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CONFIDENTIAL

November 9, 1992

To: Members of the Executive Board

From: The Secretary

Subject: Zaire - Overdue Financial Obligations to the Fund -
Further Review Following Declaration of Ineligibility

The attached paper is scheduled for consideration by the Executive Directors on Friday, November 13, 1992. A draft decision appears on pages 6 and 7.

Mr. Corr (ext. 38774) or Mrs. Aylward (ext. 38690) is available to answer technical or factual questions relating to this paper prior to the Board discussion.

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INTERNATIONAL MONETARY FUND

Zaire - Overdue Financial Obligations to the Fund -
Further Review Following Declaration of Ineligibility

Prepared by the Treasurer's, African and Legal Departments
(In consultation with the Policy Development and Review Department)

Approved by David Williams, Mamadou Touré, and François Gianviti

November 9, 1992

1. The Executive Board is scheduled to hold the fourth post-ineligibility review of Zaire's overdue obligations to the Fund on November 13, 1992. At the second review, held on February 14, 1992, the Executive Board decided to issue and publish forthwith a declaration of noncooperation with respect to Zaire. Furthermore, the decision taken at that review stated that the matter of Zaire's overdue financial obligations would be reviewed again not later than August 14, 1992 and that the Fund would consider further measures in accordance with its strengthened arrears strategy if Zaire had not resumed active cooperation with the Fund within nine months of February 14, 1992. 1/

At the third post-ineligibility review, held on August 7, 1992, the Executive Board refrained from adopting further remedial measures at that time. The decision adopted on that occasion provided for a further review not later than November 14, 1992, and stated that consideration would be given to the initiation of further procedures in accordance with the strengthened arrears strategy if Zaire has not resumed active cooperation with the Fund. 2/

This paper provides recent information with respect to Zaire's arrears to the Fund and an update of recent economic developments, and proposes a draft decision for adoption by the Executive Board at the forthcoming review.

2. Zaire began to accumulate continuous arrears to the General Department of the Fund in November 1990. 3/ Zaire's arrears to the Fund increased from SDR 61.0 million at the time of the declaration of ineligibility on September 6, 1991 to SDR 96.1 million at the time of the second review and declaration of noncooperation on February 14, 1992, and have since risen

1/ Executive Board Decision No. 9923-(92/17) appears in Attachment I.
2/ Executive Board Decision No. 10110-(92/103) appears in Attachment II.
3/ A complaint under Rule S-1 was issued on April 14, 1992, and withdrawn on April 28, 1992, following Zaire's full settlement of overdue financial obligations to the SDR Department.

further to SDR 116.8 million as of November 3, 1992. 1/ From the time of the declaration of ineligibility to the declaration of noncooperation on February 14, 1992, Zaïre paid SDR 3.7 million, which represented 9.5 percent of the SDR 39.0 million of obligations falling due during that period. Between February 14 and August 7, 1992, the date of the third review, payments amounted to SDR 6.9 million, representing 33.5 percent of new obligations of SDR 20.7 million falling due during the period. Between August 7, 1992 and November 3, 1992, Zaïre has made payments of SDR 3.2 million to the Fund, representing 29.7 percent of the obligations of SDR 10.9 million that have fallen due in the period. Over the period since the declaration of ineligibility, refunds of burden sharing, which have been used to reduce arrears to the Fund, amounted to SDR 0.9 million. As of September 30, 1992, deferred income subject to burden sharing amounted to SDR 20.0 million.

Zaïre's arrears to the Fund of SDR 116.8 million are equal to 40.1 percent of Zaïre's present quota and 35.4 percent of Fund credit outstanding to Zaïre. 2/ Of the total arrears, SDR 98.8 million represents overdue principal, which amount is equal to 34.0 percent of quota and 29.9 percent of Fund credit outstanding to Zaïre. The estimated total of Zaïre's forthcoming obligations to the Fund from November 3, 1992 through the end of 1996 amount to SDR 240.4 million, as indicated in Attachment IV.

Zaïre had had occurrences (generally short-term) of arrears to the World Bank Group. As of October 19, 1992, Zaïre had overdue obligations to the International Development Association (IDA) of US\$ 0.7 million, with the longest overdue outstanding for less than 45 days.

Tables 1 and 2 of the Appendix provide information on various factors relating to Zaïre's payments position vis-à-vis the Fund and its overall external debt service situation.

3. Recent economic and financial developments in Zaïre were summarized in the report for the previous review of Zaïre's overdue financial obligations to the Fund (EBS/92/123, 7/31/92). A mission to discuss Zaïre's overdue financial obligations to the Fund and to initiate policy discussions with the Government visited Kinshasa from October 29 to November 6, 1992. The following update is based on information provided by the Zaïrian authorities prior to and during that staff visit.

1/ See Attachment IV. Quarterly charges estimated at SDR 2.4 million and SAF special charges estimated at SDR 5,700 will also fall due in early November.

2/ An increase in Zaïre's quota to SDR 394.8 million is proposed under the Ninth General Review. However, in accordance with the Board of Governors' Resolution on the Ninth General Review, Zaïre may neither consent to nor pay for the proposed increase in its quota until it has become current in its overdue financial obligations to the General Resources Account of the Fund.

The economic and financial situation in Zaïre has continued to deteriorate throughout the year, with the economy still caught in a vicious spiral of hyperinflation and currency depreciation. The situation has recently been complicated further by the uncertainties surrounding the government transition process, and the resulting social and political tensions. Economic activity continues at a very low level, with real GDP projected to decline by some 8 percent in 1992, following drops of 7 percent and 2 percent in 1991 and 1990, respectively. The output tailspin has been led by falls in the production of copper, the output of which fell in 1991 to 259,000 tons, more than 50 percent below its normal level. In 1992, it is expected that copper production will not exceed 150,000 tons because of social and political problems concentrated in the producing region and transport bottlenecks, as well as financial difficulties of the state-owned mining company, GECAMINES.

The root cause of Zaire's economic and financial problems has been the persistently poor economic management, and in particular the sustained fiscal shock administered to the economy by uncontrolled spending (see Chart 1 in the Appendix, which illustrates developments in the central government account). In 1992, compensation levels were de facto frozen until the end of the third quarter, when threefold wage increases were announced. Total government expenditure continued to rise in real terms, boosted in part by the cost of replacing equipment destroyed during the 1991 riots, but also reflecting outlays of the Presidency. Real revenue continued to shrink, reflecting the declining activity in the formal sector, the absence of a budgetary contribution from GECAMINES, and general erosion of the tax base. By the third quarter of 1992, revenue had fallen to below the equivalent of 10 percent of expenditure. The treasury deficit has been financed by money creation. During the first seven months of 1992, the money stock rose by some 940 percent; this was followed by a major surge in the following two months, bringing the increase through September 1992 to 2,360 percent. The inflation rate, which averaged 33 percent per month through August 1992, has varied sharply from month to month, reflecting in part periodic shortages of currency notes. In these circumstances, the Zaïrian currency, which has been de facto floating, continued its steep slide on the interbank foreign exchange market.

The official exchange rate, quoted weekly, moved from about Z 63,670 per US\$1 at end-1991 to Z 950,000 by end-September 1992, and to Z 21,700,000 at end-October 1992. An active parallel market has re-emerged; the parallel market rate, driven in part by speculative pressures, reached as much as Z 1,800,000 per US\$1 in late September, but returned close to the official rate in early October. Moreover, a weakening of commercial bank intermediation has been accentuated by bilateral exchange deals between major market participants. Private sector transactions reported through the commercial banks suggest steep declines in exports as well as imports, measured in SDR terms, and the exchange market has been growing thin and more susceptible to speculative attacks.

In this environment, and given the sharp drop in foreign exchange proceeds surrendered by GECAMINES, the foreign exchange receipts of the Bank

of Zaïre remained at a very low level, totaling US\$ 215 million through September 1992, compared with US\$ 404 million and US\$ 570 million during the same periods in 1991 and 1990, respectively. A major portion of this amount (US\$ 94 million) was absorbed by Government nondebt expenditure, and US\$ 36 million by the importation of new zaire banknotes; only US\$ 37 million was sold to the commercial banks, essentially to cover the oil import bill. External debt service payments made by the Bank of Zaïre on behalf of the Government amounted to an additional US\$ 29.1 million, of which approximately US\$ 11.8 million was paid to the Fund and US\$ 8.9 million to other multilateral creditors. ^{1/} Zaïre continued to accumulate arrears to virtually all its creditors throughout the nine-month period, to an estimated level of US\$ 3.37 billion at end-September, US\$ 161 million of which amount was owed to multilateral creditors other than the Fund (Appendix Table 2).

The new Administration has been attempting to bring the budgetary situation under control. The staff discussed with the authorities the measures needed as a first emergency action to halt the inflation-depreciation spiral, to be followed by a program designed to relaunch the economy and set it on the course for recovery. The authorities were studying the staff's proposals, for implementation as soon as possible, and in the context of the 1993 budget. A number of administrative measures have been taken since September 1992, aimed at strengthening expenditure control and restoring fiscal orthodoxy. These include centralization of the authority to approve expenditure commitments and prior authorization of all payments to be made by the central bank on behalf of the Government. At the same time, the Treasury monetary financing plan has been tightened; the daily average recourse to such financing was reduced from Z 5.6 trillion in August 1992 to Z 1.5 trillion in October.

The Zaïrian delegation that visited headquarters for the Spring 1992 meetings of the Interim Committee indicated the authorities' intent to make regular payments to the Fund by using 20 percent of the foreign exchange resources surrendered by the state-owned mining company, GECAMINES, to the Bank of Zaïre under a statutory quota requirement. Since then and through November 3, 1992, Zaïre has made payments of SDR 10.1 million, which fall somewhat short of meeting this target and have not been sufficient to prevent a further accumulation of arrears.

For the fourth quarter of the year, the authorities expect foreign exchange receipts to amount to some US\$ 52 million, US\$ 33 million of which will represent GECAMINES revenue. If the authorities were to make payments in accordance with the formula described above, only some US\$ 6.6 million (about SDR 4.5 million) would be paid to the Fund, compared to new obligations of SDR 16.4 million falling due during that period. Thus, arrears to the Fund are likely to continue to accumulate in the absence of significantly increased payments in the near future.

^{1/} In SDR terms, payments to the Fund by Zaïre in 1992 through the end of September were SDR 8,338,379.

4. The situation with respect to Zaïre's overdue obligations and payments performance vis-à-vis the Fund may be summarized as follows. Zaïre has been in continuous arrears to the Fund since November 1990, and was declared ineligible to use the general resources of the Fund on September 6, 1991. A declaration of noncooperation was issued on February 14, 1992. As of November 3, 1992, Zaïre's arrears totaled SDR 116.8 million. At the time of the declaration of noncooperation, the Executive Board also indicated that it would consider further measures in accordance with the strengthened arrears strategy within nine months of February 14, 1992, if Zaïre did not resume active cooperation with the Fund. This decision was essentially reiterated at the August 7, 1992 review.

As noted, the economic situation in Zaïre has continued to deteriorate in the face of a policy vacuum, and the prospects for early adoption of an appropriately strong program of economic and financial adjustment cannot be judged to be strong. Although Zaïre's payments performance has improved somewhat since the declaration of noncooperation, compared to the period before that declaration, overdue financial obligations have continued to increase substantially. Furthermore, the authorities' intent to pay to the Fund an amount equal to 20 percent of Bank of Zaïre GECAMINES revenues, even if realized, would still result in a further increase in arrears in the coming months. In light of the political turmoil and severe economic dislocation being experienced by Zaïre, adherence to this intent may be considered an important indication of the authorities' desire to cooperate with the Fund. Nevertheless, in the circumstances, the staff would not conclude that Zaïre can be judged to be actively cooperating with the Fund with respect to policy implementation or payments performance.

In the staff's view it would appear appropriate to consider the possible initiation of further procedures with respect to Zaïre in light of the coming into effect of the Third Amendment of the Articles of Agreement of the Fund. The Third Amendment, which is expected to come into effect imminently, perhaps before the review scheduled for November 13, 1992, provides for the suspension of voting and related rights of a member that persists in its failure to fulfill any of its obligations under the Articles of Agreement.

This measure was envisaged as the penultimate step in the timetable of procedures adopted under the strengthened cooperative strategy on overdue financial obligations in March 1990; 1/ the timetable further provides that procedures on compulsory withdrawal be initiated nine months after a declaration of noncooperation or within six months after a decision on suspension.

While the Third Amendment is expected to enter into effect very soon, its implementation requires prior settlement of certain procedural and legal issues, including consequential changes to the By-Laws and the Rules and Regulations of the Fund. A paper on the proposed changes to this effect is

1/ The Strengthened Timetable of Procedures appears in Attachment V.

in preparation for consideration by the Executive Board in due course. 1/ At the Executive Board's consideration of the Managing Director's statement on the Work Program (Buff/92/131, 11/4/92), a number of Executive Directors indicated that the provisions on suspension under the Third Amendment should not be applied in an individual case until after consideration by the competent organs of the Fund of the related procedural and legal changes.

Thus, while the initiation of the procedures on compulsory withdrawal with respect to Zaïre was among the further procedures that the Executive Board intended, at its August 7, 1992 review, to consider at the upcoming review, 2/ in light of the imminent entry into effect of the Third Amendment, the staff does not propose that consideration be given to such initiation by the Executive Board at this time.

Instead, in these particular circumstances, it is proposed that the Executive Board review the matter of Zaïre's overdue financial obligations to the Fund again not later than February 13, 1993, i.e., within 3 months (at which time it is anticipated that the Third Amendment and the related procedural provisions will be operational). The draft decision also specifically indicates that at that time the Fund would give consideration to the suspension of Zaïre's voting and related rights if Zaïre has not in the meantime resumed active cooperation with the Fund in seeking a solution to the problem of its overdue financial obligations to the Fund.

Accordingly, the following draft decision, which could be adopted by a majority of the votes cast, is proposed for adoption by the Executive Board:

Draft Decision

1. The Fund has reviewed further the matter of Zaïre's overdue financial obligations to the Fund in light of the facts and developments described in EBS/92/177 (11/9/92).

2. The Fund notes the payments by Zaïre to the Fund in recent months, but regrets that the amount of Zaïre's overdue financial obligations to the Fund has continued to increase. The continuing nonobservance by Zaïre of its financial obligations to the Fund places a financial burden upon other members and reduces the financial

1/ Changes are currently contemplated in the Rules and Regulations to provide for procedures leading to the suspension of voting and related rights. Amendments to the By-Laws are also under consideration, for submission by the Executive Board to the Board of Governors.

2/ See, for example, the Managing Director's communication to the Governor of the Fund for Zaïre (EBS/92/21, Sup. 1, 3/2/92). At the discussion at the August 7, 1992 review (EBM/92/102), a number of Executive Directors indicated a preference for consideration of suspension over initiation of the procedures on compulsory withdrawal. See Acting Managing Director's communication to the authorities following that review (EBS/92/123, Supplement 1, 8/17/92)

resources needed to help others. The Fund urges Zaïre to make full and prompt settlement of the overdue financial obligations to the Fund. The Fund stresses that settlement of the overdue financial obligations to the Fund should be given the highest priority.

3. The Fund again calls on Zaïre to adopt and implement, as a matter of urgency, a comprehensive program of economic and financial reform that will bring about the necessary economic adjustment. The Fund continues to stand ready to cooperate with the authorities in support of efforts to formulate and implement such a program.

4. The Fund will review the matter of Zaïre's overdue financial obligations to the Fund not later than February 13, 1993, in the light of actions taken by Zaïre in the meantime in settling its arrears to the Fund and in implementing a comprehensive adjustment program. In the absence of a resumption of active cooperation with the Fund by Zaïre in seeking a solution to the problem of its overdue financial obligations to the Fund, the Fund will give consideration to the suspension of Zaïre's voting and related rights in the Fund in accordance with Article XXVI, Section 2(b) and Schedule L of the Articles of Agreement.

Attachments

INTERNATIONAL MONETARY FUND

Zaire - Overdue Financial Obligations
Review Following Declaration of Ineligibility

Executive Board Decision No. 9923-(92/17)
Adopted February 14, 1992

1. The Fund has reviewed further the matter of Zaire's overdue financial obligations to the Fund in the light of the facts and developments described in EBS/92/21 (2/10/92).

2. The Fund regrets that the amount of Zaire's overdue financial obligations to the Fund has continued to increase. The continuing nonobservance by Zaire of its financial obligations to the Fund places a financial burden upon other members and reduces the financial resources needed to help others. The Fund urges Zaire to make full and prompt settlement of the overdue financial obligations to the Fund. The Fund stresses that settlement of the overdue financial obligations to the Fund should be given the highest priority.

3. The Fund calls on Zaire to adopt, as a matter of urgency, a comprehensive program of economic and financial reform that will bring about the necessary economic adjustment. The Fund continues to stand ready to cooperate with the authorities in support of efforts to formulate and implement such a program.

4. In light of Zaire's continuing failure to cooperate with the Fund in seeking a solution to the problem of its arrears to the Fund, the Fund shall issue and publish forthwith a declaration of noncooperation regarding Zaire.

5. The Fund will review the matter of Zaire's overdue financial obligations to the Fund again not later than August 14, 1992, in the light of actions taken by Zaire in the meantime in settling its arrears to the Fund and in implementing a comprehensive adjustment program. In the event that Zaire has not resumed active cooperation with the Fund in seeking a solution to the problem of its overdue financial obligations to the Fund, the Fund will consider further measures in accordance with the strengthened arrears strategy within nine months of the date of this decision.

INTERNATIONAL MONETARY FUND

Zaire - Overdue Financial Obligations
Review Following Declaration of Ineligibility

Executive Board Decision No. 10110-(92/103)
Adopted August 7, 1992

1. The Fund has reviewed further the matter of Zaire's overdue financial obligations to the Fund in light of the facts and developments described in EBS/92/123 (7/31/92).
2. The Fund notes the increased payments to the Fund in recent months, but regrets that the amount of Zaire's overdue financial obligations to the Fund has continued to increase. The continuing nonobservance by Zaire of its financial obligations to the Fund places a financial burden upon other members and reduces the financial resources needed to help others. The Fund urges Zaire to make full and prompt settlement of the overdue financial obligations to the Fund. The Fund stresses that settlement of the overdue financial obligations to the Fund should be given the highest priority.
3. The Fund again calls on Zaire to adopt and implement, as a matter of urgency, a comprehensive program of economic and financial reform that will bring about the necessary economic adjustment. The Fund continues to stand ready to cooperate with the authorities in support of efforts to formulate and implement such a program.
4. The Fund regrets that it has been necessary to issue and publish a declaration of noncooperation with respect to Zaire. The Fund further regrets that Zaire has not resumed active cooperation with the Fund in seeking a solution to the problem of its overdue financial obligations to the Fund.
5. The Fund will review the matter of Zaire's overdue financial obligations to the Fund again not later than November 14, 1992, in the light of actions taken by Zaire in the meantime in settling its arrears to the Fund and in implementing a comprehensive adjustment program. In the absence of a resumption of active cooperation with the Fund by Zaire in seeking a solution to the problem of its overdue financial obligations to the Fund, the Fund will give consideration to the initiation of further procedures in accordance with the strengthened arrears strategy.

Zaire--Overdue Financial Obligations
(As of November 3, 1992) 1/

| Type of Obligation | Total Amount Overdue (In SDRs) | Date of the Longest Outstanding Overdue Obligation |
|--------------------------------|-----------------------------------|--|
| <u>1. Principal</u> | | |
| Repurchases | <u>98,814,887</u> | 2/14/91 |
| Subtotal | 98,814,887 | |
| <u>2. Interest and Charges</u> | | |
| Quarterly charges | 12,955,575 | 8/14/91 |
| Semiannual charges | 4,005,490 | 7/11/91 |
| Assessments | 16,510 | 4/30/92 |
| SAF interest | 728,504 | 12/31/91 |
| Special charges (GRA) | 236,696 | 5/20/92 |
| Special charges (SAF) | <u>8,633</u> | 2/24/92 |
| Subtotal | 17,951,408 | |
| TOTAL: | 116,766,295 | |

1/ Quarterly charges estimated at SDR 2.4 million and SAF special charges estimated at SDR 5,700 will fall due in early November.

Zaire - Overdue and Forthcoming Obligations
as of November 3, 1992

(In millions of SDRs)

| Type of Obligation | Outstanding as of 11/3/92 | Forthcoming ^{1/} | | | | | Total Through 1996 ^{3/4/} |
|--------------------------------|---------------------------------|---------------------------|------------|------------|------------|------------|--|
| | | 1992 ^{2/} | 1993 | 1994 | 1995 | 1996 | |
| Repurchases | 98.8 | 5.0 | 46.0 | 34.9 | -- | -- | 184.8 |
| Quarterly charges | 12.9 | 2.4 | 8.5 | 5.8 | 4.3 | 4.1 | 38.1 |
| Semiannual charges | 4.1 | 0 | 3.2 | 2.6 | 2.3 | 2.3 | 14.5 |
| Special charges | 0.2 | -- | -- | -- | -- | -- | 0.3 |
| SAF repayments and interest | 0.7 | 6.2 | 12.3 | 21.0 | 29.6 | 29.4 | 99.3 |
| Net SDR charges | <u>--</u> | <u>--</u> | <u>5.1</u> | <u>5.1</u> | <u>5.1</u> | <u>5.1</u> | <u>20.3</u> |
| Total ^{3/} | 116.8 | 13.6 | 75.2 | 69.4 | 41.3 | 41.0 | 357.2 |

^{1/} Estimated on the basis of present use of Fund credit and Zaire's present position in the SDR Department. Charges are projected on the basis of current rates of charge.

^{2/} Due after November 3, 1992.

^{3/} Totals may not add due to rounding.

^{4/} Forthcoming charges and special charges are estimated based on the assumption that overdue financial obligations are not settled until 12/31/02 and forthcoming obligations are settled as they fall due. To the extent that overdue obligations are settled earlier, forthcoming charges will be lower; to the extent that forthcoming obligations remain overdue, forthcoming charges will be higher.

Measures for Prevention/Deterrence of Overdue Financial
Obligations to the Fund - Strengthened Timetable of Procedures

| Time after Emergence of Arrears | Action |
|------------------------------------|---|
| Immediately | Staff sends a cable urging the member to make the payment promptly; this communication is followed up through the office of the concerned Executive Director. The member is not permitted any use of the Fund's resources nor is any request for the use of Fund resources placed before the Executive board until the arrears are cleared. |
| 2 weeks | Management sends a communication to the Governor for the member stressing the seriousness of the failure to meet obligations and urging full and prompt settlement. |
| 1 month | The Managing Director notifies the Executive Board that an obligation is overdue. |
| 6 weeks | The Managing Director notifies the member that unless the overdue obligations are settled promptly a complaint will be issued to the Executive Board. The Managing Director would also consult with and recommend to the Executive Board that a communication concerning the member's situation should be sent to selected Fund Governors or to all Fund Governors in the event that the member has not improved its cooperation with the Fund. |
| 2 months | A complaint regarding the member's overdue obligations is issued by the Managing Director to the Executive Board. |
| 3 months | The complaint is given substantive consideration by the Executive Board. The Board has usually decided to limit the member's use of the general resources and, if overdue SDR obligations are involved, suspend its right to use SDRs. |

Measures for Prevention/Deterrence of Overdue Financial
Obligations to the Fund - Strengthened Timetable of Procedures (concluded)

Time after
Emergence of Arrears

Action

6-12 months

The Executive Board will review its decision on limitation within three months, with the possibility of a second review if warranted. It is proposed that, depending on the Executive Board's assessment of the specific circumstances and of the efforts being made by the member to fulfill its obligations to the Fund, a declaration of ineligibility be considered to take effect not more than twelve months after the emergence of arrears. It is proposed that the sending of communications to all Fund Governors and the heads of selected international financial institutions regarding the member's continued failure to fulfill its financial obligations to the Fund could be considered at the same time as the declaration of ineligibility.

Up to 15 months

It is proposed that a declaration of noncooperation be considered within three months after the dispatch of the communications.

Up to 18 months

In case an amendment of the Articles would be adopted, it is proposed that a decision on suspension of voting and representation rights be considered within three months after the declaration of noncooperation.

Up to 24 months

It is proposed that the procedures on compulsory withdrawal be initiated within six months after the decision on suspension (in case an amendment of the Articles would be adopted) or nine months after the declaration of noncooperation.

Table 1: Zaire: Payments Indicators, 1989 - 1992

| | 1989 | 1990 Est. | 1991 Est. | 1992 (Jan.-Sep.) Prel. |
|---|-----------------------|--------------|--------------|------------------------------|
| 1. Payments to the Fund | (in millions of SDRs) | | | |
| a. Obligations falling due to the Fund | 212.5 | 175.5 | 105.4 | 43.1 |
| b. Payments made to the Fund | 312.8 | 147.6 | 50.3 | 8.3 |
| c. Arrears to the Fund <u>1/</u> | --- | 27.9 | 81.9 | 115.8 |
| 2. Foreign exchange receipts | | | | |
| a. Exports of goods | 1717.0 | 1576.0 | 1205.7 | 784.9 |
| b. Current account receipts <u>2/</u> | 2061.0 | 1862.5 | 1426.1 | 882.4 |
| 3. Foreign exchange obligations and use | | | | |
| a. Imports of goods | 1563.0 | 1350.2 | 956.4 | 429.6 |
| b. Debt service payments due <u>3/ 4/ 5/ 6/</u> | 412.5 | 619.6 | 1008.8 | 766.2 |
| c. Debt service payments made <u>5/ 7/</u> | 448.5 | 225.3 | 99.6 | 22.3 |
| d. Total foreign exchange expenditures <u>5/ 8/</u> | 2505.5 | 2100.3 | 1356.2 | 599.7 |
| 4. Gross international reserves <u>1/ 9/</u> | 265.3 | 180.1 | 161.0 | 144.3 |
| 5. Total external debt arrears <u>1/</u> | 323.6 | 675.6 | 1568.1 | 2303.1 |
| 6. Obligations falling due to the Fund, as percent of: | (in percent) | | | |
| a. Exports of goods | 12.4 | 11.1 | 8.7 | 5.5 |
| b. Current account receipts <u>2/</u> | 10.3 | 9.4 | 7.4 | 4.9 |
| c. Imports of goods | 13.6 | 13.0 | 11.0 | 10.0 |
| d. Debt service payments due <u>3/ 4/ 5/ 6/</u> | 51.5 | 28.3 | 10.4 | 5.6 |
| e. Debt service payments made <u>5/ 7/</u> | 47.4 | 77.9 | 105.8 | 193.3 |
| f. Total foreign exchange expenditures <u>5/ 8/</u> | 8.5 | 8.4 | 7.8 | 7.2 |
| g. Gross international reserves <u>1/ 9/</u> | 80.1 | 97.5 | 65.5 | 29.9 |
| 7. Payments made to the Fund as percent of: | | | | |
| a. Exports of goods | 18.2 | 9.4 | 4.2 | 1.1 |
| b. Current account receipts <u>2/</u> | 15.2 | 7.9 | 3.5 | 0.9 |
| c. Imports of goods | 20.0 | 10.9 | 5.3 | 1.9 |
| d. Debt service payments due <u>3/ 4/ 5/ 6/</u> | 75.8 | 23.8 | 5.0 | 1.1 |
| e. Debt service payments made <u>5/ 7/</u> | 69.7 | 65.5 | 50.5 | 37.2 |
| f. Total foreign exchange expenditures <u>5/ 8/</u> | 12.5 | 7.0 | 3.7 | 1.4 |
| g. Gross international reserves <u>1/ 9/</u> | 117.9 | 82.0 | 31.2 | 5.8 |
| h. Obligations falling due to the Fund | 147.2 | 84.1 | 47.7 | 19.3 |

Table 1 (concluded): Zaire: Payments Indicators, 1989 - 1992

| | 1989 | 1990 Est. | 1991 Est. | 1992 (Jan.-Sep.) Prel. |
|---|------|--------------|--------------|------------------------------|
| 8. Arrears to the Fund as percent of: | | | | |
| a. Exports of goods | --- | 1.8 | 6.8 | 14.8 |
| b. Current account receipts <u>2/</u> | --- | 1.5 | 5.7 | 13.1 |
| c. Imports of goods | --- | 2.1 | 8.6 | 27.0 |
| d. Debt service payments due <u>3/ 4/ 5/ 6/</u> | --- | 4.5 | 8.1 | 15.1 |
| e. Debt service payments made <u>5/ 7/</u> | --- | 12.4 | 82.2 | 519.3 |
| f. Total foreign exchange expenditures <u>5/ 8/</u> | --- | 1.3 | 6.0 | 19.3 |
| g. Gross international reserves <u>1/ 9/</u> | --- | 15.5 | 50.9 | 80.2 |
| h. Total external debt arrears <u>1/</u> | --- | 4.1 | 5.2 | 5.0 |

Sources: Bank of Zaire; OGEDEP; and staff estimates.

1/ End of period.

2/ Including official transfers.

3/ Including payments due to the Fund.

4/ After rescheduling and cancellation, but excluding arrears.

5/ Payments on Gecamines Trust debt and IFC debt are not included.

6/ Excludes payments on central bank debt.

7/ Including payments made to the Fund and repayment of arrears.

8/ Cash payments.

9/ Including gold holdings, and reserves in the special Paris Club debt service account at the Federal Reserve Bank of New York.

Table 2: Zaire: External Debt Service Payments and Arrears, 1989 - 1992

(In millions of US\$)

| | 1989 | 1990 Est. | 1991 (Jan-June) Est. | 1991 Est. | 1992 (Jan-June) Est. | 1992 (Jul-Sep) Est. |
|---------------------------------------|---------------|---------------|----------------------------|---------------|----------------------------|---------------------------|
| I. Payments due <u>1/ 2/</u> | | | | | | |
| Total | <u>1238.1</u> | <u>1306.1</u> | <u>769.8</u> | <u>1400.2</u> | <u>716.5</u> | <u>363.4</u> |
| Fund | 255.9 | 233.5 | 85.6 | 144.1 | 44.2 | 16.4 |
| Multilateral institutions | 66.7 | 78.2 | 42.3 | 84.4 | 48.5 | 39.5 |
| London Club | 104.5 | 70.6 | 13.7 | 27.5 | 13.5 | 6.9 |
| Paris Club | 755.1 | 884.7 | 609.0 | 1103.8 | 590.5 | 294.7 |
| Kinshasa Club | 55.9 | 39.1 | 19.2 | 40.4 | 13.8 | 5.9 |
| II. Payments made <u>2/ 3/</u> | | | | | | |
| Total | <u>561.0</u> | <u>298.7</u> | <u>102.4</u> | <u>128.9</u> | <u>18.4</u> | <u>10.7</u> |
| Fund | 384.7 | 195.6 | 64.1 | 68.8 | 7.1 | 4.7 |
| Multilateral institutions | 65.7 | 62.6 | 12.5 | 17.6 | 5.5 | 3.4 |
| London Club | 24.1 | 4.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Paris Club | 52.0 | 10.7 | 10.3 | 14.2 | 0.0 | 0.5 |
| Kinshasa Club | 34.4 | 25.8 | 15.6 | 28.3 | 5.8 | 2.1 |
| III. Arrears <u>4/</u> | | | | | | |
| Total | <u>425.3</u> | <u>961.2</u> | <u>1630.0</u> | <u>2268.9</u> | <u>2959.6</u> | <u>3374.7</u> |
| Fund | --- | 39.7 | 57.2 | 117.2 | 154.5 | 170.6 |
| Multilateral institutions | 1.1 | 17.5 | 44.1 | 79.8 | 121.1 | 161.3 |
| London Club | 402.2 | 468.5 | 490.7 | 509.1 | 522.6 | 529.5 |
| Paris Club | --- | 417.3 | 1016.2 | 1531.8 | 2121.3 | 2468.6 |
| Kinshasa Club | 22.0 | 18.2 | 21.8 | 31.0 | 40.1 | 44.7 |

Sources: Bank of Zaire; OGEDEP; and staff estimates.

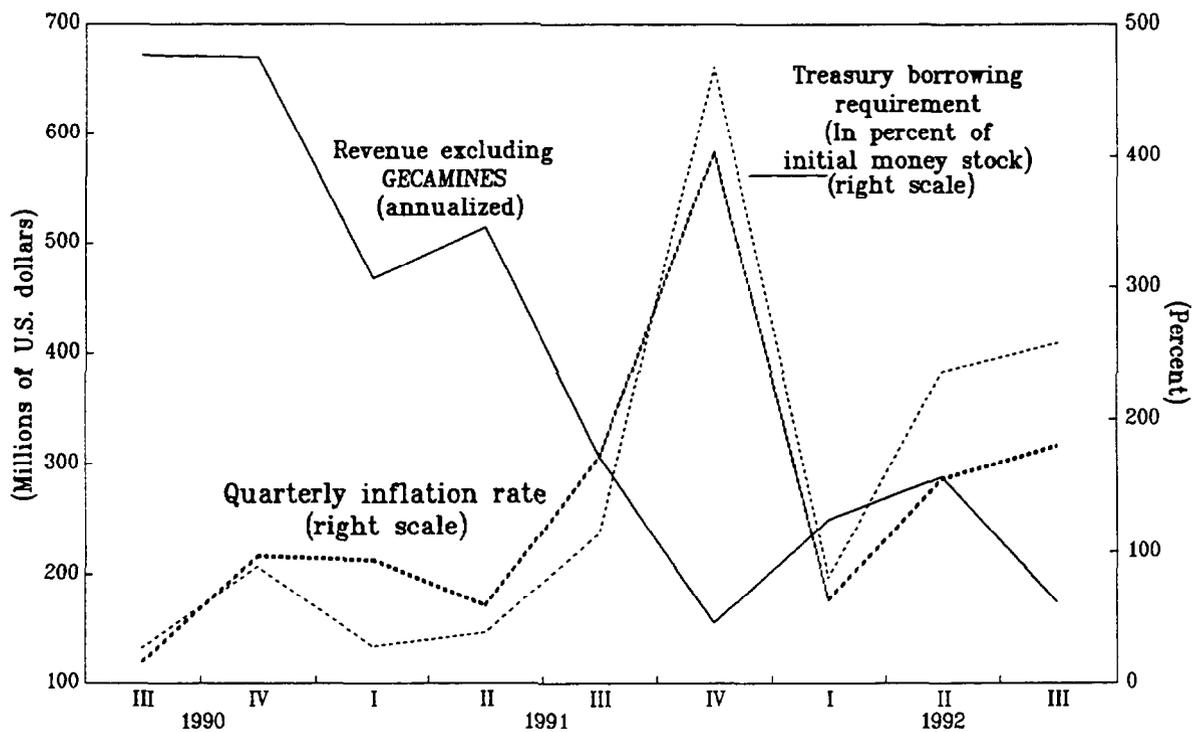
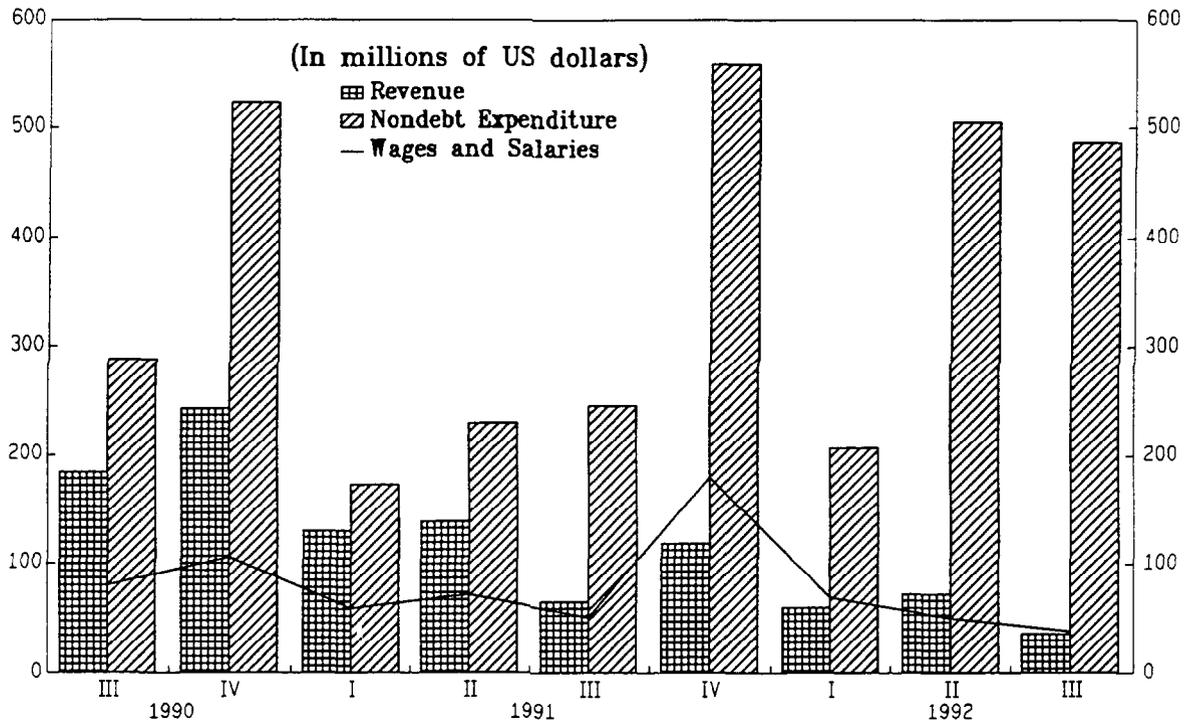
1/ Before rescheduling and cancellation.

2/ Amounts do not include payments on Gecamines Trust debt, IFC debt and central bank debt.

3/ Including repayment of arrears.

4/ Stock of arrears at end of period after rescheduling and cancellation.

CHART 1
ZAIRE
CENTRAL GOVERNMENT ACCOUNT, Q3 1990-Q3 1992



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

