FOR AGENDA



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January 10, 1984

To: Members of the Executive Board

From: The Secretary

Subject: Burundi - Staff Report for the 1983 Article IV Consultation

Attached for consideration by the Executive Directors is the staff report for the 1983 Article IV consultation with Burundi. A draft decision appears on page 19.

This subject will be brought to the agenda for discussion on a date to be announced.

If Executive Directors have technical or factual questions relating to this paper prior to the Board discussion, they should contact Mr. Jiménez, ext. 73707 or Mrs. Devaux, ext. 72948.

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INTERNATIONAL MONETARY FUND

BURUNDI

# Staff Report for the 1983 Article IV Consultation

Prepared by the Staff Representatives for the 1983
Consultation with Burundi

Approved by Oumar B. Makalou and W.A. Beveridge

January 9, 1984

## I. Introduction

The 1983 Article IV consultation discussions with Burundi were held in Bujumbura during the period November 8-19, 1983. The Burundi representatives included Mr. E. Kadigiri, Minister of Finance, Mr. P. Ngenzi, Minister of Planning, Mr. A. Ntahonkiriye, Governor of the Bank of the Republic of Burundi, and other senior officials in the economic and financial fields. The staff representatives were Messrs. J.M. Jiménez (head-AFR), J. Bové (AFR), F. Begashaw (ETR), B. Sarr (EP-AFR), and Miss R. Casaromani (secretary-AFR). The previous consultations with Burundi were concluded by the Executive Board in March 1982. Burundi continues to avail itself of the transitional arrangements of Article XIV.

Following the mission's discussions, the Government of Burundi announced that effective November 22, 1983 (EBD/83/307, 12/1/83) the Burundi franc would be depreciated by 30 percent in local currency terms and 23 percent in foreign currency terms and that the currency would henceforth be linked to the SDR at SDR 1= FBu 122.7. A reassessment of government policy is continuing, with more policy actions to be expected in 1984. It is the intention of the authorities to prepare a program which could be supported by a stand-by arrangement in the upper credit tranches.

A summary of Fund relations with Burundi is included in Appendix I.

## II. Background to the Discussions

Burundi is a small country (27.9 thousand square kilometers) with a population of 4.4 million and a per capita income of SDR 240. It is handicapped by its landlocked position, its narrow production structure (with coffee accounting for about 90 percent of total exports), and limited domestic and external transportation facilities.

In the last five years real GDP has recorded very little growth, with the estimated 1983 real GDP only 1 percent higher than the level recorded in 1978. However, value added in the agricultural export sector (largely coffee) has shown a more rapid rate of growth. Price inflation decelerated markedly from 25 percent in 1979 to 9 percent in 1983. During this period the balance of payments has recorded growing imbalances, with the current account deficit reaching the equivalent of 8.3 percent of GDP in 1982 and 5.0 percent in 1983 and gross official foreign assets falling from an equivalent of 44 weeks of imports in 1978 to 12 weeks in 1983. To varying degrees these difficulties have resulted from a major deterioration in Burundi's terms of trade, severe disruptions in the country's outlets to the sea, and overexpansionary policies, which, in conjunction with a major real appreciation of the Burundi franc, promoted import demand and a misallocation of resources. The policy response to these developments has been slow and inadequate. The Government has also faced difficulties in implementing its ambitious Development Plan, given Burundi's low absorptive capacity.

1. Production trends and constraints

Between 1978-79 and 1982-83 Burundi's terms of trade fell about 44 percent, reflecting stagnating export prices and rapidly increasing import prices. To an important degree the rise in import prices reflected the large transportation bottleneck. Burundi utilizes two major routes to the Indian Ocean. The most economical and previously the most utilized route involved a 1,250 km trip across Tanzania by rail, with a transfer to barge for crossing Lake Tanganyika from Kigoma to Bujumbura, an additional trip of 175 km. Difficulties encountered in the port of Dar es Salaam in the late 1970s and the need for rail transport across Tanzania have made this route unreliable and costly; there have also been reports of pilfering. These difficulties have forced Burundi to rely increasingly on a northern route, which is by highway from Bujumbura through Rwanda and Uganda and across Kenya to the port of Mombasa for a total of 2,020 km. This route, although about 20-30 percent more costly, proved to be more reliable, except for those periods in which there was social and political unrest in Uganda. During those periods Burundi was isolated and suffered shortages of many imported items. These difficulties led in 1979 to the airfreighting of needed imports for several months, at exorbitant costs. Transport costs, which have always been a very significant element in the landed price of products in Burundi, especially for heavy items such as petroleum products and cement, have acquired additional prominence. Transport charges may add from 25 percent to 300 percent to the landed costs of some items in Bujumbura, depending on the item and the source. Not only has the burden of transport hindered economic activity, but the uncertainty Burundi has faced as to supply has made planning difficult.

In the last year some normalization of traffic movements through Tanzania has been achieved, with improvements in the port handling at

Dar es Salaam and on the rail track across Tanzania. In addition, unit trains were introduced in December 1982. This arrangement has reduced transit time from more than 10 days to only 4 days. Moreover, as a result of several conferences and meetings at a regional level, a unified transit document has been accepted and agreements have been reached concerning road tolls, vehicle weights, and other road regulations on the northern route, which is likely to facilitate cargo movements. It is clear that many additional actions are needed and that even modest improvements in the transport situation may generate sizable returns but will require a regional effort aimed at resolving the transportation problems faced by all Central African landlocked countries.

Burundi's low per capita income and limited unused arable land hamper further growth of production. Industrial and commercial activities are also affected by the small size of the market and trade constraints in neighboring countries. Production is concentrated in a few sectors. Subsistence production accounts for about 42 percent of estimated GDP, while in the modern sector coffee production has an overwhelming influence. Given the level of economic development of the country, private sector initiative has been held back considerably by managerial, technical, and financial limitations. In an effort to mitigate these circumstances, the Government has followed an active investment policy, both through the central government budget and through the enlargement of the public enterprise sector, aimed at eliminating the most visible constraints.

Agricultural export production has risen at an average annual rate of about 11 percent between 1978 and 1983 rising from the equivalent of about 4 percent of GDP to over 7 percent. Output of coffee has fluctuated markedly from year to year around a rising trend, from 17 thousand metric tons in 1975/76 to 35 thousand in 1983/84. The variation reflects shifting weather conditions, delays in the arrival of fertilizers and other chemicals, and the recognized pattern of coffee production, which results in reduced output in the two years following a bumper harvest. Coffee sales have been limited by a quota under the International Coffee Agreement, which rose by only 8 percent between 1979/80 and 1982/83. Moreover, coffee export prices have fallen by about 27 percent between 1979 and 1983. The high output recorded in some years forced the stockpiling of large inventories on various occasions, although these generally were exported within the next export year. Nevertheless, the inventories have created financial difficulties and have hampered the Government's financial planning. In recent years output of cotton and tea has declined, and, with the relaxation of price controls on food items, domestic food production has expanded into areas previously devoted to cotton and tea.

## 2. Financial developments

The inability of revenue and grants to keep up with the growth of expenditure has resulted in large overall budgetary deficits in recent years. Financial planning has been affected by difficulties in estimating budget revenue from year to year, partly because of the unanticipated sluggishness of the economy, the persistent weakness of coffee prices, and the appreciation of the currency. Between 1979 and 1983, revenues averaged the equivalent of 12.7 percent of GDP, but the ratio has fluctuated from a high of 14 percent in 1979 to a low of 11.6 percent in 1981, with 12.3 percent being recorded in 1983 (Table 1). On a cash basis, the overall deficit averaged 4.1 percent of GDP between 1979 and 1983. However, since 1982 domestic payments arrears have emerged on an increasing scale, rising from 1.7 percent of expenditure in 1981 to 8.4 percent in 1982 and an estimated 9.3 percent in 1983. Including payments arrears, the overall budgetary deficit has risen from an average of 3.8 percent of GDP in the period 1979-80 to 6.0 percent in the period 1981-83. Foreign financing has averaged about 2 percent of GDP, while domestic financing rose from 1.7 percent of GDP in 1979-80 to 4.0 percent in 1981-83, largely as a result of a rise in payments arrears, with net bank financing rising from 1.5 percent of GDP to 2.0 percent.

Coffee has had a major impact on the trend of revenue and the overall deficit. Coffee revenue fell from 17.2 percent of total revenue in 1979-80 to only 3.1 percent by 1983. Noncoffee revenues have risen from 10.8 percent of GDP in 1979-80 to an estimated 11.9 percent in 1983. Overall expenditures rose by about 29 percent between 1979 and 1982, with the growth almost evenly distributed between current and capital expenditures. The increases in current expenditure are largely explained by the increases in the wage bill, reflecting benefit and general wage increases in 1979 and 1980 and the growth of the public service. Expenditures on other goods and services fell during the last five years, with subsidies and transfers growing by a small amount. In 1983 overall expenditures decreased largely as a result of the reduction of capital outlays, although wages and salaries are also expected to fall, reflecting a tight wage policy and the laying off of daily contract workers.

Monetary policy has been largely accommodating, although in 1982 and 1983 the monetary authorities increasingly made efforts to limit the Government's access to net bank credit, with the rise in payments arrears being the result. Nonetheless, the growth of net credit to the Government in the last two years has been the most important element in explaining the almost doubling of the net domestic assets of the banking system during 1980-83 (Table 2). During this period net credit to the Government accounted for over 60 percent of the total expansion, with credit to the rest of the economy accounting for about one third and the Coffee Stabilization Fund for the remainder. During the same period money and quasi-money expanded by 10.1 percent per year, or from 13.7 percent of GDP in 1979 to 14.5 percent in 1983, while the banking system's net foreign assets fell to one fifth of their level in 1979.

3. <u>External sector and policies</u>

The Burundi franc was pegged to the U.S. dollar in 1976 at FBu 90 = US$1.00. Through the end of the 1970s the nominal effective exchange rate

Table 1. Burundi: Summary of Central Government Operations on a Cash Basis, 1979-83

(In millions of Burundi francs)

| | 1979 | 1980 | 1981 | 1982 | 1983 1/ |
|---|---|---|---|---|---|
| Revenue plus grants | 12,740 | 14,683 | 15,747 | 16,973 | 15,470 |
| Revenue | 10,451 | 11,519 | 11,316 | 13,637 | 12,710 |
| Capital grants 2/ | 2,289 | 3,164 | 4,431 3/ | 3,336 | 2,760 |
| Expenditures 4/ | 16,494 | 17,791 | 19,635 | 21,206 | 19,472 |
| Current | 8,538 | 9,716 | 10,481 | 11,131 | 11,232 |
| Capital | 7,956 | 8,075 | 9,154 | 10,075 | 8,240 |
| Extrabudgetary accounts 5/ | 350 | 909 | -835 | -733 | -148 |
| Overall deficit (-) | -3,404 | -2,199 | -4,723 | -4,966 | -4,150 |
| Financing | | | | | |
| Foreign (net) | 2,227 | 1,262 | 1,517 | 2,502 | 1,912 |
| Domestic (net) | 1,177 | 937 | 3,206 | 2,464 | 2,238 |
| Banking system | 2,452 | 25 | 2,704 | 1,904 | 2,200 |
| Other | -1,275 | 912 | 502 | 560 | 38 |
| Memorandum items: | | | | | |
| Payments arrears (plus increases) | 248 | 480 | 334 | 1,946 | 2,000 |
| Deficit on accrual basis (-) | -3,652 | -2,679 | -5,057 | -6,912 | -6,150 |
| | | | (As percent of GDP) | | |
| Revenue | 14.0 | 12.3 | 11.6 | 13.6 | 12.3 |
| Capital grants 2/ | 3.1 | 3.4 | 4.5 | 3.3 | 2.7 |
| Current expenditures | 11.4 | 10.4 | 10.7 | 11.1 | 10.8 |
| Capital expenditures | 10.6 | 8.7 | 9.3 | 10.1 | 8.0 |
| Total expenditure | 22.0 | 19.1 | 20.0 | 21.2 | 18.8 |
| Overall deficit (-) | -4.5 | -2.4 | -4.8 | -5.0 | -4.0 |
| Memorandum items: | | | | | |
| Total expenditure including increase in arrears | 22.4 | 19.6 | 20.4 | 23.2 | 20.7 |
| Deficit on accrual basis (-) | -4.9 | -2.9 | -5.2 | -6.9 | -5.9 |

Sources: Ministry of Planning, Ministry of Finance, Bank of the Republic of Burundi; and staff estimates.

1/ Estimates.

2/ Including foreign grants passed on to public enterprises.

3/ Including grant from STABEX of FBu 967 million.

4/ Including externally financed off-budget expenditures of the Central Government and foreign capital grants passed to public enterprises.

5/ Including errors and omissions.

Table 2. Burundi: Summary Monetary Survey, 1979-83

(End of period)

| | 1979 | 1980 | 1981 | 1982 | 1983 1/ |
|---|---|---|---|---|---|
| | (In millions of FBu) | | | | |
| Net foreign assets | 7,459 | 7,526 | 4,640 | 1,323 | 1,475 |
| Domestic assets | 9,352 | 10,487 | 15,766 | 17,307 | 20,530 |
| Claims on Government (net) | 3,687 | 3,712 | 6,416 | 8,320 2/ | 10,520 |
| Claims on the rest of the economy | 6,730 | 7,321 | 9,371 | 9,081 | 10,310 |
| Of which: export credit | 3,034 | 3,124 | 4,995 | 2,780 | 2,434 |
| Coffee Stabilization Fund deposits | -1,065 | -547 | -21 | -94 | -300 |
| Money and quasi-money | 10,223 | 9,861 | 13,055 | 12,429 | 15,039 |
| Money | 9,804 | 9,393 | 12,000 | 10,980 | 12,639 |
| Quasi-money | 419 | 468 | 1,055 | 1,449 | 2,400 |
| | (12-month rate of change in percent of money and quasi-money in the base period) | | | | |
| Net foreign assets | 3.5 | 0.7 | -29.3 | -25.4 | 1.2 |
| Domestic assets | 42.2 | 11.1 | 53.5 | 11.8 | 26.0 |
| Claims on Government (net) | 27.7 | 0.3 | 27.4 | 14.6 2/ | 17.7 |
| Claims on the rest of the economy | 21.2 | 5.8 | 20.8 | -2.2 | 9.9 |
| Money and quasi-money | 15.5 | -3.5 | 32.4 | -4.8 | 21.0 |
| | (As a percentage of GDP) | | | | |
| Money and quasi-money | 13.7 | 10.6 | 13.3 | 12.4 | 14.5 |

Sources: Bank of the Republic of Burundi; and IMF, Treasurer's Department.

1/ Projection.

2/ Corrected for the balance sheet adjustment at the end of the year, which reclassified, until January 4, 1983, FBu 612.7 million from claims on the Government to miscellaneous assets.

fluctuated within a narrow range. As the U.S. dollar began to appreciate in 1981, the Burundi franc also recorded a strong upward movement, appreciating in nominal terms by about 42 percent from 1980 to October 1983 (Table 3). Price data on a continuously comparative basis are available only since the beginning of 1980. Since that time prices in Burundi rose less rapidly than in its main trading partners and the real effective exchange rate is estimated to have risen by about 39 percent between January 1980 and October 1983.

The linkage to the U.S. dollar allowed import prices to rise less than otherwise and moderated the increase in domestic prices. Despite the fall in prices of most exports, some by large amounts, the Government has maintained the nominal producer prices for coffee since 1980 and for other export products since 1977. This policy resulted in a major reduction in budgetary revenue from the coffee sector and in the need to subsidize some other export sectors, such as cotton. It also led to a fall in real producer prices. In some cases, such as cotton and tea, there has been a fall in production since 1981. Some alternative products consumed domestically, became more profitable. In the case of coffee, however, production has continued to rise and so has the quality of output. The appreciation of the exchange rate also promoted import demand and tended to favor projects that had a higher import content.

The pressures on the balance of payments that have characterized the economy since 1978 have resulted from the fall in the terms of trade, the quota limitation on coffee exports, the appreciating exchange rate, and expansionary financial policies. The current account deficit of the balance of payments (excluding transfers) has shown a steady increase since 1978, rising from the equivalent of 9.7 percent of GDP in 1978 to an estimated 16.1 percent in 1982 (Table 4). Including transfers, the current account deficit has shown year-to-year fluctuations but with a steady upward trend, reaching 8.3 percent of GDP in 1982. Imports have increased in spurts, rising by about 56 percent in 1979, stagnating over the next two years (partly because of transportation difficulties), and rising by a further 28 percent in 1982. On the other hand, with the exception of 1979, export earnings have fluctuated around a slightly rising trend.

Medium- and long-term loans, many on concessionary terms, financed a portion of the rising current account deficit. Between 1978 and 1982 net capital inflows rose from 2.1 percent of GDP to 4.9 percent. Since 1981 there were also important inflows of short-term capital, reflecting trade credits and movements in the working capital of foreign enterprises in Burundi. In the previous three years this item had occasioned net outflows. Despite the capital inflows, substantial use of net foreign assets was made during this period. The rapid fall of reserves led the authorities to take administrative steps to limit imports toward the end of 1982. The impact of this policy was small in 1982, but it is estimated by the staff that actual imports in 1983 are about 14 percent below effective demand.

Table 3. Burundi: Nominal and Real Effective Exchange Rates 1/, 1978-83

(Indexes: 1980 = 100)

| | Real effective exchange rate 2/3/ | Nominal effective exchange rate 2/ |
|---|---|---|
| End of period | | |
| 1978 | ... | 97.4 |
| 1979 | ... | 96.8 |
| 1980 | 100.2 | 102.1 |
| 1981 | 113.4 | 116.7 |
| 1982 | 126.8 | 129.3 |
| 1983 (Q 3) | 145.0 | 141.6 |
| Key monthly levels | | |
| January 1980 | 101.4 | 97.9 |
| March 1982 4/ | 128.5 | 127.4 |
| October 1983 | 141.1 | 142.4 |
| Percentage change | | |
| Jan. 1980-Oct. 1983 | 39.2 | 45.5 |
| March 1982-Oct. 1983 | 9.8 | 11.8 |

Sources: Bank of the Republic of Burundi; IMF, International Financial Statistics; and staff estimates.

1/ The basket includes all the countries used for the calculation of effective exchange rates of Burundi in the surveillance exercise.
2/ Trade-weighted; increases mean appreciation.
3/ The CPI of Burundi used for calculating real effective exchange rates is that recently supplied by the Bank of the Republic of Burundi. The data cover January 1980 to September 1983.
4/ Month in which the Executive Board discussed the last Article IV consultation.

Table 4. Burundi: Summary Balance of Payments, 1979-83 1/

| | 1979 | 1980 | 1981 | 1982 | 1983 2/ |
|---|---|---|---|---|---|
| | (In millions of SDRs) | | | | |
| Current account (including transfers) | -25.6 | -38.5 | -32.7 | -83.2 | -53.7 |
| Merchandise | -37.3 | -78.0 | -81.3 | -113.5 | -73.6 |
| Exports, f.o.b. | 80.7 | 51.0 | 60.4 | 79.3 | 92.6 |
| Of which: coffee | (74.1) | (44.7) | (53.0) | (70.9) | (81.5) |
| Imports, c.i.f. | -118.0 | -129.0 | -141.7 | -192.8 | -166.2 |
| Services (net) | -34.6 | -23.8 | -34.1 | -48.4 | -56.5 |
| Transfers (net) | 46.3 | 63.3 | 82.7 3/ | 78.7 | 76.4 |
| Capital account (net) | 21.8 | 32.3 | 24.7 | 49.1 | 58.7 |
| Medium- and long-term (including direct investment) 4/ | 35.9 | 29.2 | 22.2 | 41.4 | 48.4 |
| Short-term and monetary capital 5/ | -14.1 | 3.1 | 5.9 | 7.7 | 10.3 |
| SDR allocation | 2.4 | 2.4 | 2.5 | -- | -- |
| Errors and omissions 6/ | 1.1 | 9.6 | -23.4 | 1.3 | -- |
| Overall balance | -0.3 | 5.8 | -28.9 | -32.8 | 5.0 |
| Change in reserves (increase -) | 0.3 | -5.8 | 28.9 | 32.8 | -5.0 |
| | (As percent of GDP) | | | | |
| Current account (including transfers) | -4.0 | -4.8 | -3.5 | -8.3 | -5.0 |
| Current account (excluding transfers) | -11.2 | -12.8 | -12.5 | -16.1 | -12.2 |
| Overall balance | -- | 0.7 | -3.1 | -3.3 | 0.5 |
| Gross official reserves (end of period) in weeks of imports | 33.1 | 33.1 | 21.5 | 9.1 | 12.2 |

Sources: Ministry of Planning; Bank of the Republic of Burundi; and staff estimates.

1/ Converted from the original data in Burundi francs at the following annual average exchange rates: SDR 1 = FBu 116.28 for 1979; SDR 1 = FBu 117.14 for 1980; SDR 1 = FBu 106.12 for 1981; SDR 1 = FBu 99.36 for 1982; and SDR 1 = FBu 96.73 (average for the first three quarters of 1983) for 1983.

2/ Preliminary estimates

3/ Includes Stabex of SDR 9.1 million.

4/ Includes Trust Fund loan transactions.

5/ Trade credit, movements in working capital of foreign enterprises, and changes in net foreign assets of commercial banks.

6/ Includes valuation changes arising from exchange rate changes.

Burundi's external medium- and long-term debt (including IMF) reached 19.1 percent of GDP at the end of 1982. However, an important proportion of the debt is on concessionary terms, and the debt service ratio in 1982 was only 6.2 percent compared to 7.5 percent in 1980. The concessionary nature of Burundi's debt is visible in the average interest rate, which in 1982 totaled only 1.6 percent. However, in 1983, due to large repayments to the Fund on account of CFF drawings, the ending of the grace periods on many concessionary loans, and repayments of commercial loans contracted since 1981, the debt service ratio rose to 11.5 percent. Further increases will result in subsequent years, with the debt service ratio reaching an estimated 18.2 percent in 1987.

Burundi has traditionally maintained a relatively liberal exchange and trade system, with most current transactions carried out without restrictions. However, restrictions have been applied on transfers of earned income by foreign nationals; remittances abroad of income, profits, and dividends; and travel allowances. In response to large balance of payments deficits in 1981-82 and the attendant loss of reserves, Burundi tightened its trade and payments system recently by adopting a policy of selective import controls, temporarily delaying approval for transfers abroad of earned income and remittances of rental income, profits, and dividends, and reducing travel allowances.

## III. Report on the Discussions

The discussions took place at a time when the authorities were reassessing economic and financial developments. Prior to the mission's arrival the 1984 budget, which had already been presented for the consideration of the National Assembly, was withdrawn for further adjustments. The authorities were concerned at the mounting budgetary and balance of payments deficits projected for the years ahead, and they recognized that the expected losses of net foreign assets could not be sustained and that further reliance on restrictions would promote the misallocation of resources in the economy. An investment program was also being readied for presentation to a Donors' Conference in February 1984, being organized with the help of the UNDP. Efforts were being expedited on the political front to launch a major stabilization effort.

The authorities recognized that in the foreseeable future the economy of Burundi would continue to be tied to coffee production but that a renewed effort was needed to promote a diversification of the economy and the export sector in particular. On the financial side it was accepted that the large budgetary deficits, as well as those of public enterprises, were generating excessive demand pressures. The emergence of domestic payments arrears, despite the substantial access to net bank financing by the Government, was an especially worrisome element. The authorities were particularly convinced of the need to address adequately the economic and financial issues, especially relative prices, prior to the launching of a new development plan.

1. Allocation of resources

The Burundi representatives acknowledged that unchanged nominal producer prices for coffee, cotton, and tea had resulted in a fall in real producer prices. In the case of cotton and tea, small subsidies in the form of lower-priced inputs had been necessary, while for coffee a reduction in government revenue had resulted. The Burundi representatives said that, despite the decline in real producer prices, coffee production had risen faster than Burundi's export quota, and they noted that a rise in the quality of coffee had also taken place, with the higher quality groups rising from 2 percent of exports in 1978/79 to 9 percent in 1982/83. In their view, given the extension service and higher productivity being obtained, real income per hectare of coffee and other cash crops had been better sustained than appeared from looking only at the producer price. They pointed out, moreover, that the prompt payment to farmers encouraged the farmers to sustain their output. The alternative production on coffee farms was also limited. For the future, the Burundi representatives planned to improve the extension service, especially the timely provision of inputs, while allowing for some increase in coffee producer prices. The main objective of this policy is to guarantee sufficient output to cover Burundi's export quota comfortably and to continue to improve the quality of production. The Burundi representatives said that too rapid an expansion of incentives would generate excess production and give rise to stocking problems.

The Burundi representatives recognized that production incentives for noncoffee exports had deteriorated more seriously; producer prices of cotton and tea, for example, had deteriorated relative to alternative production possibilities, partly explaining production declines or slow growth rates. Efforts were, therefore, needed to improve the level of these producer prices as soon as possible, particularly in recognition of the need to diversify the economy away from coffee. However, there was agreement that, at an unchanged exchange rate, increases could not be given without enlarging budgetary subsidies, which could not be afforded.

The Burundi representatives explained that the Fourth Development Plan (1983-87) gave priority to agricultural projects, including the opening up of new areas, the expansion of the extension services, and integrated rural development schemes. Of importance was the ability of Burundi to increase domestic food production, particularly through higher productivity, while reducing regional income discrepancies by providing the needed infrastructure and extension services to promote production in the more remote areas. Given the difficulties faced by Burundi as a landlocked country, the plan also aims at reducing Burundi's foreign dependence. In this regard, the plan included projects to develop local energy sources, such as hydroelectric, solar, and bio-gas. In addition, continued efforts will be made with regard to import substitution in industry. The improvement of transport and communication would aid in rationalizing the productive sectors.

The plan provides for expenditures of FBu 107 billion (at 1981 prices). The mission expressed reservations as to the level of planned outlays, as the target was about two thirds greater than the actual investment in the preceding plan. The Burundi representatives felt that the targets might not be attained, as a result of the normal underspending and the removal of those projects that could not obtain foreign support. However, they pointed out that the present plan was smaller than the Third Development Plan (1978-82), and thus a higher implementation ratio was expected. They emphasized that they hoped to determine the amount of foreign financing to be obtained beyond 1983 during the Donors' Conference and that the plan was a rolling plan that is reviewed every year. They agreed with the mission that it would be unwise to embark on projects that did not attract sufficient foreign assistance or that would ultimately lead to debt servicing problems. In this connection the exchange rate issue was again raised as an important element in the determination of an appropriate investment structure.

The Burundi representatives said that the small increase in the cost of living recorded in the recent past had permitted the Government to avoid increases in nominal wages. The last general increase in wages took place in 1980, and merit and longevity adjustments were also stopped in 1983. In the private sector, a higher increase had been recorded. The mission felt that the continuation of a cautious incomes policy would be a prerequisite for a successful adjustment effort, even if external policies would lead to a more rapid increase in import prices.

## 2. Financial policies

The Burundi representatives explained that, in framing the 1984 budgetary policies, they were concerned that the existing expenditure pressures and the need to liquidate outstanding arrears would generate an overall budgetary deficit even larger than in the past years, as continued sluggish revenue growth was foreseen. Initial measures had already been taken to minimize expenditure growth. These included continued wage restraint, limitations on hiring for the government service, economies in the purchases of goods and services, and further reductions in the provision of transfers to the public enterprises. Even so, projected expenditures, including the provision for the liquidation of the payments arrears, were still substantially in excess of projected revenues, and the Burundi representatives agreed with the mission that further adjustments were necessary.

In reviewing possible revenue measures, the authorities were concerned that the options available, given the sluggishness of the economy, were few. The increase in the beer tax adopted in 1982 had resulted in a fall in consumption and a fall in revenue. Import duties were limited by the need to reduce imports, given the balance of payments pressures, while at an unchanged exchange rate additional resources were unlikely to be obtained from the coffee and other export sectors. The

Burundi representatives hoped that specific recommendations to enhance tax revenue would emerge from the technical assistance mission from the Fiscal Affairs Department expected in early 1984.

The Burundi representatives explained that a number of autonomous public enterprises are charged with the promotion of specific economic sectors. In expanding the number of public enterprises, the authorities had been careful to do so only in areas of activity where private initiative was lacking. The performance of the parastatals, however, had been uneven, and, in general, it could be said that the parastatal sector as a whole suffered from serious financial problems. The Burundi representatives explained that several of the recommendations of a study financed by the International Development Association, which reviewed a sample of 11 parastatals, had already been put into place. A General Commissariat for Public Enterprises had been created, whose main objective is to devise a broad strategy for the parastatals, promote the development of management skills, and elaborate an information system to monitor the performance of the enterprises; the commissariat began operating in mid-1983. Complete information on the operations of the public enterprise sector is not available. However, partial data collected by the mission on the financing side of the enterprises demonstrate that between 1979 and 1983 the overall financing requirement of public enterprises had remained constant at under 5 percent of GDP. The Burundi representatives expressed the hope that further progress would be made in subsequent years and that at the same time the productivity of this sector could be improved to allow for its contribution to economic development. They emphasized that some enterprises that could not improve their profitability would have to be closed. There was agreement, moreover, that the finances of the public sector, including the parastatal sector, needed to be taken into account in the determination of fiscal policy.

The Burundi representatives explained that, despite the rapid growth of net credit to the Government, credit operations had been carried out within the specifications provided by the banking law. They acknowledged, however, that, given the balance of payments developments, the actual growth of overall credit had clearly been too expansionary. They explained that credit to the Government was normally given under two different credit facilities, ordinary and special advances. The ordinary advances finance the seasonal shortfall in the central government ordinary budget, while the special advances are credits for development projects. During the last two years it had not been possible for the Treasury to liquidate its ordinary advances at the end of the year; consequently, the outstanding amount of these ordinary advances was converted to medium-term loans through loan agreements signed between the Treasury and the central bank. A further consolidation may be necessary. While ordinary advances are limited to 50 percent of the revenues of the preceding year, special advances have no overall ceiling and as a rule are equal to the Government's participation in projects for which external financing has been provided. Recently, the maturity of special advances was lowered from

50 years to a maximum of 15 years, and an interest rate of 5 percent was fixed on the outstanding amount for the first time. In addition, the central bank acquired the right to monitor the implementation of all projects financed through special advances. The Burundi representatives explained that with respect to the private sector, there has been no implicit global credit allocation, as the actual amount of credit to the private sector depends on the amount of refinancing obtained by commercial banks from the central bank. The amount of rediscounts varies according to the credit purposes and can reach up to 100 percent for some types of export financing. They emphasized that it was very difficult to estimate private sector credit needs, particularly because of the variability of the coffee sector, which at certain periods required the financing of substantial stocks.

The Burundi representatives explained that, since the last increase in interest rates in October 1981, deposit rates ranged between 4.5 percent and 8.5 percent, while lending rates ranged between 10 percent and 15 percent. The deposit rates fixed by the central bank were minimum, while on the lending side they were maximum. Nevertheless, the spread between lending and deposit rates was large, and commercial banks were offering higher deposit rates than the stipulated minima, while also enjoying rising after-tax profits.

3. External policies

The Burundi representatives explained that the main policy utilized to control the mounting balance of payments deficits in the last few years has been restrictions on the issuance of import licenses for low priority goods. An element of judgment is utilized in the approval process. At the present time there is no exhaustive list of restricted and nonrestricted imports. A few items are restricted in order to protect domestic industries, but the restriction of a large number of the items in 1983, when the volume of imports was actually reduced, was done in order to protect the balance of payments. Self-financed imports are not controlled. The Burundi representatives emphasized that the system was used on a temporary basis, pending the formulation of more adequate policies. They agreed with the mission as to the implications of continued restriction in the promotion of parallel markets and in depriving the Treasury of needed revenue.

The Burundi representatives noted that, while existing regulations allowed for the immediate transfer of 60 percent of earned income by foreign nationals and 50 percent of after-tax profits and rental income, the recent delay of the approvals for such transfers is temporary, pending the overall review of existing limits and the adoption of appropriate policies.

The Burundi representatives recognized that there had been a sizable appreciation of the Burundi franc in the last few years, with substantial negative consequences, although they felt gains had been made in maintaining price stability. In addition, there had been savings on a few public investment projects, as actual costs turned out to be less than original estimates. They agreed with the mission that the real appreciation of the Burundi franc had contributed substantially to the deteriorating trend in the balance of payments by increasing import demand and reducing incentives for exports at a time when export prices themselves were declining. They agreed, moreover, that an overvalued rate had had a negative impact on the allocation of resources, and they were concerned that, prior to the launching of the new development plan, a more adequate relative price structure needed to be established.

Shortly after the conclusion of the discussions, the Government announced that, effective November 22, 1983, the Burundi franc would be depreciated by 30 percent in local currency terms and 23 percent in foreign currency terms. The currency, moreover, was to be linked to the SDR, initially at the rate of SDR 1 = FBu 122.7. The devaluation of the currency brings the rate in real effective terms below the 1981 level, a broadly appropriate level.

The mounting debt service projected for the medium term had become an element of concern. The Burundi representatives agreed there was a need to proceed cautiously in any further indebtedness and hoped that their traditional donors would be able to increase their level of concessional assistance for the next plan period during the forthcoming Donors' Conference. The Government wanted to provide the donors with a large inventory of projects. The mission was of the view that a readjustment of the plan to a more reasonable level was needed as quickly as possible, as it was too large as presently drawn.

## IV. Staff Appraisal

Early in the discussions it became clear that the authorities were extremely concerned at the economic and financial outlook for Burundi in 1984 and in the medium term. The major domestic and external imbalances, which had been inadequately addressed in previous years, were likely to impair the future development of the economy. The authorities were worried about the stagnation of the economy over the previous years and were giving substantial emphasis to a new reorientation of policy that would allow a reduction in the imbalances while providing the basis for more sustained growth. Given the magnitude of the task ahead, the authorities hoped for a generous response from Burundi's main donors to support the adjustment and make the sacrifice less costly.

The staff greatly welcomes the decision of the authorities to depreciate the currency by a substantial amount to a level which the staff considers broadly appropriate. This removes a major bottleneck in the way of a more rational economic and financial policy. However, it is clear that the exchange rate action will not, by itself, restore Burundi's internal and external equilibrium and that additional actions may be needed in the course of 1984. The reassessment of policies currently going on is extremely important.

The authorities' previous policy of maintaining the nominal producer prices in the face of an appreciating exchange rate and falling export prices has had a major impact on the budgetary situation, contributing to substantial deficits, increasing domestic bank financing, and even the accumulation of payments arrears. If revenues from the coffee sector had maintained the relative position they enjoyed in the late 1970s, the overall budgetary position would have been much more comfortable. At the new exchange rate a positive net impact on the budget would emerge, even after allowing for some upward adjustment of producer prices and some increase in wages, which have remained unchanged for a number of years. The large exchange rate action will have a significant impact on import costs, which must not be offset by the adoption of expansionary financial or inappropriate incomes policies. Moreover, ongoing efforts are needed to increase the productivity of the public sector, by a continued control over the number of new employees, by a careful review of the need to purchase goods and services, and, especially, by the strengthening of the efforts to improve the profitability and productivity of public enterprises. An improvement of the efficiency of the tax system and a reduction of arrears is also needed. The 1984 budget should aim at a major reduction in the overall deficit, particularly in the utilization of net domestic bank financing.

Actions to improve the situation of public enterprises further need to be given high priority. In this regard, the activities of the General Commissariat for Public Enterprises need to be encouraged. The framework of the commissariat, as well as its guidelines for work, appear to be adequate and in line with the recommendations of the recent report by the World Bank.

The current development plan is overambitious in its scope, not only because of the financial and other economic difficulties faced by Burundi but also because of the country's low absorptive capacity and possible difficulties in obtaining the needed financing on concessionary terms. The World Bank has already advised on the need to trim the plan, and the authorities are aware of the need for adjustment. Delays in doing so will stand in the way of achieving the country's development priorities and will lead to the re-emergence of new financial imbalances. While the rolling nature of the Five-Year Development Plan is a useful implementation device, the reduction of the planning horizon to one-year periods and the maintenance of an unrealistic overall plan does not appear to be an adequate approach.

The credit expansion has been excessive in recent years and has contributed to the weakening of the external balance. Although the monetary authorities have tried to enforce limits on net credit to the Government, these efforts alone cannot be expected to achieve the desired results in the absence of fiscal action to reduce the budgetary deficit. In addition, monetary policy needs to be more consistent with an improvement in the external accounts. Such a policy would require the establishment of global ceilings on domestic credit and an improved distribution among the main users. The timely review of these ceilings during the year in line with developments in the economy, principally in the coffee sector, is also required. The central bank will also need to tighten its rediscount facilities in order to make such a policy effective.

Given the overwhelming position of coffee within Burundi's total exports, the beneficial impact of the recent devaluation is likely to affect total exports only slowly, as the noncoffee exports that would largely benefit from the increased incentives gain prominence within total exports. The staff agrees that it would be unwise to promote a level of coffee production in excess of Burundi's export quota, and the Government's main concern should rightly be in adequately fulfilling the quota commitments and continuing to support the quality of coffee. Nonetheless, care should be taken to avoid continuing declines in real financial incentives. Importantly, the new exchange rate should permit an improvement in these incentives. It will encourage a more rational utilization of foreign exchange and provide increased incentives for the search for domestic substitutes. While the change in the peg of the Burundi franc to the SDR is likely to avoid sharp changes in the nominal effective exchange rate, the need for periodic review, taking into account the evolution of domestic and foreign factors, will remain.

The sharp rise in the debt service ratio projected for the medium term is a source of concern, especially in view of the already difficult balance of payments outlook. The authorities need, therefore, to ensure that investment levels are consistent with their ability to attract concessionary financing so as to limit the utilization of loans on commercial terms. A strengthening of the present policy stance should go a long way in encouraging donors to increase their assistance to Burundi and allow the country to implement a revised investment program more adequately tailored to its absorptive capacity and its development objectives. The strengthening in the policy stance should, moreover, enable Burundi to eliminate restrictions in its trade and payments system that have been introduced in the last few years and that, if retained, will impair the development effort. These include restrictions on payments for invisible transactions that have recently been intensified, that give rise to exchange restrictions subject to approval under Article VIII of the Fund Agreement. The staff welcomes the authorities' intention to reverse the recent intensification of these exchange restrictions. It encourages them to take the steps necessary to permit their elimination. In the meantime, Executive Board approval for their maintenance is not proposed.

It is recommended that the next Article IV consultation with Burundi be held on the standard 12-month cycle.

## V. Proposed Decision

The following draft decision is submitted for consideration by the Executive Board:

1. The Fund takes this decision relating to Burundi's exchange measures subject to Article VIII, Section 2, and in concluding the 1983 Article XIV consultation with Burundi, in the light of the 1983 Article IV consultation with Burundi conducted under Decision No. 5392-(77/63), adopted April 29, 1977 (Surveillance over Exchange Rate Policies).

2. Burundi continues to maintain restrictions on payments and transfers for certain current international invisible transactions. The Fund encourages the authorities to pursue policies that will enable them to remove the remaining restrictions described in SM/84/___ as soon as possible.

## BURUNDI - Relations with the Fund
(As of November 30, 1983)

| | |
|---|---|
| Date of membership: | September 28, 1963 |
| Status: | Article XIV |
| Quota: | SDR 42.7 million (effective December 28, 1983) |
| Exchange arrangement: | Pegged to the SDR at FBu 122.70 = SDR 1 |
| Intervention currency and the rate: | U.S. dollar; FBu 117.21 = US$1.00 |
| Fund holdings of currency: | SDR 31.90 million (92.47 percent of quota), of which SDR 4.75 million (13.76 percent of quota) in respect of CFF purchases |
| Reserve tranche position: | SDR 7.37 million (21.36 percent of quota) |
| Net cumulative allocation of SDRs: | SDR 13.697 million |
| Holdings of SDRs: | SDR 1.49 million (4.3 percent of the net cumulative allocation) |
| Trust Fund loans: | |
| First period | SDR 7.88 million |
| Second period | SDR 10.69 million |
| Balance outstanding | SDR 17.94 million |
| Gold distribution: | 16,260.984 fine ounces |
| Direct distribution of profits: | |
| First period | US$0.85 million |
| Second period | US$2.17 million |
| Staff contacts: | |
| Last Article IV consultation mission | November-December 1981 (SM/82/47); Executive Board discussion on March 22, 1982 (EBM/82/34) |

BURUNDI - Relations with the Fund (concluded)

| | |
|---|---|
| Technical assistance: | The CBD is providing three technical assistants to the Bank of the Republic of Burundi, viz., a Research Advisor, a Credit Advisor, and an Advisor on Bank Supervision and Internal Control. |

BURUNDI - Relations with World Bank Group

Burundi is eligible for IDA credits, which have accounted for virtually all loans from the World Bank Group. Assistance started in 1966 and focused on agriculture, infrastructure, and human resources. Since then Burundi has received 21 credits totaling US$176 million, of which US$92 million was disbursed as of September 30, 1983. IDA is one of the main sources of financial assistance to Burundi. IFC has committed US$0.9 million in equity and US$4.8 million in loans to a glass bottling plant, of which US$0.8 million and US$4.7 million, respectively, had been disbursed as of December 19, 1983.

The World Bank has also been providing technical assistance to Burundi in a number of sectors, including the important area of government enterprises. Recommendations on reorganizing these enterprises have been accepted by the Government, and further assistance to implement them is being sought from the World Bank.

An IBRD resident representative has been assigned to Burundi on a part-time basis since 1979 and on a full-time basis since 1983.

## BURUNDI - Basic Data

### Area, population, and GDP per capita

| | |
|---|---|
| Area | 27,866 square kilometers |
| Population: | |
| Total (1982) | 4.4 million |
| Growth rate | 2.7 per cent |
| GDP per capita (1983) | SDR 243 |

| | 1980 | 1981 | 1982 Prel. | 1983 Proj. |
|---|---|---|---|---|
| **National accounts** | (In billions of Burundi francs) | | | |
| Gross domestic product at 1970 factor cost | 26.8 | 29.8 | 28.0 | 28.5 |
| Primary sector | 17.7 | 20.0 | 18.2 | 18.8 |
| Secondary sector | 3.8 | 3.8 | 3.8 | 3.8 |
| Tertiary sector | 5.3 | 6.0 | 6.0 | 5.9 |
| GDP at current market prices | 93.2 | 97.9 | 99.9 | 103.6 |
| Imports of goods and nonfactor services | 18.4 | 18.6 | 23.3 | 20.5 |
| Total supply of resources Total use | 111.6 | 116.5 | 123.2 | 124.1 |
| Exports of goods and nonfactor services | 6.6 | 7.9 | 9.7 | 10.7 |
| Domestic demand | 105.0 | 108.6 | 113.5 | 113.4 |
| Private consumption | 82.7 | 81.0 | 86.6 | 86.3 |
| Public consumption | 10.8 | 12.8 | 14.2 | 14.6 |
| Gross fixed capital formation 1/ | 10.5 | 11.5 | 14.8 | 12.7 |
| Resource gap | -11.8 | -10.7 | -13.6 | -9.8 |
| | (As percent of GDP at market prices) | | | |
| Gross fixed capital formation | 12.3 | 12.1 | 13.3 | 12.1 |

Sources: Data provided by the Burundi authorities; and staff estimates.

1/ Including changes in stocks.

BURUNDI - Basic Data (continued)

| | 1980 | 1981 | 1982 Prel. | 1983 Proj. |
|---|---|---|---|---|
| Annual rate of growth and prices | | (Change in percent) | | |
| Real GDP 1/ | 3.4 | 11.4 | -6.0 | 1.7 |
| Demand deflator | 26.7 | 7.3 | 5.9 | 2.1 |
| Consumer price index 2/ | 25.5 | 10.3 | 2.9 | 8.7 |
| Central government operations | | (In millions of Burundi francs) | | |
| Revenue plus grants | 14,683 | 15,747 | 16,973 | 15,470 |
| Revenue | 11,519 | 11,316 | 13,637 | 12,710 |
| Capital grants 3/ | 3,164 | 4,431 4/ | 3,336 | 2,760 |
| Expenditures 5/ | 17,791 | 19,635 | 21,206 | 19,472 |
| Current | 9,716 | 10,481 | 11,131 | 11,232 |
| Capital | 8,075 | 9,154 | 10,075 | 8,240 |
| Extrabudgetary accounts 6/ | 909 | -835 | -733 | -148 |
| Overall deficit (-) | -2,199 | -4,723 | -4,966 | -4,150 |
| Financing | | | | |
| Foreign (net) | 1,262 | 1,517 | 2,502 | 1,912 |
| Domestic (net) | 937 | 3,206 | 2,464 | 2,238 |
| Banking system | 25 | 2,704 | 1,904 | 2,200 |
| Other | 912 | 502 | 560 | 38 |
| | | (As percent of GDP) | | |
| Revenue | 12.3 | 11.6 | 13.6 | 12.3 |
| Capital grants 3/ | 3.4 | 4.5 | 3.3 | 2.7 |
| Current expenditures | 10.4 | 10.7 | 11.1 | 10.8 |
| Capital expenditures | 8.7 | 9.3 | 10.1 | 8.0 |
| Total expenditure | 19.1 | 20.0 | 21.2 | 18.8 |

1/ At factor cost.
2/ Cost-of-living index for households in Bujumbura.
3/ Including foreign grants passed on to public enterprises.
4/ Including grant from STABEX of FBu 967 million.
5/ Including externally financed off-budget expenditures of the Central Government and foreign capital grants passed on to public enterprises.
6/ Including errors and omissions.

BURUNDI - Basic Data (continued)

| | 1980 | 1981 | 1982 | 1983 Proj. |
|---|---|---|---|---|
| Money and credit | (In millions of Burundi francs, end of period) | | | |
| Foreign assets (net) | 7,526 | 4,640 | 1,323 | 1,475 |
| Domestic assets | 10,487 | 15,766 | 17,307 | 20,530 |
| Government (net) | 3,712 | 6,416 | 8,320 | 10,520 |
| Credit to economy | 7,321 | 9,371 | 9,081 | 10,310 |
| Coffee Stabilization Fund deposits | -547 | -21 | -94 | -300 |
| Money and quasi-money | 9,861 | 13,055 | 12,429 | 15,039 |
| | (As percent of GDP) | | | |
| Credit to Government (net) | 4.0 | 6.5 | 8.3 | 10.2 |
| Credit to economy | 7.8 | 9.6 | 9.1 | 10.0 |
| Money and quasi-money | 10.6 | 13.3 | 12.4 | 14.5 |
| Balance of payments 1/ | (In millions of SDRs) | | | |
| Current account (including transfers) | -38.5 | -32.7 | -83.2 | -53.7 |
| Merchandise | -78.0 | -81.3 | -113.5 | -73.6 |
| Exports, f.o.b. | 51.0 | 60.4 | 79.3 | 92.6 |
| Of which: coffee | (44.7) | (53.0) | (70.9) | (81.5) |
| Imports, c.i.f. | -129.0 | -141.7 | -192.8 | -166.2 |
| Services (net) | -23.8 | -34.1 | -48.4 | -56.5 |
| Transfers (net) | 63.3 | 82.7 | 78.7 | 76.4 |
| Capital account (net) | 32.3 | 24.7 | 49.1 | 58.7 |
| Medium- and long-term (including direct investment) 2/ | 29.2 | 22.2 | 41.4 | 48.4 |
| Short-term and monetary capital 3/ | 3.1 | 2.5 | 7.7 | 10.3 |
| SDR allocation | 2.4 | 2.5 | -- | -- |
| Errors and omissions 4/ | 9.6 | -23.4 | 1.3 | -- |
| Overall balance | 5.8 | -28.9 | -32.8 | 5.0 |
| Gross official reserves (end of period) | 82.1 | 58.6 | 33.9 | 32.7 5/ |

1/ Converted from the original data in Burundi francs at the following annual average exchange rates: SDR 1 = FBu 117.14 for 1980; SDR 1 = FBu 106.12 for 1981; SDR 1 = FBu 99.36 for 1982; and SDR 1 = FBu 96.73 (average for the first three quarters of 1983) for 1983.

2/ Includes Trust Fund loan transactions.

3/ Trade credit, movements in working capital of foreign enterprises, and changes in net foreign assets of commercial banks.

4/ Includes valuation changes arising from exchange rate changes.

5/ September 1983.

## BURUNDI - Basic Data (concluded)

| | 1980 | 1981 | 1982 | 1983 Proj. |
|---|---|---|---|---|
| | | (As percent of GDP) | | |
| Exports, f.o.b. | 6.4 | 6.5 | 7.9 | 8.6 |
| Imports, c.i.f. | 16.2 | 15.3 | 19.2 | 15.5 |
| Current account (including transfers) | -4.8 | -3.5 | -8.3 | -5.0 |
| Overall balance | 0.7 | -3.1 | -3.3 | 0.5 |

| | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 |
|---|---|---|---|---|---|---|
| Debt service projections | | (In millions of U.S. dollars) | | | | |
| Debt service payments 1/ | 7.2 | 8.9 | 13.8 | 20.9 | 27.9 | 33.0 |
| Amortization | (4.6) | (6.1) | (9.9) | (15.5) | (20.7) | (24.3) |
| Interest payments | (2.6) | (2.8) | (3.9) | (5.4) | (7.2) | (8.7) |
| Debt service to IMF 2/ | 0.7 | 5.7 | 5.2 | 0.4 | -- | -- |
| Debt service ratio (in percent) 3/ | | | | | | |
| Excluding IMF 1/ | 6.2 | 7.0 | 12.1 | 16.3 | 17.9 | 18.2 |
| Including IMF 2/ | 6.8 | 11.5 | 16.6 | 16.6 | 17.9 | 18.2 |

1/ Including Trust Fund.
2/ In respect of CFF purchases.
3/ Debt service payments as a percentage of receipts from export of goods and nonfactor services and private transfers.