



DEMOCRATIC REPUBLIC OF THE CONGO

June 29, 2021

REQUEST FOR A THREE-YEAR ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY; REVIEW OF PERFORMANCE UNDER THE STAFF MONITORED PROGRAM— INFORMATIONAL ANNEX

Prepared By

The African Department
(In collaboration with other departments)

CONTENTS

RELATIONS WITH THE IMF _____ [2](#)

RELATIONS WITH OTHER FINANCIAL INSTITUTIONS _____ [5](#)

RELATIONS WITH THE IMF

As of May 31, 2021

Membership Status: Joined September 28, 1963; Article VIII

General Resources Account:	SDR Million	Percent of Quota
Quota	1,066.00	100.00
Fund holdings of currency	1,066.00	100.00
Reserve Tranche Position	0.00	0.00
SDR Department:	SDR Million	Percent of Quota
Net cumulative allocation	510.86	100.00
Holdings	26.73	5.23
Outstanding Purchases and Loans:	SDR Million	Percent of Quota
RCF Loans	533.00	50.00

Latest Financial Commitments:

Arrangements

Type	Approval Date	Expiration Date	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
ECF ¹	Dec 11, 2009	Dec 10, 2012	346.45	197.97
ECF ¹	Jun 12, 2002	Mar 31, 2006	580.00	553.47
Stand-By	Jun 09, 1989	Jun 08, 1990	116.40	75.00

Outright Loans

Type	Approval Date	Expiration Date	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
RCF ²	Apr 22, 2020	Apr 24, 2020	266.50	266.50
RCF ²	Dec 16, 2019	Dec 24, 2019	266.50	266.50

¹ Formerly Poverty Reduction and Growth Facility (PRGF)

² Undrawn outright disbursements (RFI and RCF) expire automatically 60 days following the date of commitment, i.e. Board approval date.

Overdue Obligations and Projected Payments to Fund:³

(SDR Million; based on existing use of resources and present holdings of SDRs):

	Forthcoming				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Principal					79.95
Charges/Interest	<u>0.12</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>
Total	<u>0.12</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	<u>80.20</u>

Implementation of HIPC Initiative:

I.	Commitment of HIPC assistance	Enhanced Framework
	Decision point date	Jul 2003
	Assistance committed by all creditors (US\$ Millions) ⁴	7,252.00
	<i>Of which:</i> IMF assistance (US\$ Millions)	391.60
	(SDR equivalent millions)	280.30
	Completion point date	Jul 2010
II.	Disbursement of IMF assistance (SDR Millions)	
	Assistance disbursed to the member	280.30
	Interim assistance	49.05
	Completion point balance	231.25
	Additional disbursement of interest income ⁵	50.44
	Total disbursements	330.74

Implementation of MDRI Assistance:

I.	MDRI-eligible debt (SDR Million) ⁶	248.08
	Financed by: MDRI Trust	0.00
	Remaining HIPC resources	248.08
II.	Debt Relief by Facility (SDR Million)	

	Eligible Debt		
Delivery Date	GRA	PRGT	Total
July 2010	N/A	248.08	248.08

³ When a member has overdue financial obligations outstanding for more than three months, the amount of such arrears will be shown in this section.

⁴ Assistance committed under the original framework is expressed in net present value (NPV) terms at the completion point, and assistance committed under the enhanced framework is expressed in NPV terms at the decision point. Hence these two numbers cannot be added.

⁵ Under the enhanced framework, an additional disbursement is made at the completion point corresponding to interest income earned on the amount committed at the decision point but not disbursed during the interim period.

⁶ The MDRI provides 100 percent debt relief to eligible member countries that qualified for the assistance. Grant assistance from the MDRI Trust and HIPC resources provide debt relief to cover the full stock of debt owed to the Fund as of end-2004 that remains outstanding at the time the member qualifies for such debt relief.

Exchange Rate Arrangement:

The currency of the Democratic Republic of the Congo (DRC) is the Congo franc (CDF). The de jure exchange rate arrangement is floating, although the Fund classifies the de facto exchange rate arrangement as “stabilized.” At end-April 2021, the rate was US\$1=CF 1990.25. Effective February 10, 2003, the DRC accepted the obligations of Article VIII, Sections 2 (a) 3, and 4, of the Fund’s Articles of Agreement. However, the DRC maintains one exchange rate restriction subject to Fund approval arising from an outstanding net debt position against other contracting members under the inoperative regional payments’ agreement with the Economic Community of the Great Lakes Countries.

Last Article IV Consultation:

The last Article IV consultation was concluded by the Executive Board on August 26, 2019.

Safeguards Assessment:

An updated safeguards assessment of the *Banque Centrale du Congo* (BCC) was completed in May 2020. Previous safeguards assessments were conducted in 2003, 2008 and 2010. The BCC has maintained good external audit arrangements and improved its legal framework through amendments that were guided by technical assistance. However, the operational implementation of the amended law is delayed and the risks remain high for most of the other pillars of the safeguards framework. This is a reflection of significant weaknesses in the financial reporting and internal audit practices that are not aligned with international standards. In addition, governance arrangements present significant gaps that have led to a weak oversight function of the Board and expose the central bank to legal uncertainty and conflict of interests risks. Furthermore, the BCC should take steps to strengthen compliance with the new legal framework and address vulnerabilities in the control environment, particularly with respect to management of foreign reserves, banking and lending operations, and monetary data reporting.

Governance Assessment:

At the request of the DRC authorities, the Legal and Fiscal Affairs Departments of the IMF conducted an assessment of governance and corruption mission in Kinshasa from December 9 to 20, 2019. The recently published governance assessment found four cross-cutting issues that affect the effectiveness of the economic governance framework in the DRC: institutional complexity, normative complexity, data integrity and transparency, and checks and balances. The report provides key recommendations in the areas of fiscal governance, central bank governance and operations, financial sector oversight, rule of law, market regulation and business environment, anti-corruption, and AML/CFT.

Resident Representative: Mr. Gabriel Leost assumed his duties in February 2021.

RELATIONS WITH OTHER FINANCIAL INSTITUTIONS

A. World Bank

<https://www.worldbank.org/en/country/drc/overview>

World Bank Group Projects:

http://projects.worldbank.org/search?lang=en&searchTerm=&countrycode_exact=ZR

B. African Development Bank

<https://www.afdb.org/en/countries/central-africa/democratic-republic-of-congo>