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AGENDA

EBS/87/99
Supplement 1

CONFIDENTIAL

May 15, 1987

To: Members of the Executive Board

From: The Secretary

Subject: Guinea-Bissau - Staff Report on the Policy Framework Paper
and Measures Adopted for 1987

Attached for consideration by the Executive Directors is the staff report on the policy framework paper and measures adopted by Guinea-Bissau for 1987. It would be taken up in the Executive Board, together with the paper on the medium-term economic and financial policy framework (EBS/87/99, 5/7/87), on a date to be announced. A draft decision appears on page 11.

Mr. Cronquist (ext. 6932) or Mr. Enders (ext. 6895) is available to answer technical or factual questions relating to this paper prior to the Board discussion.

Att: (1)

INTERNATIONAL MONETARY FUND

GUINEA-BISSAU

Staff Report on the Policy Framework Paper
and Measures Adopted for 1987

Prepared by the African Department

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

Approved by G.E. Gondwe and S.J. Anjaria

May 15, 1987

I. Introduction

The Guinea-Bissau authorities have prepared, in close collaboration with the staffs of the Fund and the World Bank, a policy framework paper (PFP) setting forth the Government's economic and financial objectives for the three-year period 1987-89, and the policies and measures designed to achieve these objectives according to a detailed timetable (EBS/87/99, May 7, 1987). This paper has been transmitted to the Managing Director of the Fund and the President of the World Bank by the attached letter dated March 22, 1987, and is expected to be considered by the Bank's Executive Directors on May 19, 1987 at the same time as the Bank's Executive Board discusses a structural adjustment credit (SAL) to Guinea-Bissau. The staffs of the Fund and the World Bank have been in close contact to ensure consistency between the Bank's Letter of Development Policy for the SAL and the economic and financial policies designed to attain the objectives of the medium-term program under the Structural Adjustment Facility (SAF).

A staff mission that visited Bissau during March 7-23 1/ discussed the medium-term policy framework and initiated the discussions on the main elements of an economic and financial program for calendar year 1987 that could be supported by the first annual arrangement under the SAF. Understandings were reached with the authorities on most major

1/ The representatives of Guinea-Bissau included Mr. Monteiro, Minister of Finance, Mr. Pereira, Minister of Planning, Mr. Santos, Minister of Commerce and Tourism, Mr. Gomes, Minister-Governor of the National Bank, and Mr. Cardoso, Secretary General for economic cooperation at the Presidency. The staff representatives were Messrs. Cronquist (head-AFR), Brou (AFR), Enders (AFR), de Schaetzen (ETR), and Mrs. Rodriguez (Secretary-SEC). Mr. Clawson of the World Bank participated in the mission.

issues of a first-year program, including the adoption of an appropriate exchange rate, a substantial liberalization of the exchange and trade system, a budget for 1987, and a flexible interest rate policy. However, these negotiations could not be concluded, ad referendum, given that financing to close the projected external financing gaps during the program period 1987-89 and beyond had not yet been obtained.

The authorities of Guinea-Bissau are currently approaching their main creditors to request bilateral rescheduling (most of the debt service is due to creditors outside the Paris Club) with a view to closing the external financing gaps, and they have indicated their desire to resume the discussions with the staff as soon as possible after the consideration of the medium-term policy framework and this report by the Executive Board.

The amount that could become available to Guinea-Bissau under the SAF is projected at SDR 3.5 million, of which up to SDR 1.5 million could be disbursed in support of the first annual arrangement.

The letter of transmittal is provided in Appendix I. Summary statements of Guinea-Bissau's relations with the Fund and the World Bank Group are given in Appendices II and III, respectively. Statistical tables, including a summary of the Fund position during a possible SAF arrangement, are provided in Appendix IV.

II. Recent Developments

In concluding the 1986 Article IV consultation (EBM/86/189; December 1, 1986), Executive Directors noted the rapid deterioration of the economic and financial situation that had been caused mainly by severe cost/price distortions and expansionary financial policies; and they expressed concern about the continuing accumulation of payments arrears. Directors encouraged the authorities to adopt promptly a comprehensive adjustment program, stressing the need for fiscal reform and the early adoption of appropriate pricing policies, including a flexible exchange rate policy. While welcoming recent trade liberalization efforts, Directors urged the authorities to further liberalize the marketing system. In view of the high external debt service burden, Directors urged the authorities to pursue a prudent debt management policy. They also stressed the importance of eliminating external payments arrears as soon as possible.

Output in real terms in 1986 is estimated to have declined by about 1 percent, reflecting the pursuit of inappropriate pricing, marketing, investment and exchange rate policies, and expansionary financial policies, and the inflation rate is estimated at about 45 percent. The overall deficit of the central government budget, on a commitment basis and excluding grants, which reached PG 15.6 billion, equivalent to 82 percent of total expenditure, was mainly financed through foreign grants and loans; nevertheless, central bank advances were equivalent to

about 25 percent of broad money supply at the beginning of the period (Table 1 and Appendix IV, Tables I and IV).

While the Government continued its policy of small weekly depreciations, these did not provide sufficient incentives for the marketing of exports through official channels. The external current account deficit, excluding official transfers, reached US\$73 million in 1986; including official transfers, it was US\$29 million, and external arrears are estimated to have risen to about US\$26 million (Appendix IV, Table III). At end-1986, gross international reserves amounted to about US\$2 million, the equivalent of two weeks of imports. Total outstanding external debt reached US\$317 million, and the scheduled external debt service ratio rose further to 82 percent in 1986.

III. Medium-Term Economic and Financial Objectives and Measures

The three-year adjustment program aims at stimulating economic growth, reducing inflation, and making progress toward a viable balance of payments position. The economic and financial policies that would attain these objectives include measures to improve external competitiveness, increase production incentives, bring the budgetary deficit under control, rationalize the public investment program, reorganize the public enterprise sector, and liberalize the pricing and marketing systems. The introduction of these measures is expected to sustain an average annual growth rate in real terms of about 3.5 percent during the period 1987-89, and to progressively reduce the annual rate of inflation from an estimated 45 percent in 1986 to about 8 percent in 1989.

The external current account deficit (excluding official transfers) is projected to decline by about one fourth to about US\$55 million by 1989. However, owing to the high level of scheduled debt amortization, balance of payments viability will not be achieved over the medium term. Guinea-Bissau authorities have elaborated a strategy, which would permit closing the projected external financing gaps while gradually reducing the need for exceptional financing during the program period and beyond. This strategy includes no further accumulation of external payments arrears, substantial reduction of outstanding payments arrears, the timely discharge of scheduled debt service obligations to multi-lateral creditors, and a proposed debt rescheduling on a bilateral basis (most of the debt service is due to creditors outside the Paris Club). The latter would involve the payment of scheduled interest and 10 percent of scheduled principal to those bilateral creditors, suppliers, and financial institutions with which negotiations have been initiated in April 1987.

The authorities have also proposed a timetable for the reduction of the stock of outstanding debt service payments arrears through cash payment and/or debt relief. The reduction in 1987 would be US\$8.2 million, of which US\$6.2 million through cash payments. An additional

Table 1. Guinea-Bissau: Selected Economic and Financial Indicators, 1984-91

(Annual percent changes, unless otherwise specified)

	1984	1985	1986 Prel. est.	1987 Prog.	1988	1989	1990	1991
					Projections			
External sector (in terms of U.S. dollars)								
Exports, f.o.b.	102.3	-33.3	-17.2	47.9	32.4	14.4	14.4	13.0
Imports, c.i.f.	5.9	-1.2	-1.5	-6.3	-1.8	-0.7	3.9	0.3
Export volume	65.3	-31.6	-1.6	34.6	22.7	7.3	7.6	7.6
Import volume	6.6	0.4	-7.7	-6.9	-4.9	-4.5	-0.2	-2.8
Terms of trade (deterioration -)	23.3	-1.0	-21.2	9.1	4.6	2.6	2.1	1.8
Official grants	-31.9	-11.3	42.6	-1.1	-16.3	-2.8	2.9	2.8
Nominal exchange rate (US\$/PG)	-60.2	-34.3	-30.8	...	...	...	...	...
Nominal effective exchange rate (- depreciation)	-51.7	-27.4	-28.7	...	...	...	...	...
Central government operations								
Total revenue and grants	108.4	60.1	51.1	187.5	4.8	8.6	7.8	9.3
Budgetary revenue	105.3	40.1	29.2	194.6	20.3	15.3	5.6	11.7
Current expenditure	55.9	54.9	43.8	94.3	12.0	9.9	5.4	9.1
Capital expenditure	157.8	47.4	18.9	156.7	7.2	0.6	8.1	7.1
Overall deficit (commitment basis, in percent of total expenditure)								
Including grants	-46.8	-47.1	-35.1	-16.7	-19.9	-16.3	-15.8	-14.6
Excluding grants	-78.8	-81.5	-81.9	-74.5	-71.8	-68.8	-69.2	-68.1
Money and credit								
Net domestic credit 1/	49.0	62.6	42.8	...	...	...	...	...
Of which: Central Government, net	(36.8)	(28.6)	(25.3)	(...)	(...)	(...)	(...)	(...)
credit to economy	(10.7)	(34.4)	(19.2)	(...)	(...)	(...)	(...)	(...)
Money supply	33.5	41.7	41.5	...	...	...	...	...
External public debt								
Medium- and long-term debt (disbursed; in millions of U.S. dollars) 2/	178.8	249.7	287.8	304.9	320.4	336.2	351.8	363.0
Short-term (in millions of U.S. dollars) 3/	36.0	26.8	29.5	...	...	...	...	...
Outstanding arrears (in millions of U.S. dollars)	...	...	26.2	18.0	15.0	12.0	7.0	7.0
Debt service ratio 4/	35.4	54.7	82.5	112.8	93.5	79.2	70.0	93.7
External current account								
(in millions of U.S. dollars)								
Including official transfers	-36.2	-40.4	-29.4	-23.4	-23.7	-20.4	-18.1	-18.1
Excluding official transfers	-65.5	-70.9	-72.9	-66.5	-59.8	-55.5	-54.1	-55.5
Overall balance of payments								
(in millions of U.S. dollars)	-13.6	10.3	2.6	-4.4	-7.3	-3.7	-1.5	-7.4
Gross official reserves (in weeks of imports)	2.2	2.6	2.0	...	...	...	...	...
Gross official reserves (in millions of U.S. dollars)	2.5	3.0	2.3	...	...	...	...	...

Sources: Data provided by the Guinea-Bissau authorities; and staff estimates and projections.

1/ In percent of initial stock of broad money supply.

2/ Excludes projected SAF disbursements.

3/ Including arrears on principal and interest payments.

4/ Scheduled debt service in percent of exports of goods and nonfactor services.

US\$6.0 million are proposed to be eliminated through cash payments in 1988-89. The authorities envisage that all external payments arrears could be eliminated by 1990 through further cash payments of US\$5 million together with an additional rescheduling or refinancing of about US\$7 million of payments arrears on principal. They are currently approaching all remaining bilateral creditors, suppliers, and financial institutions with a request for debt relief for the period 1987-89 on terms comparable to those obtained in 1986 from Portugal and the U.S.S.R. The proposed rescheduling of current obligations and a part of the arrears on principal would close the projected financing gaps not only in 1987, but also in the period 1988-91.

Structural policies focus on the expansion of agricultural output based on smallholdings, the adoption of a realistic exchange rate (see below), and the liberalization of the exchange and trade system. The performance of the major state enterprises is being enhanced while steps are taken to reduce the role of the state trading firms in domestic and external commerce. Public investment outlays are being reoriented toward the rural sector, the development of human resources, and the rehabilitation of the existing infrastructure, while the level of these outlays is being reduced in view of the limited absorptive and administrative capacity of the economy.

The authorities' demand-management policies are designed to support the structural policies. The structure of the tax system is being overhauled with a view to increasing its elasticity, and a number of new tax measures are being introduced. Budgetary expenditures will be curtailed, in particular the size of the wage bill, as the number of civil servants will be reduced by 30 percent during 1987-89, while real wage rates will be kept constant after 1987. As a result, the overall government deficit, on a commitment basis and excluding grants, is projected to be reduced from 82 percent of total expenditures in 1986 to 69 percent in 1989. The envisaged improvement in the fiscal position and the projected increase in external budgetary support will permit the Government to eliminate its outstanding indebtedness to the National Bank during the three-year period. Prudent monetary and credit policies will be pursued consonant with the objectives of reducing the external and domestic financial imbalances. A flexible interest rate policy has been introduced in order to stimulate private savings and encourage a more efficient use of credit; a new schedule of interest rates adopted on May 4, 1987 is estimated to make deposit rates positive in real terms by 1987-88.

A National Commission for Economic Coordination and Management will centralize and coordinate the implementation and monitoring of the adjustment program. In order to provide monetary and financial statistics on a timely and accurate basis, the authorities are taking steps to strengthen the data base with bilateral and multilateral technical assistance, including from the Fund, the World Bank, and the UNDP.

IV. Elements of the 1987 Program

Consistent with the medium-term policies outlined above, the Guinea-Bissau authorities have adopted adjustment measures that are in line with the objectives of a first year program under the SAF (Table 2). The broad objectives for 1987 include a rate of economic growth of about 3-4 percent, a reduction in the rate of inflation to some 35 percent, and a reduction of about 10 percent in the external current account deficit, excluding official transfers.

1. External policies

On May 4, 1987, the authorities devalued the Guinea-Bissau peso by nearly 60 percent in foreign currency terms, or from about PG 269 per U.S. dollar to PG 650 per U.S. dollar, so as to eliminate the gap between the rates on the official and parallel markets. The authorities have indicated their commitment to a flexible exchange rate policy to ensure that the competitiveness of Guinea-Bissau's main exports would be maintained and to prevent the re-emergence of a spread exceeding 10 percent between official and parallel market exchange rates.

At the same time, a number of administrative measures were taken in order to facilitate the smooth working of the exchange system. Private sector importers with valid import licenses may now freely provide their own foreign exchange and surrender their foreign exchange receipts to the banking system without any inquiry about the source. Import licenses will be automatically issued for a list of merchandise that covers about 50 percent of commercial imports, excluding petroleum, since licenses for foreign aid financed imports are already automatically issued.

The implementation of an appropriate exchange rate policy, together with the supporting policy measures, as explained below, is expected to encourage trade through official channels and to narrow the external current account deficit, excluding official transfers, by about 9 percent to US\$66 million despite the rise in scheduled interest payments. Taking into account the projected level of official transfers (mainly project aid) and highly concessional loans, of which the largest part is related to the envisaged SAL from the World Bank, the overall balance of payments deficit in 1987 is projected at about US\$4 million and, including the reduction of payments arrears, a financing gap of nearly US\$13 million would remain in 1987, which could be closed by the proposed debt relief.

2. Financial policies

The overall deficit of the government budget, as presented to the National Assembly, on a commitment basis and excluding grants, is targeted at 74 percent of total expenditures, compared with 82 percent in 1986. Including grants, and taking into account the repayment of external payments arrears, the overall deficit on a cash basis is

Table 2. Guinea-Bissau: Summary and Timetable of Economic and Financial Policies in 1987

	Timing of measures
1. <u>External policies</u>	
a. One-step devaluation by about 60 percent in foreign currency terms with a flexible exchange rate policy thereafter.	May 1987
b. Automatic issuance of import licenses for 50 percent of nonpetroleum commercial imports.	May 1987
c. Elimination of all export taxes, except those on cashew nuts.	May 1987
d. No new contracting of loans with grant element of less than 50 percent, except normal trade credits and refinancing of existing debt.	May 1987
e. Request for bilateral debt relief from creditors which have not yet rescheduled.	April 1987
2. <u>Fiscal policies</u>	
a. Adoption of central government budget as discussed with Fund staff.	May 1987
b. No new tax exemptions to be issued.	April 1987
c. Doubling of specific alcohol taxes and poll taxes; introduction of a 10 percent <u>ad valorem</u> tax on gasoline retail sales; and increase in the rate of the export tax on cashew nuts to 50 percent <u>ad valorem</u> .	May 1987
d. Reduction in number of civil servants by 5 percent during 1987, of which 2 percent by end-May 1987.	1987
e. Limitation of a general wage increase to 25 percent, wage bill limited to PG 5.1 billion.	May 1987
f. Reduction of investment outlays by 16 percent in U.S. dollar terms.	1987
3. <u>Monetary and credit policies</u>	
a. Adoption of new schedule of lending and deposit rates.	May 1987
b. Reduction of Government's debt to National Bank.	1987
c. Improvement of the accounting system of the National Bank of Guinea-Bissau.	1987
d. Separation of commercial and central banking functions of the National Bank of Guinea-Bissau.	1987
4. <u>Priority sectors, public enterprises, and pricing and marketing policies</u>	
a. Adjustment of minimum guaranteed producer prices to reflect exchange rate action.	May 1987
b. Preparation of proposals for agricultural sector strategy in collaboration with World Bank staff.	1987
c. Renegotiation of fishing licensing agreements.	1987
d. Review of operations of electricity company with World Bank and, if necessary, engagement of foreign management.	1987
e. Increase in electricity tariffs by about 250 percent to cover all operating costs.	May 1987
f. Increase in petroleum retail prices to reflect exchange rate action.	May 1987
g. Elimination of price control on imports, except rice, sugar, cooking oil, petroleum, and fertilizers.	May 1987
h. Increase in remaining controlled prices to achieve import parity pricing.	May 1987
i. Replacement of the controlled prices for transports outside the city of Bissau by a system of maximum and minimum rates; elimination of price control for transportation services in the city of Bissau.	May 1987

targeted at PG 11.5 billion, or 26 percent of total outlays, compared with 33 percent in 1986. The deficit will be financed by the use of part of the domestic counterpart of the concessional foreign loans that are projected to be disbursed in support of the balance of payments, which will also permit the Government to reduce its indebtedness to the National Bank by the equivalent of some 65 percent of the initial stock of broad money.

Total tax and nontax revenues in 1987 are projected to increase more than threefold to PG 11.2 billion. Of this increase, about PG 3.8 billion are due to the impact of the devaluation on import and export tax receipts and fees from foreign fishing licenses, and about PG 2.6 billion are due to a number of new tax measures (Table 2). Total expenditure will be limited to PG 44 billion, or an increase of 130 percent, mainly due to a 157 percent rise in capital outlays, which are affected by the devaluation. Current expenditures will be limited to PG 16 billion, representing an increase of 94 percent, mainly due to the increase in scheduled interest payments, and the impact of the exchange rate action on purchases of material, foreign travel, and salaries paid abroad. The number of civil service employees will be reduced by 5 percent in 1987 (about 750 persons), of which 2 percent are to be released by end-May 1987. Despite an inflation rate at an estimated 35 percent, the general salary increase in 1987 is limited to 25 percent, and the ratio of the wage bill to total tax and nontax receipts is projected to decline from 106 percent in 1986 to about 45 percent in 1987.

With regard to investment expenditures, which are entirely foreign-financed, the Government has decided, in consultation with the World Bank, to reduce the 1987 level in U.S. dollar terms by 16 percent to US\$48 million. The World Bank staff regards the level and the composition of these outlays as appropriate in view of their impact on recurrent costs, economic growth, and the balance of payments.

The domestic credit program will be discussed with the authorities when the negotiations on a first year program under the SAF continue; however, it will include a substantial reduction of the Government's outstanding debt to the National Bank. The new schedule of interest rates has moved deposit rates from a range of 4.5-8 percent in 1986 to 21-30 percent, making these rates positive in real terms by 1987-88.

To improve the efficiency of the banking sector, monetary statistics and the accounting procedures at the National Bank are being reviewed with technical assistance from the Fund and the World Bank, respectively, with a view to providing monitorable data on a timely and accurate basis. Moreover, the World Bank is providing assistance to separate the central banking functions of the National Bank from its commercial and development banking functions.

3. Production, pricing, and marketing policies

In order to increase production and marketing through official channels, the guaranteed minimum producer prices have been increased, the scope of price control has been reduced, and the remaining controlled retail prices have been raised to reflect the full impact of the exchange rate action. The authorities have initiated the renegotiation of existing fishing license agreements, and are preparing a medium-term agricultural strategy as well as proposals to tap the country's extensive forestry resources. The Government is also preparing, in collaboration with the World Bank, a comprehensive study of the public enterprise sector, including an inventory of existing cross-debts between the Government and the enterprises and a timetable for their elimination. A reform of the two state trading companies is being pursued, and the electricity tariffs have been increased in 1987 in line with World Bank recommendations by some 250 percent to allow the electricity company to meet its costs without any subsidies from the government budget. The retail prices for petroleum products will be adjusted quarterly with a view to maintaining the import parity price for heavy fuels while the retail prices for gasoline will be increased further in order to reach a price level that approximates that in neighboring countries.

V. Staff Appraisal

In view of a rapidly deteriorating economic and financial situation, the authorities of Guinea-Bissau have decided to adopt and implement wide-ranging medium-term adjustment measures that could be supported by arrangements under the Fund's SAF. Although these measures are designed to narrow substantially the external current account deficit, there will be an external financing gap in each year of the period 1987-89, mainly due to the high level of scheduled debt amortization and large reductions of payments arrears. Consequently, Guinea-Bissau's adjustment efforts will need to be supported by external concessional borrowing and exceptional financing, including debt relief.

The cornerstones of the authorities' economic and financial program are the measures to improve external competitiveness, the liberalization of the exchange and trade systems, the reorganization of the state enterprise sector, and the reorientation of the public investment program. In particular, the staff believes that the authorities' exchange rate action and the maintenance of a flexible exchange rate policy are important elements to achieve the objectives of the medium-term program. The accelerated removal of price control and the liberalization of the marketing arrangements in conjunction with the public sector retrenchment will also help to encourage the participation of the private sector in economic activity.

The structural policies will need to be reinforced through restrained demand-management policies. In this regard, the staff welcomes the authorities' decision to adopt a budget for 1987 that achieves a considerable reduction in the overall deficit in terms of total expenditures, and believes that the reduction in the size of the civil service is an important step in this process. At the same time, the removal of tax exemptions on imports should greatly improve revenue performance. Moreover, the authorities' medium-term credit policy which is aimed at redirecting credit to the productive sectors of the economy and eliminating the indebtedness of the Government toward the National Bank is an important element in promoting economic growth. Furthermore, the new schedule of interest rates will help in mobilizing domestic savings and enhance the allocation of credit. The ongoing technical assistance to improve accounting procedures and to separate the commercial and development banking functions of the National Bank are important steps to improve the efficiency of the banking system.

The achievement of the adjustment objectives will critically depend on the sustained implementation of the above policies and their adaptation in light of changing circumstances as well as on the support from the international community. The authorities' firm commitment to a fundamental reorientation of economic policy is indicated by the early implementation of major elements of a possible first-year program to be supported from Fund resources under the SAF. However, considerable exceptional financing, including debt relief, will be needed to close the external financing gaps and to support the adjustment process. In this regard, it will be particularly important that the exceptional financing be adequate to close the external financing gaps and closely coordinated in time with the adjustment measures.

VI. Proposed Decision

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

The Fund takes note of the Policy Framework Paper, dated April 17, 1987 from the authorities of Guinea-Bissau, which describes the major economic problems and challenges facing Guinea-Bissau; the objectives of a three-year medium-term program; the priorities and the broad thrust of the macroeconomic and structural adjustment policies; and the likely external financing requirements, together with the available sources of such financing.

March 22, 1987

Mr. M. Camdessus
Managing Director
International Monetary Fund
Washington, D.C.

Dear Mr. Camdessus:

The attached economic policy framework paper has been prepared by the Government of the Republic of Guinea-Bissau in collaboration with the staff of the IMF and World Bank. It describes the major economic and financial problems facing Guinea-Bissau, the objectives of our three-year program (1987-89), the broad aspects of the economic and financial policies to be adopted by the Government of Guinea-Bissau, and the projected external financing requirements, together with the available and projected sources of financing. The authorities of Guinea-Bissau will remain in close contact with the staffs of the Fund and the World Bank and will report on progress in the implementation of these policies, and the policy framework paper will be updated annually as the program is implemented.

The broad objectives of the Government's medium-term program are to stimulate economic growth, make progress toward a viable balance of payments and reduce inflation. Central to the process of attaining these objectives are economic and financial policies aimed at aligning domestic demand with available resources while generating a favorable environment for private sector economic activity. The medium-term strategy focuses on the recovery and expansion of agricultural production through an appropriate incentives policy and the reorientation of public investment priorities.

In support of these objectives and policies, the Government of Guinea-Bissau requests an arrangement under the Fund's Structural Adjustment Facility for the three-year period 1987-89, in the amount that will become available to it. The Government of Guinea-Bissau has also discussed with the Fund staff important elements of an economic and financial program to be supported by the first annual arrangement under the Fund's Structural Adjustment Facility, and we intend to pursue the negotiations of this program with the Fund staff as rapidly as possible.

The World Bank attaches particular importance to the successful negotiation of this program to facilitate proceeding rapidly with its structural adjustment credit. The Government of Guinea-Bissau is aware of the fact that continued progress in the present negotiations will depend on the possibilities of obtaining assurances from our main creditors on the exceptional financing, including debt relief, that is needed to fill the projected external financing gaps in 1987 and in the medium term, despite the wide-ranging adjustment measures that we have included in our program.

The Government of Guinea-Bissau believes that the strategy set forth in the Annex to this letter for seeking rescheduling and refinancing of current debt service obligations as well as of existing debt service arrears, is adequate to achieve the objectives of closing the financing gaps in 1987-89. As discussed with the Fund staff, we also intend shortly to take substantial measures in 1987 in line with the policy framework paper that we believe will be adequate to achieve the objectives of a first-year program under the Structural Adjustment Facility.

The objectives and policies for 1987 are to obtain a rate of economic growth of about 3 percent, a reduction in the estimated inflation rate from about 45 percent in 1986 to about 35 percent in 1987, and a reduction in the external current account deficit from an estimated US\$29.4 million in 1986 to tentatively projected US\$23.4 million in 1987. Nevertheless, there will be need for substantial recourse in 1987 to exceptional financing, including debt relief.

The cornerstone of the program designed to achieve these objectives is a devaluation of the currency to the equivalent of about PG 650 per U.S. dollar to eliminate the gap between the official and the current parallel market rates. There will be full pass-through of the exchange rate action to domestic prices. The Government intends to pursue a flexible exchange rate policy after this initial action with a view to maintaining the competitiveness of Guinea-Bissau's main exports.

The Government will also continue to pursue a firm policy of demand management through a reduction of the central government budget deficit and prudent monetary and credit policies, accompanied by the implementation of the structural reforms that are set out in the Policy Framework Paper. These include the strengthening of the administrative structure to improve financial control and to provide budgetary and monetary statistics on a regular and timely basis. The overall deficit of the central government budget, on a commitment basis and excluding grants, will be reduced from 82 percent of total expenditures in 1986 to 74 percent in 1987. Since the principal factor underlying the rapid increase in the deficit in recent years has been the wage bill, the Government has decided, in line with the policy framework paper, to reduce the number of civil servants. During 1987, about 750 civil servants (about 5 percent of the total) will be dismissed, and the Government intends to accelerate this process in 1988-89 so that by end-1989 the existing number of civil servants will be reduced by about 30 percent.

There will be no net recourse to bank credit by the Government in 1987 and the Government will reduce its outstanding debt to the National Bank by part of the amount of the domestic counterpart of the concessional foreign loans that will be disbursed in support of the balance of payments. The expansion in credit to the economy during the first six months of 1987 will be limited to the financing needs for the marketing of the cash crops and for the productive activities of the economy. All

credit requests will be assessed on the basis of commercial banking criteria. A flexible interest rate policy will be pursued; a new schedule of lending and deposit rates will shortly be adopted.

The Government of Guinea-Bissau requests that the negotiations will continue as soon as possible after the consideration of the policy framework paper by the Executive Boards of the World Bank and the Fund. At that time, progress in the implementation of the above-mentioned measures will be assessed, and understandings on any necessary additional measures that may be needed in the context of the first-year program under the structural adjustment facility, will be reached, particularly in the light of the outcome of the proposed rescheduling to fill the projected financing gaps in 1987-89.

Sincerely yours

Pedro A. Godinho Gomes
Minister-Governor
National Bank of Guinea-Bissau

Guinea-Bissau - Relations with the Fund
(As of March 31, 1987)

I. Membership Status

Date of membership	March 24, 1977
Status	Article XIV

A. Financial Relations

II. General Department

Quota	SDR 7.5 million
Total Fund holdings of Guinea-Bissau pesos	SDR 9.4 million (125 percent of quota) of which SDR 1.88 million (25 percent of quota) are related to credit tranche purchases.
Reserve tranche position	SDR 417 (zero percent of quota)

III. Use of Fund Resources

First credit tranche purchase	SDR 1.875 million; August 27, 1984 (EBS/84/156 and Supp. 1)
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IV. SDR Department

Net cumulative allocation	SDR 1.21 million
Holdings	SDR 4,506 (0.4 percent of net cumulative allocations)

V. Administered Accounts

Guinea-Bissau was not eligible for Trust Fund drawings (or distribution of gold or profits from gold sales), since it joined the Fund after August 1975.

Guinea-Bissau - Relations with the Fund (concluded)

B. Nonfinancial Relations

VI. Exchange System

On December 23, 1983 the Guinea-Bissau peso was depreciated from PG 44 = SDR 1 to PG 88 = SDR 1. This adjustment was followed by weekly depreciations, and, by end-March 1987, the rate was PG 329.96 = SDR 1. The intervention currency is the U.S. dollar.

VII. Latest Article IV Consultation

Guinea-Bissau is on the standard 12-month consultation cycle. The latest Article IV consultation discussions were held during the period September 2-13, 1986; the consultation was completed by the Executive Board on December 1, 1986. The following decision was taken:

1. The Fund takes this decision relating to Guinea-Bissau's exchange measures subject to Article VIII, Section 2, and in concluding the 1986 Article XIV consultation with Guinea-Bissau, in light of the 1986 Article IV consultation with Guinea-Bissau, conducted under Decision No. 5392-(77/63), adopted April 29, 1977 (Surveillance over Exchange Rate Policies).

2. As described in SM/86/269, Guinea-Bissau maintains restrictions on payments and transfers for current international transactions, in accordance with Article XIV, Section 2. In addition, the restrictive features of a bilateral payments agreement with a Fund member are subject to Fund approval under Article VIII, Section 2(a). The Fund encourages Guinea-Bissau to reduce its reliance on exchange restrictions and to terminate the restrictive features of the bilateral payments agreement with a Fund member.

VIII. Technical Assistance

A CBD expert served as Advisor to the Governor of the National Bank for a three-year period, which ended on September 30, 1986. A new CBD expert serving as Advisor to the Governor of the National Bank arrived in April 1987 for a one-year period. Two fiscal panel experts served in the Ministry of Finance through early 1986. One was involved in advising on the implementation of tax reform proposals made by an FAD technical assistance mission in 1979, and the other was advising on government budgeting and financial management. In addition, during October 1984-April 1985, CBD provided technical assistance to the National Bank on accounting procedures, and staff members from the Bureau of Statistics visited Bissau in 1984 and February 1987 to familiarize officials of the National Bank with an analytical framework for financial statistics.

Guinea-Bissau - Relations with the World Bank Group
(As of March 31, 1987)

IDA has made nine credits to Guinea-Bissau totaling US\$73.9 million. Four have been in the transport sector, two for petroleum exploration, one for strengthening the country's macroeconomic management capability, and two for financing urgently needed imports in support of the Government's economic recovery program. Credits currently being processed are a US\$3.7 million credit for institution building in agricultural services; a US\$4.7 million credit for improving the efficiency of population, health, and nutrition services, with emphasis on improving cost recovery; and a US\$15 million structural adjustment credit as part of a US\$40 million two-year structural adjustment package.

Transport

IDA's assistance has focused on urgently needed rehabilitation and maintenance of roads under the First Roads Project for US\$9.0 million (FY 1979), and the Second Roads Project for US\$8.0 million (FY 1984). Further assistance in the transport sector is being provided under the Bissau Port Project for US\$16 million (FY 1982), which involves the rehabilitation of the port of Bissau and small river ports throughout the country. The two roads projects are strengthening the local maintenance capability by training road maintenance brigades.

Petroleum

The two credits in the petroleum sector (FY 1981 and FY 1982) are helping Government to carry out offshore oil exploration through the collection, processing, and evaluation of seismic data, provision of training and physical facilities, and assistance in establishing a sound legal framework for negotiating exploration contracts. The first Oil Exploration Project led to the identification of six offshore lots, and drilling by a consortium headed by ELF/Aquitaine. Surveys under the Second Project are progressing satisfactorily.

Technical Assistance

Technical assistance has played an important role in the above projects. In FY 1985, IDA approved the US\$6.0 million Technical Assistance Credit to assist Government in strengthening the macroeconomic management capability of key economic institutions and in developing a sound institutional framework in newly created ministries and agencies. Its objective is to provide Government with the technical and managerial expertise necessary to support economic recovery.

Guinea-Bissau - Relations with the World Bank Group (concluded)

Import Credits

In FY 1985, IDA approved a US\$10.0 million Reconstruction Import Credit to assist in providing urgently needed agricultural, transport, energy, and other essential imports to support the economic recovery program and ensure economic activity during the design and implementation of reform measures. A supplementary credit of US\$5.0 million from the Special Facility for Africa was approved in March 1986 to ensure needed imports for 1986 and the continuation of the policy reform program.

Summary of IDA Operations 1/
(In millions of U.S. dollars, as of March 31, 1987)

<u>Project</u>	<u>Total</u> (Including undisbursed)	<u>Disbursed</u>
Roads I	9.0	9.0
Petroleum I	6.8	6.8
Petroleum II	13.1	12.0
Bissau Port	16.0	10.6
Roads II	8.0	4.3
Technical Assistance	6.0	3.8
Reconstruction Import Credit	15.0	10.7
Total	<u>73.9</u>	<u>57.2</u>

Source: Data provided by the World Bank.

1/ Including Special Facility for Africa (SFA) but not US\$2.0 million in special joint financing from Switzerland for the Reconstruction Import Credit.

Table I. Guinea-Bissau: Central Government Operations, 1984-91

	1984	1985	1986 Prel. act.	1987 Prog.	1988	1989	1990	1991
						Projections		
(In millions of Guinea-Bissau pesos)								
Total revenue and grants	5,258	8,416	12,719	36,570	38,315	41,612	44,840	49,030
Budgetary revenue	2,100	2,943	3,802	11,200	13,475	15,537	16,400	18,320
Tax receipts	(1,236)	(1,945)	(2,206)	(7,297)	(8,695)	(9,991)	(10,104)	(11,253)
Tax on international trade	664	1,202	1,247	5,596	6,721	7,821	7,773	8,715
Of which: export tax	87	43	101	2,056	1,484	1,106	—	—
Nontax receipts	(864)	(998)	(1,582)	(3,903)	(4,780)	(5,546)	(6,296)	(7,067)
Fishing licenses	260	853	888	3,127	3,864	4,545	5,214	5,893
Grants	3,158	5,473	8,917	25,370	24,840	26,075	28,440	30,710
Total expenditure	9,893	14,856	19,057	43,914	47,820	49,732	53,254	57,435
Current expenditure	3,602	5,581	8,025	15,594	17,460	19,187	20,232	22,077
Wages and salaries	2,053	3,008	4,023	5,060	5,479	5,433	5,146	5,404
Goods and services	1,019	1,538	2,196	3,813	4,461	4,818	5,107	5,363
Transfers	323	474	910	1,116	1,310	1,709	1,683	1,517
Scheduled interest	207	561	896	5,605	6,210	7,227	8,295	9,794
Capital expenditure	6,291	9,275	11,032	28,320	30,360	30,545	33,022	35,358
Net lending	—	1,056	350	—	—	—	—	—
Overall deficit, commitment basis	-4,635	-7,496	-6,688	-7,344	-9,505	-8,119	-8,414	-8,405
External arrears (reduction -)	130	464	453	-4,130	—	—	—	—
Overall deficit, cash basis	-4,505	-7,032	-6,235	-11,474	-9,505	-8,119	-8,414	-8,405
Financing	4,505	7,032	6,235	11,474	9,505	8,119	8,414	8,405
Domestic								
National Bank	1,253	1,691	1,629	-5,872	-8,228	-8,494	-6,833	-9,274
Foreign	2,946	5,042	3,879	10,856	10,557	10,802	9,322	11,537
Drawings 1/	(3,379)	(5,346)	(5,340)	(18,880)	(21,735)	(22,350)	(22,910)	(24,734)
Amortization 2/	-433	(-304)	(-1,461)	(-8,024)	(-11,178)	(-11,548)	(-13,588)	(-13,197)
Other	306	299	727	—	—	—	—	—
Financing gap	—	—	—	6,490	7,176	5,811	5,925	6,142
Possible financing	—	—	—	6,490	7,176	5,811	5,925	6,142
Debt relief	—	—	—	6,490	7,176	5,811	5,925	6,142
Principal	(—)	(—)	(—)	(5,310)	(7,176)	(5,811)	(5,925)	(6,142)
Interest 3/	(—)	(—)	(—)	(1,180)	(—)	(—)	(—)	(—)
Memorandum items:								
Overall deficit before grants (commitment basis)	-7,793	-12,969	-15,605	-32,714	-34,345	-34,194	-36,854	-39,115
Arrears on principal (reduction -)	317	369	759	-531	-2,070	-2,235	-3,950	—
(In percent of total expenditure)								
Total revenue and grants	53.1	52.9	66.7	83.3	80.1	83.7	84.2	85.4
Of which: budgetary revenue	(21.1)	(18.5)	(20.0)	(25.5)	(28.2)	(31.2)	(30.8)	(31.9)
tax revenue	(12.5)	(12.2)	(11.6)	(16.6)	(18.2)	(20.1)	(19.0)	(19.6)
Current expenditure	36.4	35.1	42.1	35.5	36.5	38.6	38.0	38.4
Capital expenditure	63.6	58.3	57.9	64.5	63.5	61.4	62.0	61.6
Overall deficit (commitment basis)								
Including grants	46.8	-47.1	-35.1	-16.7	-19.9	-16.3	-15.8	-14.6
Excluding grants	78.8	-81.5	-81.9	-74.5	-71.8	-68.8	-69.2	-68.1

Sources: Ministry of Finance; and staff estimates.

1/ Excluding drawings under the SAF.

2/ Includes reduction of external arrears on principal of Central Government and, in 1987, also of publicly guaranteed debt.

3/ Rescheduling of part of interest arrears.

Table II. Guinea-Bissau: Balance of Payments, 1984-91

(In millions of U.S. dollars)

	1984	1985	1986	1987 Prel. est.	1988	1989 Projections	1990	1991
Current account	-36.2	-40.4	-29.4	-23.4	-23.7	-20.4	-18.1	-18.1
Trade balance	-42.7	-47.9	-48.8	-40.3	-34.7	-31.7	-30.6	-27.4
Exports, f.o.b.	(17.4)	(11.6)	(9.6)	(14.2)	(18.8)	(21.5)	(24.6)	(27.8)
Imports, f.o.b.	(-60.1)	(-59.5)	(-58.4)	(-54.5)	(-53.5)	(-53.2)	(-55.2)	(-55.4)
Services (net)	-17.9	-19.6	-22.6	-25.1	-24.0	-22.7	-22.9	-26.9
Of which:								
scheduled interest	(-4.1)	(-2.2)	(-6.5)	(-10.8)	(-10.5)	(-11.0)	(-11.8)	(-17.3)
Transfers (net)	24.4	27.1	42.0	42.0	35.0	34.0	35.4	36.4
Official grants	(29.3)	(30.5)	(43.5)	(43.0)	(36.0)	(35.0)	(36.0)	(37.0)
Private transfers	(-4.9)	(-3.4)	(-1.5)	(-1.0)	(-1.0)	(-1.0)	(-1.0)	(-1.0)
Capital account	40.8	62.0	29.2	17.0	15.6	15.9	15.9	10.0
Medium- and long-term								
Drawings	46.9	66.4	37.3	32.0	31.5	30.0	29.0	29.8
Of which: BOP support	(...)	(...)	(2.6)	(17.0)	(16.0)	(16.0)	(16.0)	(18.0)
Scheduled amortization	-6.1	-4.4	-8.1	-15.0	-15.9	-14.1	-13.1	-19.8
Errors and omissions	-18.2	-11.3	2.8	2.0	1.0	1.0	1.0	1.0
Overall balance	-13.6	10.3	2.6	-4.4	-7.1	-3.5	-1.3	-7.1
Financing	13.6	-10.3	-2.6	-8.5	-4.3	-5.4	-6.0	—
Net foreign								
assets	-1.5	0.5	-4.3	-0.3	-1.3	-2.4	-1.0	—
Use of Fund credit (net)	1.6	-0.9	-1.1	-0.3	-1.1	-0.9	—	—
Drawings, excluding SAF	(1.6)	(—)	(—)	(—)	(—)	(—)	(—)	(—)
Repurchases	(—)	(-0.9)	(-1.1)	(-0.3)	(-1.1)	(-0.9)	(—)	(—)
Other net foreign assets	(-3.1)	(1.4)	(-3.2)	(—)	(-0.2)	(-1.5)	(-1.0)	(—)
Arrears (decrease -)	15.1	-10.8	1.7	-8.2	-3.0	-3.0	-5.0	—
Medium- and long-term	(7.0)	(6.8)	(4.1)	(-8.2)	(...)	(...)	(...)	(...)
Short-term	(8.1)	(-17.4)	(-2.4)	(—)	(...)	(...)	(...)	(...)
Financing gap								
(before debt relief)	—	—	—	12.8	11.5	8.9	7.3	7.1
Debt relief 1/	—	—	—	11.0	10.3	7.7	7.3	7.1
SAF drawings	—	—	—	1.8	1.2	1.2	—	—
Memorandum items:								
Current account, excluding official transfers	-65.5	-70.9	-72.9	-66.5	-59.8	-55.5	-54.1	-55.1
Debt service ratio, 2/								
Before rescheduling	35.4	54.7	82.5	112.8	93.5	79.2	70.0	93.7
After rescheduling	...	...	...	64.7	57.0	54.9	49.8	75.8
Reduction of arrears	...	...	...	35.8	10.6	9.5	14.0	—
Exchange rate (PG per U.S. dollar, period average)	105.1	160.0	205.0	590.0	690.0	745.0	790.0	830.0

Sources: National Bank of Guinea-Bissau; and staff estimates.

1/ Rescheduling of 90 percent of principal to bilateral and private creditors in 1987-91 at 8.5 percent interest, six years' grace, and twelve years' maturity.

2/ In percent of exports of goods and nonfactor services.

Table III. Guinea-Bissau: Outstanding Medium- and Long-Term External Debt, Arrears, and Debt Service, 1986-92

(In thousands of U.S. dollars)

Creditors	Outstanding disbursed debt end-1986	Arrears end-1986	Projected Debt Service 1/					
			1987	1988	1989	1990	1991 2/	1992
Multilaterals	112,920.0	6,848.5	4,003.3	4,477.1	4,488.0	4,301.5	4,145.7	3,708.6
Principal		3,875.2	2,047.6	2,609.6	2,789.3	2,695.7	2,633.7	2,724.5
Interest		2,973.4	1,955.7	1,867.6	1,698.8	1,605.8	1,512.0	984.1
Bilaterals 3/	95,490.0	14,532.3	10,530.2	8,690.3	7,477.6	6,740.5	9,272.1	8,520.6
Principal		10,927.5	7,092.6	6,794.1	5,757.4	5,135.6	7,545.7	7,268.1
Interest		3,604.8	3,437.6	1,896.2	1,720.2	1,604.9	1,726.4	1,252.4
Financial institutions	24,290.0	...	6,005.5	5,606.9	5,344.7	5,080.3	4,813.7	4,527.0
Principal		...	4,030.5	4,048.3	4,064.4	4,080.6	4,096.8	4,096.8
Interest		...	1,975.0	1,558.6	1,280.3	999.7	716.9	430.2
Suppliers 4/	2,910.0	2,069.7	302.7	295.7	288.6	...	...	...
Principal		1,689.5	281.6	281.6	281.6	...	...	...
Interest		380.2	21.1	14.1	7.0	...	...	...
Total Central Government	231,380.0	20,352.9	20,132.2	18,399.2	17,124.0	16,052.3	18,164.7	16,692.5
Principal		14,155.2	12,863.6	13,145.0	12,461.4	11,859.3	14,223.6	14,036.8
Interest		6,197.7	7,268.5	5,254.2	4,662.7	4,193.0	3,941.0	2,655.7
Publicly-guaranteed debt	4,230.0	3,097.6	709.5	670.8	474.9	70.0	66.8	63.7
Principal		2,336.9	588.6	588.6	431.3	52.6	52.6	52.6
Interest		760.7	120.9	82.2	43.6	17.4	14.2	11.1
Debt of National Bank	52,200.0	2,700.0	1,835.0	2,758.0	1,509.0	1,405.0	8,490.0 2/	10,835.0
Principal		...	1,529.0	2,204.0	1,243.0	1,189.0	4,015.0	6,841.0
Interest		2,700.0	306.0	554.0	266.0	216.0	4,475.0	3,994.0
Total	287,810.0	26,150.5	22,676.7	21,828.0	19,107.9	17,527.3	26,721.5	27,591.2
Principal		16,492.1	14,981.2	15,937.6	14,135.7	13,100.9	18,291.2	20,930.4
Interest		9,658.4	7,695.4	5,890.4	4,972.3	4,426.4	8,430.2	6,660.8

Sources: Ministry of Finance; and National Bank of Guinea-Bissau.

1/ On debt outstanding at end-1986, excluding reduction of arrears.

2/ The increase in debt service in 1991 reflects mainly the service of the debt of the National Bank to Portuguese banks that was rescheduled at end-1986.

3/ Excludes debt service to Portugal, which is to be repaid in local currency.

4/ Excludes debt in litigation.

Table IV. Guinea-Bissau: Summary Accounts of the National Bank of Guinea-Bissau, 1983-86

(In millions of Guinea-Bissau pesos; end of period)

	1983	1984	1985	1986
Net foreign assets <u>1/</u>	-4,170	-6,859	-6,583	-7,211
Assets	343	315	526	534
Liabilities	-4,513	-7,174	-7,109	-7,745
Net domestic credit	6,819	8,485	11,326	14,079
Claims on Government, net	6,026	7,328	8,608	10,128
Central Government, net	6,142	7,394	8,691	10,320
Rest of Government, net	-116	-66	-83	-192
Credit to the economy	793	1,157	2,718	3,951
Money supply	3,402	4,541	6,433	9,103
Currency in circulation	1,978	2,731	3,319	5,467
Private sector deposits	909	1,025	1,396	1,864
Deposits of state enterprises	515	785	1,718	1,772
Medium- and long-term foreign liabilities <u>1/</u>	1,299	2,212	7,263	11,995
Other items, net	-2,052	-5,127	-8,953	-14,231
Valuation account	(-3,070)	(-6,149)	(-10,000)	(-13,942)
Other	(1,018)	(1,022)	(1,047)	(-289)

Sources: National Bank of Guinea-Bissau; and staff estimates.

1/ Accounts in foreign exchange are valued at the following end-of-period exchange rates (G.B. pesos per US\$1):

1983:	84.06
1984:	127.25
1985:	176.28
1986:	232.00

Table V. Guinea-Bissau: Fund Position During Period of Proposed
SAF Arrangement, 1986-89

(In millions of SDRs; end of period)

	Outstanding on Dec. 31, 1986	1987				1988				1989				
		Jan.- March	April- June	July- Sept.	Oct.- Dec.	Jan.- March	April- June	July- Sept.	Oct.- Dec.	Jan.- March	April- June	July- Sept.	Oct.- Dec.	
<u>(In millions of SDRs)</u>														
Transactions under														
tranche policies (net)	—	—	—	—	-0.234	-0.234	-0.234	-0.234	-0.234	-0.234	-0.234	-0.234	—	
Purchases	1.88	—	—	—	—	—	—	—	—	—	—	—	—	
Repurchases	—	—	—	—	0.234	0.234	0.234	0.234	0.234	0.234	0.234	0.234	—	
SAF disbursements	—	—	—	1.5000	—	—	—	1.0125	—	—	—	1.0125	—	
<u>(In percent of quota)</u>														
Total Fund credit outstanding														
(end of period)	25.0	25.0	25.0	45.0	41.9	38.8	35.6	46.0	42.9	39.8	36.7	47.0	47.0	
Tranche policies	25.0	25.0	25.0	25.0	21.9	18.8	15.6	12.5	9.4	6.3	3.2	—	—	
SAF	—	—	—	20.0	20.0	20.0	20.0	33.5	33.5	33.5	33.5	47.0	47.0	

Source: IMF, Treasurer's Department.

Table VI. Guinea-Bissau: Social and Demographic Indicators

<u>Area</u>	<u>Population</u>	<u>Density (1982)</u>
36.1 thous. sq. km.	0.9 million (1982) Rate of growth: 3.8 (1984)	23.9 per sq. km. 54.1 per sq. km of arable land
<u>Population characteristics (1982)</u>		<u>Health (1979)</u>
Life expectancy at birth:	38	Population by physician: 8,840
Infant mortality (per thousand):	158	Population per hospital bed: 620
Child death rate: (aged 1-4, percent):	36.0	
<u>Income distribution:</u>	n.a.	<u>Distribution of land:</u> n.a.
<u>Access to safe water (1980)</u>		<u>Access to electricity:</u> n.a.
Percent of population, urban:	18.0	
rural:	8.0	
<u>Nutrition (1982)</u>		<u>Education (1982)</u>
Calorie intake as percent of requirements:	68.0	Adult literacy rate (percent): ...
Per capital protein intake (grams per day):	32.0	Primary school enrollment (percent): 88.0

Source: World Bank.