

INTERNATIONAL MONETARY FUND

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ROOM C-130

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The International Monetary Fund has approved the use of Fund resources totaling the equivalent of SDR 1,880,000 for the Government of Dominica under the Structural Adjustment Facility (SAF) over the next three years. Of this amount, SDR 800,000 may be drawn immediately under the first year's arrangement. Dominica's quota in the Fund is SDR 4,000,000, and its outstanding financial obligations to the Fund resulting from past operations and transactions currently total the equivalent of SDR 7,901,533.

Over the last five years, Dominica undertook considerable efforts to improve the economic situation. After initial gains, however, the rate of growth of real gross domestic product (GDP) slackened to 1.1 percent in 1985 from 6.2 percent in 1984, and unemployment remained high. The economic program for the three-year period ending in 1989, which the present arrangement supports, is designed to achieve an annual growth of real GDP of about 4 percent in the context of policies that would increase private investment, exports, and domestic savings, strengthen the country's fiscal and balance of payments positions, contain the external debt burden within manageable limits, and build up international reserves as a cushion against external shocks. The private sector is expected to play a leading role in the expansion of output and employment, while the public sector will concentrate on the creation of favorable conditions and of the infrastructure necessary for the development of private sector activities, particularly in the agricultural, manufacturing, and tourism sectors. Investment in these areas will account for about 75 percent of total capital outlays over the three-year period. Project-related external grants and loans (mostly on concessionary terms) are expected to cover about 85 percent of the medium-term public sector investment program. The World Bank has assisted the authorities in finalizing this program for fiscal year 1986/87 and is presently reviewing the authorities' proposed public sector investment program for the last two years of the arrangement under the Structural Adjustment Facility.

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