

EBS/83/256

CONFIDENTIAL

November 30, 1983

To: Members of the Executive Board

From: The Secretary

Subject: Kenya - Compensatory Financing Facility - Early
Drawing - Final Calculation of the Shortfall

The attached report on the final calculation of the export shortfall for Kenya is circulated for the information of the Executive Directors.

Att: (1)

As shown in the table, actual earnings for the shortfall year, at SDR 947.0 million, were SDR 6.8 million lower than the partly estimated figure of SDR 953.8 million used in EBS/82/84. The shortfall based on actual data for 1981 is SDR 29.9 million, 1/ which is slightly larger than the export component of the compensatory financing purchase. Consequently, there is no need for an early repurchase by Kenya, pursuant to paragraph 12 of Executive Board Decision No. 6224-(79/135), adopted August 2, 1979.

Table. Kenya: Final Calculation of the Net Shortfall
(Export Shortfall and Cereal Import Excess) 1/

(In millions of SDRs)

	Calendar Years			Judgmental Forecast (EBS/82/84)	
	1979	1980	1981	1982	1983
1. Cereal imports	2.9	71.2	64.5	17.0	9.0
2. Merchandise exports					
a. EBS/82/84	798.4	1,009.9	953.8	1,048.0	1,168.0
b. Actual <u>2/</u>	779.0	985.3	947.0	1,048.0	1,168.0
3. Net amount (3.1)+(3.2)			61.5		
3.1. Cereal import excess			31.6		
3.2. Export shortfall			29.9 <u>3/</u>		
4. Purchase			60.4		
4.1. Cereal component			31.6		
4.2. Export component			28.8		

1/ For the shortfall year (1981), actual data were used for cereal imports and partly estimated data were used for merchandise exports (for the period July-December 1981).

2/ The export values for 1979 and 1980 used in EBS/82/84 have been revised downward by the Kenyan authorities because of an inadvertent inclusion of certain re-export items with data on domestic exports; the latter represent the standard definition of exports for the CF calculation.

3/ Based on data shown in line (2.b.). Shortfall based on data for 1979 and 1980 on line (2.a.) and for 1981 on line (2.b.) is SDR 39.6 million.

1/ See footnote 2 in table.

CONFIDENTIAL

INTERNATIONAL MONETARY FUND

KENYA

Compensatory Financing Facility--Early Drawing--
Final Calculation of the Shortfall

Prepared by the Research Department

(In consultation with the Exchange and Trade Relations,
Legal, Treasurer's, and African Departments)

Approved by Wm. C. Hood

November 29, 1983

This note reports on the final calculation of the export shortfall for Kenya, whose compensatory financing drawing of SDR 60.4 million, made in June 1982 (EBS/82/84, 5/11/82), consisted of an export component (SDR 28.8 million) and a cereal import component (SDR 31.6 million). That purchase raised the outstanding purchases under Decision No. 6224-(79/135) and Decision No. 6860-(81/81) together to 125 percent of quota, of which the outstanding amount in relation to export shortfalls was equivalent to 95 percent of quota. In respect of the June 1982 drawing, the calculation of the cereal import excess was based on actual data, while the export shortfall was based on partly estimated earnings for the last six months of the shortfall year (calendar 1981). Actual export data have since become available, and consequently, it is now possible to finalize the calculation of the shortfall by using actual, rather than partly estimated, exports for the shortfall year. ^{1/}

^{1/} Official customs statistics relating to cereal imports in 1981, which have become available subsequent to the CF purchase by Kenya, report substantially smaller import figures than those used in EBS/82/84. The authorities informed the Fund that in 1981, as the cereals were not subject to duties and there was a need to expedite the movement of cereals to areas in short supply, a substantial amount was taken directly from the ship to the distribution centers without passing through customs; consequently, customs data understated the amount of cereals imported by Kenya in 1981. The authorities have made available comprehensive data based on bills of lading from the ships. These figures, which were used in EBS/82/84, are considered to be more accurate, and for this reason the customs figures have not been used for the purpose of finalizing the calculation of the excess in cereal imports.

As shown in the table, actual earnings for the shortfall year, at SDR 947.0 million, were SDR 6.8 million lower than the partly estimated figure of SDR 953.8 million used in EBS/82/84. The shortfall based on actual data for 1981 is SDR 29.9 million, 1/ which is slightly larger than the export component of the compensatory financing purchase. Consequently, there is no need for an early repurchase by Kenya, pursuant to paragraph 12 of Executive Board Decision No. 6224-(79/135), adopted August 2, 1979.

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