FOR AGENDA

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April 2, 1982

To: Members of the Executive Board

From: The Secretary

Subject: Djibouti - Staff Report for the 1982 Article IV Consultation

Attached for consideration by the Executive Directors is the staff report for the 1982 Article IV consultation with Djibouti.

This subject has been tentatively scheduled for discussion on Monday, April 26, 1982.

Att: (1)

Other Distribution:
Department Heads

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INTERNATIONAL MONETARY FUND

DJIBOUTI

Staff Report for the 1982 Article IV Consultation

Prepared by the Staff Representatives for the 1982 Consultation with Djibouti

Approved by J.B. Zulu and S. Kanesa-Thasan

April 1, 1982

I. Introduction

The 1982 Article IV consultation discussions with Djibouti were held in the city of Djibouti during the period January 10-23, 1982. The representatives of Djibouti included Mr. Ibrahim Mohamed Sultan, Minister of Finance and National Economy, Mr. Fahmy Ahmed El Hag, Minister of Industry, Mr. Ibrahim Kassim Chehem, Governor of the National Bank of Djibouti, Mr. Ismail Ghedi, Director of the Cabinet, and other senior officials of ministries and agencies concerned with economic and financial matters. The staff representatives were Messrs. S. Kimaro (head), M. Reichardt (both of AFR), and K. Tao (EP-AFR), Miss K. Swiderski (EP-ETR), and Mrs. M.-J. Bauer (secretary-AFR).

Djibouti has accepted the obligations of Article VIII, Sections 2, 3, and 4 of the Articles of Agreement.

II. Background and Recent Developments

1. Background

Djibouti is largely a desert country, with very limited agricultural potential, little proven mineral wealth, and minimal industrial activity. About two thirds of the total population, officially estimated at about 450,000, live in the capital city of Djibouti; the other one third comprises nomads who raise livestock for subsistence. Despite the unfavorable climate and the limited resource potential, Djibouti has managed to take advantage of its geographical location and its historical and regional ties to build an economy that has experienced modest economic growth. Over three fourths of domestic production derives mainly from tertiary activity associated with the port of Djibouti, the railway to neighboring Ethiopia, the international airport of Djibouti, the private banking system, which handles some off-shore business, and the presence of a foreign military base and of a relatively large number of foreign military and civilian personnel. The tertiary sector has not, however, generated adequate budgetary revenue, and, as a result, the Government has depended heavily on foreign grants to finance current and capital expenditure. Moreover, domestic merchandise exports have been practically nil, while foreign exchange receipts earned in the service sector have not matched the country's overwhelming dependence on imports. Accordingly, Djibouti has relied primarily on foreign grants to cover large trade deficits.

2. Recent developments

The economy of Djibouti has recovered steadily from the decline suffered in the years immediately following independence in June 1977. The abatement, since 1979, of hostilities in the Ogaden has permitted a partial recovery of transit trade with Ethiopia. Moreover, renewed private sector confidence appears to have provided impetus for increased investment, especially in the construction and commercial sectors. These developments, coupled with improved weather conditions in 1981 and with increased investment and other spending by the public sector, have contributed toward an estimated average growth of the real gross domestic product (GDP) of about 3 per cent per annum during the two years 1980-81, compared with an average annual decline of 2.7 per cent in 1978-79. However, as the total population is believed to have increased at a substantially higher rate, owing not only to natural growth but also to immigration from neighboring countries, real per capita income has probably been on a downtrend since independence. Total [illegible]stment rose to the equivalent of 18 per cent of nominal GDP in 1980 [illegible] Thus, with total consumption in the economy consistently exceeding nom[illegible]r by well over 10 per cent, the traditionally large resource gap wide[illegible]o nearly one third of GDP during the 1980-81 period. In 1982 the economy is expected to continue to grow at about the same pace as in 1981.

The recent economic expansion generated substantial employment in the government sector as well as in the private sector (especially in commerce). Nevertheless, registered unemployment intensified, reflecting the rise in population and a steady entry into the labor market of school leavers and of unskilled workers from the rural areas as a result of the extreme droughts in 1979-80.

Although the overall financial situation of the public sector, especially that of the Central Government, has remained broadly satisfactory, the consolidated performance of the public enterprises has weakened somewhat since 1979. Continuing a pattern observed since independence, the financial operations of the Government were in surplus. After rising by 3.5 per cent in 1980, total revenue (including grants) increased marginally in 1981. The modest revenue performance over the years 1980-81 mirrors a considerable decline in foreign grants, which nearly offset an average annual increase of 16 per cent in budgetary revenue owing mainly to discretionary increases in consumption taxes and higher interest earnings on holdings of official foreign assets. Meanwhile, total expenditure, which had decreased by 2 per cent in 1980, rose by 3 per cent in 1981, with outlays on investment rising substantially. As a result, the overall surplus, which in 1980 amounted to DF 3.4 billion, declined to DF 1.9 billion (3 per cent of GDP) in 1981. A large proportion (about one half) of government expenditure over the 1980-81 period was financed out of foreign grants from France, Saudi Arabia, Germany, Kuwait, and other friendly countries. If such grants are not taken into account, the consolidated financial operations of the Central Government reveal a large overall deficit averaging DF 9 billion, or 15 per cent of GDP, during the years 1980-81.

Since independence the number of public enterprises in Djibouti has risen sharply in line with the Government's desire to provide essential social and economic services in various fields, including those where private sector participation was nonexistent or deemed inadequate. The combined financial accounts of the public enterprises show modest operating surpluses during the years 1978-79 and losses averaging DF 0.5 billion annually over the 1980-81 period. The losses in the latter years were financed almost entirely out of foreign grants from the European Economic Community and Saudi Arabia. These losses were the result of, among other things, a deliberate government policy of not allowing price adjustments to reflect fully the increases in costs of producing specific commodities, notably electricity, petroleum products, wheat flour, and port services.

According to staff estimates, Djibouti's external accounts are characterized by large balance of trade deficits, which until 1980 had been more than offset by receipts on the service account and official unrequited transfers. Thus, with net capital inflow being generally positive, overall balance of payments surpluses, averaging SDR 16.3 million annually over the 1978-80 period, were realized. In 1981 import payments rose by 20 per cent, while exports, which have consisted almost entirely of re-exports, increased by 17 per cent, and the trade deficit widened to about SDR 78 million (25.7 per cent of GDP). With official unrequited transfers declining slightly, and earnings on the service account increasing by modest amounts, the current account recorded a deficit estimated at SDR 3.5 million. Net capital inflows in the same year declined, owing to increased outflow of private capital prompted by differentials in interest rates. This decline was, however, offset by valuation gains on foreign exchange holdings, and, as a result, the overall balance of payments registered a surplus of SDR 4.9 million. Gross official external reserves at the end of 1981 amounted to SDR 73.6 million, equivalent to 5 months of imports.

Reflecting the favorable balance of payments and budgetary performance, the banking system's net foreign assets and government deposits have increased steadily. Thus, even though private sector credit has expanded at persistently high rates, averaging 39 per cent per annum over the three-year period 1979-81, total domestic credit has been consistently negative. At 8.7 per cent and 6.8 per cent, the growth of broad money in 1980 and 1981, respectively, was substantially below that of nominal GDP.

This, together with a slowdown in the rate of increase of import prices, contributed toward a much reduced rate of inflation, as measured by the consumer price index, of 5.7 per cent in 1981, compared with 12.1 per cent in 1980.

The National Bank of Djibouti, which continues to operate on the basis of funds allocated annually by the Government to cover minimal administrative functions, has little impact on monetary policy. The responsibility for the currency issue is still entrusted to the Treasury, while the commercial banks, which also handle some off-shore business, determine interest rate and lending policies. Deposit and lending rates on foreign currency operations vary in line with interest rate developments abroad. Deposit rates for operations in Djibouti francs are fixed at levels which have been generally negative in real terms. Lending rates for operations in Djibouti francs are tied to a basic rate, which was raised from 8.5 per cent to 12.5 per cent in 1981. Besides the increase in the basic rate, other minor modifications in the structure of the lending rates for various categories of customers were introduced in the same year.

The official external debt of Djibouti is small and consists mainly of concessionary loans. Although new loans were contracted during the 1979-81 period, related disbursements were small owing to the limited absorptive capacity. At the end of 1981 outstanding disbursed official external debt amounted to SDR 5.4 million, or 1.8 per cent of GDP.

Djibouti maintains an exchange system free of restrictions on current international payments and a liberal trade system. The Treasury issues the Djibouti franc, which is pegged to the U.S. dollar, the intervention currency, at DF 177.721 = U.S.$1, against 100 per cent foreign exchange cover. After depreciating by about 6 per cent during the 1978-80 period, the import-weighted, effective, nominal exchange rate appreciated by nearly 13 per cent in 1981.

III. Report on the Discussions

1. Development and investment policies

The Djibouti authorities recognize that the dominant service sectors have not been able to generate sustainable high rates of economic growth or to earn enough foreign exchange to match the country's heavy reliance on imports. Moreover, the country remains vulnerable to regional and other external developments that can affect performance in the service sectors. Accordingly, they are determined to promote diversified economic expansion, while making efforts to strengthen the performance of the service sectors. In the case of the port of Djibouti, which became officially autonomous in June 1981, various projects are under way or envisaged to enhance its competitiveness. The port management plans to extend its operations into cargo handling and to reduce featherbedding gradually through a freeze on hiring and a program of retiring employees early. The cold storage capacity is being expanded, and the slip-way is being activated, with the completion of necessary work on the two projects slated for end-1982. An international container facility, presently under construction, is expected to be in operation in 1983. The construction of a park for live animals (for export) and further investments in the free trade zone are being examined.

The authorities are also working to improve performance of the railway to Ethiopia. Following agreement with the Ethiopian Government, a rehabilitation program for the railway, which presently operates at about 40 per cent of capacity, will be undertaken shortly. Moreover, understandings have been reached with Ethiopia on the sharing of operating losses or profits of the railway and on ensuring a profitable volume of traffic on it. In the service sector, the authorities' efforts have also culminated in the opening, in late 1981, of the first international hotel in Djibouti, which could pave the way for more active exploitation of Djibouti's tourist potential.

The diversification of the economy is being pursued mainly through projects in the fishing and manufacturing sectors. The Government is providing modern equipment and more refrigeration capacity to fishermen organized in a cooperative venture. By 1983 it is hoped that 300 fishermen will have been equipped and that the storage capacity, presently estimated at 100 cubic meters, will have tripled. In the manufacturing sector, where small-scale production for the domestic market has until now been confined to food products, beverages, furniture, building materials, bottling of various kinds of gas, and maintenance, installation, and other essential services, there are plans for additional production of various food items and building materials for the domestic market as well as for other industries (including possibly a cement factory and a refinery) that will cater to domestic and export markets. In connection with the latter type of industries, the Djibouti authorities stated that they had participated actively in the negotiations of the Preferential Trade Area for Eastern and Southern African States and that they had been accorded a few special concessions. They recognized, however, that wages and other costs are higher in Djibouti than in neighboring countries. Therefore, they expressed a determination to follow incomes and other policies that would enhance external competitiveness in the coming years. Outside the fishing and manufacturing sectors, government attention has been directed to developing water resources, mainly to meet human needs, and to exploring the possibility of tapping geothermal and solar energy in the long run.

Because of the negative savings performance of the economy, the financing of Djibouti's development will continue to depend crucially upon the availability of concessionary financing and foreign private capital. However, total inflows of official concessionary financing declined in 1980 and 1981, and some donor countries have notified Djibouti of their intention to phase out support for certain types of extrabudgetary recurrent spending.

In order to reverse the declining trend of official concessionary assistance and to broaden international support for the development effort, the Djibouti authorities have been strengthening the planning machinery and making preparations for a donors' conference some time in 1982. A Planning Division, attached to the Office of the President, has been established and has been working on a three-year National Development Plan expected to be completed around mid-1982, prior to the convening of the donors' conference. The Planning Division, together with a Central Statistical Service, is expected to be strengthened through a technical assistance project to be financed jointly by the World Bank and the United Nations Development Program. The authorities agreed that, besides the above measures, a more concerted effort at developing the capability for project preparation and implementation in the technical ministries would be necessary in order to raise the absorptive capacity of the economy.

Stressing the importance of concessionary financing, the Djibouti authorities reiterated their concern that available national account estimates for the years 1975-79 might unfairly prejudice Djibouti's access to various sources of concessionary assistance. This is especially true when such access is based on international comparisons of per capita income. They noted that the population of Djibouti tends to be understated because of lack of data on the steady immigration from neighboring countries. Moreover, given the large number of relatively affluent foreign nationals residing in the country, the estimated per capita income of Djibouti is substantially higher than the average income of the majority of the indigenous population. The authorities informed the staff that Djibouti, together with other similarly placed countries, had communicated its concerns to the United Nations regarding the mechanical use of per capita income comparisons in determining eligibility for concessionary assistance. Meanwhile, they are planning a population census for 1982 and a firm re-estimation of national income accounts for 1979, both of which should shed better light on the economic welfare of Djibouti's population.

The Djibouti authorities are also making efforts to raise the level of private investment, both domestic and foreign, in the economy. A special unit created in the Ministry of Industry, with technical assistance from agencies of the United Nations, concentrates on preliminary identification of economically feasible projects. The investment code is being reviewed with a view to strengthening incentives for private investment. Additionally, a number of institutional innovations, including the introduction of a rediscount facility for medium- and long-term credit and the establishment of a development bank, are being actively considered.

2. Domestic financial policies

Djibouti's overall budgetary surpluses reflect the Government's ability to raise additional revenue through taxation of consumption, to control current expenditure, including wages and salaries, and to raise enough foreign grants. Total tax receipts as a per cent of GDP have increased steadily since independence, reaching 22.4 per cent in 1981, which, given the structure of Djibouti's economy, represents a substantial effort. The Djibouti authorities, cognizant of this, stated that they are determined to avoid excessive taxation through cautious control of current budgetary expenditure. To this end, expenditure commitments are now subjected to presidential scrutiny and approval. Moreover, with the exception of a limited salary adjustment for lower-income government workers in mid-1980, no general wage and salary awards have been granted since 1976. The Djibouti authorities stated that even though this had resulted in considerable erosion of real incomes of government employees, continued restraint was needed as the budgetary situation was basically fragile and in view of the declared intention of some donor countries to phase out support for certain types of extrabudgetary current expenditure.

Continuing the trend of past years, the 1982 budget provides for an overall surplus of DF 0.9 billion. Budgetary revenue is expected to decline by 2.5 per cent. Given the prospect of additional receipts from underlying growth of the tax base and from the extension of the 5 per cent import surtax to most products originating from the European Economic Community, it would appear that revenue is conservatively estimated. Total budgetary expenditure, on the other hand, is budgeted to rise by 12 per cent, broadly in line with the domestic rate of inflation.

The consolidated financial position of the public enterprises has weakened somewhat since 1979, owing partly to official control of the prices of wheat flour and petroleum products (namely kerosene and diesel oil) and electricity and port tariffs. The Djibouti authorities explained that the pricing policies for these commodities were prompted by various considerations, including the relatively low incomes of the majority of the population, the essentiality of the products, and, in the case of the port, the need to safeguard regional competitiveness. Furthermore, the relatively small financial losses emanating from these pricing policies have thus far been covered by foreign grants extended specifically for this purpose. They stated that they were hopeful it would be possible to continue to secure such grants and that pricing policies would, as far as possible, be aimed at limiting the losses to available financing. In this context, they noted that prices of petroleum products were raised in January 1980, electricity tariffs were increased in June 1981, and another adjustment in electricity tariffs was planned. Moreover, there were plans to introduce increased differentiation in the pricing of diesel oil with a view to limiting the total amount of subsidies. The Djibouti authorities agreed that, together with a realistic pricing policy, concerted effort at strengthening the economic performance of the public enterprises was needed, in order to enhance the sector's contribution to national development.

The National Bank of Djibouti, established in 1977, is not yet fully operational and has limited impact on monetary policy. The authorities are, however, planning to broaden its participation in the banking sector. The cabinet had directed the bank to examine the possibility of introducing a rediscount facility aimed primarily at providing medium- and long-term financing for development projects. Under this facility, commercial banks would be able to obtain refinancing through the bank, which, in turn, would draw on the resources of the Treasury. Technical assistance had been requested in this respect from France. The authorities' intention is that initially total credit to be provided under the facility would be modest so as to avoid serious deterioration of the official external reserve position, especially since it was not intended to reduce the foreign exchange cover for the local currency below 100 per cent. The authorities agreed with the staff that, in order to avoid the danger of automatic refinancing of low priority projects, it would be helpful to elaborate clear criteria to be strictly observed in determining projects that would qualify for financing under the facility. The staff pointed out to the authorities that, in order for the bank to play its role effectively, it would need, among other things, to strengthen its staff, and that this would require financial and other necessary government support.

As a further measure to promote financing of economic development, the authorities were contemplating the establishment of a development bank. They explained that the bank was in the planning stage, and that technical assistance in this regard had been received from France.

The commercial banks, through the Commercial Bankers' Association, determine the structure of interest rates and lending policies. During the early part of 1981 the pegging of local currency lending rates to a basic rate of 8.5 per cent, at a time when rates in foreign currencies were escalating, resulted in differential rates that encouraged arbitrage. This prompted the commercial banks to increase the basic rate for local currency lending operations to 12.5 per cent and to modify the structure of lending rates of various categories of customers in order to reduce the differentials. Although in 1981 a few real domestic deposit rates were positive owing to the slowdown in the rate of inflation, in 1982 all such rates are expected, as in the years immediately preceeding 1981, to be negative.

3. External financial policies

Commenting on the large balance of trade deficit, the Djibouti authorities explained that prospects for increasing foreign exchange earnings would be limited over the medium term. Accordingly, Djibouti's external financial viability in the period ahead will continue to depend on the pursuit of sound demand management policies and on sustained inflows of foreign, official, concessionary financing and of private capital. Djibouti's modest overall balance of payments surplus in 1981 was largely attributable to valuation gains on official foreign reserves held largely in U.S. dollar deposits. But for these gains related to short-term exchange rate developments, an overall deficit would have been registered. 1/ The relative weakening of the external situation in 1981 is primarily attributable to a considerable increase (11 per cent) in real imports and to a decline in net inflows of official unrequited transfers and private capital. On the basis of present policies and exchange rates prevailing in early 1982, an overall balance of payments deficit of about SDR 3 million (4.1 per cent of gross official external reserves at end-1981) is in prospect for 1982. The trade deficit is projected to widen slightly, while the service and capital accounts are expected to strengthen moderately. Unrequited official transfers are anticipated to continue to decline.

1/ Expressed in local currency, an overall deficit, the first since independence, of DF 0.4 billion, was recorded.

Commenting on these developments, the Djibouti authorities were of the opinion that the recent adjustment in interest rates, coupled with the various measures aimed at encouraging private investment and at raising inflows of foreign financial assistance, should strengthen performance on the capital and transfer accounts. As for the 1981 increase in real imports, they agreed that the continued economic recovery, coupled with the appreciation of the Djibouti franc in line with the U.S. dollar, were contributory factors. Nonetheless, they believed that the overall effect of these factors was considerably mitigated by the restraint on wages and salaries. In view of the present level of official foreign reserves, which they consider comfortable but not excessive, the authorities were not worried about the balance of payments prospects in 1982. Moreover, given the importance of continuing to foster confidence in the local currency, they consider the currency and exchange rate system as appropriate. The Djibouti authorities reaffirmed their commitment to continue to pursue a trade and payments system free from restrictions on international transactions.

IV. Staff Appraisal

The growth of Djibouti's service-dependent economy has been modest. Gross domestic savings are substantially negative, and the economy depends heavily on foreign grants to finance investment and consumption. Total grants received in recent years have, however, declined, and certain donor countries have expressed intention to reduce the amount of grants for financing certain types of recurrent expenditure. In this context, a concerted effort to strengthen the domestic savings performance and to mobilize increased foreign assistance for development purposes is needed. Improved performance of the public enterprises, continued restraint on government expenditure, and other measures, including upward adjustment in interest rates for local currency deposits, to promote private savings are therefore necessary. Moreover, the Government's plans to hold a donors' conference and to strengthen the planning machinery and investment incentives will, it is hoped, enable Djibouti to attract more foreign resources. This will need to be coupled with efforts to develop capability for project preparation and implementation in the technical ministries. Djibouti's overall economic strategy of strengthening the performance of the service sectors while developing fishing and manufacturing activity, as well as export possibilities based on regional markets, is appropriate.

The financial situation has on the whole been managed prudently. The overall financial operations of the Central Government have repeatedly been in surplus, owing mainly to an intensified tax effort, restraint on current budgetary expenditure, especially on wages and salaries, and the availability of foreign grants. The restraint on expenditure does not appear to have impaired government administrative efficiency or maintenance of the capital stock. Moreover, the general policy toward wages and salaries seems reasonable in view of their relatively high levels in effect in the public sector at the time of independence. The continuing delay in making the National Bank of Djibouti fully operational has left an unfilled need for supervision and guidance of the financial sector and for direction of monetary and credit policy. Financial and other necessary forms of government support are needed if the bank is to become fully operational. The planned development bank and rediscount facility will fill a legitimate need for additional financing of investment projects.

The recent adjustment in interest rates was a step in the right direction. It has narrowed differentials between domestic and foreign lending rates and reduced incentives for arbitrage. Domestic deposit rates are, however, generally negative and are a disincentive for financial savings. Moreover, given the volatility of interest rates abroad, the basic rate to which domestic lending rates are pegged needs to be reviewed frequently in order to ensure a proper alignment of lending rates for operations in Djibouti francs with those in foreign currencies.

Djibouti's overall balance of payments surplus in 1981 was modest and prospects for the period immediately ahead are tarnished by the possibility of continued reduction in grants. Gross official external reserves remain at a comfortable level. The pegging of the Djibouti franc to the U.S. dollar, together with the system of 100 per cent foreign exchange cover and with the liberal system of trade and payments, appear to have fostered confidence in the local currency and to have contributed significantly toward the attractiveness of Djibouti for offshore banking and re-export trade. In 1981 the pegging of the Djibouti franc to the U.S. dollar resulted in some effective appreciation of the exchange rate which contributed toward a considerable increase in the volume of imports. Although the balance of payments effects of the appreciation were mitigated by wage restraint, the evolution of the effective exchange rate needs to be kept under review. The staff welcomes commitment of the authorities to a free system of international trade and payments.

DJIBOUTI - Relations with the Fund
(As of February 28, 1982)

Date of membership:	December 29, 1978
Status:	Article VIII, Sections 2, 3, 4
Quota:	SDR 5.7 million
Fund holdings of currency as per cent of quota:	78.3 per cent
Exchange system:	Djibouti's currency, the Djibouti franc (DF), is pegged to the U.S. dollar, which is the intervention currency, at the rate of DF 177.721 = US$1.
SDR/Local currency equivalent:	SDR 1 = DF 200.27
SDR position:	Djibouti's holdings of SDRs amounted to SDR 0.5 million, equivalent to 42.1 per cent of the net cumulative allocation of SDR 1.2 million.

Recent staff visits

The last Article IV consultation discussions were held during September 5-16, 1980; Board discussions of the staff reports (SM/80/259 and SM/80/265) took place on January 14, 1981.

CBD technical assistance missions visited Djibouti April 29-30, 1981, and November 13-15, 1981. The Bureau of Statistics technical assistance mission visited Djibouti January 11-25, 1981, February 27-March 6, 1981, and March 26-April 15, 1981.

Technical assistance

CBD provided the National Bank of Djibouti with a technical advisor during the period from May 21, 1979, to November 26, 1981.

DJIBOUTI - Relations with the World Bank

A technical assistance project, to be financed jointly by the IDA and by a grant from the UNDP, has been appraised and is expected to be processed in the near future. The purpose of the project is to strengthen the Central Planning Unit and establish a Central Statistical Service, both in the Presidency. A Highway Sector Project, which will concentrate on highway rehabilitation and maintenance, has just been appraised. An Urban Project and an Education Sector Project are in the initial stages of preparation. Furthermore, the World Bank expects to be involved in an exploratory project on geothermal energy.

DJIBOUTI - Basic Data

Area, population, and GDP per capita

Area	23,200 square kilometers
Population: Total (1980)	450,000 (government estimate)
Natural growth rate	2.5 per cent
GDP per capita	SDR 560

	1978	1979	1980	1981
	(In millions of Djibouti francs)			
Gross domestic product (at current market prices)	42,433	50,716	58,272	63,450
	(In per cent of GDP)			
Gross domestic expenditure	127.1	128.1	132.6	132.7
Consumption	117.7	111.6	115.1	114.9
Investment	9.4	16.5	17.5	17.8
Resource gap	27.1	28.1	32.6	32.7
Consumer prices (per cent change)	19.7	15.0	12.1	5.7
Central government financial operations (January-December)				
	(In millions of Djibouti francs)			
Total receipts	21,779	27,094	28,049	28,452
Budgetary revenue	10,556	12,564	14,780	16,916
Foreign grants	11,223	14,530	13,269	11,536
Total expenditures	19,384	25,003	24,480	25,186
Budgetary	9,550	11,402	12,136	15,701
Extrabudgetary	9,834	13,601	12,344	9,485
Net lending	-11	99	150	1,317
Overall surplus	2,406	1,992	3,419	1,949
Overall deficit (without grants)	-8,828	-12,439	-9,700	-8,270
Financing				
Foreign borrowing (net)	-46	-50	-52	-40
Domestic banks (net)	-2,667	-1,863	-3,499	-2,044
Changes in cash balances and errors and omissions	307	-79	132	135
Money and credit (end of December)				
Foreign assets (net)	14,996	18,563	23,057	25,425
Domestic credit	-1,794	-912	-1,889	-1,612
Claims on Government (net)	-6,430	-8,293	-11,792	-13,836
Claims on private sector	4,636	7,381	9,903	12,224
Money and quasi-money	14,814	18,299	19,882	21,238

DJIBOUTI - Basic Data (concluded)

	1978	1979	1980	1981
	(In millions of SDRs)			
Balance of payments				
Exports, f.o.b., including re-exports	74.9	61.6	82.9	97.1
Imports, f.o.b.	-111.2	-123.8	-146.1	-174.9
Trade balance	-36.3	-62.2	-63.2	-77.8
Services (net)	11.8	4.8	15.6	20.3
Unrequited transfers (net)	51.3	62.9	57.3	54.0
Of which: official	(51.4)	(63.0)	(57.4)	(54.1)
Current account balance	26.8	5.5	9.7	-3.5
Capital account, including valuation adjustment and errors and omissions	-4.9	3.3	8.4	8.4
Overall surplus	21.9	8.8	18.1	4.9
External public debt (including public enterprises)				
Disbursed outstanding debt (at the end of period)	7.9	8.7	7.2	5.4
Debt service	0.7	0.8	1.3	1.1
Selected indicators	(In per cent of GDP)			
Overall surplus of Central Government	5.7	3.9	5.9	3.1
Trade deficit	19.0	28.2	25.1	25.7
External current account surplus	14.1	2.5	3.9	-1.1
Disbursed public external debt	4.3	4.0	2.8	1.8
Exchange rates				
Djibouti francs per SDR (end of period)	231.53	234.12	226.67	206.86
Nominal effective exchange rate (import-weighted; 1977=100; decline denotes appreciation)	108.1	111.6	112.2	98.2