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August 7, 1984

To: Members of the Executive Board
From: The Secretary
Subject: Upper Volta - Staff Report for the 1984 Article IV Consultation

Attached for consideration by the Executive Directors is the staff report for the 1984 Article IV consultation with Upper Volta. A draft decision appears on page 20.

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. Nsouli (ext. 76542) or Mr. Briffaux (ext. 74882).

The Secretary has learned informally that there is to be a change in the name of Upper Volta, but the Fund has not yet received a formal notification to that effect.

Att: (1)

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INTERNATIONAL MONETARY FUND

UPPER VOLTA

Staff Report for the 1984 Article IV Consultation

Prepared by the Staff Representatives for the
1984 Consultation with Upper Volta

Approved by J. B. Zulu and E. H. Brau

August 6, 1984

The 1984 Article IV consultation discussions with Upper Volta were held in Ouagadougou during the period May 16-31, 1984. The Upper Voltan authorities included Mr. J. Baro, Minister of Economic Affairs and Finance; Mr. H. Zongo, Minister of State for Public Enterprises, Mr. K. Congo, National Director of the BCEAO; and other officials concerned with economic and financial matters. Discussions were also held at the BCEAO headquarters in Dakar. Mr. A. Alfidja, Executive Director for Upper Volta, and his advisor, Mr. N. Toé, were present for the discussions. The staff team consisted of Mr. S.M. Nsouli (head-*AFR*), Mr. J.Ph. Briffaux (*AFR*), Mr. M. Fiator (*AFR*), Ms. C. Hoban (*AFR*), Mr. B. Konan (*STAT*), and Ms. E. Noel (secretary-*AFR*).

Upper Volta continues to avail itself of the transitional arrangements of Article XIV. It has never used Fund resources in the credit tranches, and Fund holdings of its currency are presently at 76.2 percent of its quota. Summaries of Upper Volta's relations with the Fund and with the World Bank Group are provided in Appendices I and II, respectively. Statistical issues are discussed in Appendix III, and supporting statistical information is presented in Appendices IV and V.

I. Background and Recent Economic Developments

With a GDP per capita estimated at about SDR 143 in 1983, Upper Volta is one of the poorest countries in the world and is on the United Nations list of least-developed countries. The economy is based mainly on agriculture, the bulk of which is subsistence-oriented. A variety of food and export crops is grown under arid sub-Saharan conditions, and extensive cattle-raising is an important activity. There is a small industrial sector engaged in agriculture-related and light manufacturing activity. Although there are deposits of manganese, zinc, and gold, the exploitation of mineral resources is very limited.

1. Economic and financial developments, 1980-82

The development strategy in Upper Volta has focused on the agricultural sector. Projects have generally aimed at increasing productivity, promoting cash crops, such as cotton and sugar, and encouraging internal migration toward the relatively underpopulated and more fertile southern parts of the country. During the 1970s annual real GDP growth is estimated to have averaged 3.5 percent. Economic growth, however, fluctuated considerably during this period, given the vulnerability of the agricultural sector to changes in climatic conditions. In 1980 drought conditions hit the agricultural sector particularly hard, with the result that real GDP is estimated to have declined by 0.7 percent. With a return to more normal weather conditions, real GDP recovered in 1981, recording a growth rate of 4.5 percent, and grew further by 1.0 percent in 1982. During this period price rigidities and shortcomings in management adversely affected the production and financial performance of public enterprises in the industrial sector. Furthermore, private sector investment and economic activity in general were affected by frequent changes in government.

During 1980-82 the consolidated budgetary deficit, 1/ excluding grants, averaged about 20 percent of GDP. However, even though revenue grew at a faster rate than expenditure, the larger expenditure base resulted in an increase in the nominal deficit. Domestic revenue during 1980-82 grew at an average annual rate of 16.4 percent, with the result that the ratio of domestic revenue to GDP rose marginally to about 14 percent of GDP. Total expenditure and net lending increased at an annual average rate of 11.5 percent in 1980-82. Current expenditure expanded rapidly, rising by 13.2 percent in 1981 and 29.6 percent in 1982, while investment expenditure grew by only 4.1 percent in 1981 and 2.8 percent in 1982. The deficits, associated in the main with foreign-financed investment, were financed largely by grants and net foreign borrowing on concessional terms. During these years payments arrears started to accumulate. Credit policy was generally in line with the needs of economic activity. The rate of inflation averaged about 11 percent annually during 1980-82. However, the current account position deteriorated sharply during 1980-82, as imports grew at a faster pace than exports and the debt service burden rose sharply. As a result, notwithstanding a marked expansion in net capital inflows, the balance of payments, which was in near balance in 1980-81, recorded an

1/ The analysis of fiscal developments is based on the consolidated Government budget as estimated by the staff. The data has been revised significantly since the last consultation.

Table 1. Upper Volta: Selected Economic and Financial Indicators, 1980-85

	1980	1981	1982	1983 Est.	1984 Proj.	1985 Proj.
(Growth rates in percent, unless otherwise specified)						
Gross domestic product and prices						
GDP current prices	9.2	14.6	10.5	4.4	10.1	8.9
GDP constant prices	-0.7	4.5	1.0	-1.3	4.1	2.9
GDP deflator	10.0	9.7	9.4	5.8	5.8	5.8
Consumer prices	11.4	10.4	10.0	8.4	...	...
Trends in central government						
Finance						
Total revenue ^{1/}	22.7	6.3	22.0	3.9	5.9	8.6
Current expenditure	11.2	13.2	29.6	13.8	-9.8	10.2
Investment expenditure	16.3	4.1	2.8	10.3	21.4	-0.5
Trends in monetary aggregates						
Money and quasi-money						
Net domestic credit ^{2/}	4.4	15.3	13.6	-5.9	12.4	11.6
Government ^{2/}	(-2.3)	(9.3)	(-1.5)	(-10.5)	(2.9)	(3.4)
Private sector ^{2/}	(6.7)	(6.0)	(15.1)	(4.6)	(9.5)	(8.2)
Interest rates (annual rates) ^{3/}	6.75	6.75	9.75	7.75	7.75	7.75
Trends in external sector ^{4/}						
Exports, f.o.b.						
	20.2	6.1	-0.8	34.5	14.5	4.6
	(20.1)	(-8.9)	(-12.4)	(19.8)	(7.1)	(4.6)
Imports, f.o.b.						
	17.2	9.0	10.8	6.4	9.6	8.7
	(17.1)	(-6.5)	(-2.1)	(-5.2)	(2.5)	(8.7)
Nonproject imports ^{5/}						
	17.6	8.0	8.5	-4.8	11.2	11.1
	(17.6)	(-7.4)	(-4.2)	(-15.2)	(3.9)	(11.1)
Nominal effective exchange rate						
(depreciation -) ^{6/}	0.3	-5.3	-4.0	-3.8	-2.0	...
Real effective exchange rate						
(depreciation -) ^{6/}	0.2	-7.4	-3.0	-2.9	...	...
(In percent of GDP, unless otherwise specified)						
Public finance overall deficit						
Excluding grants						
	-21.1	-20.1	-18.9	-21.7	-21.7	-20.1
Including grants						
	-5.5	-7.8	-7.4	-10.3	-11.3	-10.6
Gross fixed investment						
	16.6	14.6	13.6	14.3	14.7	13.6
Gross national savings						
	-3.1	-2.3	-6.2	-2.7	-2.8	-4.6
External sector						
Current account balance						
	-4.0	-4.6	-8.4	-5.6	-7.1	-8.6
Current account excluding public grants						
	-19.6	-16.9	-19.8	-17.0	-17.5	-18.1
Overall balance of payments						
	0.5	-0.1	-2.2	1.5	0.9	-2.1
Gross official reserves						
(in weeks of imports)	10	12	12	18	19	13
External debt disbursed ^{7/}						
	19.2	25.4	28.6	37.1	41.7	47.6
Debt service ratio ^{8/}						
	5.2	6.3	10.6	10.6	14.5	18.2
(In millions of SDRs)						
Overall balance of payments						
	5.4	-1.3	-22.2	13.8	8.9	-21.3
External payments arrears						
(outstanding at end-year)	7.3	13.8	25.2	37.5	35.0	35.0

Source: Data provided by the Upper Voltan authorities; and staff estimates.

^{1/} Excluding grants.

^{2/} Increases in percent of beginning money stock. Credit to the private sector includes parastatals.

^{3/} Six-month to one-year savings deposits.

^{4/} Percentage changes shown on CFA franc basis and in brackets on SDR basis.

^{5/} Imports of goods and nonfactor services not financed by project aid.

^{6/} Import weighted.

^{7/} End of period.

^{8/} In percent of exports of goods, nonfactor services, and private transfers.

overall deficit of 2.2 percent of GDP in 1982. ^{1/} The debt service ratio rose during this period from 4 percent to 11 percent, and total outstanding debt reached CFAF 103 billion (SDR 278 million) at end-1982. Gross international reserves amounted to about 12 weeks of imports at end-1982.

2. Economic and financial developments, 1983

Economic developments during 1983 were strongly influenced by the re-emergence of drought conditions and uncertainties associated with the changes in government. There was a decline in economic activity, a deceleration in price increases, and a marked increase in exports accompanied by a slowdown in imports that contributed to a turnaround in the overall balance of payments position from a deficit to a surplus. The overall budgetary deficit rose sharply, with a record level of domestic and external payments arrears being accumulated, while domestic credit contracted.

The decline of economic activity in 1983 resulted in large part from adverse developments in the agricultural sector, due largely to drought conditions. The slack in agricultural output, together with price rigidities resulting from the system of price controls and shortcomings in management, also adversely affected industrial production. Other sectors of the economy suffered from the repercussions of the slowdown in agricultural and industrial activity, as well as from the aforementioned uncertainties in 1983. The rate of inflation as measured by the consumer price index dropped to 8.4 percent from about 10 percent in 1982, reflecting the deceleration in aggregate demand and the sales of cereal stocks accumulated in previous years.

The consolidated budgetary position (including extrabudgetary operations) of the Central Government deteriorated in 1983. Even though the budgetary estimates suffer from shortcomings in the available data, staff estimates indicate that, excluding grants, the deficit on a commitment basis rose from 18.8 percent of GDP in 1982 to 21.7 percent in 1983. Including grants, the consolidated deficit rose from 7.4 percent to 10.3 percent of GDP, respectively, and there was an accumulation of arrears. The cash deficit was exclusively financed through net foreign loans, while the net deposit position of the Government with the banking system rose. The increase in the overall deficit was in part due to the operations of the current budget, which recorded a deficit of CFAF 12.5 billion in 1983, compared with CFAF 6.6 billion in 1982. On the expenditure side, current expenditures grew by 13.8 percent in 1983,

^{1/} The balance of payments estimates by the staff incorporate estimates of changes in external payments arrears. The BCEAO excludes such arrears from its estimates.

primarily due to a sharp increase in nonwage expenditures. Wage expenditures, which had risen by 20.5 percent in 1982, grew by 7.6 percent in 1983. Investment expenditures rose by 10.3 percent. On the revenue side, domestic revenue increased by only 3.9 percent, reflecting a decline of 3.3 percent in tax revenue. Taxes on international trade declined by 10.8 percent, in large part due to a slack in imports. Taxes on goods and services fell by 2 percent, mainly due to a shortfall in revenue from the turnover tax reflecting the overall slowdown in domestic production. Nontax revenue, which includes unclassified items, increased by 50 percent.

Domestic credit developments reflected also in large part the slowdown in economic activity. Credit to the private sector, which includes parastatals, grew by nearly 4.6 percent in 1983 compared with about 15 percent in 1982. 1/ According to the Central Risk Recording Service, to which banks are required to declare loans above certain specified amounts, such outstanding loans to public enterprises rose by 28 percent in 1983, as compared with about 11 percent in 1982, reflecting the deteriorating situation of public enterprises. The Government, broadly defined, 2/ moved into a net creditor position, due to the buildup of deposits by the Central Government as well as by other public agencies, notably the Equalization Fund and the Social Security Fund. As a result, net domestic credit declined by 6 percent in 1983, compared with an expansion of 14 percent in 1982. This decline was more than offset by a sharp expansion in net foreign assets, which led to a growth in domestic liquidity of about 12 percent in 1983.

The difficult economic conditions in the country were paradoxically reflected in a considerable improvement in the overall external balance in 1983. The drought conditions prompted livestock exporters to increase their exports, while an unusually good cotton harvest contributed to a sharp rise in the volume of cotton exports. Export proceeds, which also benefitted from price increases and the depreciation of the CFA franc, increased by nearly 35 percent. 3/ By contrast, the slowdown in economic activity contributed to a decline in the volume of imports, which grew by only 6 percent in nominal terms. Primarily as a result of these factors, the current account deficit (including grants) of the balance of payments narrowed from 8.4 percent of GDP in 1982 to 5.6 percent in 1983. As net capital inflows also increased, the overall balance of payments recorded a surplus of about CFAF 6 billion (SDR 13.8 million or

1/ Rates of credit increase are expressed as a percentage of beginning money stock.

2/ The Government in the monetary accounts includes the Central Government and a number of public agencies, but excludes public enterprises.

3/ The growth rates given are based on CFA francs.

1.5 percent of GDP), compared with a deficit of CFAF 8.1 billion (SDR 22.2 million or 2.2 percent of GDP) in 1982. Since over CFAF 6 billion (SDR 15.0 million) was accumulated in external payments arrears, the banking system's net foreign assets increased by about CFAF 12 billion. The gross international reserves of the country reached a record of 18 weeks of imports. The debt service ratio during 1983 remained close to the 11 percent ratio of 1982.

II. Report on the Discussions

1. Introduction

The discussions with the authorities focused on the policy orientation in 1984 and 1985 that would lay the foundation for promoting a sustainable rate of economic growth, maintaining relative price stability, and strengthening the underlying balance of payments position over the medium term. The authorities expressed an interest in setting up an appropriate adjustment program that could be supported by use of Fund resources. The elements of such a program for 1985 were reviewed, and, at the request of the authorities, the staff prepared a policy action program for the remainder of 1984, which addresses the most urgent problems and includes studies and preparations that need to be undertaken to formulate a comprehensive adjustment program for 1985.

In order to revive economic activity, measures regarding the investment program, pricing policies, and public enterprises need to be taken. Without measures on both the revenue and expenditure sides, the staff's estimates indicate a rising financing gap in the budgetary position. To cover even part of this gap, a high rate of net credit growth to the government sector would be required. Without comprehensive structural reforms, the balance of payments position, which is expected to deteriorate in 1984 and move into a deficit in 1985, would continue to weaken over the medium term.

2. Economic development and investment

Although investment in Upper Volta has not taken place within the context of a public investment program recently, the Upper Voltan authorities indicated that their development efforts continued to concentrate on rural development, including agriculture and livestock. Most major projects currently under implementation were for rural development and related infrastructure. The authorities noted that investments in the rural sector, largely financed by foreign aid, had remained considerably below scheduled commitments due to the constraints imposed by the absorptive capacity of the sector, including climatic and soil conditions, problems of technology adaptation, small farmers' reluctance to accept new technology and methods, and shortages of manpower during peak periods of planting and harvesting.

To promote rural development further, they had maintained producer prices in line with those of neighboring countries, provided a limited amount of subsidized inputs, limited taxation of agricultural production, and geared official marketing operations to support both the price and volume of marketed output. The authorities recognized that, with the notable exception of cotton, attempts to promote diversification in agricultural products had had a very limited success, while the pressure of continuous cultivation using the most traditional methods in the heavily populated central region had caused problems of soil erosion and fertility. The Government intended to intensify its diversification efforts by concentrating mainly on groundnut and sesame revitalization projects and introducing soya cultivation. In order to improve the effectiveness of rural development, farmers had been invited to participate in local, regional, and national workshops ("journées de réflexion") where the efficiency of ongoing projects was discussed and the views of farmers on the appropriateness of new projects and of pricing policies were solicited.

Although the mining industry is at an early stage of development, Upper Volta is considered to be potentially rich in manganese, zinc, and gold. A gold mining project at Poura was expected to be completed in mid-1984, with total investment estimated at US\$40 million. The reserves are estimated at 20 tons and annual production at 2 tons. Prefeasibility and feasibility studies for another major project to explore the zinc-silver mine at Perkoa, which has potential reserves of 10 million tons, had been initiated in 1984 and were being financed by the World Bank.

The authorities explained that, during the 1970s, plans for the development of the mining sector were linked mainly to a prospective manganese mining project at Tambao, located about 340 kms northeast of Ouagadougou. In 1975 the Government created a consortium, the Société Minière de Tambao, to carry out its development. A feasibility study undertaken in 1977 estimated the total cost of the project (including the construction of 340 kms of rail line) at US\$172 million in 1977 U.S. dollars. The Government approached several foreign financial institutions, including IDA, to finance the project. However, financing could not be secured because of the unfavorable market prospects for manganese. During 1981 the Government attempted to revive the Tambao project but was unable to secure external financing, again largely due to the continuing softness of the manganese market and the increased mining development and infrastructural costs. These had escalated by 1982 to an estimated US\$320 million. In 1982-83, however, the rail bed for the first 100 kms of the railroad line from Ouagadougou to Kaya was constructed by borrowing from the domestic banking system. The World Bank considered the project to be uneconomical and, in the circumstances, the requisite financing to complete the track could not be secured. In 1983 work on the railroad section had come to a virtual standstill. The Government is now awaiting the outcome of a detailed study being undertaken by the UNDP on the viability of the Tambao project. The study is expected to be completed by end-1984.

In the transportation sector, one of the major pending issues relates to the railway linking Upper Volta with Ivory Coast, which is jointly owned by the two countries and managed by the Régie Abidjan-Niger (RAN). Over the last few years, the railroad's efficiency had declined, primarily because of management problems and a deterioration in its infrastructure. The RAN has incurred considerable losses. The share of Upper Volta in these losses, which has accumulated as arrears, reached an estimated CFAF 12 billion (US\$29 million) by end-May 1984. A major rehabilitation project for the railway is currently under discussion between the World Bank, the Upper Voltan, and the Ivorian authorities. The rehabilitation project would involve tariff adjustments, management reforms, comprehensive repair work, supplementary investment, and repayment and/or rescheduling of arrears.

Since an appropriate public investment program would be an important element in promoting economic growth, the authorities recognized that the elaboration of a comprehensive public investment program, which would take into account the contribution of various projects to the priorities and objectives of the Government, the recurrent costs of the projects, and the medium-term macroeconomic impact of the projects was needed. The authorities concurred that thorough project evaluation needed to be undertaken to ensure that only economically viable projects were selected. In this regard, they indicated that they were awaiting the outcome of the detailed study being undertaken by the UNDP on the viability of the Tambao project. They had also prepared a document providing a methodology for determining the domestic counterpart of investment expenditures. In addition, they had prepared a special plan for 1984-85 incorporating a group of locally sponsored development projects initiated under the current Administration. These projects, with a total estimated cost of CFAF 18.6 billion (about US\$46 million) in 1984-85, would be financed by voluntary local contributions of funds and voluntary labor. The projects were small-scale ventures in vegetables development, water supply, housing, and other basic infrastructure. As a group, these projects were intended to draw large numbers of the population into the national development effort, either through the impact of the projects on the quality of life or through the participation of local residents in, for example, the construction of public works. The authorities hoped that, apart from the successful implementation of these projects, the special plan would demonstrate to Upper Voltans that their own means (physical or financial) are the primary source of development, and that foreign sources of development finance should be considered as secondary.

While noting the progress being made, the staff recommended that for the purpose of preparing an investment program for 1985, a working group be set up, supported with appropriate technical assistance from various sources, including the World Bank. The working group could also initiate work on a medium-term investment program, which the authorities had indicated that they wished to launch in 1986.

3. Pricing policies

The main objective of consumer pricing policies, according to the authorities, was to contain price increases to avoid an erosion in real incomes. An extensive system of price controls is currently in place, covering a large array of locally produced and imported goods. While the authorities continued to feel the need to implement the price control system, they recognized that it was not possible to control all prices effectively. Furthermore, the lack of adequate information on production cost components made the process of price determination difficult. In addition, cumbersome administrative arrangements prevented frequent price changes with the result that, at times, shortages occurred and parallel markets emerged. The authorities indicated that they intended to implement the system more flexibly and to educate the public through the media about the need for price adjustments.

The authorities distinguished among various categories of goods in the system of price controls. With regard to locally produced agricultural goods, a distinction was made between foodstuffs (cereals in particular) and export crops such as cotton and sheanuts. While producer prices for cereals had been announced around harvest time in the past, starting in 1983 the prices were announced during the planting season in May in order to encourage production. For export crops, the producer prices were announced in September-October at harvest time and reflected export prices. In general, the authorities felt that the system was working appropriately. With regard to locally produced industrial goods, the prices were determined through a system of "homologation", which consists of a formal review of all the cost components by a technical interministerial committee. The representatives recognized that the review process has proved to be lengthy and cumbersome and that there was an urgent need to accelerate it. These delays had resulted in significant losses to several public enterprises. Further, the low selling prices stipulated had, in certain instances, such as for sugar and soap, resulted in wide-scale smuggling of the product out of the country and in acute domestic shortages. With regard to imported goods, the Government generally determined profit margins, depending on the nature of the good in question. No profit margins, however, were set for luxury goods, while the specific retail prices for essential goods, such as rice and petroleum products, were fixed by the Government on the basis of import costs and involved no subsidies.

4. Public enterprises

The public enterprise sector, which includes over one hundred public and mixed enterprises and public agencies, accounts for most manufacturing, trade, and financial services. Most enterprises were reported to be currently suffering from persistent operating deficits. In recognition of the problems facing public enterprises, the government had established the Ministry of Public Enterprises in 1983. The Ministry, which was not

given supervisory or regulatory functions, was assigned the responsibility for identifying the problems facing the enterprises and making recommendations on how to solve their problems.

The authorities indicated that the legal framework governing public enterprises was inadequate. In their view, an adequate legal framework needed to be set up before the basic problems of public enterprises could be addressed. Thus, the Ministry had so far worked primarily toward the development of a new set of statutes governing the various types of enterprises in the sector. The new statutes would provide for representation of equity participants in mixed enterprises in more direct proportion to the size of their participation; in practice, this would permit the Central Government to exercise a voting power that better reflected its equity contribution. Furthermore, the statutes would provide for greater worker involvement in the management and operations of enterprises.

The basic problems facing public enterprises include undercapitalization, management problems, regulatory pricing policies, inefficient project design, and consequent low productivity. The authorities indicated that early in 1984 the salaries of employees in public enterprises had been substantially reduced and aligned with those in the civil service. The authorities were of the view that, by encouraging workers to work hard because of their consciousness of their social obligations and their recognition that they would suffer most in the event of outright failure of the enterprise, the financial difficulties of public enterprises could be resolved. Specifically, the authorities intended to cut payment for overtime and weekend work shifts. Workers would be encouraged to provide their time freely for these purposes. This strategy would be applied to a pilot group of four enterprises. These are AIR VOLTA, SAVANNA, 1/ SOSU-HV, 2/ and VOLTEX. 3/ These enterprises are characterized by deficits of more than CFAF 1 billion and employ three to four thousand workers.

The staff representatives were of the view that more comprehensive reforms were needed. To identify the problems and the requisite measures to address them, a comprehensive study of public enterprises was urgently needed. However, in view of the rapidly deteriorating position of public enterprises, two policy areas could be immediately addressed. First, perhaps the most serious problem facing public enterprises had been the enforcement of a noneconomic price system. Under this system the Upper Voltan authorities had maintained artificially low prices. These needed

1/ Société Agro-Industrielle de Production de Concentré de Tomates et de Jus de Fruits.

2/ Société Sucrière de Haute-Volta.

3/ Société Voltaïque de Textiles.

to be revised to ensure the financial viability of the enterprises. Second, employment policies in public enterprises needed to be reassessed, in order to limit employment to that which was essential.

5. Fiscal policy

The authorities indicated that they were pursuing a tight fiscal policy. Based on the approved budget, the current deficit of the Central Government (excluding grants) was projected to turn around from about CFAF 12.5 billion in 1983 to a surplus of CFAF 5.9 billion in 1984. Accordingly, even taking into account a higher estimated level of foreign-financed investment, the overall deficit based on the approved budget (excluding grants) was projected to decline from 21.7 percent of GDP in 1983 to 19.3 percent in 1984. However, based on performance in the first quarter, the projected level of imports, and the envisaged level of economic activity, staff estimates indicated that the projection for revenue in the budget may not be attained. Expenditures, on the other hand, are likely to exceed budgetary targets, primarily because of a quick expansion in personnel. Nonetheless, since current expenditure is projected to remain below the 1983 level, the deficit on the current budget for 1984 is projected to narrow to CFAF 3 billion. However, taking into account anticipated investment expenditures, the overall deficit (excluding grants) was projected by the staff to rise in absolute terms but to remain at 21.7 percent of GDP in 1984. In 1985, without specific measures, the budgetary deficit would increase only marginally, though declining as a ratio of GDP. As investment is almost totally foreign-financed, the financing gap in the budget would be CFAF 13 billion in 1984 and CFAF 17 billion in 1985. Since only a small fraction of these gaps can be financed by the domestic banking system, in view of the limitations imposed by the BCEAO, the authorities recognized the importance of taking appropriate measures to avert a further accumulation of arrears.

On the revenue side, the authorities indicated that, in the context of the 1984 budget, they had increased the excise taxes on beverages and tobacco. The authorities recognized that the additional revenue yielded by these measures would be marginal. They were therefore emphasizing improvements in tax collection procedures. In particular, customs duties had increased in the first quarter in spite of a slack in imports. The staff representatives were of the view that further tax measures were needed, particularly an increase in standard values for customs valuation and in the turnover tax. In preparation for the 1985 budget, a comprehensive tax policy review was essential in order to identify tax reforms that could start to be implemented in the context of the 1985 budget with a view to widening the tax base and increasing the elasticity of the tax system.

On the expenditure side, the authorities explained that they had introduced a number of austerity measures, which were projected in the

budget to reduce current expenditures by nearly 20 percent in nominal terms below the 1983 level. The budget provided for no expansion in government employment, a reduction in the allowances to civil servants, a freeze in the salary structure, and a substantial cutback on supplies and administrative expenditures. They indicated that these cutbacks may have been overambitious, as essential supplies had been cut to the extent of hampering the operations of the administration. This had necessitated some readjustments. Furthermore, in the first half of the year there had been an expansion in government employment. The authorities recognized that, in view of the revenue situation, immediate action is needed not only to limit the growth of expenditures but in effect to reduce expenditures further. As the pressure on expenditure seemed to stem primarily from the wage bill, action to reduce the wage bill was viewed as essential. In addition, the authorities indicated that they planned to re-examine the various categories of expenditures with a view to limiting expenditures in nonpriority areas. With regard to investment expenditures, the authorities reaffirmed their policy to maintain such outlays at a level consonant with the flow of foreign assistance on concessional terms.

Total domestic and external payments arrears of the Central Government outstanding at end-1983 were estimated by the staff at CFAF 22.9 billion, of which CFAF 10 billion are estimated to represent Upper Volta's share of losses owed to RAN. However, further work still needs to be done to obtain an accurate figure for outstanding arrears. In planning for the rest of 1984 and 1985, the staff representatives recommended that the authorities put in place a timetable for the elimination of existing arrears and take this into account in determining their overall budgetary position and financing gap. The estimates of the gap for 1984 and 1985 assume that there will be no further accumulation of arrears but do not take into account the repayment of these arrears. Depending on the schedule for repaying arrears and the possibility of reaching agreement on the rescheduling of arrears, the financing gap for 1984 and 1985 will have to be modified accordingly.

The authorities recognized that fiscal analysis and expenditure control in Upper Volta are hampered by the narrow coverage of the official budget. The official budget includes revenue, current expenditure, and the domestic counterpart of investment expenditure. It excludes receipts and expenditures under foreign aid programs (estimated to be as much as half of total expenditure) and a wide variety of transactions recorded in special accounts in the Treasury and extrabudgetary units. A Fund technical assistance mission in 1981 recommended a number of reforms in the system aimed at a comprehensive budgetary coverage, including most importantly the introduction of an annual investment budget, consolidation of certain separate funds into the regular budget, reduction in the number of special accounts, and adoption of a new and more detailed budget nomenclature. Since mid-1982 a FAD expert has been in Upper Volta to assist in the implementation of these recommendations. In May

1984 the Government of Upper Volta officially adopted the new nomenclature, which should facilitate the budget preparation and control processes, as it would be conducive to the formulation of a consolidated government budget. It is expected that the 1985 budget will be prepared on the basis of the new nomenclature and incorporate the recommended reforms.

6. Monetary policy

The objectives of monetary policy for 1984 were to meet the credit needs of the economy while promoting price stability and bringing the overall balance of payments into virtual equilibrium. The most recent forecast prepared by the monetary authorities indicates that credit to the nongovernment sector is expected to grow by 10 percent, ^{1/} compared with 4.6 percent in 1983, due to the return of more favorable weather conditions and a revival in private sector economic activity. The Government is expected to register a deterioration in its net creditor position vis-à-vis the banking system by about CFAF 2 billion. The access to credit by the Government is limited by the BCEAO statutes, which restrict overall outstanding credit for budgetary purposes to 20 percent of tax revenue in the preceding year. The Government is expected to use its margin under the statutory ceiling during 1984 and to draw down its deposits with the Central Bank. As a result, total net domestic credit is projected to rise by 12 percent, compared with a decline of 6 percent in 1983. As net foreign assets are estimated to increase further, broad money is projected to expand by 14 percent during the year. The mission cautioned that such an increase in money supply would exacerbate underlying demand pressures, in view of the existing liquidity in the banking system and the lack of investment opportunities.

The authorities pointed out that monetary and credit policy would be adjusted as needed to avoid excessive demand pressures. In this regard, noncrop credit would continue to be closely monitored, and, as in the past, the Central Bank would, at its discretion, limit or deny any credit that it did not consider sound. With regard to the impact of the growth of liquidity in deposit money banks on capital flight, the authorities stated that banking legislation in the WAMU area prohibited speculative transactions through or by banks. Furthermore, they indicated that, after a one percentage point reduction in the spread between credit and debit rates on April 5, 1983, interest rates paid on bank deposits in the domestic money market were considered sufficiently remunerative to attract deposits. This, combined with transfer costs within as well as outside the monetary area, would tend to limit capital outflows. In this connection, the authorities indicated that the interest rate policy would continue to be set for the monetary union as a whole and that no

^{1/} Based on beginning money stock.

change was foreseen at this time for the remainder of 1984. Following the lowering of the basic credit rates by 2 percentage points on April 5, 1983, interest rates had been generally positive in real terms in 1983.

Monetary developments during 1985 and the medium term would depend critically on various components of the balance of payments outlook and the Government's budgetary stance. A primary objective of monetary policy would continue to be the attainment, as a minimum, of balance of payments equilibrium. In 1985 the net position of the government sector is expected to deteriorate further by about CFAF 3 billion, while the rate of growth of credit to the private sector is projected to slow down to 8 percent, leading to a deceleration in overall domestic credit. Nonetheless, based on available indicators, the staff projected that the target of an overall balance of payments equilibrium in 1985 would be difficult to attain.

7. External sector prospects and policies

In the absence of a medium-term investment plan as well as a specific macroeconomic policy framework, the authorities have not yet worked out a medium-term scenario for the balance of payments and, in the circumstances, the staff was not in a position to present a meaningful scenario beyond 1985. There was agreement that the balance of payments would come under pressure starting in 1985 and would remain so for the foreseeable future. The authorities intended to prepare a medium-term investment plan, which, together with decisions that the Government would have to make regarding its medium-term economic policy strategy, would in the future form the foundation for a balance of payments scenario beyond 1985.

The external sector position is expected to deteriorate in 1984 and 1985. The current account deficit is projected to rise from 5.6 percent of GDP in 1983 to 7.1 and 8.6 percent in 1984 and 1985, respectively. This would contribute to a decline in the overall balance of payments surplus from SDR 13.8 million in 1983 to SDR 8.9 million in 1984. The overall balance of payments position would turn around to record a deficit of SDR 21.3 million in 1985. These projections do not take into account the possibility that the projected budgetary gaps will be financed through external budgetary support. The authorities recognized that, to the extent that these gaps are so financed, the projected balance of payments surplus in 1984 would be increased and the projected deficit in 1985 would be reduced. The authorities concurred that, in a medium-term perspective, recourse to external borrowing for budgetary purposes would lead to a rising debt service burden contributing to balance of payments difficulties.

A slowdown in exports was expected. During 1984 exports were projected to increase by 14.5 percent, primarily due to the coming on stream of the new gold mine at Poura and a continued high level of livestock

exports prompted by the unfavorable weather conditions. In 1985 exports were projected to increase by only 5 percent, implying a decline in real terms. This was due to the depletion of the herds and the anticipated attempts by livestock producers to reconstitute their herds. In contrast, imports were expected to grow at a faster rate than in 1983, averaging 9 percent annually during 1984 and 1985. The authorities were of the view that this higher rate reflected primarily a halt in the decline in real terms of imports, which had been severely depressed during 1983 due to the stagnation in economic activity. The deficit on the service account was projected to increase in 1984, and in 1985, due to an increase in debt servicing and expenditures on foreign technical assistance. Transfers, however, were expected to remain stagnant, partly due to the leveling off in workers' remittances resulting from difficult economic conditions in the host countries.

The authorities shared the concerns of the staff about the rising debt burden. In 1984 public and publicly-guaranteed external debt was projected to increase to the equivalent of 42 percent of GDP, more than two thirds of which was owed to multilateral institutions. Although most of this debt was on concessional terms, the burden of debt servicing was increasing rapidly as a result of the termination of grace periods on several loans. The debt service ratio was estimated to increase from 11 percent in 1983 to about 15 percent in 1984 and 18 percent in 1985. These ratios are based on commitments prior to end-1983 adjusted for the additional project loans anticipated for 1984 and 1985. The authorities intended to seek, to the extent possible, debt rescheduling from major donors, to avoid borrowing at commercial or short terms and to seek only highly concessional loans and preferably grants.

External payments arrears accumulated till end-1983 were estimated to amount to CFAF 15.3 billion (SDR 37.5 million). The authorities noted that a large part of these arrears (CFAF 10 billion) resulted from the losses that the RAN had accumulated. These could be rescheduled in the context of a comprehensive rehabilitation program for the RAN that is under discussion with the World Bank. As for the rest of the arrears, the Upper Voltan authorities stated that they would need either to seek a rescheduling or to repay these arrears. These arrears do not represent restrictions on the making of payments and transfers for current international transactions.

The regulations regarding import licensing were altered at end-1983. While previously only imports from outside France and the BCEAO countries had been subject to licensing, licensing requirements were extended to imports from all origins. The authorities indicated that licenses were granted on the basis of specific guidelines aiming at reducing the import of luxury goods. The authorities indicated that the objective of the modifications was in fact to liberalize the trade of all essential commodities and that they would review the manner in which the new decrees relating to external trade were being implemented to ensure that it is in line with the intended objective.

During 1983 the real effective exchange rate of Upper Volta had depreciated by 0.6 percent based on export weights and 2.9 percent based on import weights, due to the depreciation of the French franc to which the CFA franc is linked in a fixed parity. This trend, which started in 1981, had resulted in a cumulative real effective depreciation of 1 percent based on export weights and 6 percent based on import weights during 1981-83. The authorities noted that they considered the current exchange rate as appropriate.

8. Statistical issues

The authorities are fully aware of the limitations imposed by the statistical base on economic analysis. The national income accounts are inadequate; data on public investment can only be estimated from the flow of foreign financing; the price indices relate only to part of the economy; the budget data prepared by the authorities relate mainly to the current operations of the Central Government; the balance of payments data are largely estimated, as customs records on imports and exports are incomplete and other current transactions cannot be fully identified; the coverage of arrears is not comprehensive; and the external debt data require considerable improvement. Appendix III provides details on outstanding statistical issues in connection with the Fund's statistical publications. The authorities stressed that they were making efforts to improve the data base. In particular, a team of experts was working on the improvement of national income accounts, while the adoption of the new budget nomenclature would allow for a more comprehensive coverage of government operations. They planned to continue these efforts.

III. Staff Appraisal

Upper Volta has deep-rooted structural problems that have emerged over a number of years, due to exogenous factors as well as to domestic economic and financial policies. These included a leveling off in private remittances and sharp fluctuations in weather conditions. While credit policies have generally been in line with domestic supply conditions, the overall consolidated budgetary situation deteriorated, due in part to an increasing wage bill and a public investment program that was financed largely by external borrowing, with the result that the burden of external debt increased. Concomitantly, a large public and semi-public enterprise sector developed, the operations of which have been hampered by management and productivity problems.

The performance of the Upper Voltan economy in 1983 was characterized by a stagnation in economic activity, reflecting the re-emergence of drought conditions, price rigidities, problems in the management of public enterprises, and general uncertainties generated by the changes

in government. The consolidated budgetary position (including extra-budgetary operations) of the Central Government deteriorated in 1983. The main factors responsible for this deterioration were the slowdown in revenues, the doubling in public debt servicing, and a large rise in both current and capital expenditures. There was a significant accumulation of domestic and external arrears. Net domestic credit declined in 1983, reflecting the slowdown in economic activity as well as a buildup in net deposits by the Central Government as well as by other public agencies. The difficult economic conditions in the country were paradoxically reflected in a considerable improvement in the overall external balance in 1983. The drought conditions prompted livestock exporters to increase their exports, while an unusually good cotton harvest contributed to a sharp rise in cotton exports. Export proceeds also benefited from price increases and the depreciation of the CFA franc. In contrast, the decline in economic activity contributed to a slowdown in imports. Consequently, the current account deficit narrowed and the overall balance of payments moved into a surplus position. Nonetheless, there was a further accumulation in external payments arrears.

Against this background the staff and the authorities share the view that the policy orientation in the coming years should be geared to promoting economic growth, maintaining price stability, and preventing a precipitous deterioration in the balance of payments position. In addition to appropriate fiscal and monetary policies, the revival of the economy would require that measures regarding the investment program, pricing policies, and public enterprises be taken.

Given the importance of public investment in Upper Volta, the elaboration of a comprehensive public investment program that would take into account the contribution of various projects to the priorities and objectives of the Government, their recurrent costs, and their medium-term macroeconomic impact is needed. The investment program for 1985 would be an important element of the adjustment program that the Government envisages to launch. Thorough project evaluation needs to be undertaken to ensure that only economically viable projects are selected. In this context, the mission welcomes the decision of the Upper Voltan Government to await the outcome of a detailed study being undertaken by the UNDP on the viability of the Tambao project. Furthermore, the staff hopes that the authorities will expedite the discussions with the World Bank on the rehabilitation project of the railway managed by Régie Abidjan-Niger (RAN), which would include a rescheduling plan for the arrears accumulated.

With regard to pricing policies, a relaxation of price controls is essential in order to promote economic activity in the country and reduce economic distortions. In the view of the staff, the concerns of the authorities about inflationary pressures and the erosion of real wages can best be tackled by appropriate financial management policies rather than price controls.

The staff fully shares the concerns of the authorities regarding the difficult situation facing public (and semi-public) enterprises. The problems of these enterprises stem from a number of factors, including pricing policies that result in prices of output that are lower than costs as well as high production costs, reflecting inadequate management, overemployment, and low productivity. A reform of this sector is envisaged by the authorities. A step in this direction has been taken by reducing and aligning salaries and benefits of employees in public enterprises with those of the civil service. While progress is being made on the legislation relating to public enterprises, a detailed study of these enterprises to determine specific measures to be taken is urgently needed. However, in the interim and in order to avoid a further deterioration of the position of public enterprises, a pricing policy that would allow public enterprises to cover their costs needs to be adopted and a reduction in unnecessary personnel effected.

On the budgetary front, in 1984 the authorities introduced a number of measures designed to reduce current expenditure and took some tax measures. Nonetheless, the budgetary position is now expected to deteriorate, with the result that unmanageable financing gaps could emerge in 1984 and 1985. In the circumstances, there is an urgent need to introduce new tax measures. As a preliminary step, increases in standard values used for customs duties as well as in turnover taxes need to be introduced. The efforts that the authorities are making to improve tax administration will also have to be intensified. In preparation for the 1985 budget, it would be essential to undertake a comprehensive tax policy review in order to identify tax reforms that could start to be implemented in the context of the 1985 budget with a view to widening the tax base and increasing the elasticity of the tax system. On the expenditure side, immediate action is needed not only to limit the growth of expenditures but in effect to reduce expenditures further. In this regard, the Government should re-examine its employment and wage policies with a view to reducing the wage bill. Furthermore, there is a need to review nonpriority expenditures and strengthen expenditure controls. With regard to investment expenditures, the staff welcomes the determination of the authorities to maintain such outlays at a level consonant with the flow of foreign assistance on concessional terms. The adoption of the new nomenclature in the 1985 budget should facilitate the budget preparation and control processes, as it would be conducive to the formulation of a consolidated government budget. In planning for the rest of 1984 and 1985, the authorities should allow for the elimination of existing arrears and take this into account in determining their overall budgetary position and financing gap.

With regard to monetary policy, the staff shares the views of the authorities that credit policy should aim at achieving a balanced external sector position over the medium term, tempering domestic inflationary pressures, and meeting the legitimate requirements for sustaining a satisfactory rate of economic growth. The projected overall growth rates

of domestic credit and domestic liquidity in 1984, which are higher than that projected for nominal GDP, could lead to an increase in demand pressures. The staff notes that the BCEAO authorities regard the present interest rate structure to be in line with the objectives of the West African Monetary Union and that, in Upper Volta, those interest rates are generally positive in real terms.

The projected deterioration in the current account and the overall balance of payments position reflects in part a higher expansion in imports as compared with exports and an increase in debt servicing. The staff projections do not take into account the possibility that the projected budgetary gaps will be financed through external budgetary support. To the extent that they are, the deterioration in the balance of payments position will be more limited. This underscores the paradoxical situation facing Upper Volta where further recourse to foreign borrowing for budgetary financing contributes to an improvement in the short term in the balance of payments position, while the underlying balance of payments position is weakened by a rising debt service burden. With regard to external payments arrears, the staff recommends that the Upper Voltan authorities eliminate these arrears in order to avoid the erosion of creditworthiness that normally accompanies the accumulation of arrears. As for import licensing, the staff hopes that the authorities will review the manner in which the new regulations are being implemented to ensure that it is in line with the stated objective to liberalize external trade.

The staff shares the concerns of the Government about the rising debt service burden, particularly in view of the budgetary constraints. The staff is of the view that the authorities should carefully review their borrowing plans in the context of the investment program to ensure that the debt service burden over the the long run does not become unmanageable. As the barest minimum, the Government will want to avoid borrowing at commercial or short terms and seek only highly concessional loans and preferably grants.

Economic analysis in Upper Volta continues to be constrained by data difficulties. The authorities are making efforts to improve the data base and intend to continue to do so.

The Article IV consultation discussions with Upper Volta are on a 12-month cycle.

IV. Proposed Decision

The following draft decision is proposed for adoption by the Executive Board:

1. The Fund takes this decision in concluding the 1984 Article IV consultation with Upper Volta and in the light of the 1984 Article XIV consultation with Upper Volta conducted under Decision No. 5392-(77/63), adopted April 29, 1977 (Surveillance over Exchange Rate Policies).

2. The Fund notes with satisfaction that Upper Volta continues to maintain an exchange system that is free of restrictions on payments and transfers for current international transactions.

UPPER VOLTA - Fund Relations
(As of May 31, 1984; amounts in SDRs,
unless otherwise indicated)

I. Membership status

- (a) Date of membership: May 2, 1963
- (b) Status: Article XIV

(A) Financial Relations

II. General Department (General Resources Account)

- (a) Quota: 31.6 million
- (b) Total Fund holdings of currency: 24.07 million
(76.16 percent of quota)
- (c) Fund credit: None
- (d) Reserve tranche position: 7.54 million
- (e) Current operational budget (maximum use of currency): None
- (f) Lending to the Fund: None

III. Current Stand-By and Special Facilities

- (a) Current stand-by: None
- (b) No previous stand-by arrangements
- (c) No special facilities

IV. SDR Department

- (a) Net cumulative allocation: 9.41 million
- (b) Holdings: 5.63 million (59.83 percent of
quota)
- (c) Current Designation Plan (amount of maximum
designation): None

V. Administered Accounts

- (a) Trust Fund loan:
 - (i) Disbursed: 12.70 million
 - (ii) Outstanding: 12.48 million
- (b) SFF Subsidy Account: None

VI. Overdue Obligations to the Fund: None

VII. Use of Fund Resources: None

(B) Nonfinancial Relations

VIII. Exchange Rate Arrangement

Currency pegged to French franc at CFAF 50.000 = F 1.

IX. Last Article IV Consultation

1983 Article IV consultation (SM/83/99 and SM/83/112) discussed by the Executive Board on June 10, 1983. The following decision was taken:

1. The Fund takes this decision in concluding the 1983 Article XIV consultation with Upper Volta, in the light of the 1983 Article IV consultation with Upper Volta conducted under Decision No. 5392-(77/63), adopted April 29, 1977 (Surveillance over Exchange Rate Policies).

2. The Fund notes with satisfaction that Upper Volta continues to maintain an exchange system which is free of restrictions on payments and transfers for current international transactions.

X. Technical Assistance

June 1982 to date: Budget Advisor, Mr. Liv Nguong Seng.

Financial Relations of the World Bank Group with Upper Volta

1. Date of Membership, IBRD: May 2, 1963
2. Capital Subscription, IBRD: SDR 10 million
3. Status of Disbursements:

<u>IDA credits 1/</u>	<u>Committed</u>	<u>Disbursed</u>
	<u>(In millions of U.S. dollars)</u>	
Thirteen credits fully disbursed	71.2	71.2
Agriculture, livestock, and rural development	76.5	23.1
Transportation	51.2	19.3
Telecommunications	17.0	2.5
Education	14.0	8.1
Urban development	8.2	2.9
Industry and mining	10.7	8.1
Total	<u>248.8</u>	<u>135.2</u>
Repayments	1.8	1.8
Debt outstanding	247.0	133.4

4. IFC: Status of IFC Investment (as of March 31, 1984)

<u>Amounts in millions</u>					
<u>of U.S. dollars</u>					
<u>Year</u>	<u>Obligator</u>	<u>Type of business</u>	<u>Loan</u>	<u>Equity</u>	<u>Total</u>
1978	SOVOPLAS	Plastic	.41	.13	.54

5. Status of Bank Group Dialogue and Operations:

IDA's dialogue with the Government of Upper Volta has focused primarily on questions of overall development strategy, on investment planning and programming, and on policy issues of relevance to particular sectors. An economic mission in February 1982, which produced the current Country Economic Memorandum ("Investment in Human Resources", September, 1983) focused on human capital development as a major prerequisite for long-term growth and examined the financial and economic issues involved in expanding access to primary education and health services.

Source: World Bank.

1/ Through May 24, 1984.

Progress in the general economic dialogue has been hampered by frequent changes of government and lack of focus on the key issues of investment planning and programming in Upper Volta during the last two years. Investment priorities in the transport sector have been the most serious issue in the policy dialogue since 1982. The present Government has retained the objective of completing the railroad extension to Tambao, despite every indication that the project is uneconomic. At the same time, the authorities have, until recently, been reluctant to confront the need for major operational reforms and financial rehabilitation of the RAN. At the Government's request, the UNDP is currently financing a complete review of the Tambao project. The Government has also recently convened a donors meeting to discuss a comprehensive program for rehabilitation of the RAN. In view of the lack of donor interest in financing the Tambao project and the increasing realism with which the Government is viewing its financial situation, Bank staff are optimistic that an eventual satisfactory resolution of the issues regarding Tambao and the RAN will be attained.

Bank Group lending operations in Upper Volta have been oriented mainly towards exploring and developing the country's productive potential. Serious constraints to growth include limited natural resources and infrastructure, underdeveloped human capital, and the lack of a widely applicable and effective technology to raise agricultural productivity. IDA projects recently approved or in the pipeline for FY 85-86 address issues in each of the sectors with major importance to long-term development. The size and content of IDA's lending program over the next several years depends in large measure on progress in the policy dialogue and on the evolving evidence of the Government's development priorities and its performance in economic management.

6. Resident Representative:

The Bank has maintained a Resident Representative in Ouagadougou since 1974.

Upper Volta: Statistical Issues

1. Coverage, Currentness, and Reporting of Data in IFS

		Latest date in July 1984 IFS	New official data obtained by the Article IV consultation mission
Real Sector	- National Accounts	1979	1980-81
	- Consumer Prices <u>1/</u>	Aug. 1983	April 1984
	- Production	n.a.	1981 <u>2/</u>
	- Employment	n.a.	1983 <u>3/</u>
	- Earnings	n.a.	1983 <u>3/</u>
Government Finance	- Deficit/surplus	n.a.	1982-83 <u>4/</u>
	- Financing	n.a.	--
	- Debt	--	1983
Monetary Accounts	- Central Bank	Dec. 1983	Feb. 1984
	- Deposit Money Banks	Dec. 1983	Feb. 1984
	- Other Financial Institutions	June 1983	--
External Sector	- Merchandise Trade: Values <u>2/</u>	Q1 1983	--
	- Merchandise Trade: Prices <u>2/</u>	1982	--
	- Balance of payments	1980	--
	- International Reserves	March 1984	--
	- Exchange Rates	May 1984	--

During the past year, the reporting of data for inclusion in IFS has been fairly regular. Data on reserves have been reported regularly but with a two-month lag. To the extent that the new data obtained by the mission can be used, they are being processed and will be included in the IFS as soon as possible.

2. Outstanding Statistical Issues

Real Sector

(1) National Accounts: The authorities are making efforts to improve the currentness of national accounts statistics with the preparation of the 1982 accounts.

1/ Relates to prices in Ouagadougou only.

2/ Incomplete coverage.

3/ Data includes employees contributing to social security only.

4/ Current budget and counterpart of foreign-financed projects only.

(2) Consumer Prices: The index currently published in IFS relates to prices in Ouagadougou and is based on a survey conducted in 1981 and 1982.

Government Finance: No data are published in IFS. The data in the GFS Yearbook relate only to transactions of central government units covered by the general budget. An attempt to compile consolidated data for the entire central government was undertaken during a technical assistance mission in January 1984. During this mission, the review of the financial statements of the extrabudgetary units revealed discontinuities in data for some of them, while in the case of others financial statements on their operations were not available.

For the social security fund, balance sheet data for the fiscal years prior to 1981 were incomplete and data for 1981 were still provisional. During the January 1984 mission, data were collected for budgetary receipts and expenditure for the period 1980-1982, and will be published in the 1984 edition of the GFS Yearbook.

External Sector:

(1) Merchandise Trade: Data on trade by partner country for 1981 were received in time for publication in the 1983 DOTS yearbook, and data for 1982 were made available to this mission.

(2) Balance of Payments: Comprehensive balance of payments data for 1981 are being prepared on a cash basis. There is a need to improve the timeliness and coverage of the statistics, and in particular to include data on payments arrears.

3. Technical Assistance in Statistics

Balance of Payments: In February 1984, a mission visited BCEAO headquarters in Dakar to discuss problems relating to the new compilation system for balance of payments statistics in the countries of the West African Monetary Union, including Upper Volta. A report on the work of the mission was finalized and sent to the authorities in June 1984.

Table I. Upper Volta: Supply and Use of Resources, 1979-85

(In billions of CFA francs)

	1979	1980	1981	1982	1983	1984	1985
						Projections	
Supply of resources							
Gross domestic product	260.97	284.89	326.49	360.91	376.84	414.94	451.65
Imports of goods and non-factor services	105.70	124.08	131.42	143.95	149.62	166.70	176.60
Total	366.67	408.97	457.91	504.86	526.46	581.64	628.25
Use of resources							
Consumption	290.13	316.84	363.39	409.15	413.46	454.69	498.32
Private ^{1/}	(247.00)	(268.88)	(311.74)	(348.35)	(348.82)	(387.77)	(427.44)
Public	(43.13)	(47.96)	(51.65)	(60.80)	(64.64)	(66.92)	(70.88)
Gross fixed investment including changes in stocks	39.21	47.27	47.52	49.01	53.97	60.95	61.43
Exports of goods and non-factor services	37.33	44.86	47.00	46.70	59.03	66.00	68.50
Total	366.67	408.97	457.91	504.86	526.46	581.64	628.25
Resource gap (deficit -)	-68.37	-79.22	-84.42	-97.25	-90.59	-100.70	-108.10
Domestic savings	-29.16	-31.95	-36.90	-48.24	-36.62	-39.75	-46.67
Net factor income from abroad	21.81	23.25	29.24	25.97	26.59	28.25	25.88
Net factor services	(-1.75)	(-0.38)	(-2.06)	(-3.53)	(-4.61)	(-3.25)	(-5.12)
Net private transfers	(23.56)	(23.63)	(31.30)	(29.50)	(31.20)	(31.50)	(31.50)
Gross national savings excluding official transfers	-7.35	-8.70	-7.66	-22.27	-10.03	-11.50	-20.79

Sources: Data provided by the Upper Voltan authorities; and staff estimates and projections.

^{1/} Residual.

Table II. Upper Volta: Consolidated Central Government Operations, 1979-85

(In billions of CFA francs)

	1979	1980	1981	1982	1983 Prov.	1984 Budget	1984 Staff projections	1985
Revenue and grants	65.47	83.18	81.15	91.21	95.18	100.40	98.27	103.00
Revenue	31.82	38.69	41.15	50.21	52.18	57.40	55.27	60.00
Tax revenue	(29.09)	(34.37)	(39.24)	(43.44)	(42.03)	(50.59)	(48.95)	(...)
Nontax revenue	(2.67)	(4.29)	(1.87)	(6.74)	(10.13)	(6.81)	(6.32)	(...)
Special accounts	(0.06)	(0.03)	(0.04)	(0.03)	(0.02)	--	--	
Grants	33.65	44.49	40.00	41.00	43.00	43.00	43.00	43.00
Of which:								
budgetary	(1.00)	(0.45)	(0.06)	(0.20)	(0.06)	(...)	(...)	(...)
Expenditure and net lending	86.91	98.92	106.30	120.63	136.95	137.67	145.23	150.65
Expenditure	86.34	98.64	106.19	120.90	135.37	136.57	144.13	149.65
Current	34.85	38.74	43.85	56.82	64.69	51.44	58.34	64.30
Of which: special accounts	(1.09)	(2.56)	(0.89)	(2.22)	(0.80)	(...)	(...)	(...)
Investment	51.49	59.90	62.34	64.08	70.68	85.13	85.79	85.35
Budgetary	(6.51)	(5.16)	(7.35)	(4.71)	(3.25)	(3.63) ^{1/}	(4.29)	(4.35)
Extrabudgetary	(44.98)	(54.74)	(54.99)	(59.37)	(67.43)	(81.50)	(81.50)	(81.00)
Net lending ^{2/}	0.57	0.28	0.11	-0.27	1.58	1.10	1.10	1.00
Discrepancies (Receipts)	5.58	0.08	-0.43	2.63	3.06	--	--	--
Overall deficit (commitments basis)								
Excluding grants	-49.51	-60.15	-65.58	-67.79	-81.71	-80.27	-89.96	-90.65
Including grants	-15.86	-15.66	-25.58	-26.79	-38.71	-37.27	-46.96	-47.65
Arrears (accumulation)	0.80	1.20	2.42	4.74	13.70	...	...	...
External	(0.80)	(1.20)	(2.42)	(4.74)	(6.10)	(...)	(...)	(...)
Domestic	(...)	(...)	(...)	(...)	(7.60)	(...)	(...)	(...)
Overall deficit (on a cash basis)	-15.06	-14.46	-23.16	-22.05	-25.01	-37.27	-46.96	-47.65
Financing								
External (net) ^{3/}	12.02	13.46	17.56	21.35	25.78	37.27	32.00	28.52
Budgetary	(1.08)	(3.91)	(3.50)	(6.20)	(4.40)	(5.27)	(...)	(...)
Extrabudgetary	(11.33)	(10.25)	(14.99)	(18.37)	(24.43)	(38.50)	(38.50)	(38.00)
Amortization	(-0.39)	(-0.70)	(-0.93)	(-3.22)	(-3.05)	(-6.50)	(-6.50)	(-9.48)
Domestic (net)	3.04	1.00	5.60	0.70	-0.77	--	1.60	2.10
Central Bank ^{4/}	(3.00)	(0.43)	(3.30)	(2.58)	(-2.28)	--	(1.07)	(1.40)
Other banks ^{2/}	(-0.61)	(0.62)	(5.76)	(-1.21)	(-1.47)	--	(0.53)	(0.70)
Nonbanking ^{2/}	(0.65)	(-0.05)	(-3.46)	(-0.67)	(2.98)	(...)	(...)	(...)
Financing gap	--	--	--	--	--	--	13.36	17.03

Sources: Data provided by Upper Voltan authorities; and staff estimates.

^{1/} Including annexed budget expenditure of CFAF .69 billion.^{2/} Based on Treasury accounts.^{3/} Based on balance of payments data.^{4/} Based on monetary survey data.

Table III. Upper Volta: Monetary Survey 1980-85

(In billions of CFA francs)

	1980	1981	1982	1983	1984 <u>1/</u>	1985 <u>1/</u>
Net foreign assets	3.40	4.82	1.77	13.80	17.66	8.36
Domestic credit	56.51	64.64	73.30	69.06	79.00	89.54
Claims on private sector <u>2/</u>	59.89	63.09	72.74	76.00	83.60	91.04
Claims on Government (net)	-3.38	1.55	0.57	-6.94	-4.60	-1.50
Money and quasi-money	53.18	63.72	71.38	80.06	91.08	97.90
Other items (net)	6.73	5.74	3.69	2.80	5.58	--

Sources: Data provided by the BCEAO; and staff projections.

1/ Staff projections.

2/ Includes claims on other financial institutions.

Table IV. Upper Volta: Balance of Payments, 1980-85

(In billions of CFA francs)

	1980	1981	1982	1983	1984 BCEAO	1984 Staff Projections	1985
Merchandise trade, f.o.b.	-43.89	-48.80	-58.30	-51.97	-53.40	-54.65	-61.72
Exports	33.93	36.00	35.70	48.03	52.60	55.00	57.50
Imports	77.82	84.80	94.00	100.00	106.00	109.65	119.22
Services (net)	-35.71	-37.68	-42.48	-43.23	-43.00	-49.30	-51.50
Nonfactor	-35.33	-35.62	-38.95	-38.62	...	-46.05	46.38
Factor	-0.38	-2.06	-3.53	-4.61	...	-3.25	-5.12
Goods and nonfactor services	-79.22	-84.42	-97.25	-90.59	...	-100.70	-108.10
Exports	44.86	47.00	46.70	59.03	...	66.00	68.50
Imports	124.08	131.42	143.95	149.62	...	166.70	176.60
Projects ^{1/}	(56.32)	(58.27)	(64.57)	(74.08)	(...)	(82.71)	83.31
Other	(67.77)	(73.15)	(79.38)	(75.54)	(...)	(83.99)	93.29
Transfers	68.12	71.30	70.50	74.20	76.00	74.50	74.50
Private	23.63	31.30	29.50	31.20	33.00	31.50	31.50
Public	44.49	40.00	41.00	43.00	43.00	43.00	43.00
Net current accounts	-11.48	-15.18	-30.28	-21.00	-20.40	-29.45	-38.72
Excluding public transfers	(-55.97)	(-55.18)	(-71.28)	(-64.00)	(-63.40)	(-72.45)	(-81.72)
Nonmonetary capital (net)	13.03	19.47	25.67	31.02	24.00	33.32	29.42
Disbursements (gross)	14.62	21.61	29.59	35.37	...	41.47	40.93
Central Government	(13.16)	(18.49)	(24.57)	(28.89)	(...)	(40.47)	(38.93)
Public enterprises	(1.46)	(3.12)	(5.02)	(6.48)	(...)	(1.00)	(2.00)
Principal repayment	-1.59	-2.14	-3.92	-4.35	(...)	-8.15	-11.51
SDR allocation, valuation adjustment, and errors and omissions	-0.05	-4.71	-3.44	-4.42	--	--	--
Overall balance	1.50	-0.42	-8.05	5.60	3.60	3.86	-9.30
Reserve changes	-1.50	0.42	8.05	-5.60	-3.60	-3.86	9.30
Central Bank	-1.76	-5.07	0.91	-14.59	-3.60	-3.86	9.30
Deposit money banks	-0.14	3.65	2.14	2.54	...	...	...
Reserve related transactions	-0.80	-0.58	0.26	0.35	...	...	...
Payment arrears	1.20	2.42	4.74	6.10	...	...	...
RAN	(1.20)	(1.90)	(2.70)	(3.50)	(...)	(...)	(...)
Public debt servicing	--	0.52	2.04	2.60	...	...	...
Interest	(--)	(0.18)	(0.27)	(0.73)	(...)	(...)	(...)
Principal	(--)	(0.34)	(1.77)	(1.87)	(...)	(...)	(...)
<u>Memorandum items:</u>							
External arrears, cumulative	2.00	4.42	9.16	15.26	...	15.26	15.26
RAN	2.00	3.90	6.60	10.10	...	10.10	10.10
Public debt servicing	--	0.52	2.56	5.16	...	5.16	5.16
Interest	(--)	(0.18)	(0.45)	(1.18)	(...)	(1.18)	(1.18)
Principal	(--)	(0.34)	(2.11)	(3.98)	(...)	(3.98)	(3.98)

Source: BCEAO; World Bank (DRS); and staff estimates and projections.

^{1/} Imports under foreign-financed development projects.

Table V. Upper Volta: Public External Debt by Debtor and Creditor Types, 1979-90

(In billions of CFA francs)

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
	Projections 1/											
Debt outstanding, disbursed												
Central Government	31.35	43.59	69.26	87.59	119.85	150.91	194.03	207.47	218.11	221.97	219.85	215.63
Multilateral	17.61	24.99	40.22	60.81	77.39	106.96	141.70	157.00	168.17	173.76	174.01	172.59
Bilateral	13.67	15.43	24.64	21.39	29.68	31.44	43.06	46.68	48.29	47.70	45.68	42.84
Financial institutions	0.03	3.17	4.40	5.38	10.11	10.14	7.55	2.57	0.88	0.19	--	--
Suppliers' credit	0.05	--	--	--	2.67	2.37	1.72	1.22	0.77	0.32	0.16	--
Public enterprises	2.90	5.90	7.65	9.92	15.05	17.96	17.36	15.87	13.52	11.46	9.30	7.35
Multilateral	1.75	2.23	3.48	5.52	9.13	9.23	9.45	8.93	7.82	6.68	5.49	4.47
Bilateral	0.76	3.32	3.43	3.79	4.60	4.38	4.38	4.24	3.73	3.21	2.55	1.94
Financial institutions	0.39	0.35	0.54	0.44	0.72	1.12	0.73	0.33	--	--	--	--
Suppliers' credit	--	--	0.20	0.17	0.61	3.23	2.80	2.36	1.97	1.57	1.25	0.94
Development banks	5.56	5.39	6.05	5.78	5.01	3.98	3.49	3.20	2.93	2.63	2.28	1.75
Multilateral	1.39	1.26	1.53	1.76	1.58	1.36	1.32	1.40	1.46	1.49	1.44	1.33
Bilateral	4.17	4.13	4.52	4.03	3.43	2.62	2.18	1.80	1.47	1.14	0.84	0.41
Financial institutions	--	--	--	--	--	--	--	--	--	--	--	--
Suppliers' credit	--	--	--	--	--	--	--	--	--	--	--	--
Total	39.81	54.88	82.95	103.29	139.91	172.85	214.88	226.53	234.55	236.06	231.43	224.52
Multilateral	20.74	28.48	45.23	68.09	88.09	117.55	152.47	167.33	177.44	181.93	180.95	178.39
Bilateral	18.60	22.88	32.59	29.20	37.70	38.44	49.61	52.72	53.49	52.05	49.07	45.19
Financial institutions	0.42	3.52	4.94	5.82	10.84	11.26	8.28	2.90	0.88	0.19	--	--
Suppliers' credit	0.05	--	0.20	0.17	3.28	5.60	4.52	3.58	2.73	1.89	1.41	0.94

Source: World Bank, Debt Reporting System (DRS).

1/ Projections based on the debt committed prior to December 31, 1983 (updated as of May 3, 1984) adjusted for additional new commitments projected at CFAF 7.08 billion in 1984 and CFAF 16.67 billion in 1985.

Table VI. Upper Volta: Servicing of the Public External Debt, 1979-90

(In billions of CFA francs)

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
									Projections			
Total service payments on public external debt ^{1/}												
Central Government	0.89	1.57	2.04	5.26	5.48	9.52	12.90	10.93	11.27	11.77	11.52	11.39
Multilateral	0.17	0.24	0.43	1.82	1.48	3.55	4.66	5.64	6.59	7.18	6.70	6.48
Bilateral	0.46	0.60	0.74	0.87	1.86	2.17	2.33	2.92	3.44	4.21	4.65	4.91
Financial institutions	0.21	0.73	0.87	2.10	1.54	2.98	5.27	1.83	0.73	0.20	--	--
Suppliers' credit	0.05	--	--	0.47	0.61	0.81	0.63	0.54	0.51	0.18	0.17	--
Public enterprises	0.55	1.27	1.69	1.13	2.33	2.91	3.23	3.63	3.04	2.98	2.60	2.12
Multilateral	0.14	0.32	0.93	0.42	0.77	0.93	1.45	1.83	1.68	1.65	1.40	1.14
Bilateral	0.24	0.76	0.65	0.46	0.74	0.75	0.64	0.83	0.79	0.87	0.78	0.58
Financial institutions	0.16	0.19	0.09	0.12	0.48	0.55	0.46	0.35	--	--	--	--
Suppliers' credit	--	0.01	0.02	0.13	0.34	0.68	0.69	0.62	0.58	0.46	0.43	0.40
Development banks	0.53	0.41	0.15	1.08	0.90	0.87	0.76	0.76	0.76	0.73	0.83	0.38
Multilateral	0.21	0.12	0.14	0.35	0.26	0.28	0.28	0.37	0.38	0.39	0.38	0.34
Bilateral	0.32	0.29	0.01	0.73	0.63	0.60	0.49	0.39	0.37	0.34	0.45	0.03
Financial institutions	--	--	--	--	--	--	--	--	--	--	--	--
Suppliers' credit	--	--	--	--	--	--	--	--	--	--	--	--
Total	1.96	3.25	3.88	7.47	8.70	13.31	16.90	15.32	15.07	15.48	14.95	13.88
Multilateral	0.52	0.68	1.50	2.59	2.50	4.77	6.39	7.84	8.65	9.22	8.48	7.96
Bilateral	1.03	1.65	1.40	2.06	3.24	3.51	3.46	4.14	4.60	5.42	5.88	5.52
Financial institutions	0.37	0.91	0.96	2.22	2.02	3.53	5.73	2.18	0.73	0.20	--	--
Suppliers' credit	0.05	0.01	0.02	0.60	0.94	1.50	1.32	1.16	1.08	0.64	0.60	0.40

Source: World Bank, Debt Reporting System (DRS).

^{1/} Data on service payments relate to the outstanding debt data shown in Table V and may differ from debt service data in the balance of payments, which are calculated on a slightly different basis.

Upper Volta--Basic Data

Area, population, and GDP per capita

Area: 274,000 square kilometers
 Resident population: Total (1983): 6.47 million
 Growth rate: 1.7 percent
 GDP per capita (1983): SDR 143

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u> Proj.	<u>1985</u> Proj.
<u>Gross domestic product</u>						
<u>(at current prices)</u>						
	<u>(In percent of GDP)</u>					
Primary sector	37.5	40.2	39.7	38.7	38.8	38.7
Secondary sector	17.8	15.9	15.9	16.5	16.5	16.5
Tertiary sector	39.1	38.5	38.7	40.0	39.3	38.9
Consumption	111.2	111.3	113.4	109.7	109.6	110.3
Investment	16.6	14.6	13.6	14.3	14.7	13.6
Resource gap	27.8	25.9	26.9	24.0	24.3	23.9
National savings	-3.1	-2.3	-6.2	-2.7	-2.8	-4.6
Total (in billions of CFA francs)	284.9	326.5	360.9	376.8	414.9	451.6
<u>Annual growth rate</u>						
<u>(in percent)</u>						
Nominal	-9.2	14.6	10.5	4.4	10.1	8.9
Real	-0.7	4.5	1.0	-1.3	4.1	2.9
<u>Prices</u>						
	<u>(Annual change in percent)</u>					
Implicit GDP deflator	10.0	9.7	9.4	5.8	5.8	5.8
Consumer price index	11.4	10.4	10.0	8.4	...	...
Export prices (in CFA francs)	7.4	15.7	17.8	19.0	8.6	5.1
Import prices (in CFA francs)	12.5	21.5	14.0	11.1	9.9	3.5
Terms of trade	-4.6	-4.8	3.3	7.1	-1.2	1.6

Upper Volta--Basic Data (continued)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
<u>Central government finance</u>	(In billions of CFA francs)					
Revenue and grants	83.2	81.1	91.2	95.2	98.3	103.0
Revenue	38.7	41.1	50.2	52.2	55.3	60.0
Grants	44.5	40.0	41.0	43.0	43.0	43.0
Expenditure	-98.6	-106.2	-120.9	-135.4	-144.1	-149.6
Recurrent	(-38.7)	(-43.8)	(-56.8)	(-64.7)	(-58.3)	(-64.3)
Investment	(-59.9)	(-62.3)	(-64.1)	(-70.7)	(-85.8)	(-85.3)
Miscellaneous <u>1/</u>	-0.3	-0.5	2.9	1.5	-1.1	-1.0
Overall deficit	-15.7	-25.6	-26.8	-38.7	-47.0	-47.6
Overall deficit excluding grants	-60.1	-65.6	-67.8	-81.7	-90.0	-90.6
External financing	13.5	17.6	21.3	25.8	32.0	28.5
Gross disbursement	(14.2)	(18.5)	(24.5)	(28.8)	(38.5)	(38.0)
Amortization	(-0.7)	(-0.9)	(-3.2)	(-3.0)	(-6.5)	(-9.5)
Domestic financing (net)	1.0	5.6	0.7	-0.8	1.6	2.1
Arrears and unidentified financing (net)	1.2	2.4	4.7	13.7	13.4	17.0
	(In percent of GDP)					
Overall deficit	-5.5	-7.8	-7.4	-10.3	-11.3	-10.6
Overall deficit excluding grants	(-21.1)	(-20.1)	(-18.8)	(-21.7)	(-21.7)	(-20.1)
	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
<u>Money and credit</u> (end of period)	(In billions of CFA francs)					
Net foreign assets	3.4	4.8	1.8	13.8	17.7	8.4
Domestic credit	56.5	64.6	73.3	69.1	79.0	89.5
Net claims on Government	-3.4	1.6	0.6	-6.9	-4.6	-1.5
Credit to the private sector	59.9	63.1	72.7	76.0	83.6	91.0
Money and quasi-money	53.2	63.7	71.4	80.1	91.1	97.9
	(In percent of GDP)					
Money and quasi-money	18.7	19.5	19.8	21.2	22.0	21.7

Upper Volta--Basic Data (continued)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
<u>Public external debt</u>	(In millions of SDRs)					
Disbursed and outstanding (end of period)	190.6	248.0	278.5	320.2	396.6	493.1
In percent of GDP	19.2	25.4	28.6	37.1	41.7	47.6
Amortization	5.8	6.7	10.8	10.7	18.7	26.4
Debt service ratio in percent <u>2/</u>	5.2	6.3	10.6	10.6	14.5	18.2
<u>Balance of payments</u>	(In millions of SDRs)					
Merchandise trade	-159.6	-152.3	-160.7	-127.6	-125.4	-141.6
Exports, f.o.b.	123.4	112.4	98.4	117.9	126.2	132.0
Imports, f.o.b.	283.0	264.7	259.1	245.5	251.6	273.6
Services (net)	-129.9	-117.6	-117.1	-106.1	-113.2	-118.2
Transfers (net)	247.7	222.5	194.3	182.2	171.0	171.0
Current account balance excluding public grants	-41.8	-47.4	-83.5	-51.6	-67.6	-88.9
Nonmonetary capital (net)	47.4	60.8	70.8	76.2	76.4	67.5
SDR allocations and errors and omissions	-0.2	-14.7	-9.5	-10.8	--	--
Overall balance (deficit -)	5.4	-1.3	-22.2	13.8	8.9	-21.3
	(In percent of GDP)					
Merchandise trade	-15.4	-15.0	-16.2	-13.8	-13.2	-13.7
Exports, f.o.b.	(11.9)	(11.0)	(9.9)	(12.8)	(13.2)	(12.7)
Imports, f.o.b.	(27.3)	(26.0)	(26.1)	(26.5)	(26.4)	(26.4)
Current account balance excluding public transfers	-4.0	-4.6	-8.4	-5.6	-7.1	-8.6
Overall balance	0.5	-0.1	-2.2	1.5	0.9	-2.1
	(In millions of SDRs)					
<u>Gross official reserves</u> (end of period) <u>3/</u>	53.4	60.8	56.0	81.2	90.3	68.9

Upper Volta--Basic Data (concluded)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
<u>Exchange rates</u>						
	<u>(CFA francs per SDR)</u>					
End of period	288.0	334.5	370.9	437.0	...	...
Period average	275.0	320.4	362.8	407.4	435.8	435.8

1/ Includes net lending, check float, and unidentified items.

2/ In percent of exports of goods, nonfactor services and private transfers.

3/ SDR holdings and reserve position in the Fund based on Fund valuation.