

**EXECUTIVE
BOARD
MEETING**

SM/20/1
Correction 1

January 24, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **Republic of Congo—Staff Report for the 2019 Article IV Consultation**

Board Action: The attached correction to SM/20/1 (1/3/20) has been provided by the staff:

**Factual Errors Not
Affecting the
Presentation of
Staff's Analysis or
Views**

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Questions:

Mr. Segura-Ubierno, AFR (ext. 34829)
Mr. Baldini, AFR (ext. 38772)
Mr. Sulemane, AFR (ext. 38099)

Table 2c. Republic of Congo: Central Government Operations, 2017–24
(Percent of GDP)

	2017	2018	2019	2020	2021	2022	2023	2024
		Prel.	EBS/19/64	Proj.	Projections			
Total revenue and grants	27.9	29.2	31.4	31.9	31.8	32.7	34.3	35.2
Revenue	27.3	29.1	30.9	31.5	31.3	32.3	33.7	34.6
Oil revenue	13.1	19.9	19.2	20.5	18.4	17.9	17.3	15.9
<i>of which: repayment of oil-prepurchased debt</i>	2.4	3.5	5.4	4.7	5.4	5.2	5.3	5.1
Non-oil revenue	14.2	9.2	11.7	11.0	12.9	14.4	16.4	18.7
Direct taxes	6.2	3.9	5.0	4.7	5.2	6.1	6.9	7.8
Taxes on goods and services	5.7	3.6	4.8	4.4	5.4	5.7	6.5	7.3
Customs Receipts	2.1	1.5	1.7	1.7	2.0	2.2	2.6	3.1
Non-tax revenue	0.2	0.2	0.3	0.3	0.4	0.4	0.4	0.5
Grants	0.6	0.1	0.4	0.4	0.4	0.4	0.5	0.5
Expenditure and net lending	35.2	22.6	23.8	23.1	23.4	24.7	26.0	27.1
Current expenditure	25.1	20.4	19.4	18.9	18.6	18.9	19.7	20.5
Wages	7.5	5.6	5.7	5.7	5.8	6.0	6.4	7.2
Other primary current expenditure	15.1	12.2	11.4	11.0	11.3	11.5	12.1	13.0
Goods and services	4.2	2.7	2.9	2.9	2.9	3.0	3.2	3.4
Transfers	9.4	8.9	8.0	7.6	7.7	7.8	8.1	8.5
Social Transfers (Lisungi and others)	0.8	0.8	0.9	1.1	1.1	1.2
Traditional transfers	5.7	3.9	5.4	5.0	5.0	4.9	5.1	5.3
Oil-related transfers	3.7	5.0	1.8	1.8	1.8	1.9	2.0	2.0
Common charges	1.5	0.6	0.6	0.6	0.7	0.7	0.7	0.8
Interest	2.1	2.3	1.8	1.8	1.5	1.4	1.2	1.0
Domestic	0.6	0.4	0.3	0.3	0.2	0.2	0.2	0.1
External	1.6	1.9	1.5	1.5	1.2	1.1	1.0	0.8
<i>of which: on oil-prepurchased debt</i>	1.4	1.3	0.8	0.8	0.5	0.3	0.2	0.0
Annex budgets and special Accounts ¹	0.3	0.3	0.4	0.4	0.0	0.0	0.0	0.0
Capital expenditure	7.9	2.2	4.5	4.2	4.8	5.8	6.3	6.8
Domestically financed	3.1	1.4	2.3	2.0	2.9	3.6	4.3	4.7
Externally financed	4.8	0.8	2.2	2.2	1.9	2.1	2.1	2.1
Net lending	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-oil primary balance ²	-18.3	-11.0	-9.9	-9.9	-8.5	-8.5	-7.9	-7.7
Basic non-oil primary balance ³	-14.1	-10.4	-8.1	-8.1	-7.0	-6.8	-6.3	-6.1
— excluding oil-related transfers ⁴	-10.4	-5.3	-6.3	-6.3	-5.2	-4.9	-4.4	-4.1
Reference fiscal balance ⁵	-0.7	-4.7	-0.8	-0.8	3.0	5.6	6.5	5.7
Primary balance	-5.2	8.9	9.3	10.6	9.9	9.4	8.6	8.2
Overall balance, payment order basis								
Excluding grants	-8.0	6.5	7.1	8.4	8.0	7.6	7.7	6.8
Including grants	-7.4	6.6	7.5	8.8	8.4	8.0	8.2	7.4
Change in arrears	0.8	-0.2	0.0	0.0	0.0	0.0	0.0	0.0
External ⁶	0.3	1.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic ⁷	0.4	-1.3	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance, cash basis	-6.6	6.4	7.5	8.8	8.4	8.0	8.2	7.4
Financing	6.6	-6.4	-13.1	-12.7	-15.0	-12.0	-9.3	-6.1
Foreign (net)	5.0	-3.2	-8.2	-8.4	-7.2	-4.6	-3.9	-1.9
Drawings	8.2	0.7	1.9	1.9	1.7	1.7	1.5	1.6
Amortization due	-4.9	-5.2	-10.1	-10.3	-8.9	-6.3	-5.4	-3.5
<i>of which: on oil-prepurchased debt</i>	-1.2	-2.2	-4.6	-4.7	-4.6	-1.8	-2.0	-1.0
Debt cancellation	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other foreign financing	0.7	1.3	0.0	0.0	0.0	0.0	0.0	0.0
<i>of which: deposits in China</i>	0.7	1.3	0.0	0.0	0.0	0.0	0.0	0.0
Domestic (net)	1.6	-3.1	-4.8	-4.4	-7.8	-7.5	-5.4	-4.2
Banking system (net)	2.0	0.5	-2.2	-1.3	-4.4	-4.1	-3.1	-3.1
Central bank	2.1	0.4	-2.3	-1.4	-4.1	-3.8	-1.9	-2.2
Commercial banks	-0.2	0.1	0.1	0.1	-0.3	-0.3	-0.3	0.0
Nonbank financing	-0.4	-3.7	-2.6	-3.1	-3.5	-3.4	-2.3	-1.1
<i>Of which: Repayment of domestic arrears</i>	-2.7	-3.1	-3.6	-3.7	-2.3	-1.1
<i>Of which: Debt service to ENI</i>	-2.1	-1.1	0.0	0.0	0.0	0.0	0.0	0.0
Financing gap (- = surplus)	0.0	0.0	5.5	4.0	6.6	4.0	1.0	-1.5
Expected financing (excluding IMF)	0.0	0.0	3.3	2.5	3.1	2.3	0.0	0.0
IMF-ECF	0.0	0.0	0.8	0.4	1.5	1.2	0.8	0.0
Exceptional financing from debt restructuring ⁹	0.0	0.0	1.4	1.1	2.0	0.6	0.2	-1.5
Memorandum items:								
Stock of domestic arrears ⁸	18.9	14.5	12.4	11.2	7.2	3.7	1.5	0.4
Stock of government deposits	1.8	1.0	3.3	2.4	6.3	10.2	11.6	12.8
GDP at current market prices	5,188	6,476	6,528.9	6,545	6,767	6,666	6,469	6,484
Non-oil GDP at market prices	2,695	2,544	2,602.8	2,609	2,721	2,894	3,096	3,570

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

¹ Includes net spending (i.e. spending minus revenues) associated with decentralized government entities.

² Revenue and grants excluding oil revenues minus total primary expenditures (excluding interest payments).

³ Non oil revenue excluding grants minus total expenditures excluding interest payments and foreign-financed investment.

⁴ Basic non-oil primary balance minus oil revenue and oil-related transfers. This is a Performance Criterion/Indicative Target.

⁵ CEMAC definition: overall balance minus 20 percent of oil revenues and minus 80 percent of the oil revenue in excess of the average observed during the three previous years.

⁶ Post-HIPC external arrears accumulated since 2016 are consolidated in outstanding debt. The projected repayments are included in amortization of external debt.

⁷ Projected repayments of domestic arrears are included in domestic financing.

⁸ Includes estimates of domestic arrears audited by the the Caisse Congolaise d'Amortisation (CCA) and reported but not yet audited arrears.

⁹ Net of restructured contingent liabilities.