percent in 2018. The recent fall in commodity prices, new spending initiatives, and looser spending oversight during the political transition period have led to a weaker fiscal position mostly financed by the central bank. In this context, international reserves have fallen to critically low levels creating urgent balance of payment needs.

The new government is committed to implementing measures and reforms that would strengthen macroeconomic stability, reinforce international reserves, address issues related to poor governance, a difficult business environment, and pervasive poverty. Authorities also intend to boost domestic revenue by restoring the functioning of the VAT and enforcing the personal income tax, while improving mining revenue forecasting. In addition, the government intends to introduce strict spending caps, increase the effectiveness of monetary policy, and foster inclusive growth and private sector development including through infrastructure projects and free basic education.

Following the Executive Board discussion, Mr. Mitsuhiro Furusawa, Deputy Managing Director and Acting Chair, made the following statement:

Washington, D.C. 20431 • Telephone 202-623-7100 • Fax 202-623-6772 • www.imf.org

“The Democratic Republic of Congo (DRC) faces a difficult balance of payments situation triggered by the recent fall in commodity prices, new spending initiatives, and looser spending oversight during the recent political transition period. Although macroeconomic policies have succeeded in restoring elements of macroeconomic stability in recent years, DRC remains a fragile state with precarious economic conditions and pervasive poverty, massive development needs, and prone to conflicts and humanitarian crises.

“The new government is working on an ambitious medium-term economic and reform program. Addressing DRC’s deep-rooted challenges will take time and will require coordinated support from the international community. A key focus should be on reforms aimed at restoring fiscal discipline by strengthening spending controls and discontinuing central bank financing of the deficit. To help fulfill the government’s ambitious developmental and social plans in a sustainable way, decisive domestic revenue mobilization measures will need to be taken.

“Other key measures are aimed at reinforcing international reserves and improving governance, transparency and the business environment. They include a commitment to publish all new mining contracts. An ongoing governance assessment mission will help with the formulation of measures to tackle corruption and improve governance, and an updated safeguards assessment of the central bank is planned for next year.

“The IMF is supporting the efforts of the country with resources from the Rapid Credit Facility. In addition, the strong policy commitments under the Staff-Monitored Program will provide an opportunity for the authorities, with assistance from their partners, to develop an ambitious, yet realistic, structural reform agenda that will form the basis for deeper structural reforms to promote sustained and inclusive growth, and pave the way for a possible financial engagement with the Fund in 2020.”

[1] The RCF (<http://www.imf.org/external/np/exr/facts/rcf.htm>) is a lending arrangement that provides rapid financial support in a single, up-front payout for low-income countries facing urgent financing needs.

[2] An SMP is an informal agreement between country authorities and Fund staff, whereby the latter agree to monitor the implementation of the authorities’ economic program. SMPs do not entail financial assistance or endorsement by the IMF Executive Board.