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Zaire Economic Memorandum

Economic Change and External Assistance

March 29, 1985

Eastern and Southern Africa
Country Program: Department II

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CURRENCY EQUIVALENTS

Currency Unit: Zaire (Z) Z 1.00 = 100 makuta

Exchange Rates:^{1/}

June 19, 1981-September 12, 1983	Z 1.00 = SDR 0.1575 US\$ 1.00 = Z 5.754 Z 1.00 = US\$ 0.17
September 12, 1983-February 24, 1984	Z 1.00 = SDR 0.03542 US\$ 1.00 = Z 26.3 (29.93) Z 1.00 = US\$ 0.04 (0.03)
February 24, 1984	Z 1.00 = SDR 0.0288 US\$ 1.00 = Z 33.0 Z 1.00 = US\$ 0.03
March 11-15, 1985 (average)	Z 1.00 = SDR 0.0219 US\$ 1.00 = Z 48.015 Z 1.00 = US\$ 0.021

^{1/} From March 12, 1976 to November 1, 1978, the zaire was pegged to the SDR at the rate of Z 1.00 = SDR 1.00. The zaire underwent a 73.8 percent devaluation vis-à-vis the SDR in 7 stages between November 1, 1978 and June 19, 1981. On September 12, 1983, concomitant with a further devaluation of 77.5 percent, Zaire introduced a transitional dual exchange rate regime consisting of an official rate and a free market rate, shown in parenthesis above. The two rates were unified on February 24, 1984. Since then the rate has floated on a weekly basis. The most recent rate is shown above.

NOTE: All conversions to US dollars in this memorandum have been made at the average exchange rate prevailing during the period covered.

PREFACE

The last economic memorandum on Zaire covered developments through the first half of 1982 and was issued in December of that year. This memorandum focuses on the two years since then (mid-1982 to mid-1984) and is based on the findings of an economic mission that visited Zaire in June/July 1984. The members of the mission were Bension Varon (mission chief), Monique Garrity (economist) and Adriana De Leva (assistant economist).

The memorandum was discussed with the Zairian authorities in February 1985.

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LIST OF ACRONYMS

ACP	- Africa Caribbean and Pacific
ADB	- African Development Bank
ADF	- African Development Fund
AGCD	- Administration Générale de la Coopération au Développement
AMIZA	- Agence Maritime Internationale du Zaïre
ANEZA	- Association National des Entreprises Zairoises
BADEA	- Banque Arabe pour le Développement Economique en Afrique
BCT	- Bureau contre Trypanosomiasis
BDEGL	- Banque de Développement des Etats des Grands Lacs
BNL	- Bureau National contre la Lèpre
BOP	- Balance of Payments
BUNASEM	- Bureau National Semancier
CCA	- Contribution sur le Chiffre d'Affaires
CCCE	- Caisse Centrale de Coopération Economique
CCIZ	- Centre de Commerce International du Zaïre
CEACE	- Cellule d'Etude et d'Analyse de la Conjoncture Economique Zairoise
CEFEB	- Centre de Formation des Etudes Bancaires
CEM	- Country Economic Memorandum
CEPETEDE	- Centre de Perfectionnement aux Techniques de Développement
CEPLANUT	- Centre National de Planification de la Nutrition Humaine au Zaïre
CENACOF	- Centre National de Coordination de la Formation au Développement
CFCG	- Committee for the Follow-up of the Consultative Group
CFF	- Compensatory Financing Facility
CIDA	- Canadian International Development Agency
CMZ	- Compagnie Maritime Zairoise
CNND	- Comité National des Naissances Désirables
CODAIK	- Compagnie de Développement Agro-Pastoral Intégré de Kwango-Kwilu
CPI	- Consumer Price Index
CSCo	- Cotton Stabilization Fund
DEPS	- Département de l'Enseignement Primaire et Secondaire
DOD	- Debt Outstanding and Disbursed
DRS	- Debt Reporting System
DTCD	- Department for Technical Cooperation and Development
EDF	- European Development Fund
EDI	- Economic Development Institute
EEC	- European Economic Community
EFF	- Extended Fund Facility
EIB	- European Investment Bank
ELVACULTUR	- Société d'Entreprise et d'Investissement pour l'Elevage et l'Agriculture S.A.
ERCC	- External Resources Coordination Committee
ERF	- Economic Recovery Fund
FAC	- Fonds d'Aide et de Coopération

FAO	- Food and Agriculture Organization
FONAMES	- Fonds National pour l'Assistance Médico-Sociale
GDP	- Gross Domestic Product
GECAMINES	- Générale des Carrières et des Mines du Zaïre
GEEP	- Groupe Etude Economie et Planification
IBRD	- International Bank for Reconstruction and Development
IFC	- International Finance Corporation
ILO	- International Labor Organization
IMF	- International Monetary Fund
IMO	- International Maritime Organization
INERA	- Institut National pour l'Etude et la Recherche Agronomique
INS	- Institut National de la Statistique
IPS/ZAIRE	- Industrial Promotion Services du Zaïre
IRES	- Institut de Recherches Economiques et Sociales
IRS	- Institut de Recherche Scientifique
ITU	- International Telecommunications Union
LIBOR	- London Inter-Bank Official Rate
MARD	- Ministry of Agriculture and Rural Development
MAZAL	- Manufacture Zaïroise des Allumettes
MIBA	- Société Minière de Bakwanga
MLT	- Medium- and Long-Term
MUV	- Manufactured Goods Unit Value Index
NEZA	- Nouvelles Entreprises Zaïroises
NGO	- Non-Governmental Organization
ODA	- Overseas Development Assistance
OECD	- Organization for Economic Cooperation and Development
OFIDA	- Office des Douanes et Accises
OGEDEP	- Office de la Gestion de la Dette Publique
ONATRA	- Office National des Transports
ONPTZ	- Office National des Postes et Telecommunications du Zaïre
OOF	- Other Official Flows (ODA)
OPE	- Office of Performance Evaluation (United Nations)
OPEC	- Organization of Petroleum Exporting Countries
OZAC	- Office Zaïrois de Contrôle
OZACAF	- Office Zaïrois du Café
PATI	- Programme Anti-Tuberculose
PEV	- Programme Elargi des Vaccinations
PIP	- Public Investment Program
PNND	- Programme National des Naissances Désirables
PRONAM	- Programme National de Manioc
PVO	- Private Voluntary Organizations
REGIDESO	- Régie de Distribution d'Eau
RVA	- Régie de Voie Aérienne
RVF	- Régie de Voie Fluviale
RVM	- Régie de Voie Maritime
SAD	- Sans Achat de Devises
SAMAFOS	- Service d'Approvisionnement en Manuels et Fournitures Scolaires
SDR	- Special Drawing Rights
SGM	- Société Générale des Minerais
SNEL	- Société Nationale de l'Electricité

SNCZ	- Société Nationale des Chemins de Fer du Zaïre
SOBAKI	- Société de Finance et de Gestion S.A.
SODIMIZA	- Société de Développement Industriel et Minier du Zaïre
SOFIDE	- Société Financière de Développement
SONATFAD	- Société Nationale de Trading
SOZACCM	- Société Zaïroise de Commercialisation des Minerais
SOZIR	- Société Zaïro-Italienne de Raffinage
STK	- Société de Transports Kinois
TA	- Technical Assistance
UMAZ	- Usine de Matériel Agricole du Zaïre
UNDP	- United Nations Development Program
UNESCC	- United Nations Education, Social and Cultural Organization
UNFPA	- United Nations Fund for Population Activities
UNHCR	- United Nations High Commissioner for Refugees
UNICEF	- United Nations Children Fund
UNIDO	- United Nations Industrial Development Organization
USAID	- United States Agency for International Development
WHO	- World Health Organization
WTO	- World Tourism Organization
ZOFI	- Zone Franche d'Inga

COUNTRY DATA - ZAIRE

<u>AREA</u> (Thousand Sq. Km.)	<u>POPULATION</u>	<u>DENSITY</u> (1983)
2,345.4	30.7 million (mid-83) Rate of Growth: 2.9% ^{a/}	12.7 per sq. km.
<u>POPULATION CHARACTERISTICS</u> (1980-82)		<u>HEALTH</u> (1979)
Crude Birth Rate (per thousand)	46.0	Population per physician 14,780
Crude Death Rate (per thousand)	15.8	Population per hospital bed 350
<u>NUTRITION</u> (1980-82)		<u>EDUCATION</u> (1980-82)
Calorie intake as % of requirements	94.0	Adult literacy rate % 54.5
Per capita protein intake (grams/day)	33.0	Primary school enrollment % (1978) 90.0

GNP PER CAPITA in 1983^{b/}: US\$160

<u>GROSS NATIONAL PRODUCT</u> in 1983			<u>ANNUAL RATE OF GROWTH</u> (% , constant prices)		
	<u>US\$ Mln.</u>	<u>%</u>	<u>1973-77</u>	<u>1977-82</u>	<u>1983</u>
GNP at Market Prices	4165.0	100.0	0.9	-0.3	1.2
Gross Domestic Investment	891.6	21.4	15.7	8.1	-13.5
Gross National Saving	615.8	14.8	-38.2	8.6	-5.0
Current Account Balance	-320.6	-7.7	-	-	-
Export of Goods, NFS ^{c/}	1597.0	38.3	-2.2	5.8	8.0
Import of Goods, NFS ^{c/}	1760.0	42.5	4.7	9.9	2.0
Gross Domestic Product ^{d/}	4470.7	107.3	0.3	0.2	1.2
Agriculture	1584.6	38.0	1.3	2.2	2.0
Industry	1082.2	26.0	0.5	-1.8	4.0
Services	1716.8	41.2	1.7	-0.4	-0.1

GOVERNMENT FINANCE ^{e/} (Central Government)

	<u>(Z Mln)</u>		<u>% of GDP</u>	
	<u>1983</u>	<u>1998</u>	<u>1983</u>	<u>1977</u>
Current Receipts	10998	12715	19.1	16.9
Current Expenditure	12715	12715	22.1	21.2
Current Deficit	-1717	-1717	-3.0	-4.3
Capital Expenditure	647	647	1.1	2.8

^{a/} As mentioned in the report, preliminary findings of the recent population census seem to indicate that the population growth rate is in the order of 3.2 percent.

^{b/} The per capita GNP estimates calculated by the same conversion technique as the World Bank Atlas. All other conversions to dollars in this table are at the average exchange rate prevailing during the period covered.

^{c/} Based on balance of payments estimates which are more reliable than national accounts data.

^{d/} At market prices; components are expressed at factor cost and will not add due to exclusion of net indirect taxes and subsidies.

^{e/} Cash operations only; excludes foreign grants and expenditures financed by foreign sources.

NOTE: Zairian statistics have numerous shortcomings and should be used with caution.

COUNTRY DATA - ZAIREMONEY, CREDIT, and PRICES

	1978	1979	1980	1981	1982	1983
	(Million Z outstanding end of period)					
Money Supply	1854.5	2084.9	3367.3	4644.9	8057.4	14001.9
Bank Credit to Public Sector	1578.3	2062.2	2329.4	3783.6	7887.7	10252.2
Bank Credit to Private Sector	641.0	878.7	1014.3	1342.4	1931.1	2881.8

(Percentage or Index Numbers)

Money as % of GDP	33.8	18.8	20.2	19.5	25.7	24.3
General Price Index (1975 = 100)	453.9	912.7	1313.3	1813.1	2487.9	4375.3
Annual percentage changes in:						
General Price Index ^{a/}	48.6	101.1	43.9	38.1	37.2	75.9
Bank Credit to Public Sector	49.6	30.7	13.0	62.4	108.5	30.0
Bank Credit to Private Sector	19.4	37.1	15.4	32.3	43.9	49.2

BALANCE OF PAYMENTS

	1980	1981	1982	1983
	(Millions US\$)			
Exports of Goods, NFS	2152.9	1575.5	1541.3	1597.2
Imports of Goods, NFS	2141.0	1913.8	1783.1	1759.6
Factor income (net)	-350.2	-330.2	-343.2	-305.7
Net transfers	187.4	244.1	152.4	147.5
Balance on Current Account	-150.8	-424.5	-432.6	-320.6
Net MLT Borrowing				
Disbursements	380.0	251.2	211.9	141.1
Amortization ^{d/}	402.1	419.8	368.7	366.7
Subtotal	-22.1	-168.6	-156.8	-225.6
Other Capital (net) and capital n.e.i.	221.2	479.9	554.1	601.8
Changes in Reserves (-increase)	-48.2	113.2	35.3	-55.6
Petroleum Imports ^{f/}	168.0	381.0	181.0	167.0
Petroleum Exports	225.1	273.5	274.3	236.5

RATES OF EXCHANGE

	ANNUAL AVERAGES			Average
	1982	1983	1984	Dec. 1984
US\$1.00=Z	5.750	12.889	36.130	40.360
Z1.00=US\$	0.174	0.078	0.028	0.025

MERCHANDISE EXPORTS (AVG. 80-83)

	(US\$ Mln)	%
Copper	840	51.6
Cobalt	210	12.9
Diamonds	101	6.2
Zinc	46	2.8
Other minerals and petroleum	331	20.3
Coffee	124	7.6
Palm oil	7	0.4
Other ^{b/}	-30	-1.8
Total	1629	100.0

EXTERNAL DEBT, DECEMBER 31, 1983 ^{c/}

	US \$ Mln.
Public Debt, inc. guaranteed	4193
Non-guaranteed Private Debt	235
Total Outstanding and Disbursed	4428

NET DEBT SERVICE RATIO for 1983 ^{e/}

	%
Public Debt Inc. guaranteed	13.9
Non-guaranteed Private Debt	5.8
Total Outstanding and Disbursed	18.3

IBRD/IDA LENDING JANUARY 31, 1985

	(Mln US \$)
Outstanding and Disbursed	360.2
Undisbursed	190.7
Outstanding inc. Undisbursed	550.9

^{a/} Consumer price index for the city of Kinshasa.^{b/} Reflects other exports, as well as marketing costs and balance of payments adjustment.^{c/} Preliminary estimates.^{d/} Due before debt rescheduling.^{e/} Debt service as a percentage of exports of goods and non-factor services. Represents actual payments.^{f/} Crude and derivatives.

INTRODUCTION

1. The Zairian economy has been experiencing serious difficulties since 1975. This period has been characterized by severe underutilization and deterioration of productive capacity and infrastructure, significant economic and financial imbalances, high inflation, a decline in per capita income, and weak external and internal confidence. Several factors, some of them predating 1975, contributed to these difficulties. Among these are: the zairianization and nationalization measures of 1973-74 which, though rescinded since, destroyed the distribution network and undermined private sector confidence; the heavy external borrowing of the early 1970's, much of it at unfavorable terms and for projects of questionable benefit; the sharp deterioration of the terms of trade in 1975 and the general weakness of copper prices since then; and the deficiencies of economic management.

2. Systematic attempts to deal with the above difficulties did not start until 1978 when the IMF resumed its dialogue with Zaire after a hiatus of nearly two years. In 1980, Zaire successfully implemented a stabilization program supported by the IMF. This, in turn, permitted the negotiation in the first half of 1981 of a three-year Extended Fund Facility (EFF) arrangement in an amount equivalent to SDR 912 million. Zaire's economic performance during the balance of 1981 and in 1982--the period covered in the last Economic Memorandum^{1/}--was weak. The country could not meet the criteria under the EFF, and the EFF was formally cancelled in June 1982. Zaire also accumulated external debt arrears throughout this period despite the conclusion of a debt rescheduling agreement with the Paris Club in July 1981.

3. The failure of the EFF meant the collapse of the premises on which the hopes of recovery had been built. These comprised: (i) improved economic and financial performance with the help of the IMF; (ii) major external debt rescheduling; (iii) systematic institutional reform; (iv) implementation of a public investment program; and (v) well-focused external aid. That scenario had emerged from three ad hoc conferences of the major donors and Zaire held in Brussels during 1978-79 and was endorsed by four meetings of the Consultative Group for Zaire organized since then. The scenario reflected a consensus not only on the problems faced but also on the internal environment and its implications for external assistance.

4. The last Economic Memorandum concluded that since the diagnosis of neither the problem nor the environment had changed, the first priority was to reconstruct the above scenario beginning with a new agreement with the IMF, a realistic debt rescheduling agreement, and an updated public investment program. Efforts in that direction started in the last quarter

^{1/} Recent Economic and Sectoral Developments and Current Issues (in two volumes), Report No. 4077-ZR, December 30, 1982.

of 1982 and produced results about a year later: the IMF approved a new Stand-by Arrangement on December 16, 1983; this was followed by a successful debt rescheduling meeting with the Paris Club on December 19-20; and a meeting of the Consultative Group was held on December 21-22.^{2/} Zaire presented to the Consultative Group an updated public investment program covering the years 1983-85. As a prelude to those three events, in September 1983 Zaire began implementing a series of financial and economic measures consistent with the conclusions of the last Economic Memorandum and the reforms long advocated by the international community.

5. The prerequisites for the recovery of the Zairian economy had been addressed in the economic memorandum completed in 1981.^{3/} The last memorandum (1982) focused, therefore, on "execution" and covered macroeconomic as well as sectoral developments. As execution was found to be both crucial and wanting, it remains a focus of the current memorandum. Another important focus, however, is the role of external assistance. Although the future course of the Zairian economy will be shaped primarily by internal decisions, external assistance will still have to play an important role. The sharp decline in development aid experienced by Zaire in the last few years in the face of overwhelming need argues for a major increase in the aid effort, provided that Zaire continues to improve its economic management. The memorandum aims in particular to stimulate the aid coordination which is required at multiple levels: between the donors and Zaire; among the donors, bilateral and multilateral; and among various types of assistance, e.g., balance-of-payments support, project aid, debt rescheduling, technical assistance, research, and training. An associated objective is to underline the crucial importance of "synchronizing" these actions, which has been seriously deficient in the past.

^{2/} The Stand-by Arrangement became effective on December 27, after agreement had been reached with the Paris Club on debt rescheduling.

^{3/} Recent Economic Developments and the Path to Recovery (Report No. 3287-ZR), May 20, 1981.

I. OVERVIEW OF RECENT DEVELOPMENTS

1. Since the beginning of 1983, Zaire has been implementing a series of fundamental economic and institutional measures at a time when the Government faced particularly difficult external and internal conditions. What were these measures and what characterized the external and internal environment?

2. The thrust of the measures was to improve execution in those areas where inadequate performance had caused the cancellation of the EFF arrangement. This was attempted first under a "shadow" (informal) program covering the first half of 1983, prepared in cooperation with the IMF, and then under a formal stabilization program announced in September 1983 and supported by a 15-month Stand-by Arrangement. The major focus of the shadow program was on reducing the budgetary deficit and improving financial management. To this end, an "austerity budget" was adopted for 1983, involving substantial cutbacks in most expenditures and the introduction of several tax measures in line with the recommendations of an IMF/Bank study (in three volumes) completed in May 1982.^{1/} Ceilings were set not only on government borrowing but also on outlays for primary and secondary school teachers, expenditures by the Presidency and Political Institutions, and total expenditures (excluding external debt service payments). Concurrently, budgetary controls were tightened, the price liberalization measures taken in the preceding two years were expanded, and new efforts were made to improve the operations of GECAMINES and SOZACOM (the state mineral production and marketing companies, respectively). Zaire met the criteria set for both the first and second quarters, opening the way to the negotiation of a Stand-by Arrangement with the IMF.

3. In September 1983, as part of the understanding reached with the IMF before the approval of the Stand-by Arrangement, Zaire took a number of far-reaching economic and financial measures. The most important of these were: (i) the immediate devaluation of the zaire by 77.5 percent vis-à-vis the SDR; (ii) introduction of a transitional dual exchange rate regime consisting of an official rate and a free market rate and leading to the unification of the two rates in February 1984;^{2/} (iii) a substantial liberalization and simplification of the exchange and trade system as a whole; (iv) a comprehensive revision of customs duties involving significant reductions in tariffs on essential foodstuffs, raw materials and intermediate goods, and major increases in those applying to luxury goods; (v) a considerable adjustment and liberalization of the interest rate structure

1/ L. Mutén, G.A. Mackenzie and T. Touré, Tax Reform in Zaire, IMF, April 21, 1982 (restricted); L., Mutén and M. Garrity, The Tax Regime of Gecamines, IMF, May 10, 1982 (restricted); and W. Bier, Zaire - A Study of the Budget and Control over Expenditure, IMF, May 10, 1982 (restricted).

2/ This was achieved on schedule on February 24, 1984 when the two rates were unified at US\$1 = Z 33.0.

including the lifting of all administrative controls on lending rates of commercial banks, except for those applicable to the non-coffee agriculture sector; (vi) the further liberalization of prices, including producer prices of all agricultural commodities; (vii) the increase of the retail price of petroleum 3-5 times, depending on the grade, to take full account of the change in the exchange rate; and (viii) the decision to limit wage increases in the public sector to about 40 percent through 1984.

4. The new program was supported by a Stand-by Arrangement in an amount of SDR 228 million, equivalent to 100 percent of quota, and running from December 1983 to March 1985.^{3/} The IMF approved concurrently (in December 1983) the purchase of SDR 114.5 million under the Compensatory Financing Facility (CFF), based on the export shortfall experienced in the year ending in March 1983. The objective of the program was to improve the country's balance of payments position--in particular, to reduce the external current account deficit from SDR 340 million in 1982 to SDR 230 million (later revised to SDR 236 million) in 1984--and to gradually revive the economy. On the fiscal side, the program aimed at reducing the budgetary deficit (not counting external debt amortization) to 1.9 percent of GDP in 1983 and to eliminate it in 1984, thus bringing down substantially net government borrowing from the domestic banking system.

5. In 1982--the year preceding the adoption of the above measures--the external and internal environment had been very difficult, indeed. External and internal imbalances were severely accentuated by the sharp decline of the copper price for the second consecutive year. The latter fell by about 15 percent, bringing the cumulative decline since 1980 to 32 percent. The external current account deficit totaled US\$433 million, or 8 percent of GDP. Net capital inflows (based on debt service due) were negative by about US\$230 million. As a consequence, Zaire accumulated external debt arrears throughout the year; by year-end these totaled about US\$940 million (including arrears on commercial debt and invisibles). The budgetary deficit for the year reached Z 3.3 billion-- more than twice the level of 1981--and was equivalent to about 10 percent of GDP. The deficit was largely financed through government borrowing from the domestic banking system. (Table 1.)

6. Zaire's GDP contracted by 2.2 percent in 1982 and the inflation rate exceeded 35 percent, as in 1981. The actual situation was, in fact, worse than suggested by these figures, for the crisis then was in its eighth year. Thus, in December 1982 the consumer price index for Kinshasa was nearly seven times higher than just five years before. Public sector salaries (not counting non-salary benefits) stood at about a fifth of their 1975 level in real terms. Real merchandise imports were equivalent to about a third of their pre-crisis (1972-74) level.^{4/} Furthermore, as in the preceding years, the private sector bore the brunt of the big jump in the demand for credit by the Government to finance the deficit, and its

^{3/} In terms of Zaire's new quota of SDR 291 million, the Stand-by Arrangement is equivalent to 78.4 percent.

^{4/} This was the result of a 40 percent decline in import value in nominal terms from 1972-74 to 1982 and a doubling of the price index of internationally-traded manufactured goods during this period.

Table 1: Selected Economic Indicators, 1979-1983

	1979	1980	1981	1982	1983 ^{1/}
<u>Real GDP at market prices (% change p.a.)</u>	<u>0.3</u>	<u>2.4</u>	<u>2.9</u>	<u>-2.2</u>	<u>1.2</u>
Primary Sector	3.1	2.8	2.7	2.0	2.0
Agriculture, Commercialized	(3.2)	(2.9)	(2.6)	(0.8)	(0.7)
Secondary Sector	-6.1	4.4	4.8	-3.6	4.0
Mining	(-5.4)	(6.8)	(7.2)	(-3.1)	(3.8)
Manufacturing	(-5.8)	(-1.2)	(0.7)	(-10.3)	(-0.5)
Tertiary Sector	4.6	-0.1	1.5	-2.6	-0.1
Merchandise Exports (US\$ million)	1,834	2,038	1,500	1,454	1,522
Merchandise Imports (US\$ million)	<u>1,213</u>	<u>1,472</u>	<u>1,290</u>	<u>1,128</u>	<u>1,113</u>
Trade Balance (US\$ million)	621	566	210	326	409
Current Account Balance (US\$ million)	32	-151	-425	-433	-321
(% of GDP)	(0.4)	(-2.5)	(-7.8)	(-8.0)	(-7.2)
<u>Budget</u>					
Revenues (Z million)	1,944	3,777	4,859	6,259	10,998
Current Expenditures (Z million)	2,392	3,850	5,832	8,448	12,715
Capital Expenditures (Z million)	<u>129</u>	<u>246</u>	<u>745</u>	<u>1,085</u>	<u>647</u>
Deficit (Z million)	-577	-319	-1,718	-3,274	-2,364
(% of GDP)	(-5.2)	(-1.9)	(-7.2)	(-10.5)	(-4.1)
Net Gov't Borrowing from Domestic Banking System (Z million)	484	267	1,454	4,104	2,365
(% of GDP)	(4.4)	(1.6)	(6.1)	(13.1)	(4.1)
(% of Broad Money Supply, beginning of period)	(26.1)	(12.8)	(43.2)	(88.4)	(29.4)
Growth of Money Supply	12.4	61.5	37.9	73.5	73.8
Inflation Rate ^{2/}	101.1	43.9	38.1	37.2	75.9
Copper Production ^{3/} (000 m.t)	399	459	505	503	509
World Copper Price (¢/lb) ^{4/}	90	99	79	67	72

^{1/} Data on GDP and its components based on preliminary official estimates.

^{2/} Based on yearly averages.

^{3/} GECAMINES and SODIMIZA.

^{4/} London Metal Exchange (LME) price.

Sources: Bank of Zaire, OGEDEP, IMF, and mission estimates.

cost structure and competitiveness were adversely affected by the overvaluation of the zaire, the underestimation of assets for tax purposes, and the unavoidability of sharing more and more in the social responsibility of the state (e.g., in education and health).

7. The economic situation remained difficult in 1983 partly as a result of external factors and partly because Zaire started implementing a number of stabilization measures without having the benefit of either IMF assistance or debt rescheduling.^{5/} Merchandise exports increased by about five percent in nominal terms, regaining their 1981 level. The external public debt service due in 1983 (about US\$575 million) exceeded Zaire's capacity to pay: it amounted to over 35 percent of exports of goods and nonfactor services and was more than three times the level actually paid the year before. The build-up of arrears, therefore, continued and this had a negative impact on disbursements of medium and long-term aid; the latter declined for the fourth year in a row as will be discussed later. As a result of these developments, merchandise imports contracted further in real terms. Despite these difficulties, the statistical picture registered some improvements in 1983. According to preliminary official estimates, GDP expanded by about one percent in real terms, thanks largely to some recovery in mining production, particularly diamonds and petroleum. The external current account balance contracted by about a quarter, although it still amounted to nearly 7 percent of GDP. Budgetary revenues received a boost from the massive devaluation of the zaire in September 1983; this, together with restraint in expenditures, helped to reduce the budgetary deficit (after external debt amortization) by two-thirds in nominal terms, or from 10 percent of GDP to about 4 percent. However, the inflation rate doubled as a result of the large devaluation and averaged 76 percent for the year.

8. The above improvement has continued and become more widespread in 1984, aided by some favorable external developments and Zaire's efforts to implement both the debt rescheduling agreement and the IMF program. Export earnings are estimated to have increased by nearly 20 percent in nominal terms despite the sharp drop of copper prices, thanks to larger receipts from cobalt, diamonds, coffee, and petroleum. The export gain has been partly offset by the larger external debt payments which Zaire has been making in compliance with the debt rescheduling agreement with the Paris Club. On the other hand, Zaire has benefitted from larger purchases from the IMF as well as increased external capital disbursements.^{6/} Thus,

^{5/} Zaire purchased SDR 114.5 million under the CFF on December 30, 1983; this affected the annual aggregates but not developments during the year. The first drawing under the Stand-by Arrangement (SDR 36 million) took place on January 3, 1984.

^{6/} Purchases from the IMF under the Arrangement totalled SDR 158 million in 1984, compared to SDR 114 million in 1983. According to preliminary BOP estimates, disbursements of public capital increased from about SDR 130 million to about SDR 180 million over the same period. In early 1985, Zaire purchased an additional SDR 40 million, representing the fifth tranche in compliance with the end-September 1984 criteria under the program. However, Zaire did not draw the last tranche of SDR 30 million as explained in the next chapter.

based on preliminary data, merchandise imports in 1984 registered some increase in real terms for the first time since 1980. The budgetary deficit was on the order of three percent of GDP (compared to four percent in 1983) but partly at the cost of limiting wage increases. However, by far the most dramatic change in 1984 was the sharp decline in the inflation rate. The average inflation rate was reduced from 76 percent in 1983 to an estimated 52 percent in 1984. During the period December 1983-December 1984, the consumer price index in Kinshasa rose by only 17 percent, in sharp contrast to the increase of 100 percent registered in the preceding 12 months. During 1984, according to preliminary estimates, Zaire's GDP grew by about 2.5 percent, compared to 1.2 percent in 1983 and -2.2 percent in 1982.

9. The above developments are examined in more detail in the next two chapters from the vantage point of selected economic and sectoral issues or problem areas which were highlighted in the last memorandum and discussed at the last meeting of the Consultative Group.

II. SELECTED ECONOMIC ISSUES

A. Liberalization Policies

1. Particularly since 1981, the Zairian Government has taken a number of important measures aimed at dismantling the system of pervasive intervention and controls which had resulted in severe inefficiency through misallocation of resources, destruction of incentives to production and exports, and emergence of a variety of illicit, non-productive and speculative activities. The liberalization measures discussed in the last two Economic Memoranda have taken the form of decontrol of key markets (agricultural, mineral, credit), removal of barriers to entry into domestic air and river transport, liquidation of some parastatals and divestiture of others, and progressive relaxation of import and foreign exchange controls. However, many of these measures had limited impact because they were not vigorously or systematically executed or they were offset by inaction or conflicting decisions in other areas. By far the most important policy deficiency in this respect was the lack of action on the exchange rate since the devaluation of June 1981. By mid-1983, the ratio of the official rate to the black market rate stood at five to one. Moreover, between July 1981 and June 1983 the zaire had appreciated by almost 100 percent in real effective terms.^{1/} This section reviews the measures taken since September 1983 with a view to maintaining a realistic exchange rate, a stable incentive system, and realistic prices for publically-supplied goods and services.

1. The Exchange Rate Reform

2. The most significant step toward eliminating major price distortions in the Zairian economy was the exchange rate reform involving a large devaluation of the zaire and the implementation of a floating exchange rate regime based on an interbank foreign exchange market. As noted in the preceding chapter, the temporary dual exchange rate arrangement which was introduced in September 1983 was gradually phased out and, as expected, the two rates were unified on February 24, 1984. Although the exchange rate determination process has faced some difficulties, it has performed quite

^{1/} IMF estimate. The "real effective" exchange rate is defined as the import-weighted exchange rate adjusted by the ratio of the domestic consumer price index to the import-weighted combination of consumer price indices in the trading partners.

well and, as a result, the zaire has been brought more into line with its true worth. From September 1983 to September 1984 the zaire depreciated by 21 percent relative to the US dollar, or an average of less than 2 percent per month. At end-December, the exchange rate was Z 40.36 per US dollar, compared to Z 29.92 in September 1983. The relative stability of the exchange rate (compared to the parallel market rate in the past) has been achieved by a significant decrease in liquidity through tightening of budgetary discipline and the introduction of a series of appropriate monetary measures. These measures include the establishment of a domestic money market which offers holders of zaires a sufficiently remunerative rate, as discussed in the next section; imposition of limits on the global net foreign exchange position of each commercial bank as a proportion of its own assets; and an increase in the effective minimum legal reserve requirements of commercial banks with the Central Bank. Moreover, in March 1984, the Bank of Zaire required from importers a minimum mandatory deposit of 50 percent in local currency to open uncovered letters of credit. The scope of transactions conducted on the parallel (black) market has declined substantially, and the relatively small premium (about 10 percent) on the free market rate is roughly equivalent to the taxes and commissions paid for official transactions. Importers can now purchase foreign exchange through the banking system without difficulty, provided that they have the domestic currency counterpart.

3. The maintenance of a more realistic foreign exchange rate has sharply cut into the smuggling of diamonds, diminished the excess demand for foreign exchange, and improved the allocation of foreign exchange to priority uses. GECAMINES is now buying some locally-produced commodities (e.g., maize) which it used to import because it was cheaper to do so at the grossly overvalued official exchange rate which prevailed before the September 1983 devaluation. There is some evidence that the more realistic exchange rate, combined with the decontrol of agricultural prices, has already led to some supply response when other conditions are right (availability of inputs, credit and transport facilities), particularly in the case of maize and meat. The real effective exchange rate rose by about 15 percent from September to December 1983 because of the high inflation rate during those months. The initial increase was more than offset in the following three months. After March 1984, the real effective exchange rate appreciated; however, this trend was sharply reversed in August, with the result that in November 1984, the real effective exchange rate had returned to the level recorded in October 1983. The downward trend continued through the end of the year largely as a result of the increase in the foreign exchange purchases made by the Bank of Zaire on the interbank market. For the year as a whole, the nominal effective rate depreciated by 73 percent and the real effective exchange rate depreciated by about 60 percent.

4. The foreign exchange reform was accompanied by policies aimed at rationalizing the exchange and trade system. The major actions taken include: abolition of the system requiring the commercial banks to surrender 30 percent of their foreign exchange receipts to the Bank of Zaire;

since March 1984, total liberalization of the foreign exchange allocation system applicable to commercial banks^{2/}; elimination of the export retention schemes, except for those covered by international credit agreements, notably concerning GECAMINES^{3/}; and abolition of the so-called SAD system of imports financed without recourse to the foreign exchange resources of the banking system as well as of the resident foreign currency accounts. In addition, import licensing procedures have been rationalized: only a very limited number of non-essential imports are now subject to prior approval by the Bank of Zaire; all other imports require only a simple import declaration at authorized banks. The importation of a number of goods remains prohibited on grounds of public policy (e.g., arms, explosives, narcotics, etc.); with that exception, most quantitative restrictions have been removed.

5. The tariff structure was also simplified and changed. Under the import regime prevailing up to September 1983, import tariffs consisted of four cumulative taxes and duties (customs duty ranging from 0-22 percent, import tax of 0-40 percent, supplementary import duty of 5-20 percent, and "statistical tax" of 5 percent). However, the actual level of tariff protection was low because these four taxes and duties were calculated on imports valued at the official exchange rate (i.e., at only a fraction of their real cost). The following changes were introduced in September 1983: the number of taxes was reduced to two (customs duty and turnover tax on imports); and the rates on raw materials and essential food and non-food products were lowered from 10-20 percent to 3 percent, while those on luxury items were increased up to 200 percent. A revised tariff structure was introduced in April 1984, substantially lowering tariffs on most items with a view to reducing incentives for evasion and encouraging manufacturing activity. With the new tariff structure, some industries with low local value-added (e.g., home appliances, bicycles, motorcycles) are sheltered by very high effective protection. On the other hand, some agricultural activities with potential comparative advantage such as sugar, rice and palm oil, are facing serious difficulties because of the freer importation of goods subsidized in the countries of origin. To address these issues, the Government is currently carrying out, with World Bank assistance, a detailed evaluation of the tariff structure aiming at (i) reducing the overall level of effective protection; and (ii) establishing a more neutral incentive system for all enterprises (see Annex III, Item No.18).

^{2/} From September 1983 to March 1984, the commercial banks had been free to allocate 75 percent of their retained earnings and had to observe a limit of 25 percent on payments for invisibles other than those treated as expenses associated with imports.

^{3/} GECAMINES continues to be authorized to retain 45 percent of its exports proceeds, or BF 1.2 billion per month, whichever is greater.

6. The above measures have substantially altered the incentive structure facing agricultural and industrial producers and resulted in improved mobilization and allocation of foreign exchange. A key development concerns the transfer of dividends; for the first time in a decade, companies with foreign participation are allowed to transfer abroad, beginning in July 1984, dividends owed for 1983 to foreign shareholders; since November the authority to transfer covers pre-1983 dividends as well.

2. Cost of Credit

7. Although commercial banks have been traditionally free to set their own commissions, the Bank of Zaire regulated interest rates on both deposits and loans in the past. After April 1981, however, the Bank of Zaire allowed commercial banks to set some lending rates freely. In September 1983 all remaining lending rates were freed with the exception of those on loans for non-coffee agriculture, which were raised from 11 percent (short-term) and 13 percent (medium-term) to 15 percent. Rates paid by commercial banks on time deposits of 3-24 months were set at a minimum of 8-10 percent per annum, and those on deposits of over 24 months were left freely negotiable.

8. In spite of the April 1981 liberalization measures, interest rates remained negative in real terms until the creation of the market for short-term Treasury bills discussed below. Historically, because of the oligopolistic structure of the commercial banking sector in Zaire (the three largest banks account for almost three-fourths of deposits) and the use of credit ceilings as the main instrument of monetary policy, interest rates -- for both depositors and borrowers -- have not played an important role in resource mobilization and allocation. Credit to the private sector has not been allocated on the basis of interest rates or short-term profitability to banks but, instead, on the basis of cloistered bank-customer relationships. Over the years, negative real rates of interest have contributed to insufficient domestic resource mobilization in terms of deposits, inadequate term structure (90 percent of deposits for less than one month), and regional concentration (Kinshasa and Lubumbashi account for about 70 percent of deposits).

9. In light of the above, the recent creation of a market for short-term Treasury bills -- designed to provide greater incentive for holding zaires as opposed to foreign exchange -- is particularly significant. Beginning on April 3, 1984, short-term Treasury bills for periods of 28, 56 and 91 days in multiples of Z 50,000 were sold at weekly auctions to the non-bank public at annual interest rates ranging between 40-45 percent -- substantially higher than the inflation rate. The market for Treasury bills has recently been broadened by lowering the minimum denomination to Z10,000 and increasing the availability of the bills which now can be obtained not only from the Central Bank in Kinshasa but also through commercial banks and the regional branches of the Central Bank. The interest rate on the shortest maturity has also been lowered, in stages, to 29 per-

cent from 40 percent. As of December 31, 1984, Z 692 million was outstanding at face value. The performance of the market so far underlines the responsiveness of depositors to higher yields. Commercial banks have started to offer remunerative rates on deposits in order to prevent their depositors from shifting to Treasury bills.

3. Pricing Policy

10. Measures were also taken to decontrol agricultural and industrial prices further and to set more realistic prices for energy and infrastructural services. On September 12, 1983, the Head of State issued a decree-law which recapitulated all the price liberalization measures taken since April 1981 and reaffirmed that producers were free to set their prices but remained obliged to inform the Ministry of Economy for ex post control. This measure applies essentially to manufactured goods which, as before, have to be priced on the basis of "cost plus a margin of 20 percent". Moreover, the power of local authorities to fix prices and to restrict inter-regional trade was suspended. While agricultural producer prices appear to have been effectively liberalized, there remain vestiges of "imposed cultivation" of selected crops (as discussed in the next chapter). Prices of manufactured goods are still subject to control at the factory, wholesale and retail levels.

11. At present, the Government directly intervenes in price determination only in the case of petroleum products, public utilities and domestic public transport. Petroleum product prices, which had been far below their economic cost, were substantially increased to allow full pass-through of the exchange rate adjustment. In September 1983, premium gasoline prices were increased by 180 percent, while kerosene prices went up by about 330 percent and diesel oil by 417 percent. The differential rates of increase represented a move toward a more rational price structure; the excessive subsidization of kerosene, fuel oil and diesel at the expense of premium gasoline had become unsustainable because of the increasing dieselization, lack of price incentive for diesel conservation and strong disincentives for premium gas consumption.^{4/} The prices of diesel, kerosene and fuel oil were reduced in November 1983 and raised again in March and August 1984 and January 1985. (Statistical Appendix Table 9.6.)

12. It should be noted that the distortion resulting from pan-territorial pricing has not been affected by the recent measures; product prices are the same throughout the country, which discourages distribution to the peripheral regions. This situation results in actual prices which are three to four times higher than the official prices in some regions. The Government is currently considering introducing regional variations in

^{4/} The share of premium gasoline has decreased from 39 percent of total petroleum product consumption in 1974 to less than 25 percent in 1984.

prices to reflect transport costs. Although the final decision is uncertain, the frequent adjustments over the September 1983-January 1985 period and agreement to adjust prices on a quarterly basis suggest a welcome shift toward a more flexible pricing policy.

13. Electricity tariffs were increased by 57 percent for low voltage and 100 percent for medium voltage in November 1983 and again in January 1984 (100 percent for medium voltage). However, the distortions embodied in the electricity tariff structure remain: e.g., higher rates for medium voltage compared to low voltage, and heavily subsidized tariffs for thermal-generated power, borne primarily by high voltage consumers. A tariff structure study being carried out by Electricité de France and financed under the World Bank's Shaba Power System Rehabilitation Project is expected to serve as the basis for a new tariff system more in line with sound economic principles. Tariff increases granted to ONATRA and SNCZ in 1983-1984 eliminated to a large extent the previous distortions in their tariff structures which had required these agencies to compensate for losses on mineral export traffic by higher tariffs for general cargo and agricultural products. (See Statistical Appendix Table 9.8.)

B. Management of Public Finances

14. The sharp decline in the budgetary deficit -- both in absolute terms and relative to GDP -- registered in 1983 was achieved largely through improved performance on the expenditure side; the expansion in total expenditures in nominal terms (40 percent) was substantially below the increase in revenues (76 percent) or the rise in the consumer price index (76 percent). In spite of the various revenue-raising measures taken in 1983, Zaire's tax effort continued to decline that year: the share of total revenue to GDP was 19 percent in 1983, compared to 20 percent in 1982 and 22 percent in 1980 (Table 2). Given the expansion of the underground economy in recent years, the decline in the tax effort has probably been greater than indicated by official statistics. Revenue growth was curtailed because of the drop in the share of foreign trade taxes in total revenue as a result of depressed copper and cobalt prices, the decline in output growth, and the massive erosion of the tax base linked to inappropriate foreign exchange and pricing policies.

15. By far the most important developments accounting for the increase of 76 percent in total revenue in nominal terms are the exchange rate reform of September 1983 and the adoption of a new fiscal regime for GECAMINES, combined with a slight improvement in copper prices. The new GECAMINES fiscal regime was designed to ensure a reasonably predictable flow of revenue to the Treasury, while guaranteeing the company the necessary investment resources to implement its rehabilitation program. Under this regime, a basic export tax of 7 percent is applied to the company's metal exports and is creditable against the profits tax. A surtax of 80 percent is levied on copper sales when the copper price, as quoted on the London Metal Exchange, exceeds a threshold equivalent to SDR 2,500 per ton;

Table 2: Public Finance Indicators, 1980-83
(Percentages)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984*</u>
<u>REVENUE</u>					
A. Annual growth rate of total revenue	94	27	31	76	136
B. Total revenue as a percentage of GDP	22	20	20	19	24
C. As share of total revenue:					
1. GECAMINES taxes	24	15	6	19	19
2. Taxes on net income and profits	33	37	34	26	31
3. Taxes on domestic production and consumption	13	16	23	27	28
4. Taxes on international trade	39	31	25	19	33
5. Petroleum taxes	6	12	12	17	21
<u>EXPENDITURES</u>					
A. Annual growth rate of total expenditures	73	56	50	40	123
B. Total expenditures as a percentage of GDP	24	27	30	23	28
C. As share of total expenditures:					
1. Total revenue	92	75	66	82	87
2. Investment expenditure	6	9	11	5	3
3. Transfer and subsidies	7	9	10	7	3
4. External debt service <u>1/</u>	21	16	10	21	35
D. As share of current expenditures:					
1. Wages and salaries	35	40	33	26	16
2. Wages and salaries of primary and secondary school teachers	16	18	14	10	..
(Million Zaires)					
GDP	17,183	23,781	31,296	57,623	107,443
Total revenue	3,777	4,782	6,259	10,998	25,994
(Constant 1980 prices) <u>2/</u>	(3,777)	(3,463)	(3,305)	(3,301)	(6,502)
Total Expenditures	4,096	6,374	9,533	13,362	29,808
(Constant 1980 prices) <u>2/</u>	(4,096)	(4,615)	(5,033)	(4,010)	(7,456)
Current expenditures <u>3/</u>	3,850	5,629	8,448	12,715	28,789
Wages and salaries	1,608	2,337	2,780	3,264	4,696
Investment expenditures	246	745	1,085	647	1,019

1/ External public debt service actually paid; see Table 3.

2/ CPI for Kinshasa used as deflator.

3/ Includes external debt amortization.

* Preliminary estimates.

Source: Appendix tables 5.1-5.4 and 9.1

the surtax is deductible from the company's profits. GECAMINES remains subject to all other domestic and import taxes. GECAMINES' tax payments, which had fallen to a record low of 6 percent of total revenue in 1982, increased more than three-fold -- to 19 percent of total revenue -- in 1983. The increase in GECAMINES' tax payments represented about 35 percent of the total gain in revenue for the year.^{5/} Also as a result of the foreign exchange reform, the zaire equivalent of the taxes paid by the petroleum production firms in dollars increased five-fold. The taxes paid by these companies were almost as high as those paid by GECAMINES: 17 percent compared to 19 percent. Together, GECAMINES and the petroleum production firms accounted for about 60 percent of the total increase in revenue registered in 1983.

16. Other measures taken in 1983 were: the revaluation of corporate fixed net assets, which resulted in lower corporate income tax payments, partly offset by a tax of 10 percent on the realized appreciation; the doubling of the motor vehicles tax; increases in the excise tax on beer, cigarettes and petroleum products ranging between 200 and 400 percent; the adjustment in customs duties noted in paragraph 5; the simplification of rental income tax administration through withholding at the source; and the strengthening of administrative collection mechanisms, particularly with respect to the domestic turnover tax. On balance, the discretionary tax measures had a smaller impact on revenue performance in 1983 than the exchange rate reform of September 1983 and the adoption of a new fiscal regime for GECAMINES. In real terms, total revenue did not increase and was some 13 percent below the level reached in 1980.

17. The containment of total expenditures was realized by a sharp decrease in investment expenditures, a cut in real wages, a slight reduction in transfers and subsidies, and tighter budgetary controls. As shown in Table 2, outlays on wages and salaries increased by only 17 percent in nominal terms and represented 26 percent of total current expenditures -- substantially below the 33 percent reached in 1982 and the 40 percent in 1981. Factors contributing to this outcome were the updating of personnel files, leading to the elimination of unauthorized and/or fictitious employees, and greater control over salary payments, particularly of primary and secondary school teachers. Moreover, the Government pursued a conservative wage policy in 1983 by keeping salary increases well below the inflation rate. Salary increases granted in October 1983 averaged only 20 percent, compared to an increase of 76 percent in the consumer price index for Kinshasa, and they brought about a further erosion in the real wages of

^{5/} The dramatic impact of the devaluation is reflected in the fact that GECAMINES' tax payments after the devaluation, i.e., during the last quarter of the year, amounted to 84 percent of its total payments for the year.

civil servants. While some progress has been made in rationalizing the public administration (establishment of organizational listings for all government departments, greater involvement of heads of services in the control over salary payments and in updating of personnel files, early retirement of non-qualified heads of services, moves toward adoption of a single civil service status with consistent salary levels), so far the related issues of efficiency of the public service and adequate incentives have not been addressed. A problem on the expenditure side is the accumulation of domestic arrears, due in part to the failure of the Government to fully anticipate the several-fold tariff increases following the September 1983 devaluation. Preliminary estimates indicate that for ONPTZ, REGIDESO and SNEL, for instance, 1984 payments may have been under-budgeted by more than Z 500 million.

18. Investment expenditures were cut sharply, by 40 percent in nominal terms, and amounted in 1983 to about 1.5 percent of commercialized GDP, compared to 4 percent in 1982. These massive cuts had a negative impact on project implementation and led to substantial delays in project execution as well as to increases in costs. The problem was particularly acute in the agriculture sector where the lower budgeted amounts were not released in a timely fashion, thus jeopardizing project execution further. A significant development in 1983 was the increased weight of external debt service payments in the budget. These payments represented about 20 percent of total expenditures, compared to about 10 percent in 1982. (They represented 40 percent of total budgeted expenditures in 1984.) A large proportion of these payments are made by the government on behalf of public enterprises which are unable to service their debts, as will be discussed in the next section. The steady decline in recurrent expenditures in real terms (in 1983 total current expenditures minus external debt service was 25 percent below the 1982 level) has made it increasingly difficult to maintain standards of basic community, social and economic services. However, in one important area -- road maintenance -- there was a notable improvement in 1983, because the fuel tax, which is collected by the petroleum companies and paid directly to Office des Routes, was sufficient to allow the financing of the Office's entire 1983 recurrent budget of Z 440 million. Another positive development was the decrease, in relative and absolute terms, in expenditures on scholarships, which reflects the Government's determination to pass on a greater share of the costs to university students and their parents (practically all university students receive a living allowance) and thus reduce both expenditures and the excess demand for education.

19. Preliminary data indicate that public finance performance was rather uneven in 1984. Total budgetary revenue increased by 136 percent (compared to an average inflation rate of 52 percent) and represented 24 percent of GDP compared to 19 percent in 1983. The high rate of increase

of total revenue -- higher than the IMF original target^{6/} -- resulted from the more rapid depreciation of the zaire than had been foreseen in the original program, higher production and exports of crude petroleum and artisanal diamonds, and improved tax administration. Total expenditures, including external debt amortization, increased by 123 percent and represented 28 percent of GDP in 1984 compared to 23 percent in 1983. The overruns in expenditures, compared to the original IMF target, reflected (i) additional outlays resulting from the more rapid than anticipated depreciation of the zaire; (ii) underbudgeting with respect to public debt service, external nondebt arrears of the Treasury, repayments to GECAMINES for "uncompensated sales" (Ch. III, para. 3), reduction of domestic arrears; and (iii) large net disbursements out of the subaccounts of the Treasury (since September 1984, payments from these accounts are subject to the prior approval of the Ministry of Finance). The overall deficit for the year (including external debt amortization) was Z 3.8 billion, representing 3.5 percent of GDP compared to 4.0 percent in 1983. The deficit was financed by a Z 3,197 million increase in net bank credit to the Government and Z 617 million net sales of Treasury bills. However, because net credit to the Government at end-December exceeded the adjusted subceiling by Z 189 million, or about 6 percent, Zaire was not able to make its last purchase of SDR 30 million under the IMF Stand-by Arrangement which expired on March 26, 1985.^{7/}

20. Although compared to three years ago, there has been a marked improvement in the public finance situation, there remains many grounds for concern. First, expenditure control continues to be a very weak area of the budgetary process. Close to one-third of budgetary expenditures in 1984 took place during the last quarter of the year, reflecting the partly artificial containment of expenditures during the preceding three quarters. As a result, about 80 percent of payments on accounts of domestic arrears were made during the last quarter of the year. Second, the persistent shortfall in investment expenditures has severe implications for the prospects for recovery. While virtually every category of expenditures registered substantial overruns compared to the original targets, actual

^{6/} Some of the components of the original program including total revenue were adjusted three times in the course of 1984.

^{7/} According to the terms of the IMF Stand-by Arrangement, the subceiling on net credit to the Government had to be reduced by the amount of outstanding Treasury bills in excess of Z 500 million. At end-December, total outstanding stock of Treasury bills amounted to Z 692 million; the adjusted subceiling amounted to Z 3,200 million minus Z 192 million. Therefore, net credit to the Government at end-December exceeded the adjusted subceiling (Z 3,008 million) by Z 189.

capital expenditures represented only 73 percent of the original target, or a mere 3 percent of total expenditures compared to the 6 percent budgeted in the original program. Finally, some decisions regarding the allocation of resources among various types of expenditures — capital vs. recurrent, non-wage vs. wage recurrent — continue to be made on an ad hoc basis.

C. Parastatal Sector Reform

21. The poor financial performance of Zaire's public enterprises over the years has been the result of inadequate government pricing and foreign exchange policies, an inappropriate legal and institutional framework for the organization and control of enterprises, and problems related to the enterprises' operations, management and finances. These problems were highlighted for the most important public enterprises in the sectoral reviews of the last (1982) Economic Memorandum^{8/}. From a macroeconomic perspective, the parastatal sector, as a whole, as currently constituted and managed, has inflicted high opportunity costs on the economy and exacerbated internal and external imbalances. Of particular concern is the sector's impact on public finances, as poor financial performance has resulted in lower tax revenue and a need for explicit and, even more important, implicit subsidies.

22. Although the data available at this time do not permit a comprehensive estimate of the explicit and implicit flows between the public enterprise sector and the government, a preliminary analysis of these flows based on very partial information indicates the following^{9/}:

- (i) On the revenue side, with the exception of GECAMINES, very few public enterprises pay any taxes. Moreover, a number of these enterprises fail to transfer to the Treasury even taxes on wages and salaries retained from their employees' earnings. Dividend payments have also been insignificant. For example, in 1982 and 1983 dividends paid to the Government (not taking into account the petroleum firms) amounted to a fraction of one percent of Government's equity investment in the public enterprises. These low tax and non-tax revenues are partially offset by the Government's own

^{8/} Op.cit., Vol. II, GECAMINES and SOZACOM, pp. 37-46; MIBA, pp. 50-54; Kilo-Moto, pp. 55-56; ONATRA, SNCZ, RVM, and RVF, pp. 72-73; Petro-Zaire, SOZIR and SNEL, pp. 71-81 and, OZACAF, pp. 150-152.

^{9/} Clive Gray, Toward a Framework for Macroeconomic Analysis of the Public Enterprise Sector in Zaire, April 1985, World Bank.

arrears vis-à-vis the enterprises from which it buys goods and services, particularly ONPTZ (telecommunications), REGIDESO (water) and SNEL (electricity). For example, REGIDESO's 1982 balance sheet indicates that receivables from Government accounted for Z 96 million out of a total of Z 214 million. An intricate network of claims and counterclaims has evolved between the Treasury and the state enterprises: in some cases, claims are offset from time to time.

- (ii) On the expenditure side, actual payments for operating subsidies to public enterprises of a commercial nature through the ordinary budget and the Budget Annexe (for payments of salaries) are marginal. Firms receiving payroll subsidies through the Budget Annexe were RVA (air transport), RVF (river) and RVM (estuary) in 1982 and 1983, and for 1984 only RVA and RVF. The presence of RVA is justified because the chief obstacle to its financial autonomy is non-payment of fees by Air Zaire. Through the ordinary budget, sporadic assistance is given to firms in need of temporary help. For example, in 1983 total operating subsidies represented about two percent of total expenditures, half of which was for the maintenance of the high-tension Inga-Shaba power line. Capital grants have been mainly for telecommunications, water and electricity projects. In 1983, they amounted to one-third of the investment budget but only two percent of total expenditures.
- (iii) The principal vehicle by which the Government has been subsidizing the parastatal sector is its assumption of a substantial part of the public enterprise debt service burden, in some cases 100 percent.

23. The Government has been subsidizing the debt service of public enterprises through a policy of endowing them with assets for which no quid pro quo by way of sharing the debt service burden was expected. Responsibility for servicing at least US\$1.3 billion worth of external loans (initial commitment value, including Inga -- \$450 million not including Inga) has not been assigned to the respective enterprises. Subsidies are also granted when the Government covers enterprise defaults on on-lending agreements and guaranteed loans. For example, the government paid ONPTZ's payment arrears to foreign telecommunications authorities (around Z 50 million by end-1983) out of the national budget. In the past, the Government also subsidized public enterprises through its assumption of the exchange risk once a payment was made by the firm to OGEDEP, the external debt service agency, for onward transmittal to external creditors. Thus, losses in nominal local currency units occurred in the event of currency depreciation between the time an enterprise made a service payment in zaires to the

Government and the latter bought foreign exchange to cancel the corresponding external liability. Very large losses in these terms occurred with the devaluation of September 1983. Reform of the foreign exchange regime holds promise for reducing the significance of this phenomenon.

24. Although over the last two years the Government has taken a number of important measures aimed at streamlining the sector and at decreasing its weight in public finance, there is still no clearly articulated policy for reforming the sector. The far-reaching foreign exchange and pricing reforms of September 1983 have had a positive impact on the financial position of some parastatals; this is particularly true of GECAMINES. On the other hand, partly because of delays in price/tariff adjustments, the financial position of other public enterprises, in particular PETROZAIRE and SNEL, has been adversely affected. On the institutional front, the Department of Portfolio has been receiving since 1982 technical assistance from a UNDP/UNIDO team focusing on support to a limited number of public enterprises.^{10/} The most significant enterprise-specific developments are the GECAMINES-SOZACOM reforms, which are discussed separately in the next chapter, as well as the decision to privatize the capital or management of 37 enterprises, to liquidate a number of non-viable enterprises, and to reorganize others, in particular the two notoriously inefficient public enterprises, Air Zaire and Compagnie Maritime Zairoise.

25. It is too early to determine whether the recently taken measures will have their intended effect. The privatization policy which was announced in 1981 has so far suffered from slow implementation; this has been partly due to the stated intention to evaluate interested investors on a systematic basis. In February 1982 a list of 37 enterprises to be privatized was published and a special inter-ministerial commission was set up to implement the policy. Most of these enterprises were small agricultural entities wholly-owned and controlled by the Government but lacking the legal status of "enterprise". As of April 1984, two public enterprises and eight separate production units had been sold for a total price of Z 68 million (about \$2 million), of which Z 29 million had been paid and Z 39 million remained to be paid; in addition the management of five firms was privatized. A major problem which has not been adequately addressed is the lack of managerial autonomy. Public enterprise management is, in a number of cases, subject to administrative and political interference, in particular with regard to financial and personnel matters.

^{10/} The UNDP/UNIDO team, consisting of four accountants, has carried out diagnoses of five non-financial enterprises of a commercial character: Petro-Zaire, UMAZ (agricultural tools), CCIZ (trade promotion), OZAC (trade control), OZACAF (coffee marketing).

26. On March 7, 1985, a new public enterprise called Société Nationale de Trading (SONATRAD), was created and given the responsibility for the procurement of equipment and consumer goods for public enterprises. GECA-MINES, ONATRA, SNCZ, SNEL, and REGIDESO are mentioned in the presidential decree creating SONATRAD as enterprises immediately affected by the decree.^{11/} SONATRAD is under the supervisory authority of the External Trade Ministry. Information on the organization of SONATRAD and the scope of its responsibilities is still limited. However, it is clear that the Government needs to proceed with caution in this area because the measure seems to run counter to the official policy of greater liberalization and concurrent reduction of Government intervention in the economy and the goal of improving resource mobilization and allocation. The Government has also announced its intentions to create a "holding company" which would supplant the existing Department of Portfolio. No formal action on this has been taken as of this writing (mid-March).

27. In 1984, the World Bank initiated a study on the macroeconomic impact of the parastatal sector, which is described in Annex III. The study stresses, inter alia, the importance of establishing a monitoring system for the parastatal sector, which would guarantee both the autonomy and the accountability of public enterprise managers; it suggests the need to take this into account in any future institutional reform affecting the sector, such as the creation of a "state holding". This and follow-up studies are expected to lay the basis to help Zaire define a strategy for reforming the sector -- a complex task which would involve, inter alia, a review of the objectives and constraints currently imposed upon public enterprises; and a cost-benefit assessment to determine which public enterprises should remain public, which should be liquidated or divested, or which should be rehabilitated. In this connection, the Bank has held preliminary discussions with the Government on a multi-ministry technical assistance project in economic management, planning and statistics which would include the parastatal sector. However, unless there is a strong political commitment to operate the public enterprise sector efficiently, no reform or assistance, however well-designed, can succeed.

D. Updating and Execution of Public Investment Program

28. In September 1983, the Zairian authorities completed a public investment program (PIP) for 1983-85 as part of an Interim Economic Recovery Program for the same years known as PRINT in Zaire, after its French acronym. The other major component of the document was the stabilization program supported by the IMF and the preceding measures. The recovery program was labeled "interim" because it was designed to link up with a plan of economic and social development for 1986-90 which the authorities

^{11/} The intention to create SONATRAD and a state holding company had been announced in the December 5, 1984 speech of the President of Zaire.

intended to prepare in the following two years. The "interim program" was submitted to the Consultative Group later that year, together with an evaluation by the Bank staff focusing on the PIP.

29. The new PIP consisted essentially of a "rolling over" of the 1981-83 program, because that program -- like its predecessor for 1979-81 -- was significantly underexecuted.^{12/} The authorities made an effort to make the new program more realistic by:

- (i) setting rehabilitation as the main objective;
- (ii) giving priority to projects which (a) had already obtained the external financing (commitments) required, (b) were expected to finance investments out of their own resources, or (c) had reached a completion state of more than 80 percent;
- (iii) limiting the projects included for social or political reasons; and
- (iv) dropping some projects as a result of the supervision missions undertaken by the Ministry of Planning in 1982, particularly a certain number which were literally ancient and had never been started for lack of resources.

30. The 1983-85 PIP represented an improvement over the preceding one in several respects. First, its three-year cost, US\$2.1 billion, was 13 percent smaller in constant terms than the cost of the PIP for 1981-83. Second, because of the project selection criteria outlined above, its external financing gap was much smaller than that of the old one in both absolute and relative terms: about US\$290 million (14 percent of the three-year cost) compared to US\$890 million (37 percent) in constant terms for the old program. Third, the share of mining was reduced from 34 percent to 22 percent, largely to the benefit of agriculture and transportation. Fourth, in a significant contrast to past experience, the annual (1984) tranche for government financing through the budget matched the investment budget for the same year approved by the Legislative Assembly. (For a comparison of the two programs, see Statistical Appendix Table 6.2.)

^{12/} Available data on execution are incomplete and have several shortcomings which result in the overestimation of investment expenditures. Despite this factor, the Government document found evidence of underexecution of the 1981-83 PIP as follows: even with overestimated expenditures, only 57 percent of total project costs were financed during those three years, compared to 77 percent anticipated in the PIP.

31. The Bank's evaluation of the 1983-85 PIP concluded that the new program represented a serious attempt at clarifying priorities; the project selection criteria used were appropriate; and there remained for Zaire and the donors to cooperate in the execution of the program.^{13/} The evaluation noted some improvements not just in the PIP itself but also in the investment programming and monitoring process, such as the establishment of a three-tier project control and supervision system, the strengthening of interministerial coordination and an improvement in the structure as well as functioning of the Planning Ministry. However, progress had been inadequate in a number of areas, especially the updating of project costs on a more solid basis by reconstructing the project files where necessary.

32. The participants in the Consultative Group meeting of December 1983 expressed satisfaction with progress in the programming process, the priorities of public investment, the program's concentration on rehabilitation and recovery, and the Government's proposal to move ahead on long-term strategic planning. They emphasized the need for better coordination in the programming and execution of projects and welcomed the Government's decision to reactivate the External Resources Coordination Committee (ERCC).^{14/} With respect to the financing of the PIP, the participants agreed on the following actions: (i) As two-thirds of the financing gap of the PIP was in transportation, this sector deserved the highest priority. A large-scale highways maintenance project was under preparation in collaboration with the World Bank. On the basis of the completed project proposal, a briefing paper would be submitted by the Government to a co-lenders' meeting around May 1984. (ii) Despite the efforts made by GECAMINES since 1981 to strengthen its management, marketing and financial situation, there remained a need for further articulation of medium-term corporate strategy, including marketing policy, an economically-justified investment program, and the formulation of an appropriate financial strategy comprising balanced provision for tax payments, depreciation and dividends. The Zairian authorities would prepare a dossier on GECAMINES' investment program and related issues for submission to a cofinancing meeting in early June

^{13/} "Interim Economic Recovery Program, 1983-85 (Preliminary Draft)," Evaluation by the World Bank Staff, November 29, 1983.

^{14/} The Committee was established in December 1980; it had its first meeting on January 31, 1981; but it became inactive later that year despite a promising start and a series of productive meetings. The Committee was reactivated and given legal status on September 22, 1983, but it did not become operational till 1984.

1984.^{15/} The meeting on the 1986-88 highways program was held in Paris on March 4, 1985 and permitted agreement on a US\$250 million program of activities, emphasizing maintenance and rehabilitation. A meeting on GECA-MINES' program is tentatively scheduled for June 3, 1985.

32. As part of the preparatory work for the five-year plan, the Ministry of Planning has attempted to estimate the financial execution of the PIP for 1983-85. The first step consisted, of course, of updating the PIP: from mid-1983 prices to mid-1985 prices. Although the estimates prepared so far have some shortcomings, they leave no doubt that the PIP continues to be seriously underexecuted.^{16/} According to the Planning Ministry estimates, which are summarized in Table 3, the execution rate of the PIP is estimated at about 70 percent. This figure, beyond doubt, overestimates execution because it assumes that the 1985 tranche of the program will be executed fully as planned. This seems extremely unrealistic, as it would imply an increase in investment expenditures of 70 percent in real terms compared to 1984. Despite this bias, the estimates by sector throw considerable light into the nature of the problem as highlighted below.

33. The sectors experiencing an execution rate greater than 100 percent are principally: agriculture, which has benefitted from extrabudgetary sources of finance such as the Agricultural Recovery Fund and the Counterpart Fund (generated by the proceeds of commodity aid); and mining, thanks to the significant impact of the exchange rate reform on the internally-generated resources. (The execution rate for mining is also inflated by the large investment program of GECAMINES for 1985, assumed as executed.) In contrast, the sectors depending on the Government investment budget for a major part of their investment experienced execution rates close to 50 percent. By and large, the execution rate of the foreign resource component was 43 percent, while that of the domestic resource component was more than 100 percent (because of the higher than expected self-

^{15/} IBRD, Consultative Group for Zaire: Chairman's Report of Proceedings, April 2, 1984, pp. 146-150.

^{16/} The shortcomings include: (i) the rather mechanical way in which project costs were updated, namely, by applying uniform conversion coefficients to all projects to take account of inflation and exchange rate changes; (ii) the failure to tabulate and analyze the results in sufficiently disaggregated fashion; and particularly (iii) the lumping together of actual figures for 1983, estimates based on nine months for 1984 and programmed amounts (as a proxy for execution) for 1985. The exercise is also complicated by some of the statistical problems of the initial program (regarding the distribution of the program by year) -- a factor which makes estimation of execution rates by year difficult. This is why the Planning Ministry has felt compelled to estimate the execution rate of the whole program by making assumptions about execution in 1985.

Table 3: Estimated Financial Execution of 1983-85
Public Investment Program - Summary
(Million zaires; 1985 prices)

	F i n a n c i n g				
	Total	Foreign	D o m e s t i c		
Total			Self-financing	Budget	
<u>Planned, 1983-85</u>	<u>65,816</u>	<u>41,445</u>	<u>14,416</u>	..	..
<u>Execution, 1983-85</u> 1/	<u>46,974</u>	<u>17,887</u>	<u>29,087</u>	<u>24,537</u>	<u>4,550</u>
1983	13,660	5,761	7,899	6,647	1,252
1984	12,315	4,624	7,691	6,402	1,289
1985	20,999	7,502	13,497	11,488	2,009
<u>Execution Ratio, 1983-85(%)</u> 2/					
Agriculture	143	94	351	2,564	49
Mining	114	71	135	135	-
Electricity/Water	44	35	69	66	76
Transport	46	28	103	212	32
Education	53	4	75	-	75
Health	50	43	58	-	50
Other	77	137	70	-	68
<u>Total</u>	<u>71</u>	<u>43</u>	<u>119</u>	<u>159</u>	<u>51</u>
<u>MEMO ITEMS:</u>					
<u>Projects Outside PIP</u>	<u>9,987</u>	<u>7,699</u>	<u>2,288</u>	<u>1,192</u>	<u>1,096</u>
Transport (SNCZ)	3,802	3,300	502	300	202
Other	6,185	4,399	1,786	892	894
<u>Original 1983-85 PIP</u> <u>(mid-1983 prices)</u>	12,203	5,542	6,661	..	..

1/ Actual for 1983, estimated for 1984 and programmed for 1985.

2/ Expenditure divided by programmed amount, both converted to 1985 prices.

Source: Ministry of Planning, see Statistical Appendix Tables 6.4 and 6.5.

financing). This is attributable partly to the difficulty of obtaining the increase in external commitments necessary and partly to the slow disbursements attributable to insufficient budgetary contribution.

34. Another reason for the underexecution of the PIP is the financing of projects which were not in the PIP as drafted, presented to the Consultative Group and evaluated by the Bank in 1983, although they have been added since. Expenditures on these projects (not included in the execution rates cited above) are estimated at about Z 10 billion over 1983-85 of which one-third is due to the revision of the SNCZ project (railways) included in the PIP. If this project is excluded, investment expenditures on non-PIP projects amount to 13 percent of expenditures on the PIP; if allocated to the PIP, they would have raised the execution rate from 71 percent to 80 percent.^{17/}

35. In order to gauge the physical execution of projects, between October and December 1984 the Planning Ministry sent supervision missions to 72 projects accounting for about half the number of the projects included in the investment budget for 1984 (62 percent in value). The results were as follows:

	<u>No. of projects</u>	<u>Amount budgeted</u> (million zaires)
Total projects in Investment Budget	146	1,393 ^{18/}
Total projects supervised	72	857 ^{18/}
<u>Of which:</u>		
Completed projects (in 1984)	15	153
Projects with satisfactory execution	15	239
Projects with non-satisfactory execution	26	322
"Problem" projects	16	143

Roughly 60 percent of the projects supervised (in number or in value) had non-satisfactory execution or were designated as "problem" projects. According to the Planning Ministry, the problems and constraints encountered were similar to those identified by the supervision missions undertaken in 1982, namely (i) insufficient preparation of projects, (ii) absence, inadequacy or non-respect of execution schedules, and (iii) weak

^{17/} We have analyzed the composition of this group of projects in the past (e.g., in past economic memoranda and evaluations of the PIP). Up-to-date information is not currently available. According to the Planning Ministry, the vast majority of the projects respond to the priorities set in the PIP.

^{18/} Includes Z 136 million allocated for Office des Routes outside the investment budget.

financial management. On the positive side, disbursements for the "problem" projects were only 20 percent of the budgeted amount partly because of the difficulty of getting the projects started but also thanks to improved discipline and coordination in approving disbursements.

36. An important factor contributing to the above-mentioned improvement in the approval of budgetary investment expenditures has been the establishment in August 1984 of a Joint Committee for Financing of Projects in the Investment Budget composed of representatives of the Ministry of Finance and the Ministry of Planning, which serves as its Secretariat. The Committee has two principal roles: (i) the programming of investment expenditures in accordance with the priorities set by the Executive Council and resource constraints; and (ii) the determination of priorities for actual disbursement. The creation of the Committee reflects the Government's desire to make the allocation process responsive to "real needs" and the "state of physical execution" of projects. A major instrument of the Committee is its authority to issue "attestations" of conformity with the Investment Budget as a pre-condition for disbursement. The Committee has already had some positive impact: in the first few months of its existence, it received 144 commitment requests (bons d'engagement) totaling about Z 400 million; it rejected roughly a third of them for reasons such as exceeding of budgetary appropriation or insufficiency of documentation. The Committee has also issued detailed regulations regarding the approval of expenditures for 1985 focusing, inter alia, on the presentation of concrete financial as well as physical execution schedules.

E. External Debt Problem 19/

37. At the end of 1983, Zaire's external public debt (disbursed and outstanding) totaled about US\$4.2 billion, of which 63 percent was owed to the members of the Paris Club, about 10 percent to the syndicated private banks (the so-called London Club), 13 percent to the multilateral organiza-

19/ Unless otherwise specified, all figures cited in this section refer to "external public debt" (public or publically-guaranteed debt with an original maturity of more than one year) and come from OGEDEP, the external debt agency of Zaire. The data in the IBRD Debt Reporting System (DRS) do not match the latest estimates of OGEDEP for several reasons, such as differences in the exchange rates used, the difficulty of keeping abreast of the results of the bilateral negotiations implementing the various rescheduling agreements, and frequent retroactive corrections. The differences between the two sources are rather small, e.g., about five percent with respect to the debt outstanding and disbursed (the DRS total being the smaller) but wider with respect to projected debt service. Both sets of data are shown with respect to some aggregates in the Statistical Appendix. The OGEDEP estimates constitute the basic source for the preparation of IMF programs and for the debt negotiations -- a factor which testifies to the progress that OGEDEP has made in recent years.

tions, and the rest to other official and private creditors (Table 4). On that date -- more precisely, on the eve of the Paris Club meeting held on December 19, 1983 -- Zaire had external debt arrears of about US\$960 million, of which US\$630 million consisted of principal (and is, therefore, included in the debt outstanding figure cited above) and the rest consisted of interest. Moreover, at that particular time, Zaire faced a debt service falling due in 1984 of nearly US\$700 million, representing a debt service ratio of about 40 percent. The root causes of this situation go back to the borrowing policies of the early 1970's and have been discussed in previous Bank documents.^{20/} It is perhaps of more current interest to note that the debt picture at end-1983 was more difficult than that of 1980 for several reasons:

- (i) During 1981-83, Zaire's export of goods and nonfactor services averaged about US\$1.6 billion a year, compared to about US\$2 billion a year in 1979-80.
- (ii) Disbursement of medium- and long-term aid declined for four consecutive years between 1980 and 1983 because of (a) the cancellation of Arab aid following Zaire's resumption of diplomatic relations with Israel in 1982; (b) the accumulation of external debt arrears; and (c) the steady depletion of the undisbursed project pipeline due to the downward trend in commitments predating even 1980.
- (iii) Although net credit from the IMF (net of repurchases and charges) increased as a result of the EFF in 1981, it has declined since then -- to the equivalent of about US\$66 million in 1983 (and an estimated US\$52 million in 1984).

Although the debt rescheduling agreement concluded with the Paris Club in December 1983 (the fifth since 1976) was the most generous to date, the external debt situation remains problematic, as discussed below.

38. The last Paris Club agreement was especially significant and helpful because it enabled the closing of the external gap in the IMF-supported stabilization program and it made it possible for the IMF to go ahead with the Stand-by Arrangement. This was achieved by granting Zaire "exceptional" treatment (compared to traditional Paris Club practice) in the form of debt relief on virtually 100 percent of arrears as of end-1983 and 1984 maturities on loans from Paris Club governments and insured export

^{20/} External Debt of Zaire (Report No. 2159a-ZR), October 5, 1978, and The Zairian Economy: Current Situation and Constraints (Report No. 2158-ZR), October 9, 1979.

Table 4: Selected External Debt Indicators, 1979-83
(Million in US\$)

	1979	1980	1981	1982	1983
<u>1. Debt (outstanding 1/</u>					
Disbursed only	3,780	4,228	4,349	4,173	4,193
Undisbursed (pipeline)	791	745	669	663	632
Total	<u>4,571</u>	<u>4,973</u>	<u>5,018</u>	<u>4,836</u>	<u>4,825</u>
<u>2. Commitments and Disbursements</u>					
Commitments	366	290	184	249	135
Disbursements	216	284	263	173	150
Difference	<u>150</u>	<u>6</u>	<u>-79</u>	<u>76</u>	<u>-15</u>
<u>3. Debt Service and Arrears 1/</u>					
Debt due	580	341 ^{2/}	409 ^{2/}	623	576
Debt paid	168	308	230	163	222
Principal	(73)	(135)	(85)	(61)	(89)
Interest	(95)	(173)	(145)	(102)	(133)
Arrears (end of year)	1,006	(33) ^{3/}	175	630	963
<u>4. Other Debt Service</u>					
Short-term arrears	26	65	48	24	16
IMF repurchases	40	84	130	15	24
IMF charges	16	14	12	26	45
<u>5. Total Debt Service</u>	250	471	420	228	307
<u>6. Net Transfers 4/</u>	48	-24	33	10	-72
<u>7. Debt Service Ratios (%)</u>					
Contractual public debt service	30.3	15.8	26.0	40.4	36.1
Actual public debt service	8.8	14.3	14.6	10.6	13.9
Total debt service	13.0	21.9	26.6	14.8	19.2
<u>Memo:</u>					
Exports of goods and NFS	1,916	2,153	1,576	1,541	1,597
IMF credit					
gross	25.8	101.5	229.9	118.1	121.9
net ^{5/}	-31.5	2.9	95.3	67.8	66.2

NOTE: Some figures in this table may differ from BOP data due to time lag in recording and exchange rates used.

^{1/} External public debt only.

^{2/} Post rescheduling and on the basis of bilateral accords signed.

^{3/} Postponed and, therefore, not considered legal arrears.

^{4/} Equals the difference between disbursements and debt service paid of external public debt

^{5/} Net of repurchases and charges.

Source: XGEDEP.

credits, including previously rescheduled debt.^{21/} In all, the debt rescheduling covered arrears and fresh maturities totaling more than US\$1.3 billion. As a result of the Paris Club consolidation, the total external public debt service due in 1984 was reduced in half: from about US\$700 million to about US\$350 million, or a debt service ratio of 19 percent (using the latest export estimate). As part of this agreement, the Paris Club required that Zaire establish a special account with the Federal Reserve Bank of New York into which monthly payments of the equivalent of SDR 14.25 million would be made to cover the debt service due to the members of the Club under the terms of the agreement.^{22/} The agreement also urged Zaire to achieve comparability of treatment not only with the private banks but also with those creditors benefitting from so-called Special Payment Mechanisms enabling their debt to be serviced out of the proceeds of exports.^{23/}

39. Zaire has completed the negotiation of the bilateral agreements implementing the general accord in record time, compared to the past, and

21/ The repayment terms were as follows: (i) 95 percent of previously consolidated short-term debt would be repaid with a 6-year maturity including 3-1/2 years of grace; (ii) 95 percent of all other eligible debt would be repaid with an 11-year maturity and 5-1/2 years of grace; (iii) the 5 percent non-consolidated portion of the above debts would be repaid in two equal installments, the first on December 31, 1984 and the second on December 31, 1985; (iv) all late interest charges due as of end-1983 would be consolidated and paid in twelve equal annual installments beginning June 30, 1984; (v) moratorium interest would be paid currently and in full.

22/ This clause constituted the first application of a general procedure adopted by the Paris Club at a creditors' meeting, which immediately preceded the meeting on Zaire, in order to assure prompt implementation of debt relief agreements and, in particular, to remove the incentive to delay the conclusion of the bilateral agreements.

23/ The problem has been the disproportionate sharing by these creditors in actual debt service payments. Although the syndicated private banks hold less than 9 percent of Zaire's outstanding debt, over the 1979-82 period they received 28 percent of the debt service payments made by Zaire. Similarly, the creditors benefitting from special earmarking mechanism, including the GECAMINES' Trust Fund, received 25 percent of the payments, compared to a share in total debt of about 10 percent. (The Trust Fund consists of a set-aside arrangement whereby proceeds of export sales of GECAMINES' products are paid into an independent financial institution for debt service purposes.) The GECAMINES' Trust Fund accounted for roughly half of the payments in that category; the rest consisted of payments on account of SNEL to the US Eximbank, PEFCO, Manufacturers Hanover Trust, SADELMI, and Istituto Mobiliare Italiano.

has been making the deposits required. It has also made progress in achieving de facto, if not de jure, comparability of treatment with the syndicated banks and some of the beneficiaries of the Special Payment Mechanisms by delaying (as opposed to rescheduling) some payments of principal and/or obtaining some refinancing loans. Zaire reached an "informal understanding" with the London Club, agreeing on a schedule of average monthly payments of about US\$4 million during the period January 1984-March 1985 to cover interest due during this period (roughly US\$45 million) and some payment on interest in arrears. Zaire has made no payment on the principal due as a result of the April 1980 agreement with the syndicated banks (US\$8.5 million in April 1982, April 1983 and April 1984).

40. The external debt situation remains difficult largely because of the terms of past reschedulings; the structure of the debt; the constraints on exports, capital inflows and the government budget; and past economic performance, which is partly responsible for the resource constraints, external or internal. Although the last Paris Club rescheduling was "exceptional" as we have seen, its cost was high: it added approximately US\$1.2 billion to the debt service due during the next six years alone. This was due, to a large extent, to the size of the consolidation and to the rather high interest rates prevailing in a number of the creditor countries. The previous reschedulings had a similar impact, with the following combined results:

- Of Zaire's estimated total debt (disbursed and outstanding) as of June 30, 1984, 17-18 percent consists of "capitalized interest." (Statistical Appendix Table 4.7.)
- Zaire's total debt service due in 1985 amounts to about US\$760 million, of which 44 percent is in interest. Roughly half of the debt service due (or US\$375 million) is on account of past Paris Club reschedulings. (Statistical Appendix Table 4.9.)

41. Both export earnings and project aid disbursements are estimated to have increased in 1984 in current terms. Each was due partly to special circumstances as follows. Exports in Zaire are always recorded net of the refining and marketing charges deducted abroad. The new refining and marketing agreement concluded between SOZACOM and SGM (Belgium) in 1983 was expected to result in savings of as much as US\$20 million in 1984. The increase in disbursements (based on BOP data) largely the result of the resumption of disbursements by those donors who had been forced to suspend them in the face of mounting payment arrears. In short, other things being equal, neither increase seems likely to be sustained at the same rate. Indeed, the undisbursed project pipeline estimate of about US\$630 million for end-1983 (US\$590 according to the DRS) is somewhat exaggerated, as it contains some commitments susceptible of cancellation.

42. Another problem -- one which has been aggravated since the exchange rate adjustment -- is the budgetary impact of the debt payments, given the need to keep the deficit down in order to curtail inflation and prevent the depreciation of the zaire. In 1984, external debt service represented 40 percent of the budget (total expenditures) and the actual figure is not expected to be too different. In 1985, without rescheduling, the zaire equivalent of the debt service due would exceed total budgetary receipts. Thus, Zaire will require an "exceptional" rescheduling for the second year, its extent depending on the export outlook, net IMF transfers, salary outlays (the other major expenditure component), and the exchange rate. Despite the difficulties involved, assuming that Zaire successfully negotiates a new program with the IMF, the outlook for rescheduling is good, as the Paris Club has made significant concessions and Zaire has kept its side of the bargain. Relations with the London Club may pose some problems, however, as the debt service due to that Club will jump to more than US\$100 million in 1985 (half of it in principal), and the "informal" approach for stretching payments may not prove adequate.

III. SELECTED SECTORAL DEVELOPMENTS

The last economic memorandum covered a detailed review of development and issues in six sectors, as well as three case studies (cotton and textiles, petroleum and coffee marketing). This chapter is devoted to GECAMINES, agriculture and social development -- areas where recent changes have been significant.

A. Towards the Rehabilitation of GECAMINES

1. Background

1. The last (1982) economic memorandum documented the process of decapitalization which affected GECAMINES since the late 1970's.^{1/} The disappointing performance of the company was due not only to events beyond the control of Zaire such as depressed world prices for metals, the closing of the Benguela railway (the shortest export route for GECAMINES' products) and the two Shaba invasions, but also to inappropriate government policies and internal management deficiencies. More specifically, the major problems identified, in addition to depressed world market conditions, were: (i) the deficiencies of the institutional framework in which GECAMINES operated, in particular, an inadequate taxation regime, lack of transparency in the use of the company's sales receipts, and political interference in the management; (ii) shortcomings in GECAMINES' and SOZACOM's internal management and a continuous deterioration of their relations; and (iii) the burden for GECAMINES of a number of non-mining activities imposed on it over time for other than technical and economic reasons. The corrective actions taken in the past two years and the progress achieved so far are reviewed below. Although the record is mixed because of implementation problems, the measures taken underline the Government's growing realization that unless the problems affecting GECAMINES are urgently and properly addressed, prospects for stabilization and recovery of the economy would be jeopardized.

2. Measures Taken

2. Compared to two years ago, the institutional framework within which the company operates has improved, although some serious problems remain. On the positive side are the adoption of a new fiscal regime and the revaluation of assets. As already noted, in order to preserve the company's financial viability, GECAMINES' tax regime was changed effective September 12, 1983 in line with the recommendations of the 1982 IMF/World Bank fiscal study, away from too heavy a reliance on ill-adapted export duties which had resulted in too high a burden, especially in years of depressed prices for copper. The Government also authorized the revalua-

^{1/} 1982 CEM, op.cit., Vol. II, pp. 37-49.

tion of GECAMINES' assets on the basis of current full replacement cost. At the end of 1983, GECAMINES' total assets amounted to about US\$1.8 billion, with US\$1.1 billion in net fixed assets (compared to less than \$300 million in 1981). These measures — the new tax regime and the revaluation of assets — combined with the adoption by Zaire of a market-oriented foreign exchange regime and a recovery in the cobalt market, resulted in a significant improvement of GECAMINES' cash position in local currency and of the company's tax-paying capacity. Moreover, the arrangement allowing GECAMINES to retain 45 percent of its net export earnings has not been affected by the new liberalized foreign exchange regime.

3. In the marketing area, as reported in the last economic memorandum, in September 1982, the Government approved a new marketing agreement between GECAMINES and SOZACOM so as to give GECAMINES more control over its sales and sales receipts and to associate it in the preparation and definition of a marketing strategy for its metals. Another important development in the marketing area is the September 1983 renegotiation of GECAMINES' agreement with the Belgian firm Société Générale des Minerais (SGM) for the refining and prefinancing of the sale of its products. The new agreement reduces by about 30 percent the cost of copper refining at facilities of the Société Générale Group, curtails the role of SGM agents in the marketing of GECAMINES' products (GECAMINES was paying, on average, twice the normal commission on copper and three times the normal commission on cobalt), and puts an end to the contractual arrangement for the prefinancing of copper and cobalt sales by SGM, thus providing GECAMINES with flexibility to meet its short-term borrowing needs. GECAMINES estimates the benefits of this agreement to represent in 1984 US\$20 million equivalent.

4. Despite this new marketing arrangement, the streamlining of the operations of SOZACOM encountered serious implementation problems.^{2/} It became apparent during 1983 and 1984 that the Marketing Agreement of August 1982 was not fully respected and that, in particular, GECAMINES had little say in defining its marketing strategy and in organizing its sales. Also, while some of the "uncompensated sales" were being reimbursed, this unorthodox practice had not been effectively dealt with. Against this backdrop, in July 1984, the Government decreed the liquidation of SOZACOM. In November 1984, the GECAMINES/SOZACOM group was reorganized as follows: a new entity was created (GECAMINES-Holding) to supervise all GECAMINES activities, playing in effect the role of GECAMINES' former Tutelle (Ministry of Finance). Three other companies were created: GECAMINES-Exploitation, in charge of all production activities of the former GECAMINES; GECAMINES-Commercial, in charge of all the marketing activities for copper, cobalt, zinc, and other metals, of the former SOZACOM; and

^{2/} During the short life of the agreement, however, some progress had been achieved concerning the marketing strategy for cobalt. Since March 1984, Zambia and Zaire have agreed on a producer price low enough to prevent serious competition from other sources.

GECAMINES-Développement in charge of all non-mining activities of the former GECAMINES (mostly agricultural activities in Shaba province). Although falling short of a total integration of the production and marketing activities, the new arrangement is an improvement in that it permits formal links between the two subsidiaries of the holding. The Marketing Agreement was renewed in January 1985 and a coordinating committee established under the auspices of the "holding". Moreover, available evidence indicates that uncompensated sales appear to have stopped since the abolition of SOZACOM.

5. Some progress has also been achieved in divesting GECAMINES of activities foreign to its mining operations. The property and management of the hotel in Lubumbashi have reverted to the Government. In September 1983, a subsidiary, AGRIS (Agro-Industrielle du Shaba), was created to manage the maize flour mill and other agricultural activities. AGRIS is now part of GECAMINES-Développement.

6. On the production side, GECAMINES' copper output has been maintained close to the nominal capacity of 470,000 tpy (Statistical Appendix Table 8.2). However, these results have been attained through the combination of draw-down of tailings and concentrates and of selective mining. Also, mines and industrial plants have been generally well maintained, reflecting the positive effect of improved finances, including the foreign exchange made available by the EEC through the SYSMIN facility and by the Caisse Centrale de Coopération Economique (see Annex II). Long-term activities, such as exploration and stripping programs at its Kolwezi open pits, have been lagging, however, thereby posing a risk of lower production and cost increases in the future. The bulk of GECAMINES' investment is designed to redress this situation.

3. Outstanding Issues

7. The progress achieved so far in the institutional environment will need to be consolidated. In addition, greater emphasis will need to be placed on the strengthening of GECAMINES' internal operations, the design of a long-term corporate development strategy (including definition of a financial policy comprising borrowing as well as dividend policies), and the implementation of an economically-justified investment program. Among the corrective actions taken so far to improve internal management is the implementation of a reorganization program based on decentralization. An IDA technical assistance credit, which was signed in March 1983, aims at helping consolidate the reorganization effort; undertaking financial and engineering studies to improve its technical efficiency and cost control; and strengthening GECAMINES' management at its Kolwezi open pit operations and in its financial affairs. An area of concern is the lack of continuity of direction in GECAMINES' management. The company has experienced in the past years an abnormal number of changes in its top management (four presidents in two and a half years).

8. GECAMINES has recently prepared a five-year (1984-1988) investment program which has been estimated at US\$870 million (in current terms) over the 1984-88 period, representing an average investment of US\$170 million per year. The company has already committed US\$110 million worth of projects, for which about US\$60 million is estimated to have been spent in 1984. The program aims at consolidating production capacity at the current output level of 470,000 tons of copper per year and at containing unit production costs. Of the total amount, about 12 percent would be for the rehabilitation of concentrators to improve metal recoveries, 24 percent for cost improvements, and about 6 percent for completing the Lulu electrorefinery project. The last item would increase the copper refining capacity of GECAMINES to two-thirds of its production, compared to the present 45 percent. In light of the sizeable backlog of deferred investment, nearly 60 percent of the total would go toward the replacement of equipment. The program prepared by the company assumes that external financing of US\$200-250 million would be required. The investment program is currently being assessed by the technical staff of the Bank within the context of the company's medium and long-term corporate strategy. A shortcoming of the investment program is its lack of vision regarding the long-term role of GECAMINES in the world copper market. With one of the best copper ore grades in the world and low production costs, GECAMINES may have in the longer term a bigger role to play than just to continue producing at its present level of 470,000 tpy.

9. Despite the low realized copper price for 1984 and the uncertain outlook for the years beyond, GECAMINES' financial situation is expected to improve steadily during the coming years because of the reduction in toll refining, marketing and financial costs, higher cobalt sales receipts, and lower unit production costs. In addition, systematic implementation of the fiscal, marketing and cost-control measures and maintaining of an institutional framework which allows GECAMINES to operate along commercial lines would increase the creditworthiness of the company. Under those conditions, the company would be in a position to finance a greater part of its investment through borrowing, and thus help to alleviate the country's chronic foreign exchange shortage.

B. Implementation of the Agricultural Recovery Plan

10. Key to Zaire's prospects for recovery is the successful implementation of the Agricultural Recovery Plan which was discussed at the special meeting of the Consultative Group on agriculture held in June 1982 and at the general meeting of the Consultative Group held in December 1983. The basic focus of the Plan is on recovery of production in two key areas — food and industrial crops — with a priority goal being the achievement of food self-sufficiency in the medium term. The emphasis is on increasing maize and cassava production to supply the large and growing urban markets of Kinshasa and Lubumbashi. A second priority is the recovery and expansion of production of key agro-industrial commodities (cotton, sugar, oil palm and tobacco). In third place in terms of priority is the expansion of

traditional exports (coffee, tea and rubber).^{3/} Although it is too early to draw definitive conclusions on the impact of this plan (data are incomplete and often unreliable), it appears that agricultural production is recovering, albeit slowly. Foodcrop production (cassava, rice, groundnut) appears to have grown roughly in line with rural population but maize production has increased twice as fast (Statistical Appendix Table 8.1). Marketed meat production has also shown a sharp increase: from 79,000 tons in 1981 to 119,000 tons in 1983. The performance of industrial and export crops which had been disappointing until 1983, has also improved in 1984. It should be noted that in 1983 many of these crops, in particular coffee, were adversely affected by the drought in the Northern part of the country.

11. The progress made to date and the further actions which need to be taken under the recovery plan are discussed under the following four headings: institutional strengthening, producers' incentives, research and extension, and budgetary allocations.

1. Institutional Strengthening

12. Since June 1982, a number of important and potentially far-reaching steps have been taken to reorganize the Ministry of Agriculture. The principal objective has been to make the Ministry a more effective and efficient agency for the planning and management of key services and projects. The key measures have involved: (i) establishment of a Planning Unit whose mandate covers overall analysis and advice to the Minister of Agriculture on key strategic questions; (ii) reorganization of the Ministry into eight departments at headquarters -- Studies and Planning, General Services, Project Administration, Crop Production, Livestock Production, Markets, Prices and Seasonal Credit, Rural Works and Rural Promotion. Other measures taken include the reduction of the Ministry's personnel rolls by 7,000, or 40 percent, and the introduction of a system of performance bonuses; (iii) regional reorganization of the Ministry, focusing on the coordination of sectoral activities at the regional and sub-regional levels; (iv) establishment and support of policy-review working groups in the following areas: pricing and marketing, incentives to private investment in agriculture, allocation of foreign exchange, agricultural credit policies, and research, extension and input supply; (v) institution of a regular review system for on-going investment projects, related to periodic updating of the agricultural investment program and project preparation work; (vi) improvement of financial and budget management systems of the Ministry; and (vii) recruitment of senior advisers for the Ministry,

^{3/} For a fuller description of the Plan, see 1982 CEM, op.cit., Vol. II, pp.30-35; Ministry of Agriculture, Evaluation du Plan de Relance Agricole, October 1983; and World Bank, Updating Report on the Implementation of the Agricultural Recovery Plan, December 16, 1983. (The last two papers were prepared for the Consultative Group meeting of December 1983.)

and execution of a technical assistance program (IDA-financed) covering planning support, project management, training and financial management.

13. Despite these changes, progress on the institutional front has been uneven. The Planning Unit, which functioned at first intermittently, is no longer operative. The new departments are not fully operational, as objectives, tasks and responsibilities have not been determined for all units and skill development and training in new functions have proceeded at a slower pace than expected. After a promising start, the working groups became largely ineffectual, but they appear to be in the process of revitalization.

14. The most concrete results have been registered in the area of project budgeting and financial management, where serious attempts to set up effective accounting systems, to train staff in monitoring work program and budget preparation, and to work closely with the Department of Finance for timely budget allocation have been noted. Although inter-ministerial coordination in the formulation and implementation of agricultural policies continues to be a problem, there has been some progress in cooperation between the Agriculture and Planning Ministries. For example, a preliminary diagnosis of the sector has been completed by the Ministry of Planning with substantial contribution from the Ministry of Agriculture. These ministries have also worked together on the updating of the Agricultural Investment Plan and the preparation of the five-year Development Plan. The Agricultural Recovery Plan for 1982-84 was updated as part of the national Public Investment Program for 1983-85. The new three-year program totals Z 1,027 million and includes 68 projects. Compared to the 1981-1983 P.I.P., the new agricultural P.I.P. is 90 percent larger and represents also a larger proportion of the overall P.I.P. (8.4 percent compared to 3.6 percent) (see Statistical Appendix Table 6.2). There has also been some improvement in agricultural statistics, particularly through the work of the new Markets, Prices and Seasonal Credit Department, which is receiving assistance from UNDP/FAO. This Department now conducts on a regular basis foodcrop marketing surveys, particularly for Bas-Zaire and Bandundu, and monitors the supply situation and prices in Kinshasa.

2. Incentive Structure Facing Producers

15. The most significant developments affecting the performance of the sector are: the decontrol of producer prices; the abolition of local authorities' right to intervene in marketing; and the exchange rate reform. These measures, resulting in higher producer prices, have improved farmers' incentives. For instance, producer prices for cassava, maize and beans from the Bandundu and Bas-Zaire regions increased by 100 to 200 percent between the first quarter of 1983 and the first quarter of 1984 compared to an increase of about 60 percent in the consumer price index (Table 5).

Table 5 : Selected Agricultural Producer Prices
(Z per kg.)

	<u>Cassava</u> (Bas-Zaire)	<u>Maize</u> (Bandundu)	<u>Beans</u> (Bas-Zaire)
First Quarter 1983	2.2	1.5	10.5
Third Quarter 1983	5.0	5.6	9.0
Fourth Quarter 1983	6.4	5.6	12.0
First Quarter 1984	6.1	4.7	20.8

Source: Ministry of Agriculture, Direction des Marchés, Prix et Crédit de Campagne.

Preliminary information indicates that the measures cited above are having, on a selective basis, a strong impact on production and marketing^{4/}. For instance, the opening-up of the Shaba market is stimulating maize marketing activities in the Kasais and driving up farm-gate prices in these areas. The World Bank-assisted Kasai Oriental Maize Project had an incremental maize production of 60,000 tons in three years as a result of strong demand (generated by the booming diamond economy of Mbuji-Mayi) and price liberalization. However, as discussed in the last chapter, the liberalization of the import regime has resulted in increased imports of sugar and rice (subsidized at the source) which are jeopardizing the viability of domestic production. The Government has recently taken some import control measures aimed at protecting temporarily the sugar industry. A special interdepartmental commission has also been created with a view to advising the Government on matters related to the protection of other local industries.

16. While some results are encouraging, other factors had a negative impact on the supply response; among these are the lack of price information, the remaining controls (until recently) on cotton prices and cultivation, the rationing of credit, and transport constraints. With respect to price information, although price signals reach the many layers of traders, there is likely to be considerable time lag before shifts in the main markets of Kinshasa and Lubumbashi are known in the interior. Moreover, there has been some evidence of systematic suppression of market information, so that traders can buy cheap in the rural markets and keep the margin themselves. In the case of cotton, production is lower than forecast

^{4/} In the context of a World Bank Technical Assistance Project (see Annex IV), a study is planned to assess the impact of the new price policy on agricultural production.

under the Agricultural Recovery Plan, partly because of low producer prices relative to prices for food crops^{5/}.

17. Cotton producer prices, which were previously fixed by the Government, have, since the reorganization of the industry in 1978, been set by the cotton companies and textile companies under the coordination of the Cotton Stabilization Fund (CSCo). In spite of increases, cotton prices up to 1983 have not been attractive to producers in comparison with those of alternative crops such as maize and coffee and other foodcrops. In 1984, seed cotton prices increased by 80 to 100 percent in the northern and southern growing areas (to Z10 and Z9 per kilo, respectively), although late announcement of these prices resulted in only a limited impact on the areas planted. While this increase placed cotton production on a more competitive footing with alternative crops, there are still areas, such as those around Mbuji-Mayi, where high food prices make food-crop production more attractive. Although the law on imposition of obligatory planting (culture imposée) has been repealed, the practice of encouraging cotton production (and, in some areas, foodcrop production) by the local authorities still continues. Under a recently approved IDA credit for the Lulua Agricultural Development project, Zaire undertook to do away with the practice of imposed cultivation in the project area; it is also the Government's intention to rescind this practice nationwide gradually. With regard to cotton prices, under the Second Cotton Rehabilitation Project (Cr 1264-ZR), the principle of using border prices in the calculation of cotton prices is gradually being accepted. The current formula uses export parity as a reference price on the grounds that import parity would produce too high a price, because the textile industry faces exceptional logistical and cost problems which, accompanied by fraudulent importation not subjected to the same tax structure, invalidate the rationale for the application of an import parity formula. In the meantime, CSCo tries to ensure that the farm-gate price is at least 50 percent of the cotton fiber price, in an attempt to protect farmers against the inefficiencies of the cotton ginning companies. The objectives of the Bank's dialogue under the ongoing cotton project will be to increase this percentage and move towards seed cotton and fiber prices based on import parity.

18. Severe transport constraints continue to limit agricultural production and marketing. Typically, farmers receive no more than 20-40 percent of the retail value of their products. Available evidence suggests that a very large share of the 60-80 percent marketing margin covers costs

^{5/} Other factors include inadequate management of pest control, irregularities in payments to farmers, and substantial delays in purchases and evacuation of seed cotton due to credit and transport constraints.

of transport^{6/}. The high operating costs of transport is due not only to the deteriorated state of the transport network, but also to high fuel costs, poor running condition of equipment, and scarcity of spare parts. To address the rural roads problems, the Ministry of Agriculture has financed and operated a Rural Road Maintenance Program for the last three years. Since July 1983, the Governors of the regions have been responsible for field management of the appropriations. Even though the implementing capacity of the Ministry of Agriculture and of the regional administration still needs some strengthening, the program had a promising start. A positive step in that context may be greater reliance on project entities for managing the program. Unfortunately, the effectiveness of the program has been curtailed by substantial cuts in budgetary allocations (the 1984 allocations, originally set at Z 100 million -- about US\$3 million -- were subsequently reduced to Z 60 million, compared to Z 70 million in 1983). Maintenance of the transport network as well as increased availability of trucks and spare parts are essential for greater market competition and integration.

19. The limits on government credit from the banking system since 1983, accompanied by improved fiscal discipline, have created a tight liquidity situation for the entire economy and more particularly for the agricultural sector which relies on the banking system for crop marketing. Although in 1983 credit to the private sector increased at a faster rate than to the Government and the share of credit to agriculture increased, too (Statistical Appendix Tables 7.3 and 7.4), in light of the marked increase in producer prices, the supply of credit has not been adequate to finance crops, particularly maize and cotton. In real terms, total credit to agriculture in 1983 was slightly below the 1982 level^{7/}.

3. Research

20. A major bottleneck to increasing agricultural production by small holders in Zaire has been the weakness of research findings in general and the serious deficiencies in the quality and quantity of seeds in particular. This is compounded by transport constraints, which hinder the

^{6/} Estimates made by the Direction des Marchés, Prix et Crédits de Campagne of the Ministry of Agriculture show, for example, that between the third quarter of 1983 and the first quarter of 1984, the transport cost of cassava from Bas-Zaire to the Kinshasa market increased by 90 percent, compared to increases of 36 percent and 57 percent for producer and retail prices, respectively.

^{7/} A relatively recent development is the creation of an Agricultural Credit Bank; however, the Bank is not yet fully operational.

dissemination of the fruits of research. Since the June 1982 Consultative Group meeting on agriculture, some progress has been made towards preparing seeds and research projects. In 1983 the Ministry of Agriculture signed a contract with USAID for a five-year "first phase" project (US\$10 million plus Z 180 million) to rehabilitate applied research centers in Bas-Zaire, Bandundu, Kasai Oriental, Shaba, and Kivu and support research on cassava, maize and legumes. The USAID project also provides financial assistance to the Government for the preparation of a long-term development program for agricultural research. On May 12, 1984, the Government established the National Seeds Bureau (Bureau National Semencier, BUNASEM) with FAO/UNDP support to coordinate seed production in on-going projects and other agricultural entities. The IDA Seeds/Research Project, which is under preparation, would complement the Government's current efforts to improve foodcrop research and would support on-going rural development efforts by expanding the supply of improved seeds. It is expected that the project will help Zaire create a national seed industry relying on the private sector for production and distribution. Outstanding issues which have to be addressed include the degree of autonomy of BUNASEM and the more general problem of the reorganization of agricultural research in Zaire.

4. Budgetary Allocations

21. While budgetary allocations and actual provision of funds for agriculture had improved in 1982, serious problems have developed since 1983 because of the tight fiscal policy. The capital and recurrent budget allocations to agriculture remain extremely low (4.2 percent of the investment budget and 2.3 percent of the current budget in 1983).^{8/} In real terms, budgetary allocations in 1983 represented only two-thirds of the 1982 level. This situation is affecting the performance of the sector in many ways: first, practically all recurrent funds are for salary payments, and staff do not have the materials they need to reach farmers;^{9/} second, because of the imbalance between capital and recurrent expenditures, the expected benefits from investments are not being realized; third, project implementation is being adversely affected not only by insufficient alloca-

^{8/} Budgetary allocations were even lower, in relative terms, in 1984: 2 percent of the investment budget and 0.9 percent of the recurrent budget.

^{9/} For a fuller discussion of this problem, see World Bank, Zaire - Regional Development Problems: The Case of Kivu, Report No. 4951-ZR, May 31, 1984.

tions but also by the slow pace of releasing the appropriations.^{10/} By October 1983, only about a fourth of the budgeted funds for 1983 had been released for most projects. By mid-1984, many projects had not yet received any 1984 budgetary allocations for their recurrent and investment expenditures. In many parts of the country the Rural Road Maintenance Program had to be stopped because of lack of funds. One of the major problems facing the World Bank-assisted maize project in Kasai Oriental has been the Government's failure to provide its share of recurrent fertilizer needs. For 1983, Government provided only 1,200 tons, compared to the 4,600 tons which were originally committed.

22. Just as important as the allocation problem is the issue of the overall budgetary and financial management of the sector. It touches on the problems of project monitoring, poor accounting/auditing mechanisms, lack of statistical information, inconsistency in planning procedures, insufficient training, etc. As mentioned above, several of these problems are being addressed through the IDA Technical Assistance project. While recent developments underline the paramount importance of putting in place the right incentive structure, sustained agricultural development will not be obtained unless there are real increases in the allocation of public budgetary resources to agriculture, and greater efficiency in the use of these resources.

C. Population and Social Development

1. Demographic Aspects

23. According to preliminary results from the first national population census of Zaire, held in July 1984, the total population at that date was 29.7 million.^{11/} Data from earlier demographic surveys (of the whole country in 1955-57 and for the western half only in 1974) indicate that over the postwar period, mortality has been falling and fertility rising. The increase in fertility has been mainly due to a substantial fall in the prevalence of pathological sterility, formerly widespread in much of the north and the south-east of the country and believed to be the result of epidemic venereal diseases. The total fertility rate is now estimated at 6.4 and life expectancy at 52 years, with an infant mortality rate of about

^{10/} This has occurred despite the weeding-out of some low-priority projects. This was inevitable because of the vast gap between requirements and allocations (aggravated by high inflation); while the situation would have been even worse without the weeding-out attempt, no project has been immune to the severe cuts necessitated by the situation.

^{11/} The latest preliminary estimate is lower than the UN estimate for mid-1983 (30.7 million) cited in the Country Data Sheet preceding the Introduction.

100/1,000. The resulting crude birth rate of 47/1,000 and crude death rate of 15/1,000 yield a rate of natural increase of 3.2 percent.^{12/} At this growth rate, the population of Zaire would double in the next 22 years. Population growth has been accompanied by rapid urbanization, with the urban population now making up around 40 percent of the national total and growing at an annual rate of 7.5 percent. Part of this growth is due to rural-urban migration, but natural increase is at least as important. During the last two decades, fertility in the cities seems to have increased, mainly because of lower sterility trends due to better health care and sanitary conditions, as well as (possibly) a breakdown of the traditional practice of postpartum abstinence; mortality is lower in urban areas. High and increasing fertility rates and falling childhood mortality have brought about a large youth population (under 15 years of age), now estimated at 46 percent. Moreover, Zaire's high natural rate of increase has been compounded by a significant influx of immigrants from neighboring countries seeking political asylum or economic opportunity.

24. Although Zaire has a low population density (12/km²), its high population growth rate and rapid urbanization are causes for concern. Even in times of rapid economic growth it may be difficult to develop natural resources and to expand the social services system fast enough to match the rate of population growth and hence raise the living standards of the people. When economic growth is slow or negative, as in Zaire in recent years, resulting in falling incomes per capita, rapid population growth creates an additional burden on public and private expenditure for food, health, education and infrastructure. A lowered population growth would reduce the pressure on the socioeconomic system -- in the short term on nutrition and health delivery, in the medium term on education and physical infrastructure, and in the long term on employment.

25. Although Zaire does not yet have a formally stated population policy, family planning has officially existed there since 1972 when the Programme National des Naissances Désirables (PNND) was created. A year later, the Comité National des Naissances Désirables (CNND) was formed to provide family planning information and services to couples wishing to space the births of their children or to limit the size of their families. By 1982, 145 clinics and hospitals were officially affiliated with CNND and another 123 clinics were supplied with contraceptives on an irregular basis. CNND has branches in Bas-Zaire, Shaba and Kivu, and is planning to establish offices in other regions.

^{12/} These indicators tend to be below the average for low-income Sub-Saharan African countries which have a fertility rate of 6.5 percent, a crude birth rate of 49/1000 and a crude death rate of 24/1000.

26. Recently, some surveys have been carried out to attempt to measure the impact of CNND on the promotion of family planning. In 1982, a family planning survey of three urban areas around Kinshasa was undertaken by CEFLANUT (the National Planning Center for Human Nutrition) and found that 80 percent of the women practiced some form of birth control. Of these, 4 percent were using a modern method and another 3 percent a combination of modern and traditional methods. A 1984 contraceptive prevalence study, based on a sample, sponsored by USAID, found that 92 percent of the women interviewed knew at least one method of family planning and that nearly three-fourths were using a family planning method - mostly a traditional method (see Annex III, Item No. 40). The results of these studies suggest that with the high usage of traditional methods for birth-spacing, the use of modern methods might be possible if their accessibility were increased. Because of the relatively high "per user cost" of expanding family planning services, a cost-effective approach of delivering these services is to incorporate them into existing health services, with distribution and marketing carried out at the community level.

2. Education

27. The main issues in the education sector have traditionally been those stated in the last economic memorandum: an unnecessarily large number of primary and secondary school teachers, many of whom are not qualified; an uncontrolled growth in the number of schools; serious shortages of academic materials and supplies; and the lack of administrative coordination between the Ministry of Primary and Secondary Education (DEPS) in Kinshasa and its regional offices, as well as of planning and budgeting coordination between DEPS and the Ministries of Finance and Planning. These issues, which have had a detrimental impact on the quality of education throughout the country, are linked to the mismanagement of resources and budgetary constraints. To address these issues, the Government began a clean-up campaign in 1983, which has resulted in the reduction of 70,000 teachers/staff (bringing the total to about 140,000 teachers) and the closing of 500 schools. This reduction in personnel has lowered the teacher/pupil ratios to about 1:46 (from 1:27) in primary schools and about 1:30 (from 1:20) in secondary schools -- both being higher than the average for East African countries. These positive actions indicate a seriousness on the part of the Government to achieve a more cost-effective educational system.

28. Over the period 1979-83, expenditures for education absorbed, on average, about 20 percent of total government budgetary expenditures; most of these consisted of current expenditures and were mainly for teacher salaries. The latter accounted for about 40 percent of the Government's total wage and salary bill in 1983. (It should be noted, however, that teachers represent over 60 percent of the total civil service.) In spite of the large expenditures on teacher salaries, allocations for school operation, maintenance, materials and investment are so low that expenditures per student at the primary and secondary levels averaged only Z200 (US\$15) in 1983. Unit costs for higher education are considerably higher (Z10,300)

owing to, inter alia, generous fellowships and allowances given automatically to university students. The number of students receiving fellowship has recently been reduced also as a result of the campaign mentioned above. The education sector's share of the capital budget averaged 5 percent during the 1979-83 period; most of it was for small construction projects.

29. UNDP/UNESCO have been providing technical assistance for education reform. In addition, the International Development Association (IDA) has recently approved a technical assistance credit (see Annex IV) to DEPS with the aim of improving its planning, management and administrative capability and, therefore, its ability to provide better quality education more efficiently. In addition, key issues of the most recent reform (1982) will be studied with a view to developing a longer-term strategy for primary and secondary education. However, a longer-term strategy cannot be implemented until a number of management tools are in place, the most important being: (i) sector statistics (none have been produced since 1978); (ii) improved coordination with the Ministries of Finance and Planning in order to strengthen programming and budgeting of investments; and (iii) a consensus with the religious groups on practical and economical ways to construct, maintain and operate Government-subsidized schools. Because of past poor performance in sector administration and implementation of investment projects, the primary and secondary education levels receive virtually no external financing; donors have gradually withdrawn their assistance, except for experts' services. With improved resource management and administration, as described above and the implementation of the sector objectives defined by the National Reform Commission, DEPS might be in a better position to attract the external investment necessary to improve the quality of education and the range of trained manpower needed.

3. Health and Nutrition

30. The last economic memorandum documented the extent to which the health sector has been affected by Zaire's protracted financial and economic crisis. In order to improve the health situation, the Government has started to implement its first five-year Health Action Plan for the period 1982-86, whose principal goal is to provide accessible primary health care via a low-cost health delivery system. The Plan outlines a number of specific objectives among which are: (i) the establishment of 140 rural health zones; (ii) the integration of the specific health programs of the Health Ministry into the primary health care system; and (iii) the setting up of a structure for the supervision and evaluation of health services. In addition to the opening up of the rural health zones, the Plan includes the establishment of over 2600 health centers, and the training of about 160 doctors for each zone. As of March 1984, 90 health zones (65 percent of the total) had been established, about 700 health centers had been opened, and nearly one-half of the doctors had received training. The Government intends to incorporate the activities of the various national programs into

the work programs of the health zones.^{13/} This implies that relevant training to the medical personnel and the required medicine and technical material and equipment would be provided to the zones. Recent information indicates that while the vaccination and anti-tuberculosis programs, as well as the family planning service, are being carried out fairly well in the existing health zones, the nutrition activities of CEPLANUT and the medical assistance programs of FONAMES have had limited success in being integrated. Despite the setting up of a large number of health zones, the Ministry of Health has been unable to constitute qualified and motivated medical teams who could provide supervision and evaluation of health zone personnel.

31. Financial constraints, a major problem in providing health services, have led to a low-paid, unmotivated medical staff and acute shortages of medicine, supplies and equipment. Over the past five years, health expenditures represented about four percent of current expenditures and over four percent of capital expenditures. It is important to note, however, that starting in 1982, the health sector has received a significant increase in investment funds, averaging about 7 percent of the capital budget in 1983, as compared to barely one percent during the period 1975-81; in real terms, allocations nevertheless remain inadequate. The Government has declared its strong commitment to improving the social conditions of the population by increasing the share of the health sector to 15 percent in the draft 1985 capital budget (the share of all social sectors is 45 percent). Nevertheless, for the 1984 budget, the Government's contribution amounts to roughly Z10 (about 25 US cents) per capita in the health field, which compares to an estimated Z70 per capita required to finance the proposed health zones (excluding hospital inspection costs).

32. To begin offsetting the inadequate financing of public health programs, the USAID, the largest official external donor in the health sector in Zaire, is now advocating an "end-user fee system" and emphasizing low-cost programs for which responsibility is decentralized in favor of the local community. To this end, it is channeling much of its assistance through non-governmental organizations (NGO's), especially L'Eglise du Christ au Zaire, which are actually responsible for the delivery of health services in specific areas, with the Government providing overall policy guidance and coordination of personnel and material. As reported in the Bank's study of the Kivu region, non-governmental organizations are not only playing a major role in the health as well as education sectors, but are also effectively contributing to economic and social development of

^{13/} The national programs in question include those for: vaccination (PEV), desirable births (PNND), tuberculosis (PATI), leprosy (BNL), trypanosomiasis (BCT), human nutrition (CEPLANUT), and medical health assistance (FONAMES).

particular areas.^{14/} In particular, these groups are leading the fight against malnutrition, a serious problem in Eastern Kivu, by successfully operating a number of nutrition centers and soya/maize processing plants, geared not only to controlling malnutrition and educating mothers in improved nutrition, but also to encouraging the rural population to produce protein-rich crops, such as soya. Though on a small scale, the activities of the NGO's require the active involvement of the local population, which tends to be more receptive to the "grassroots" approach of the NGO's than the less effective, slow-moving public programs. The available evidence suggests that participation of locally-based groups would increase accountability and result in more relevant, better-planned programs that are less costly to put in place and to maintain.

4. Employment and Wages and Salaries

33. Of the estimated urban labor force of about 4 million, only about one million are reportedly holding a job in the formal sector. Between 1970 and 1983, registered workers increased from about 800,000 to about one million, with the entire increase taking place in the public sector. Private sector employment registered a slight decrease. The greater share of the labor force depends on employment provided by the urban informal sector.

34. One of the stark consequences of Zaire's economic and financial crisis has been the continuous decline in the real purchasing power of income for both public and private sector employees. Although in 1983 public service salaries were seven times higher in nominal terms than in 1975 (an average annual growth of 30 percent), in real terms, they had declined for the ninth consecutive year and represented less than one-fifth of the 1975 level. A similar erosion in the level of income has affected employees of the private sector, who, although somewhat better paid in terms of benefits, have also suffered a significant drop in their standard of living.^{15/} To cite an example, the INS estimates that an average monthly food budget for a family of 6 in early 1984 was equivalent to Z3037, while the base monthly salary for a medium-level civil servant was Z750. To emphasize this point further, the price of a 50kg sack of manioc (roughly a month's supply of the main staple for the average family) in Kinshasa was Z800 in July 1984. This long-standing situation has had a very negative impact on the incentive system of public servants and has resulted in frequent absenteeism, steady deterioration in the provision of public services and the inevitable growth of an underground economy. Since 1983, the Government has attempted to address these anomalies directly — via a 44 percent increase in base salaries, granted in two phases, 25

14/ The Case of Kivu, op.cit.

15/ In 1982, average real salary in the private sector amounted to 47 percent of the 1975 level.

percent in October 1983 and 19 percent in April 1984 -- and indirectly, by implementing a major administration reform, a principal objective of which is the streamlining of the civil service. These initiatives are briefly discussed below.

35. The general salary increase did not include an increase in non-salary benefits of the civil service, which, in any event, tend to be marginal relative to total salary; higher-level cadres, however, do receive free housing, a car and access to gasoline. The private sector, which generally follows the increases in wages and salaries set by the Government, is now emphasizing a strategy of minimizing salaries and maximizing premiums (such as transport and housing) and benefits (principally health care). In effect, non-salary benefits in the private sector are now reported to account for over 60 percent of a worker's compensation package. Although transportation and housing allowances comprise the bulk of the benefits for both the private and mixed enterprises, medical and health care benefits appear to be the most desired because of the limited and inefficient public health facilities, the high cost of medicine and the large size of families. Along with the salary increase, the Government reduced the personal income tax, which may help arrest the fall in real salaries, particularly for the lower-level staff, provided that inflation continues to slow down.^{16/} Yet, despite higher salaries and additional benefits, total remuneration still appears to fall short of the minimum living requirement, as indicated by the number of workers who are forced to seek another job and resort to illicit activities in order to make ends meet.

36. Low salaries, coupled with persistent inflationary pressures on purchasing power, have provided fertile breeding ground for the unrecorded economy in Zaire. The widespread and growing popularity of this behavioral phenomenon springs from the basic need of survival. "Personal solutions" to offset declining purchasing power include theft, corruption, speculation, falsification of documents, and parallel activities -- all of which tend to perpetuate inflation indirectly. Recent research at the University of Kinshasa, regarding the link between individual behavior and inflation, found that the adjustment mentioned above -- which the study calls "individual indexation mechanisms" -- has, in effect, given rise to "new costs" (hidden costs), such as obligatory tips and small commissions to buy or sell a good or a service.^{17/}

^{16/} The annual taxable income base has been raised by 60 percent, from Z 3,000 to Z 4,800, which implies that the base salaries of the lowest four categories of the civil service are not subject to income tax.

^{17/} Mubake Mumeme, "Crise, Inflation et Comportements Individuels d'Adaptation au Zaire: Solution ou aggravation du problème", Zaire-Afrique, May 1984, pp. 263-272.

37. The expansion in the Government payroll experienced since the crisis coincided with the decentralization of the administration of the civil service personnel (including recruitment, promotion, retirement) among the various ministries. The problems of overemployment and double-counting were exacerbated under this system; the lack of detailed job descriptions and qualification criteria contributed to an inflated and uncontrollable public administration. The ongoing administration reform, begun by the Public Administration Ministry in 1981 in collaboration with each Ministry and region, is focusing on actual employment requirements, based on redefined positions and necessary personnel qualifications; the UNDP/UNDTCD is providing technical assistance in this endeavor. As of June 1984, the implementation of the reform had led to the firing of around 5,000 civil servants, the retirement of about 17,000, and an annual reduction of roughly 25,000 staff since 1980. Such actions have reduced total civil employment (excluding primary and secondary school teachers) to about 200,000 employees in 1983. (If teachers are included, the 1983 employment level approaches 400,000.) It is difficult to gauge the social impact of this "clean-up" campaign, since the Government rolls were exaggerated with fictitious names and/or double-counting. At the macro level, the reform, if maintained, could yield more positive results, but would aggravate another growing social ill -- unemployment. Clearly, the answer is not to abandon the reform but, rather, to persevere in the economic recovery effort with a definite employment and wage policy for both the public and private sectors.^{18/}

^{18/} In 1984 UNDP/ILO undertook a study of rural employment in selected regions (Annex III, Ref. No. 36); the results of the study are not yet available.

IV. OVERALL CHANGE

A. Recent Changes: A Balance Sheet

1. On the basis of the preceding evidence, the record of the last 2-3 years can be summarized as follows:

- (a) Overall Economic Management. The Government addressed the problems facing the economy in a more forceful, coordinated and systematic manner. This has been manifested in several ways. First, the measures taken since 1983 are more comprehensive, more coherent and better prepared than before. Illustrative of these are the floating of the exchange rate, the adoption of a new fiscal regime for GECAMINES, and the revision of customs duties to complement the changes in the exchange and trade regime. Second, the authorities have acted simultaneously on multiple fronts: negotiation of a stand-by arrangement with the IMF; formal or informal external debt rescheduling with the Paris Club and the syndicated private banks; updating of the public investment program; and institutional reforms, e.g., concerning the mining sector. Third, Zaire has implemented most of the macroeconomic and sectoral measures on schedule and met most of its obligations towards the IMF, the Paris Club and the London Club. Moreover, it has shown the ability to adjust to unforeseen or undesirable developments. Examples of this are the revision of customs duties in April 1984 to correct or refine some of the changes made in September 1983 (Ch. II, para. 5); the introduction of Treasury bills as a means to absorb excess liquidity in order to arrest the depreciation of the zaire (Ch. II, para. 9); and the adjustment of petroleum prices in two steps after the devaluation in order to correct for excessive cross-subsidization.

Progress has been less impressive with respect to the implementation of the Agricultural Recovery Plan or the monitoring and execution (as opposed to the preparation) of the public investment program. The record with respect to parastatal reform is rather mixed: while significant steps have been taken to improve the management of certain enterprises in the mining and transport sectors, progress in the rehabilitation or privatization of others has been slow and in some cases nil (Ch. II, para. 23).

- (b) Price and Incentive Framework. The exchange rate has been brought to a more realistic level, as witnessed by the virtual elimination of the parallel market. The changes in customs duties, which were introduced in a hurry, are being followed by a study of effective protection which has been launched with World Bank Assistance (see Annex III, Item 18). Agricultural producer prices have been effectively liberalized and positive results are already in evidence (Ch. III, para. 14-15). Energy prices have been adjusted to remove distortions and bring them into line with world prices. (Ch. II, para. 11-12). Positive real interest rates have been achieved in 1984. Among the measures to encourage private foreign investment are those allowing the transfer of dividends (Ch. II, para. 8). On the negative side is the retention of the "cost plus 20 percent" formula for pricing manufactured goods and the system of ex post price controls (Ch. II, para. 10). In the first half of 1984, these price controls increased in frequency and, although most were not authorized by the central authorities, they reinforced skepticism about the authorities' commitment to the policy of liberalization. However, such practices were significantly reduced in the second half of the year.
- (c) Public Sector Programs and Institutions. Although significant progress has been achieved in curtailing expenditures, the Government's revenue effort needs further strengthening (Ch. II, Para. 15-16). Moreover, the expenditure allocation process calls for improvement. The experience with the funding of priority recurrent expenditures and social services is rather mixed. More needs to be done to reduce or eliminate wasteful or uneconomic expenditures, current and capital (Ch. II, para. 17-18). With the possible exception of external debt management, which has improved over the years, financial planning and control remain poor in general. Despite some institutional and public administration reforms, central government institutions remain weak. Much more can be done also to improve the efficiency and financial management of the public enterprises. The authorities are aware of most of these shortcomings.
- (d) Social Progress. Despite the long and severe crisis, in terms of several social indicators, Zaire is better off than the majority of the African countries.^{1/} Yet the social

^{1/} According to the most recent available evidence (World Bank, Sustained Development in Sub-Saharan Africa, September 1984, pp.86-87), there were in 1980 one doctor per 15,000 inhabitants in Zaire, compared to one per 21,000 for Sub-Saharan Africa; the child death rate was 20 in Zaire, compared to 23 per thousand for the region as a whole; in 1981, 90 percent of the relevant age group was in primary school, compared to 78 percent for Sub-Saharan Africa; and for secondary school, Zaire had 23 percent of the relevant age group in school, compared to 15 percent for Sub-Saharan Africa.

situation has no doubt deteriorated in recent years. The Government's efforts to reverse the deterioration have been unsystematic and disproportionate to the need. On the positive side is an increasing consciousness of the problem. The recent wage increases and those planned for 1985, coupled with an effective reduction in taxes for low-income employees, may lead to some increase in the real net income of wage earners for the first time since the onset of the crisis (Ch. III, para. 34). Other measures include the increased allocation for social services in the 1985 draft budget, the preparation of a "health plan," and the attempts to reform the education sector and its administration (Ch. III, para. 28-30). However, these measures are likely to have limited impact because of severe financial constraints. Furthermore, efforts to deal with fundamental and structural problems such as population growth and unemployment are still largely inadequate.

- (e) Cooperation with Multilateral Organizations. Zaire has cooperated closely with the IMF for about two years, beginning with the "shadow program" of January-June 1983. Moreover, the measures taken by Zaire during this period conform with the recommendations made in the last economic memorandum, which were endorsed by the members of the Consultative Group in December 1983. (Annex I lists the main economic and sectoral recommendations of that memorandum and the actions taken by the authorities in each area.)

B. Cumulative Change

2. The most striking differences one would observe in the economic sphere over the last five years would include:

- Freeing of the exchange rate; removal of quantitative restrictions on imports and exports (with very few exceptions); ability to transfer dividends.
- Freeing of agricultural producer prices and removal of interregional trade restrictions.
- Positive real lending rates.
- Improved performance of GECAMINES, which is now producing copper at its theoretical capacity level of 470,000 tons. (Just four years ago there was some concern about the "survival" of the company.)

- Emergence of petroleum production and exports as an important source of foreign exchange and taxes.
- Decline in absolute terms of public sector employment (especially of primary and secondary school teachers).
- Preparation of a public investment program (the third since 1979); putting in place of an investment programming and monitoring process; increased role of Planning Ministry in short-term management, strategy formulation and aid coordination.
- An attempt — in the form of the Agricultural Recovery Plan — to strengthen and better focus the efforts to revitalize the sector.
- Decrease in the number of public enterprises through liquidation (most marketing agencies in agriculture) or divestiture.
- Opening up of the dialogue on economic management issues both within Zaire and between Zaire and the major donors.

3. On the other hand, some issues remain substantially the same as five years ago:

- Ineffectiveness of central and regional government institutions (partly because of low salary levels); limited capacity to define and implement policies, in particular.
- Inelastic tax system.
- Deficiencies in budgeting and allocation of current expenditures.
- Complex and burdensome administrative procedures for exports, imports and assessment of taxes, providing opportunities for corruption.
- Public enterprises with serious financial problems, e.g., Air Zaire, CMZ (ocean transport), ONPTZ (telecommunications) and Kilo-Moto (mining).
- Deficient customs tariff structure despite the changes of September 1983 and April 1984.
- Persistence of some of the basic problems in agriculture: continued dependence on food imports, transport bottlenecks, deficient extension and research, and shortage of marketing credit.

- High and probably worsened cost-structure in manufacturing sector; retention of "cost plus 20 percent" formula for pricing.
- Pervasiveness of the underground economy.
- Acute shortage of administrative and managerial skills.

4. The policy actions undertaken by Zaire in the last few years can be put into perspective also by comparing them to those of other African countries which are implementing important economic reforms as well. As in Zaire, these measures have been taken partly in response to IMF and World Bank programs, but they reflect above all increased recognition by these countries themselves that major programs of domestic policy and institutional reforms are required if a significant turnaround in growth prospects is to be achieved. Policy actions have focused on three critical areas: (i) development of more appropriate pricing policies, (ii) improvement in institutions, particularly those serving the agricultural sector, and (iii) increased efficiency of resource use in the public sector.

5. A cursory review of the experience of Sub-Saharan Africa suggests that Zaire was one of the first to start putting together an economic recovery strategy (1978) and that in certain areas it is perhaps the most advanced in carrying out needed reforms. While an increasing number of African countries have recognized the importance of a more active exchange rate policy and taken measures to correct serious distortions in their exchange rates, whether through massive devaluations or experiments with a dual exchange rate, Zaire has gone a step further and adopted (after a short transition period with a dual exchange rate) a single floating rate system. The total decontrol of agricultural producer prices in Zaire also goes beyond the discretionary increases in nominal terms (not always translated into increases in real terms) granted in certain countries. Although in several countries the role of agricultural parastatals has been redefined and reduced in varying degrees, Zaire has gone the farthest in dismantling most of its agricultural parastatals and turning over their functions to the private sector. The record of Zaire is less notable, albeit real, in the areas of investment programming and monitoring and the establishment of an appropriate institutional framework designed to increase agricultural production.

C. Private Sector Environment

6. What has been the effect of the recent measures from the vantage point of the private sector -- particularly the manufacturing sector, which is largely in private hands? The liberalization measures taken in the last few years underline the Government's growing recognition of the importance of market forces, price signals and private initiative. Indeed, the

significant expansion of the Government's dialogue with the private sector reflects a changed perception of the role of that sector. Nearly all the measures designed to put in place an appropriate macroeconomic framework — fiscal, monetary and pricing — have been beneficial to the private sector. Contributing to private sector confidence have also been: the authorization to transfer dividends; the planned revision of the Investment Code (to give, inter alia, more equitable advantages to existing enterprises); progress in the functioning of the Investment Commission; the signature of a bilateral investment treaty with the United States;^{2/} and steps to improve the Government's policy analysis and data gathering capabilities concerning the sector.^{3/} The impact of these and other actions have been partly offset or dampened by: (i) the macroeconomic constraints facing the country (which have prevented the consistent application of the measures); (ii) problems in other areas of the economy; and (iii) inadequate attention to specific problems hindering the sector.

7. The impact of macroeconomic constraints on the effectiveness of some of the measures can be illustrated with regard to credit. The tightening of fiscal policy and the decline in government borrowing increased the relative availability of credit to the private sector: the latter expanded by 49 percent in 1983, compared to 30 percent for credit to the Government, but still amounted to just 85 percent (in real terms) of the credit extended to the private sector in 1982 or even 1980. Insufficient credit to the sector as well as the erratic implementation of the tight credit policy (the credit expansion rates for the first three quarters of 1984 were, respectively, 23 percent, 17 percent and -8 percent) have become a major constraint to economic recovery. The private sector benefitted from the accelerated payment of the Government's domestic arrears in 1983 (Z 776 million, compared to a budgeted amount of Z 636 million). At the

^{2/} The treaty, which was signed on August 3, 1984, provides protection against nationalization without due compensation, free transfer of profits and dividends, and setting up of procedures for the settlement of disputes.

^{3/} These steps include the creation of the Cellule d'Etude et d'Analyse de la Conjoncture Economique Zairoise (CEACE) in the Ministry of National Economy and Industry staffed with qualified economists from the University of Kinshasa. The objective of CEACE is to analyse short-term developments affecting the economy, focusing on the industrial sector, and to make recommendations to the Minister on appropriate industrial policies. The analytical capability of the Planning Ministry has also been strengthened through technical assistance, and a number of studies (e.g., on tariff protection, export incentives) are being financed by IDA (under the SOFIDE VII project) in order to lay the basis for more focused industrial policies. The National Institute of Statistics is also receiving some assistance in this area. Regarding small-scale enterprises, UNDP/UNIDO is extending some technical assistance in Kivu. It should be noted that all of these developments are taking place in close cooperation with ANEZA, the business enterprise association.

same time, however, the continued curtailment in recurrent expenditures had a negative impact on the provision of economic and social services -- and on corruption. Another example of the constraints on the private sector concerns the February 1983 law allowing companies to revalue their assets. The law provided for a one-time revaluation to take into account the movement of the official parity of the zaire up to June 1981. It stipulated that a tax of 10 percent was to be paid on the extent of the revaluation; revaluation was to be completed by December 31, 1985; and any supplementary resources were to be reinvested within five years from the date of the revaluation. Many firms have not been able to take advantage of the new law because they have not had sufficient cash or bank credit to pay the 10 percent tax.^{4/} The conflict between macroeconomic factors and stimulating the private sector is also reflected in the customs duty revisions of September 1983 which intermixed the objectives of increasing government revenue, keeping inflationary pressures down, and stimulating domestic and efficient (competitive) production. The revisions had to be reviewed partly because expectations of larger revenue did not materialize, as the private sector did not have access to sufficient cash or credit to pay the duties.

8. As stated, some of the problems of the private sector arise from those affecting other areas, such as the inadequacy of infrastructure services. Many firms are obliged to have their own communication systems and power generating facilities, which increase costs substantially. For example, 37 percent of the electricity used in Kivu is generated by private sources.^{5/} The lack of skilled and technical manpower is translated into a widespread use of expatriates, which also adds significantly to costs. Inadequate transport imposes a need to finance large stocks of goods tied up in transit for long-periods of time. Theft in transit adds further to costs.

9. There are also a number of problems specific to the sector which have not received sufficient attention. Among these are the complicated system of parafiscal charges;^{6/} the intricate system of fiscal and administrative regulations; the high fees -- by international standards -- imposed by commercial banks for transactions; and the lack of export promotion support. Another problem concerns the 80 or so mixed-ownership enterprises which cover practically all sectors. In a number of cases the participation was achieved forcibly and the Government has never paid up its capital share (or the capital is being paid out of benefits as they occur). In light of the nationalization experience of 1973/74, there is still some confusion about the Government's intentions.

^{4/} A further revaluation is required following the massive devaluation of September 1983 if firms are to be able to build up sufficient funds to modernize their equipment. A study on this issue is underway at the Planning Ministry (see Annex III, Item 43).

^{5/} Regional Study of Kivu, op.cit., p. 45.

^{6/} In all, indirect taxation represents 10-25 percent of the sales revenue of private firms.

10. The above suggests that although the Government has taken important steps to genuinely liberalize the economy, the private sector's freedom to make economic and rational choices and maximize efficiency is severely constrained by the macroeconomic situation and the characteristics of the "system". This is why the manufacturing sector has reacted slowly (slower than agriculture or mining) to the recent measures. Restoring private sector confidence will take more time and require consistency and stability of policies.

D. Conclusion

11. Destabilization (widening internal and external imbalances), followed by stabilization measures (tight fiscal and monetary policies plus external debt rescheduling) and then a new cycle of the same ... this is a persuasive perception of the Zairian economy when it is observed in narrow time slices. Yet when the entire five years are taken into account, the cumulative changes are striking. One may then ask why the physical performance has not been better. One reason was suggested in the preceding discussion: while much has changed, much also remains the same. There are, however, three additional reasons (other than the question of time lag). The first is related to the severity and duration of the crisis. Although Zaire was one of the most politically-stable countries in Africa during the 1970's, the combined impact of internal and external factors has been such that the performance of its economy matches that of countries severely affected by civil conflict and/or acute political instability. This stems largely from the profound effect of the "domestic shock" of the zairianization/nationalization measures of 1973/74. The second reason is related to performance. Many of the economic recovery measures adopted since 1978 were introduced in a piecemeal and uncoordinated fashion and were in many cases badly or inadequately implemented. It is only since September 1983 that a comprehensive and coherent package of reform is in place and is being adequately implemented. The third reason concerns external aid, which will be discussed in the next chapter. It suffices to note that none of the three recovery-oriented public investment programs prepared in the last five years has received the necessary external financing.

V. EXTERNAL ASSISTANCE

A. Major Trends

1. The discussion in this chapter is based on a broad definition of external assistance. It includes, for example, debt relief and the economic and sector studies financed or undertaken by the donors — the latter not because of their cost but because of their direct link to the purpose of all assistance, namely, to foster positive change. As has been amply documented, external borrowing contributed to Zaire's economic crisis, and all analyses since then have shown that the crisis cannot be reversed without new external assistance. This is not a contradiction; it suggests, rather, that the key variables are (a) the appropriateness of the assistance (focus, timeliness, terms, etc.), and (b) the domestic management and policies with which it interacts. For the purpose of examining the evolution of external assistance to Zaire, the period since the early seventies can be subdivided as follows: the period 1973-74, in which Zaire borrowed more than US\$2 billion, or nearly four times as much as during 1970-72; the period 1975-78, the first four years of the crisis -- and the worst -- during which GDP contracted every year; and the 1979-84 period, in which performance improved but was uneven. This chapter concentrates on the last one not only because it is the most recent but because it corresponds to the period when a recovery scenario was being put in place and it witnessed active aid coordination. The evolution of aid over these three periods reveals some important trends:

- Average annual commitments of medium and long-term aid declined from more than US\$1 billion in 1973-74 to US\$ 400 million in 1975-78 and about US\$250 million in 1979-83 (Table 6). The decline from the pre-crisis level was to be expected, but the contraction between the last two periods is somewhat surprising, because Zaire's performance was generally better during the more recent one. The large commitments of 1973-74 produced an increase in disbursements in the following four years, but the latter were more than halved thereafter and averaged about US\$220 million a year during 1979-83. The decrease in disbursements in the early 1980's was accompanied by an increase in average annual debt service payments, despite the accumulation of arrears.
- As a result of the above trends, net transfers (disbursements minus debt service payments), which had increased to about US\$400 million a year during the first four years of the crisis, were reduced to practically zero, on average, in 1979-83.
- The payment terms of external assistance to Zaire have improved dramatically since the beginning of the crisis, with the grant element rising from 15 percent in 1973-74 to 47.5 percent in 1979-83. 1/ This was made possible by an increase

1/ "Grant element" is a summary measure of the amount, in percentage terms, of the concessionality implied by the terms of a loan or a group of loans.

Table 6

Selected External Assistance Indicators, 1973-1983
(US\$ million)

	Annual Averages		
	<u>1973-74</u>	<u>1975-78</u>	<u>1979-83</u>
<u>Medium and Long-Term Aid</u>			
Commitments	1038	394	245
Multilateral Organ. (%)	2.5	23.7	39.6
Disbursements	445	531	217
Debt Service paid	142	124	218
Net Transfers	303	407	-1
Grant Element of Commitments (%)	15.0	34.1	47.5
<u>ODA</u>			
Disbursements, net			
Grants	133	178	272
TA	(86)	(115)	(148)
Loans, net	27	66	109
Total Disbursements, net	160	244	381
Commitments	n.a	341 ^{1/}	431
<u>Real Flows (1980 = 100)</u>			
Commitments, MLT	2047	557	259
ODA Disbursements, net	316	345	402
ODA Commitments	n.a	467	455
<u>Per Capita (real terms)</u>			
Commitments, MLT	43.7 (86.2)	15.4 (21.8)	8.2 (8.7)
Disbursements, MLT	18.7 (36.9)	20.7 (29.3)	7.3 (7.7)
ODA Disbursements, net	6.7 (13.2)	9.5 (13.4)	12.8 (13.5)
<u>MEMO ITEMS:</u>			
Exports f.o.b (current)	1247	1179	1670
World Copper Price (US\$/lb)	0.87	0.60	0.82
Imports f.o.b. (current)	1350	1203	1243
Index of real imports (100)	(100)	(58)	(38)
Real GDP (% change per year)	5.6	-3.7	0.9
Actual Public Debt Service Ratio	11.0	9.8	12.4

^{1/} 1976-1978.

Sources: OGEDEP, OECD, IMF, DRS.

in the share of assistance coming from multilateral donors as well as an improvement in the concessionality of bilateral assistance.

- Thanks to the above improvement in payment terms, net ODA disbursements^{2/} increased from about US\$250 million a year in 1975-78 to US\$380 million a year in 1979-83. As noted, this was largely the result of the improved terms; debt rescheduling had little impact on this trend because most of it was granted on non-concessional terms, as will be shown later.

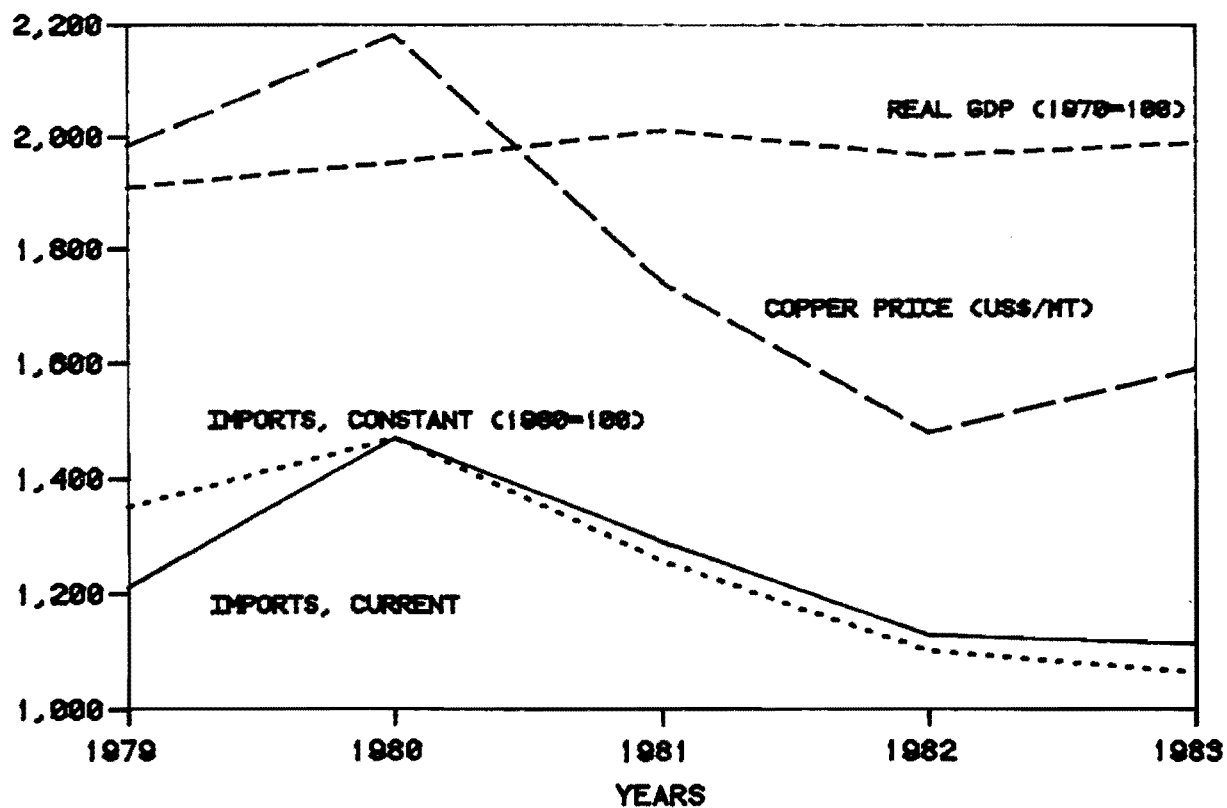
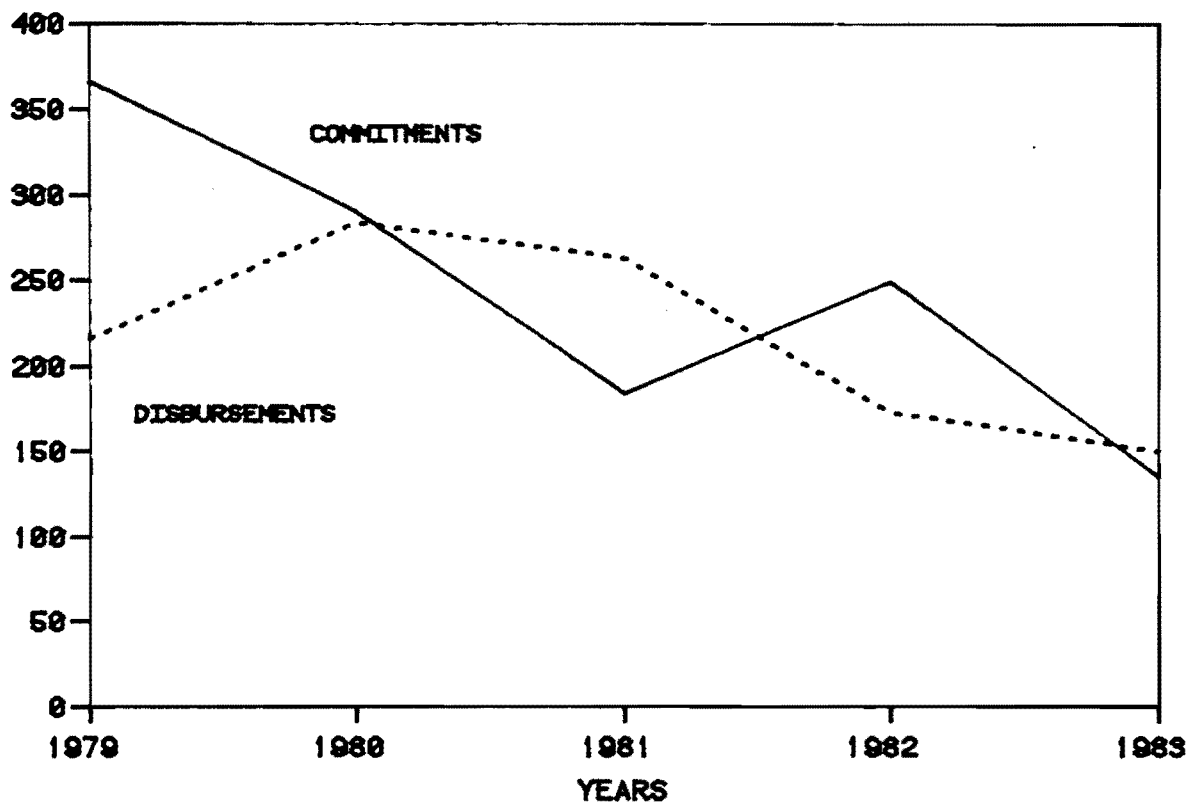
2. Most of the above trends become more accentuated when the main parameters are calculated per capita or in real terms (see Table 6). It is clear that while the donors have curtailed their assistance in the second half of the crisis, they have improved its terms. Despite significant debt rescheduling, Zaire's resource constraints have remained severe, as witnessed by the continued contraction of real imports over the three periods compared. Yet the decline in GDP levelled off in the early 1980's, which suggests an improvement in resource allocation. Thus, the picture that emerges from the comparison of the three sub-periods is mixed. However, the averages for the last period, 1979-83, mask important trends:

- Nearly all external assistance indicators were sharply down over this period, including ODA disbursements and each of its main components: technical assistance, other grants, and net ODA loans (Charts 1A and 1B). ODA disbursements per capita peaked at about US\$15 in 1979 but fell to about US\$10 in 1983. In 1982, the last year for which comparative data are available, the per capita disbursement figure for Zaire (US\$11.3) was the fourth lowest (not counting Nigeria) among 39 countries in Sub-Saharan Africa.^{3/}
- Commitments of medium and long-term aid shrank from US\$366 million to US\$135 million between 1979 and 1983, and totaled US\$162 million in the first ten months of 1984. Disbursements of the same category were US\$129 million in January-October 1984. While the partial figures for 1984 suggest a recovery (at least in commitments), this should be viewed against the increase in debt service payments as a consequence of the latest Paris Club agreement. As Zaire's external public debt service payments are expected to exceed US\$300 million in 1984, net transfers may well be negative by as much as US\$200 million that year -- more than twice the level of 1983. (Preliminary estimates by OGEDEP place the figure at about US\$-190 million.)
- A measure of the "fresh" medium and long-term aid made available to Zaire during this difficult period can be obtained by

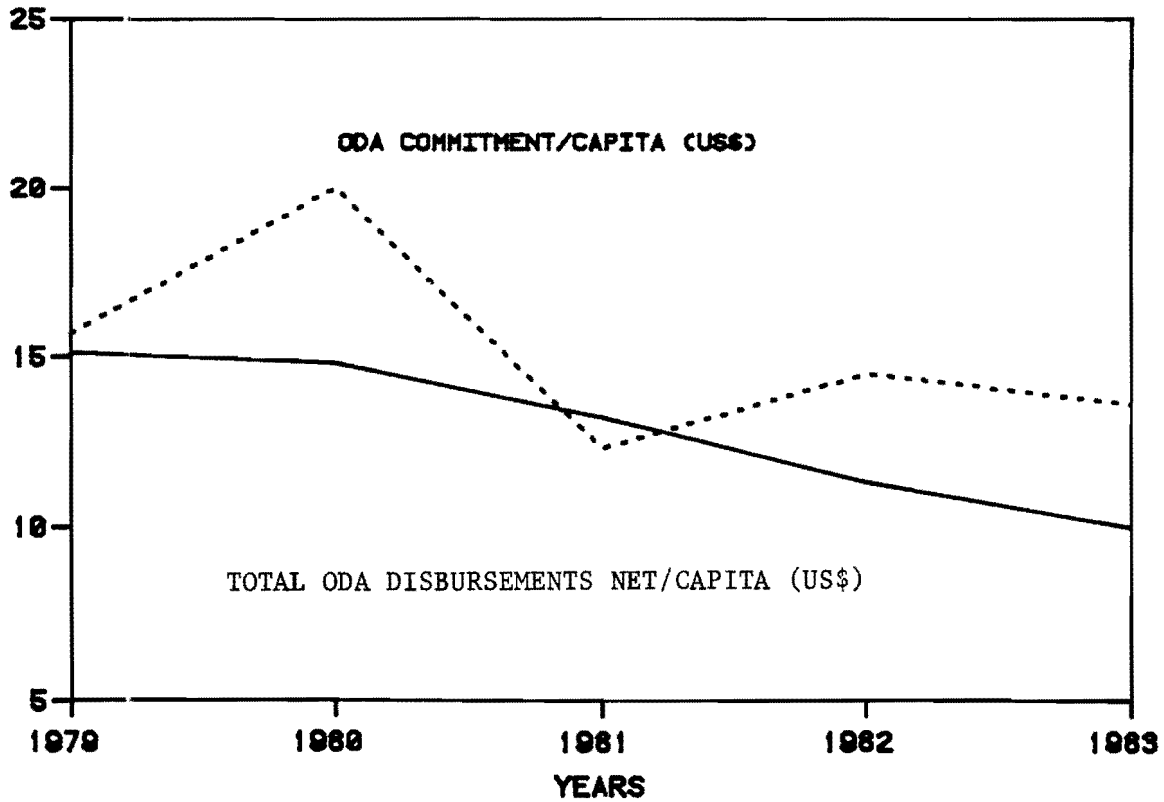
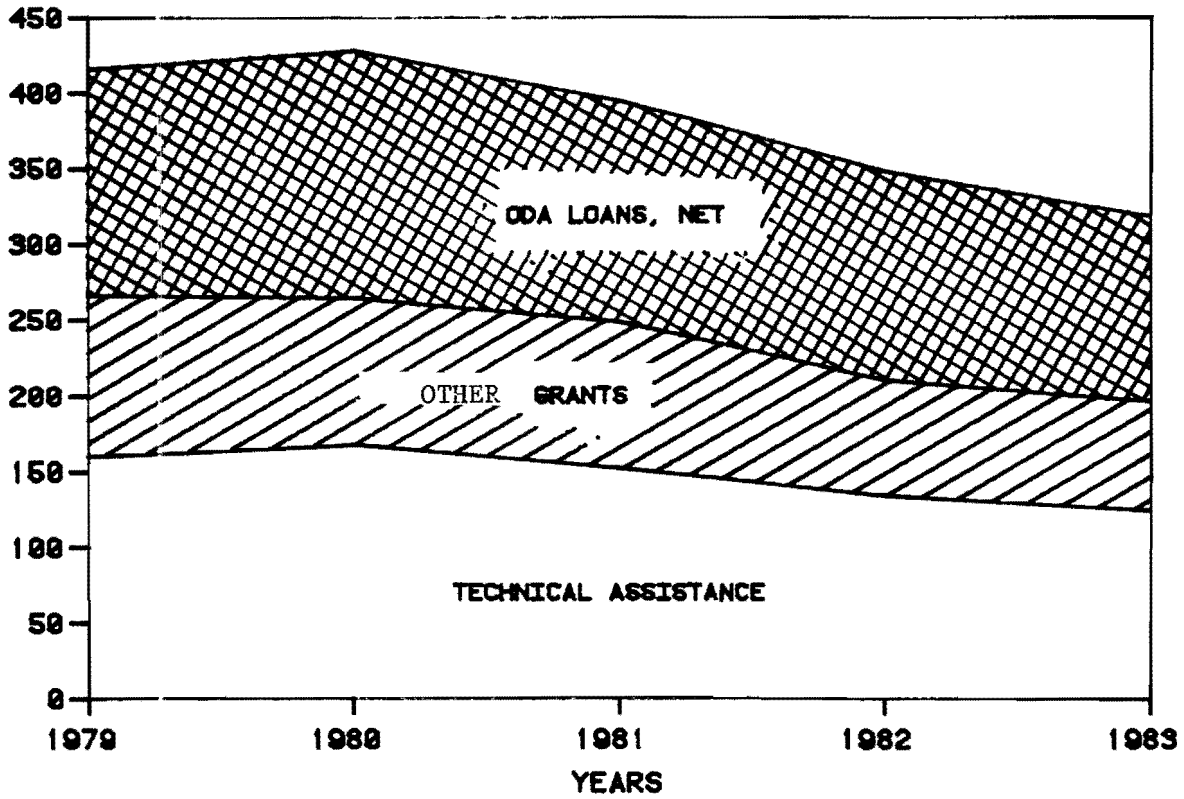
^{2/} ODA, Official Development Assistance, is defined as flows to developing countries provided by official agencies whose main objective is economic development and whose financial terms are concessional, with a grant element of at least 25 percent.

^{3/} The three countries with lower estimates were Ethiopia (US\$6.1), Angola (US\$7.5) and Uganda (US\$9.9). (Toward Sustained Development in Sub-Saharan Africa, Op. cit., 74.)

SELECTED EXTERNAL AID INDICATORS, 1979-83
(MILLION US\$)



SELECTED EXTERNAL AID INDICATORS, 1979-83
(MILLION US\$)



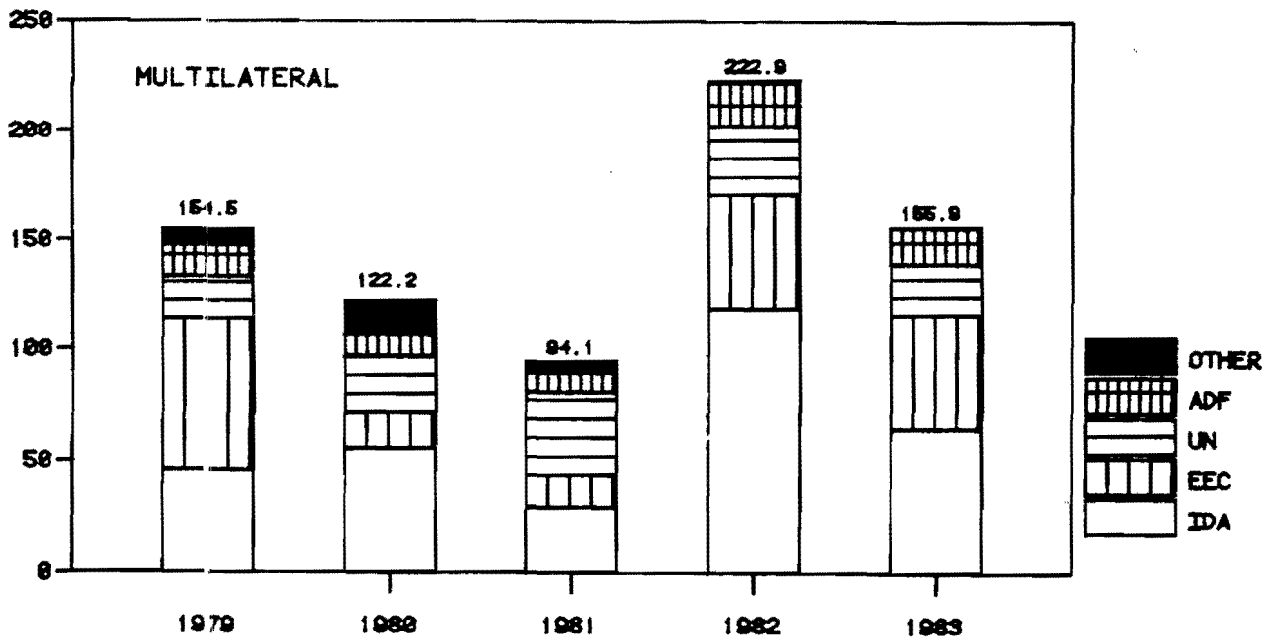
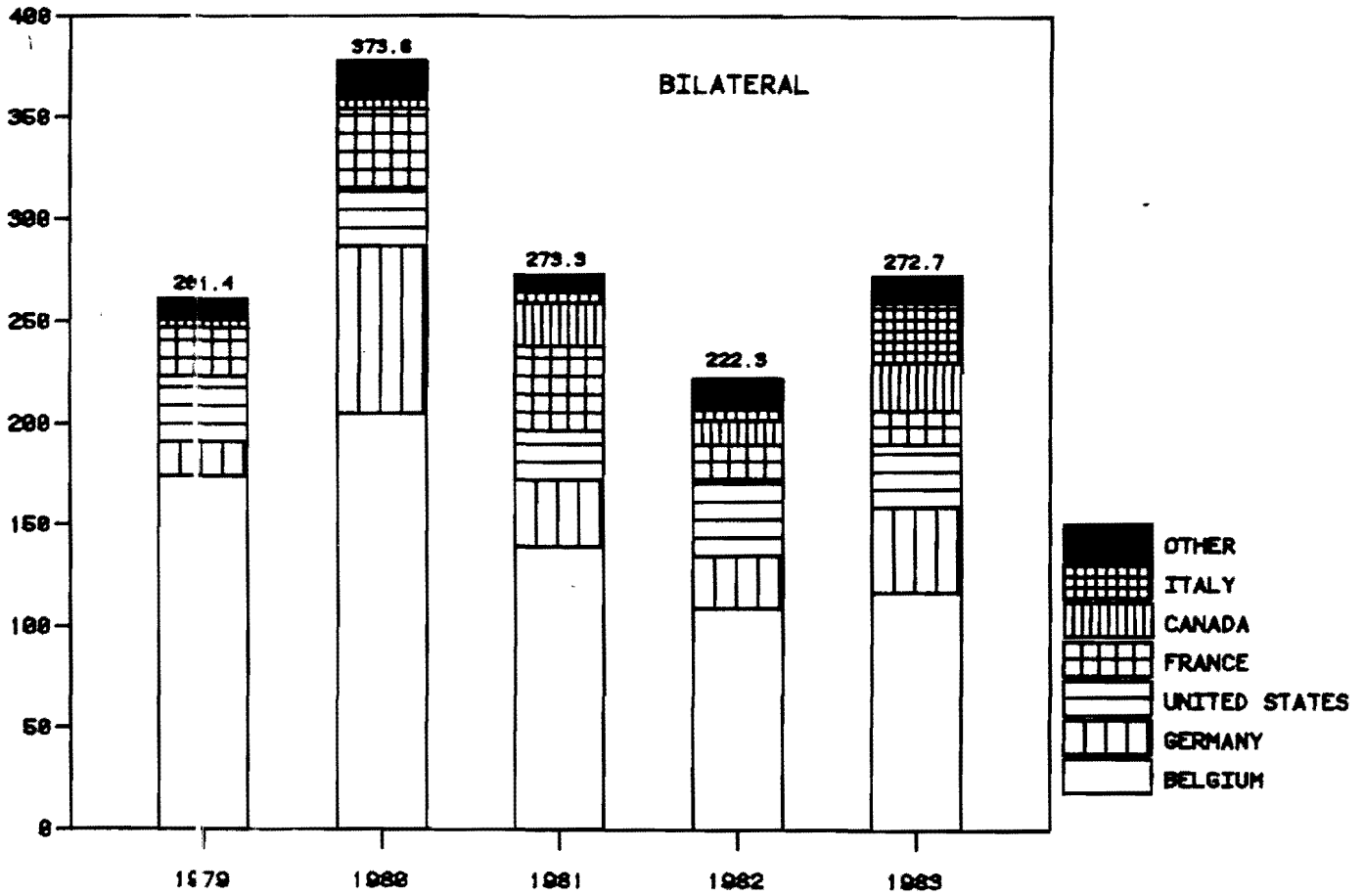
- A measure of the "fresh" medium and long-term aid made available to Zaire during this difficult period can be obtained by comparing actual disbursements of such aid over 1979-83 with disbursements from the end-1978 undisbursed pipeline. The difference comes to about US\$90 million a year, compared to an external gap for those years estimated at US\$ 400-500 million a year.
- The relative contribution of the major donors underwent a significant change during this period as follows: IDA's share of commitments of medium and long-term (MLT) aid increased from about 13 percent to about 48 percent in five years, partly as a result of a sharp decline in commitments from other sources.^{4/} Every unit of IDA commitment during this period was associated with 0.7 units of cofinancing from other sources. (Annex II, Table 21). Therefore, the total external assistance associated with IDA projects represented nearly two-thirds of total MLT commitments in recent years. IDA's share of ODA commitments (including grants) increased, too, and accounted for about 20 percent, on average, in 1982-83. The other major contributors are shown in Chart 2.
- Whereas the multilateral donors, singly and as a group, registered positive net transfers to Zaire in each of the last four years (1981-84), net transfers by the syndicated private banks were negative throughout this period and those of bilateral creditors as a group changed from a positive contribution of US\$150 million in 1981 to a withdrawal of about US\$200 million in 1984.^{5/} According to preliminary data supplied by OGEDEP, negative net transfers were registered by all bilateral creditors in 1984, with 30 percent of the total (or roughly US\$60 million) going to the U.S., about 15 percent (US\$30 million) to Belgium, 12 percent (US\$23 million) to France and 8 percent (about US\$15 million) each to Italy and Libya. (It should be noted that these figures refer to loans only and thus exclude any other type of unrequited bilateral assistance, such as grants, food aid, and technical assistance, received by Zaire.)
- Commitments of medium and long-term aid fell faster than disbursements. As a result, the undisbursed pipeline (the source of future disbursements) shrank from US\$790 million in 1979 to about US\$590 million at end-1983.^{6/} As a result of the trend noted above, IDA's share of the pipeline at end-1983 was 35 percent, compared to 14 percent at end 1979 (Chart 3).
- Real imports declined through most of this period.

^{4/} IDA commitments jumped from an average of US\$37 million a year in 1979-81 to US\$118 million in 1982; although they declined to US\$64 million in 1983, they increased to US\$84 million in 1984, and they are estimated to reach approximately US\$100 million in 1985.

^{5/} For details, see Statistical Appendix Table 4.8 which shows both net transfers (the difference between capital disbursements and debt service payments (principal and interest)) and net capital flows (the difference between disbursements and the payment of principal on external debt).

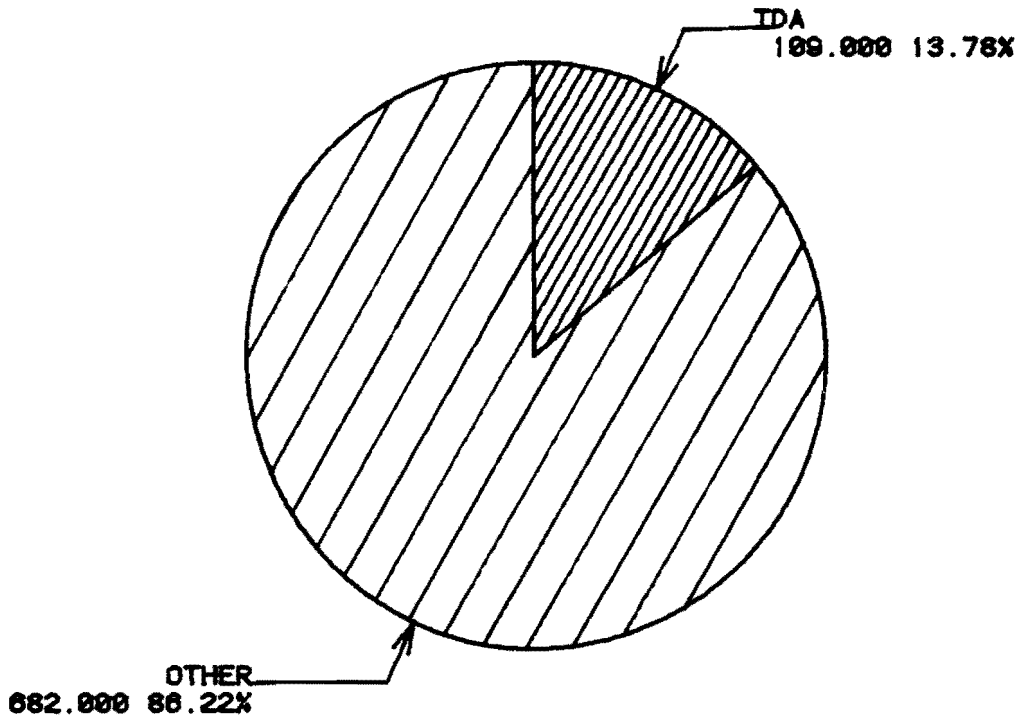
^{6/} Based on DRS data. According to OGEDEP figures, the undisbursed pipeline at end-December 1984 was about US\$535 million.

ZAIRE: ODA COMMITMENTS BY DONOR, 1979-83 (MILLION US \$)

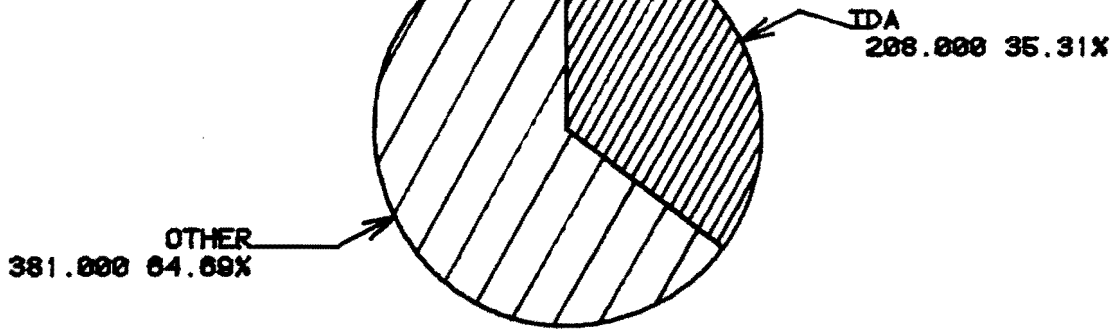


ZAIRE: UNDISBURSED MEDIUM AND LONG TERM AID (MILLION US \$)

1979



1983



B. Aid Coordination

3. The period since 1978 has witnessed a number of aid coordination activities on Zaire. These include three ad hoc conferences attended by the major donors, known as Brussels Conferences (two in 1978, one in 1979); five meetings of the Paris Club (1976, 1977, 1979, 1981, and 1983); four meetings of the Consultative Group, including one on agriculture (1980, 1981, 1982, and 1983); various meetings of the External Resources Coordination Committee (ERCC) in 1980-81; three meetings of the Committee for the Follow-Up of the Consultative Group (CFCG), all in 1984;^{7/} and ad hoc sectoral meetings on agriculture, GECAMINES and transport (1978, 1981 and 1982). These have achieved positive results, but much more needs to be done to strengthen aid coordination. Although increasing the level of aid is not the main or only objective of aid coordination (increasing the effectiveness of aid is just as important, for example), the sharp decline in aid documented in the last section testifies to the need for greater efforts in this area.

4. The most concrete and perhaps the most important recent achievement in aid coordination on Zaire is the harmonization of actions by the IMF and the donors/creditors in 1983. The 1977 stabilization program had failed largely because the external assistance postulated in the program never materialized. The Second and Third Brussels Conferences were, therefore, convened in large measure to reach an understanding on the possibility of closing the external gap of an urgently needed new stabilization program. The need for such an understanding re-emerged in 1983 and, instead of just an understanding, improved coordination produced a rescheduling agreement fully consistent with the stabilization program. This was achieved thanks to the efforts of the IMF, better preparation by Zaire, greater realism by all concerned, and a common perception of the future -- another important change from the past. Sharp disagreements on projections had been a feature of the Brussels Conferences and the Paris Club meetings of 1979 and 1981. An additional manifestation of aid coordination has been the significant co-financing of projects by the major donors noted in the last section. Since 1979, aid coordination has contributed, above all, to forging a consensus among Zaire and the donors on the country's main constraints and priorities and on the policies or institutional reforms necessary in that context. This contribution is the most difficult to trace because it is the product not of a particular meeting but of a series of activities.^{8/}

^{7/} This Committee is an offshoot of the ERCC since its reactivation in September 1983. It is one of three committees (Commissions) created in early 1984; the other two are the Committee for Programming Bilateral and Multilateral Aid (La Commission de programmation bilatérale et multilatérale) and the Committee for the Settlement of Disputes (La Commission du Contentieux). All the members of the Consultative Group are, in principle, members of the CFCG. The last meeting of this Committee was held on November 15, 1984.

^{8/} One activity that had a rather positive impact in this area was the Country Implementation Review held by the World Bank and Zaire in May 1982. Although a major objective was to review Bank operations, the discussions focused on a broad range of macroeconomic and sectoral issues on the basis of the findings of the 1982 Economic Memorandum and the past deliberations of the Consultative Group.

5. Aid coordination proved more limited in other areas marked by differences in the policies (or commercial interests) of the various donors. This has been a factor in the financing or consideration of certain projects, e.g., the rail/river bridge at Matadi, the electrification of the Matadi-Kinshasa railway (the CFMK project), construction of low priority roads, and the deep-water port at Banana.^{9/} Coordination has also been weak in the budgeting of the Government's contribution to project costs (and any associated recurrent costs) in a situation of extreme scarcity of funds. Two more areas -- the preparation of economic studies and technical assistance -- also suggest a need for strengthening coordination, as will be discussed later.

6. It would be simplistic to attribute the decline of external assistance since 1979 to the shortcomings of aid coordination; the decline reflected, above all, dissatisfaction with Zaire's performance. Yet some aspects of the coordination process, including the preparation for Consultative Group meetings, have perhaps had a negative indirect impact on the mobilization of aid. One is the deficiency of coordination among some of the key Zairian institutions, which complicated the preparation of a "national" strategy or request (as with agriculture in the 1979-81 period) or the designation of a "national" interlocutor (as with GECAMINES). In addition, none of the PIP's have been accompanied by sufficient and sufficiently detailed project briefs as a basis for preliminary investment/aid decisions. Nor have the authorities prepared detailed BOP or commodity aid requests since the first Brussels Conference of 1978 (when Zaire requested and obtained "emergency aid" after the Shaba invasion). Last but not least, the requests have not allowed sufficient lead time for investment/aid decisions and actual disbursements. In some cases the PIP's were presented to the Consultative Group at the end of their first year or in their second year, with external gaps for the past year, the current year and the next year. Some of these problems will need to be corrected in order to improve not only the prospects for aid but also the preparation of meaningful projections.

7. The rest of this chapter highlights the major features of recent external assistance to Zaire by major aid category.

C. Financial and Economic Assistance

1. Development Aid

8. The aid programs of the major donors are described and quantified in Annex II. The information presented there suggests that despite some of the weaknesses of aid coordination, external assistance to Zaire has been increasingly responsive to the country's needs, priorities and realities. First, an increasing proportion of assistance is in the form of grants (70

^{9/} Reservations about some of these projects were expressed in the World Bank's evaluation of the last three PIP's.

percent in the case of Belgium, the largest donor). Second, assistance has been increasingly oriented to the priorities set in the public investment program, especially the rehabilitation of productive capacity and infrastructure and increased food production. This applies to priorities within sectors as well; in transport, for example, most interventions aim at improving the Voie Nationale. Third, nearly all donors are engaged in efforts to improve project (and program) implementation capacity and to bring about institutional reform of one type or another. Fourth, most donors have been adopting an intersectoral approach in order to improve both the operation of projects and their effectiveness. This is particularly true in agriculture where several donors are involved in integrated rural development, with particular attention to marketing. Last but not least, the growing interest in cofinancing reflects not just a concern for Zaire's priorities but the desire to act on a "shared perception" of those priorities. This situation is dramatically different from that which prevailed just before the crisis with well-known adverse results.^{10/}

9. Furthermore, the last few years have witnessed some encouraging trends or developments:

- Until recently, roughly 50 percent of Belgian aid (grants) has been for the education sector, most of it to pay for Belgian teachers. Belgium, at the request of the Zairian Government, now intends to reorient a large portion of its aid (20 percent) away from general education toward agriculture; this could result in raising its allocation to this sector five-fold. The new emphasis on agriculture will focus initially on 20 projects that will concentrate on foodcrop production in the areas surrounding the large urban centers; it will also involve the strengthening or expansion of agricultural training.
- Another positive development is the increased emphasis on agricultural research. Although a number of donors are involved, the United States is the most active in this area with three projects: (i) the INERA Support Project, which aims to increase the capabilities of INERA, the national institute, to conduct effective adaptive research leading to the development of production packages useful for small farmers; (ii) the Cassava Outreach Project; and (iii) the Applied Agricultural Research Project, which hopes to advance the applied food production research needed to transfer appropriate technology to small farmers. An IDA project, approved on January 8, 1985, aims at improving the multiplication and distribution of seeds by strengthening INERA and establishing appropriate seed farms.
- A number of donors have been working with the non-governmental organizations (NGO's) for a long time. This cooperation is becoming larger, more widespread and more systematic. Nearly one-fourth of the Belgian assistance program, which encompasses some 200 projects, is now executed by NGO's. The European Community, like other donors, continues to work with the NGO's

^{10/} See, for example, 1979 Economic Memorandum, op. cit., p. 38.

in a wider range of areas. The United States and Canada have decided to increase substantially their assistance to the Private Voluntary Organizations (PVO's). A PVO Economic Support Grant of US\$5 million by the United States aims at improving the long-term capacity of the PVO's operating in Zaire to design and implement "development projects".

- A number of donors are expanding their assistance to the health sector.
- In addition to the concern with the small farmers, there has been growing interest in assisting the small-scale enterprises in the manufacturing sector. Also, donor interest in assisting SOFIDE seems to be expanding.

10. The donors have repeatedly (in the last three Consultative Group meetings) indicated their disposition to increase their aid to Zaire if Zaire continued to improve its performance. While this has not yet produced results commensurate to the need, donors have recently shown increased flexibility to adjust their programs to changed circumstances or needs and to reduce the reaction time. Examples of this are (in addition to Belgium's decision to shift from education to agriculture) the assistance to GECAMINES provided by the European Community (under the SYSMIN facility) and the CCCE (France), and the approval by the U.S. in 1984 of a commodity import project which, though modest (US\$5 million), is in the appropriate direction.

2. Food Aid

11. Food aid in-kind has probably fluctuated around US\$20 million a year in recent years, with the U.S. providing roughly half. The U.S. contribution, was steady at US\$10 million a year between 1981 and 1983 and took the form of 50,000 tons of wheat and 6,000 tons of flour; the contribution increased to US\$15 million in 1984 and part of it was in corn. The other major donors are the European Community (15,000 tons of cereals and other commodities in 1983), Canada, Italy (3,000 tons of rice), and France (2,000 tons of grains). In addition, Japan has supplied the equivalent of about US\$1 million a year in the past, and other countries such as Chile, Spain and Greece have also extended some food aid from time to time.

3. Import Financing/BOP Support

12. The IMF has been by far the largest source of such assistance, with average net credit of about US\$ 40 million per year during 1979-83.^{11/} Assistance in the form of import financing (other than food) by the bilateral donors has been on the order of US\$20 million a year. Among the large contributors is Canada; in 1983, nearly a third of its disbursements (about US\$25 million) was in the form of BOP support. France has

^{11/} During this period, net IMF credit peaked at US\$95 million equivalent in 1981; net credit was US\$65-70 million a year in 1982-83 and is estimated at US\$50 million equivalent in 1984.

also extended a number of lines of credit (Treasury loans) for that purpose; the most recent one, which was negotiated in June 1984, is for FF 100 million (US\$12 million) and intended for telecommunications equipment, the transport sector and SNEL. It is expected to be disbursed in about two years. Japan and the UK also extend relatively small amounts of assistance for the importation of mostly transport or road maintenance equipment. The commodity import project approved by the U.S. in 1984 (para. 10) will provide capital equipment, spare parts, and raw materials to selected agricultural, general and transport firms producing for or servicing the domestic market.

4. Debt Relief

13. Since 1976, Zaire's creditors, public and private, have extended about US\$3.7 billion in debt relief (some of it on already rescheduled debt), one-third of it in 1983. This was achieved through five consolidations with the Paris Club and one with the syndicated private banks. The terms of the reschedulings obtained under all of these agreements have been, on average, non-concessional (Table 7). For example, the grant element of the most recent (1983) rescheduling with the Paris Club is estimated at 0.7 percent (compared to the minimum of 25 percent required to be designated concessional). This was partly due to the relatively high moratorium interest rates (which reflect market rates), compared to previous reschedulings. The interest rate on nearly 60 percent of the rescheduled amount was higher than 10 percent per annum; on about 45 percent of the amount, the annual rate was 11 percent.

D. Technical Assistance

14. Technical assistance to Zaire falls into four categories: (i) assistance to the education and health sectors, mostly in the form of teachers and medical personnel; (ii) project-related assistance in connection with feasibility studies, engineering design, construction supervision, project management, etc.; (iii) sector-oriented assistance, mainly for policy analysis and advice, investment programming and supervision, and institution building; and (iv) assistance related to macroeconomic management and planning. The first category (especially assistance to education) is by far the most important in terms of personnel and cost. It accounts for nearly half of Belgium's total economic assistance to Zaire and for as much as one-third of the technical assistance received from all sources. This type of assistance has tended to become "institutionalized" (self-perpetuating) in the past; important donors other than Belgium include France, Germany and the NGO's. Nearly all donors, bilateral and multilateral, finance project-related technical assistance because it contributes to fulfilling the project's objectives; but it is a key feature of French assistance and, increasingly, of IDA assistance. Sector-oriented and macroeconomic management/planning assistance has gained in importance since the crisis and is the focus of this section. It too aims at improving execution, but of policies rather than projects; it too seeks to improve the effectiveness of aid, but of all aid rather than project aid.

15. Management/planning assistance was a crucial part of the recovery scenario conceived at the Brussels Conference of 1978, which was outlined

Table 7

Debt Relief Agreements, 1976-83

<u>Creditor Type/Date</u>	<u>Average Rescheduling Terms</u>				
	<u>Amount</u> (Mill US\$)	<u>Maturity</u> (years)	<u>Grace</u> (years)	<u>Interest</u> (%)	<u>Grant Element</u> %
<u>Paris Club</u>					
I. June 16, 1976	211	9	2.5	7.9	6.9
II. November 6, 1977	236	9	3.5	7.6	7.4
III. December 11, 1979	1147	9.6	0.7	8.5	4.6
IV. July 9, 1981	574 ^{1/}	9.7	1.1	9.6	1.6
V. December 19, 1983	1317	11	5.8	9.7	0.7
<u>Syndicated Private Banks</u>					
April 1, 1980	402	10	5	^{2/}	n.a.

^{1/} US\$230 million of this amount, representing payments due in 1982, was cancelled because of non-compliance with IMF agreements (EFF).

^{2/} 1 3/4 percentage points above LIBOR for first five years, 2 percentage points above LIBOR thereafter.

in the Introduction. The main technical assistance components of that scenario were: IMF assistance to the Bank of Zaire; UNDP-financed assistance to the Ministry of Finance; World Bank assistance to GECAMINES and the Ministry of Planning (for the preparation of the PIP); Belgian assistance to OFIDA (Customs); and French assistance for the Central Pay Directorate of the Finance Ministry. (The scenario also presumed the continuation of World Bank assistance to OGEDEP, the external debt agency.) Most of this assistance has continued to this day with some modifications or exceptions. The IMF's assistance to the Bank of Zaire has recently been expanded. The UNDP-financed assistance to the Ministry of Finance is being phased out. (The Controller General who served from 1979 to 1982 will not be replaced.) World Bank assistance to GECAMINES and the Planning Ministry was extended first from headquarters in the form of frequent technical and economic missions and review of working documents but has been replaced with specific projects, as noted later. Belgian assistance to OFIDA is winding down and is expected to be replaced by assistance from the European Community. Although an expert remains at the Central Pay Directorate, he is now paid by the Zairian Government. Most of the above activities are briefly reviewed in Annex IV.

16. In addition to the above changes, the following developments or trends can be discerned in the technical assistance field in Zaire: (i) As noted earlier, after consultations with Zaire, Belgium has announced its intention to shift part of its technical assistance for education to the agricultural sector, including agricultural training. The decision is especially important, given the size of the aid involved (paragraph 9). (ii) Although improved execution remains the key objective of most programs, there has been a noticeable shift toward the design of policies and strategies. This is positive, provided that Zairian officials, particularly those who will be responsible for implementing the policies and strategies, participate in their design.^{12/} (iii) Interest has been slowly shifting from senior advisory positions (e.g., close to the Ministers) to technical advisers — from the general, omniscient adviser to specialized ones. (iv) The lines separating project-related, sector-oriented and macroeconomic management/planning assistance have become blurred. Because the execution and operation of projects often depend on the efficiency of the central ministries, a number of projects are allowing for technical assistance to some of those ministries. There are many examples of this; one is the IDA-financed SOFIDE VII project which provides for technical assistance to the Planning Ministry for the formulation of an industrial sector strategy and other tasks. (v) Concern with the effectiveness of technical assistance has led to the design of what may be termed "integrated technical assistance projects" by IDA, combining resident experts, short-term consultants, institution building, training, studies, and equipment. These include projects in agriculture, mining (GECAMINES), energy (petroleum), and education which are described in Annex IV.

^{12/} This is one of the reasons why the World Bank limited its role in the preparation and updating of the public investment program to an advisory one.

17. Interest in pragmatism, application and results has also influenced the approach to training. The Economic Development Institute (EDI) of the World Bank has been discussing with the Planning Ministry a training program on the "project cycle," which would comprise project preparation, execution and evaluation. According to the draft program, the participants would work on specific problems or needs in economic planning -- or on concrete projects -- and pass on the results to the relevant government agency(ies); two national training institutions would participate as "effective partners" in the execution of the program (see Annex IV).

18. Although most of these developments are favorable, technical assistance in Zaire poses several problems many of which are related to the particular environment of the country:

- Even though Zaire has severe administrative/managerial constraints, the justification for employing and the effectiveness of foreign experts is often based on the "independence" that these enjoy compared to Zairian staff. This is a major reason why there is no consensus in the country on the role of technical assistance and why perceptions of the need -- and, therefore, cooperation with such assistance -- vary.
- The effectiveness of technical assistance is adversely affected by the financial constraints and management deficiencies of the Government. The inability to provide the most basic work aids and tools often reduces the efficiency and motivation of the expert; the low pay and lack of incentives for better performance confronting Zairian staff discourages training; the poor management of some of the recipient institutions and the problem of interagency coordination also affect efficiency. These and similar conditions often result in the underutilization of the assistance and contribute to dissatisfaction on the part of both the expert and the Government.
- Recruitment of qualified people for service in Zaire has proven difficult. This means long lead times and often lower standards and sub-optimal performance.
- Zaire does not have the benefit of an appropriate strategy for identifying technical assistance requirements (in the context of long-term manpower and economic development plans, rather than on a project-by-project basis), for using it effectively, and for training Zairian counterparts according to a workable program. As a result, some funds go unutilized; donors impose preferences; and the potential for either making mistakes (premature replacement) or for perpetuating the assistance is ever-present.

19. What Zaire needs under these conditions is clearly and most of all a "strategy". A strategy helps just as much to say "yes" as to say "no" to technical assistance proposals. The strategy needs to be based on a long-term vision for the whole economy; technical assistance should not result in "islands" which function. Moreover, the strategy and the need should be reviewed periodically, and Zaire and the donors should coordinate the assistance systematically. Such coordination is very inadequate at present, even though a forum for it exists in the form of the Committee for the Follow-Up of the Consultative Group and even the Consultative Group itself. The objectives should include guarding against duplication in order to reduce the cost to Zaire (which seems to be substantial) and especially avoiding the excessive use of experts. Particular care should be taken to avoid introducing change faster than the absorptive capacity of the national institutions and increasing the number of experts faster than the ability to prepare Zairian counterparts, in effect perpetuating the dependence. Coordination could also be directed to the preparation of a review of past experience with technical assistance.

E. Economic and Sector Studies

20. The last few years have seen a significant increase in the economic and sector studies on Zaire financed or carried out by the major donors. This testifies to (i) an improvement in the dialogue with the authorities, (ii) a slow amelioration of the statistical base, and (iii) a growing interest to prepare the ground for the phase beyond stabilization and even recovery -- to deal with some of the structural problems of the economy. These studies are expensive for the major parties concerned: in terms of staff and financial costs in the case of the donors; in terms of disruptions of daily work in the case of the Zairian authorities. It is, therefore, important that the studies be properly programmed, focused and coordinated. The Planning Ministry should play a leading role in this area by at least centralizing and later disseminating information on the studies. In order to facilitate this task, Annex III includes an annotated inventory of the major on-going or programmed economic and sector studies on Zaire. This is a partial listing; as would be expected, the coverage is best for studies undertaken or financed by the World Bank, although selected studies by the USAID, U.N. agencies and a Zairian research institute, IRES,^{13/} are included. The annex lists 44 studies, of which 9 have been completed in 1984 (or are about to be completed) and about 20 are scheduled for completion in 1985.

21. The majority of the studies are policy oriented because policy issues are becoming a key feature in the design of operations by the multi-lateral organizations. The various studies are intended to pave the way for policy changes -- specifically, to ensure that reforms are based on

^{13/} The Institute of Economic and Social Research affiliated to the University of Kinshasa.

adequate analytical foundations, that the measures are sufficiently detailed to be actionable, and that the pace of the proposed change(s) is realistic. The studies can be classified as follows:^{14/}

(i) Improvement in Efficiency of Resource Use

Comprehensive Review of PIP; CEM and Review of Five-year Plan; Parastatals Study; Study of Administrative and Financial Procedures of Department of Primary and Secondary Education; sector studies in energy, industry and transport focusing on reform in incentive system, including pricing.

(ii) Mobilization of Domestic and Foreign Resources

Economic Recovery Fund; Credit Market and Institutions; Credit Study; Parastatals Study; ZOFI (export processing zone).

(iii) Export Diversification/Encouragement

Export Prospects Study; Recovery of Industrial and Export Crops; Manufacturing Sector Incentives; Prospects for Forestry.

(iv) Private Sector/Decentralization

Kivu Regional Study (completed); Private Sector in Freight Transport; various (seven) manufacturing sector studies and possibly the mining sector studies.

(v) Human Resources

Various studies on population, education and employment.

Nearly all of the studies, economic and sectoral, aim at improving institutional performance.

22. A proper evaluation of Annex III presupposes knowledge of the recent economic literature on Zaire — a subject which cannot be covered in this space. However, even without the benefit of such background, a review of the Annex suggests some deficiencies. First, the inventory contains few activities designed to improve the statistical base; this is still a major problem in Zaire and is being addressed to a limited extent through technical assistance (see Annex IV). Second, although some of the studies are being undertaken in cooperation with Zairian institutions and researchers, the involvement of such institutions and researchers is still symbolic. Third, the inventory contains surprisingly few studies on agriculture, where the need would appear to be significant.

^{14/} The studies most easily classifiable under each category are cited in abbreviated form.

23. The most effective way to deal with each of the above deficiencies is coordination among the main parties concerned, namely, the major donors and Zaire. Coordination would have the following additional objectives: (i) expanding the inventory and keeping it up-to-date; (ii) securing financing for some of the IRES studies which are only at the conceptualization stage; (iii) discussing the feasibility of advancing some of the studies; (iv) stimulating the joint financing or joint preparation of studies, when appropriate; and (v) encouraging the adequate dissemination, discussion and follow-up of the results. The importance of the last point cannot be overemphasized. In the past, many studies (even if acted upon) have gathered dust in Ministers' offices, never reaching the people who contributed to them or who could benefit most from them. The existing Committee for the Follow-up of the Consultative Group provides a suitable forum for the coordination advocated, especially since its secretariat, the Planning Ministry, is also the government agency most directly involved in the preparation and discussion of economic and sector studies.

VI. ISSUES AND PROSPECTS

1. Projections about Zaire are never easy and the current undertaking is no exception, because some of the important elements which are expected to shed light on the future are still being put in place. The current stabilization program ended in 1984 and the Stand-by Arrangement with the IMF expired in March 1985. Zaire has prepared a program for 1985 which is likely to be supported by another Stand-by Arrangement with the IMF. The new program is expected to focus on the continued reduction of internal and external imbalances through tight fiscal and monetary policy; it is likely to include measures aimed at improving the functioning of the interbank foreign exchange market as well as the financial performance of selected public enterprises. However, the quantitative parameters of the new program will not be known until April/May 1985. Zaire is also in the process of preparing a five-year plan covering the period 1986-90, partly in order to delineate a more certain future. Although some partial or preliminary results were available in February/March 1985 and approved, the full draft will not be completed and approved before the end of that year. In addition, as discussed in the preceding pages, some 20 studies on the Zairian economy are scheduled for completion in 1985. Some of these are expected to fill important gaps in knowledge, to address the structural problems of the economy, and to take a much needed long-term view. Rather than anticipating or prejudging the results of the above-mentioned exercises, this chapter focuses on: key issues which touch on the medium and the long term; the implications for aid and aid coordination; and the need to avoid the mistakes of the past. A key conclusion is that the positive developments since 1983 will not yield positive results sustainable over the long term unless they are accompanied in the next few years by a major effort to expand the productive capacity of the country.

A. Preparation of Five-Year Plan

2. Although Zaire completed in 1979 a document labeled the Mobutu Plan, this was rather an economic recovery program focused on a three-year public investment program; it encompassed varied efforts toward recovery (such as a stabilization program, debt rescheduling, and institutional reform), although not in a single and coherent conceptual or quantitative framework.^{1/} Yet even before the announcement of the Mobutu Plan in November 1977, a number of government agencies and the Ministry of Planning, in particular, were cognizant of the need to plan not only for recovery but for development as well and to do so in a more structured manner. They were equally aware of the statistical, economic and other difficulties that stood in the way. A first attempt to conceptualize the options and possible approaches was made in a working paper prepared by the Planning

^{1/} See World Bank, "From Economic Stabilization to Recovery: An Appraisal of the Mobutu Plan," May 15, 1980, pp. 11-12.

Ministry in June 1981.^{2/} The intention was formalized at the end of 1982, when the national political party (MPR), at its Third Congress, endorsed the preparation of a plan of social and economic development. The Planning Ministry was entrusted with the task and the work started in the last quarter of 1983.

3. Although the preparation of a five-year plan is never easy, this seems to be a more appropriate time for it than 1977 (when the Mobutu Plan was announced) or any year since then. The reasons are numerous and include the following: economic stabilization has been achieved in several respects; thanks to the liberalization measures, the economy is operating on the basis of real costs; the Planning Ministry is more experienced; and interagency coordination has been improving. In addition, the working paper on development options mentioned above had listed three obstacles to the preparation of a development plan: (i) inadequacy of the dialogue between technical experts and the political authorities; (ii) inadequacy of a reliable statistical base; and (iii) disorderliness of the decision-making process.^{3/} There has been notable progress in all three areas.

4. Yet despite this progress, the Planning Ministry has approached the task with appropriate caution and realism, for example, by implementing first a reorganization of the Ministry along sectoral lines; completing the establishment of planning units in the regional governments and in the other ministries in Kinshasa and strengthening the links with them; reinforcing the technical assistance at the Ministry; and drawing up a work program strong at the base, i.e., in diagnostic and background work, and allowing for systematic internal discussion of the interim results. The building bloc of that program was and remains the preparation for each major sector and each of Zaire's nine regions of an inventory and analysis of problems, past policies, and their impact, as well as an evaluation of options, priorities and strategies. These were completed in stages between August and December 1984 and have been undergoing internal discussion. The next step will consist of a systematic review of the sectoral investment programs in order to ensure that inter- and intra-sectoral allocations are consistent with the overall development strategy and the likely availability of resources.

5. The preparation of the Plan has taken longer than anticipated for several reasons.^{4/} The current schedule calls for the submission of a

^{2/} "Stratégie de Développement à Moyen Terme: Formulation d'une Hypothèse, Options & Orientations," Document de Travail, June 1981.

^{3/} "Stratégie de Développement," op.cit., pp. 21-22.

^{4/} The reasons include adapting to the new organizational structure of the Planning Ministry; the unforeseen work associated with the revision of the 1984 investment budget; the burden of getting the Committee on the Follow-up of the Consultative Group off the ground; and the objective of assuring appropriate inter-ministerial coordination at every stage.

first draft by end-March 1985 to a National Planning Council expected to be created and for wide-ranging discussion with private and public interest groups -- in both the capital and the regions -- with a view to mobilizing political support for the plan objectives. The document is expected to be finalized and endorsed by the relevant political bodies at the end of 1985. The final document will consist of a macroeconomic framework, which would help to define the overall development strategy, and a policy framework, and it would include sectoral and regional investment programs consistent with the availability of domestic and foreign resources and the capacity of institutions to implement the programs and projects contemplated. The unfinished projects of the 1983-85 PIP will represent the bulk of the investment program for the first two years of the five-year plan.^{5/}

6. All Zairian documents referring to the preparation of the Five-Year Plan emphasize two things: pragmatism and coherence, which are appropriate goals, indeed. These should be sought beginning with the setting of the objectives and targets. Neither Zaire nor the donors should see the process as one whereby once targets are set and certain actions are postulated regarding one side, the other side is burdened with the residual actions or adjustments necessary. Rather, targets and the respective roles of Zaire and the donors need to be considered simultaneously. This requires a common perception of key problems. For that reason, it is useful to revisit some of the fundamental constraints facing Zaire and bearing on the future.

B. Constraints

1. Exports

7. According to the commodity-by-commodity projections prepared for this memorandum, Zaire's export earnings in current prices are expected to increase from an average of US\$1.5 billion a year in 1982-84 to US\$2.7 billion in 1990 (Table 8). The projected annual growth rate of 10 percent represents a considerable improvement over the average annual rate of 1.7 percent experienced in the last six years. However, on closer examination, the export picture appears less promising. First, the projected increase in real terms averages three percent per annum; this is not surprising in view of the projected stagnation of copper and cobalt export volume. Roughly 80 percent of the projected increase in nominal exports is attributable to price -- nearly 60 percent to the copper price alone -- which provides a measure of the "softness" of the projections. Second, whereas coffee, zinc and cobalt prices (export unit values) are anticipated to increase faster than international inflation,^{6/} the prices of the other

^{5/} According to the latest Planning Ministry estimates, even if the 1985 tranche of the PIP were executed in full (which is unlikely), 55 percent of the PIP in terms of total project cost will remain unexecuted. (See Statistical Appendix Table 6.4.)

^{6/} As measured by the World Bank's unit value index of manufactured exports from industrial to developing countries on a c.i.f. basis.

Table 8: Export Projections in Current Prices

(Value in million US\$, volume in thousand metric tons, unit value in US\$/lb, unless otherwise indicated)

	Actual				Estimated			Projected			
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
A. Copper											
Value	1033	757	791	781	691	757	802	868	968	1057	1146
Gecamines ^{1/}	958	695	741	749	649	705	746	808	901	984	1067
Sodimiza	75	62	50	32	42	52	56	60	67	73	79
Volume	471	441	542	510	490	505	505	505	505	505	505
Gecamines	437	405	508	480	460	470	470	470	470	470	470
Sodimiza	34	36	34	30	30	35	35	35	35	35	35
Unit Value	0.99	0.78	0.66	0.70	0.64	0.68	0.72	0.78	0.87	0.95	1.03
B. Cobalt											
Value ^{1/}	377	158	183	121	220	220	220	220	220	220	220
Volume	7	3	7	10	10	10	10	10	10	10	10
Unit Value	24.80	21.12	11.36	5.80	10	10	10	10	10	10	10
C. Diamonds											
Value	114	77	76	139	229	254	270	280	305	333	352
Volume (mill. carats)	10	7	6.7	11.7	18	19.5	20	20	21	21.5	22
Unit Value (\$/carats)	11.36	11.70	11.33	11.86	12.7	13	13.5	14	14.5	15.5	16
D. Coffee											
Value	163	112	105	116	171	198	216	239	256	273	291
Volume	74	68	68	61	74	75	76	78	80	80	80
Unit Value	1.00	0.75	0.70	0.76	1.05	1.20	1.29	1.39	1.45	1.55	1.65
E. Petroleum											
Value	225	273	274	237	325	386	386	407	326	341	408
Volume (mill. bbls.)	6.5	7.7	8.1	8.5	11.6	13.8	13.8	13.8	10.5	10.5	12.0
Unit Value (\$/bbls.)	34.45	35.52	33.86	27.82	28	28	28	29.5	31	32.5	34
F. Zinc											
Value	21	71	43	50	57	61	66	70	75	80	86
Volume	30	88	55	67	65	65	65	65	65	65	65
Unit Value	0.33	0.37	0.36	0.34	0.40	0.43	0.46	0.49	0.52	0.56	0.60
G. Gold											
Value	34	25	23	64	48	39	46	81	90	96	101
Volume (kgs)	2	2	2	5.2	4.3	4.2	4.7	7.8	8.2	8.3	8.3
Unit Value (\$/t.oz.)	612.6	468.6	361.9	426.7	390.0	330	348	367	387	409	431
H. Other ^{2/}	310	230	133	129	134	149	159	175	190	210	235
I. Mkt. & ref. charges ^{3/}	-239	-203	-174	-114	-99	-93	-99	-103	-108	-114	-119
J. Total Exports	<u>2038</u>	<u>1500</u>	<u>1454</u>	<u>1523</u>	<u>1776</u>	<u>1971</u>	<u>2066</u>	<u>2237</u>	<u>2322</u>	<u>2456</u>	<u>2720</u>

^{1/} Gross of marketing and refining charges normally deducted at the source.

^{2/} Includes other export earnings (including silver, cadmium, rubber, palm oil, wood products) and, for past years a BOP adjustment by the IMF.

^{3/} Marketing and refining charges for Gecamines exports.

Source: Mission estimates, Gecamines, IMF, World Bank Commodity Studies and Projections Division's Price Forecasts (January 1985).

major exports (copper, diamonds, petroleum and gold) would lag behind international inflation (Chart 4). While registering a large improvement in nominal terms, copper prices would remain below the 1975-79 average real level through the rest of the decade (Chart 5).

8. The composition of Zaire's exports underwent an important change between the late 1970s and the first half of the 1980s through the expansion of the share of petroleum. No similar change is in store in the second half of the decade, as shown below:

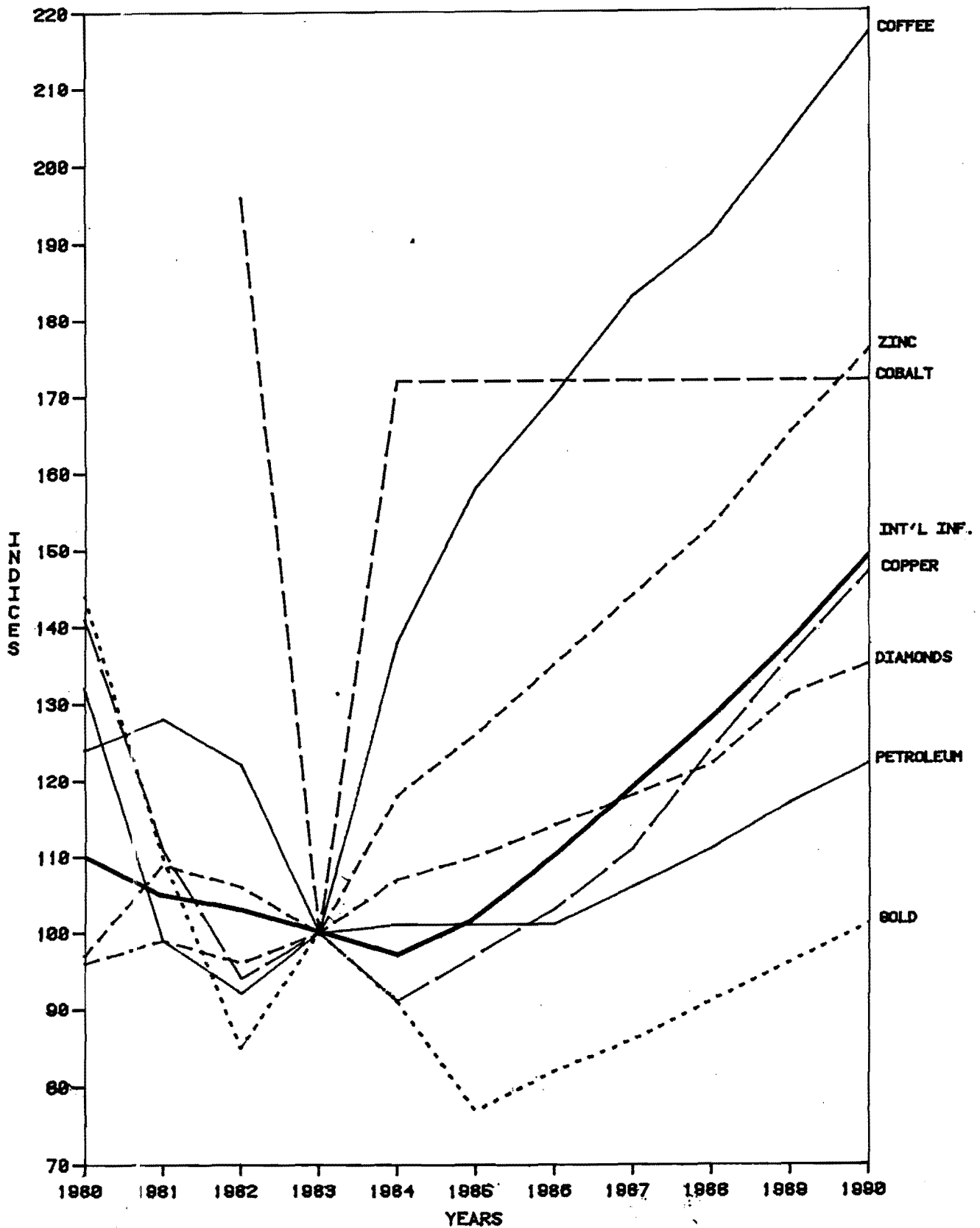
	<u>Percent of Total Exports</u>		
	<u>Ave.</u> <u>1975-79</u>	<u>Ave.</u> <u>1980-84</u>	<u>Ave.</u> <u>1985-90</u>
Copper	42.1	49.4	40.5
Cobalt	17.4	12.4	9.6
Zinc	2.3	3.1	3.2
Gold	0.8	2.4	3.3
Sub-total	<u>62.6</u>	<u>67.3</u>	<u>56.6</u>
Coffee	10.4	8.0	10.7
Diamonds	6.2	7.1	13.0
Petroleum	<u>2.5</u>	<u>16.5</u>	<u>16.3</u>
Total	81.7	98.9	96.6

An increase in the share of diamonds will be more than offset by a decrease in the share of copper. Therefore, nonrenewable resources as a group will continue to account for over 85 percent of total export earnings, nearly half of it coming from copper. Although there will be some shift from a commodity with high price instability (copper) to one with less price instability (diamonds), the change is too small to have a significant impact on the behavior of total export earnings.

2. Undisbursed Pipeline

9. As noted in Chapters II and IV, the undisbursed pipeline of medium- and long-term aid declined to about US\$600 million by end-1983 and, according to the latest estimates by OGEDEP, it stood at about US\$535 million at end-December 1984. The importance of this can hardly be overemphasized. Not only is the pipeline at its lowest level since the early 1970s (in nominal terms), it is equivalent to what was being disbursed from the pipeline in the mid-1970s in a single year. The end-1984 pipeline corresponds to less than two-thirds of the external debt service due (including IMF) in 1985 alone, as will be shown below. This situation has implications not only for future capital requirements but also for the type of assistance required. Since the pipeline is too small

ZAIRE: EXPORT UNIT VALUE INDICES, 1980-90
(1983=100)



WORLD COPPER PRICE, 1980-90
(USc/LB)

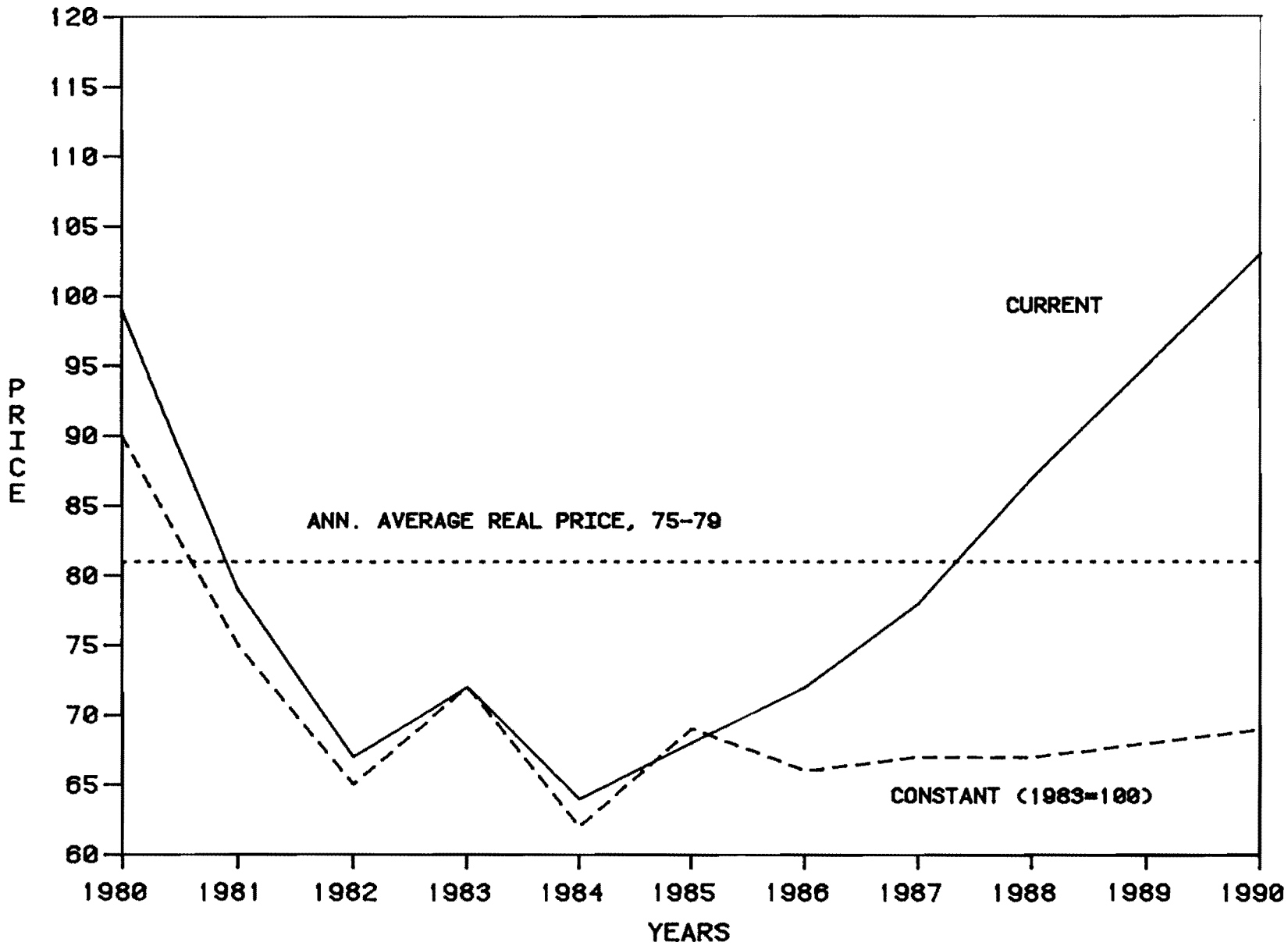


CHART 5

to provide an adequate cushion until actions to replenish it are taken and bear fruit, assistance in the next few years needs to be quick-disbursing. This point was emphasized at each of the last three meetings of the Consultative Group.

3. External Debt Service

10. The external public debt service obligations of Zaire in the next six years (1985-90) total about US\$4.0 billion -- a figure nearly as high as the total debt outstanding and disbursed on June 30, 1984 (US\$4.4 billion). This is largely the result of past reschedulings. Roughly 40 percent of the debt service falling due over this period consists of interest. Moreover, fully half of the debt service due in 1985 is on account of past reschedulings; 60 percent of the service due in 1990 is attributable to the 1983 rescheduling alone. (Appendix Tables 4.10 and 4.11). Given their non-concessional payment terms (discussed in the last chapter) and the massive capitalization of interest, the rescheduling exercises have led to a hardening of the average terms of Zaire's outstanding debt. As a result, the debt service ratio amounts to 37 percent in 1985 and 33 percent in 1986, and it does not fall significantly (below 20 percent) until 1990.

11. Over the next six years, Zaire also has debt service obligations to the IMF of about US\$950 million equivalent, roughly a fifth of it in "charges". Payments due to the IMF would peak in 1988, when they would exceed US\$200 million equivalent and amount to almost one-third of the debt service obligations to other creditors. If IMF repurchases and charges are included and some allowance is made for the progressive liquidation of uninsured short-term credits and invisibles, Zaire's total debt service due comes to almost US\$1 billion in 1985 (equivalent to 46 percent of exports of GNFS) and remains above US\$800 million through 1989, representing a debt service ratio of 30 percent.

12. Dealing with the debt situation as outlined poses technical/juridical and economic problems. The technical/juridical problems arise from the composition of the debt service due. Of the US\$760 million in external public debt service falling due in 1985 (not counting IMF), roughly 70 percent is, in principle, not reschedulable. As shown in Appendix Table 4.9, this covers: debt service owed the multilateral organizations (6 percent) or governed by "special payment mechanisms" (7 percent); interest --not principal-- owed the London Club (8 percent); and debt service due to the Paris Club on already rescheduled debt (49 percent). Although the bulk of the rest -- debt eligible for rescheduling -- is owed the Paris Club, the amount involved may be too small to provide Zaire debt relief comparable to that granted in 1983 and compatible with the short-term outlook. Other things being equal, this would require the rescheduling of some of the already-rescheduled debt, the bulk of which is owed again to the Paris Club, but would confront the creditors/donors with the difficult question of "burden sharing". The economic problems bearing on the debt picture are essentially: (i) the projected modest growth of exports (about three percent p.a. from the 1982-84 base) in real terms, as seen; (ii) the fast depleting project pipeline, as seen; (iii) the dramatic decline of real imports since 1975, seen against the vast requirements of the economy, which will be discussed below; (iv) the need to borrow more in order to

meet those requirements; (v) certain structural aspects of the BOP (as will be shown) which constrain the debt-payment capacity; and (vi) the importance of a debt consolidation which allows not only room for further borrowings but contributes to the stability and, therefore, creditworthiness of the economy.

13. The external debt of Zaire is not large in relation to its vast resource base and export potential. The problem is that (i) this potential has been seriously neglected because of the economic situation and excessive reliance on copper; and (ii) the terms of rescheduling. Zaire did have a plan for a major expansion of exports in the early 1970s; it was based on copper and the vehicle was a copper expansion project, whose objectives were redirected to "maintenance and rehabilitation". Another problem has been the notoriously wrong commodity projections, especially for copper, which gave the wrong signals with respect to both market prospects and debt-payment capacity.^{7/} Zaire's ultimate ability to service its debt — even an expanded debt — is not in doubt, i.e., the problem is not unmanageable, provided that priority is given to expanding exports. To achieve this as quickly and as smoothly as possible, it seems necessary to (a) limit external borrowing as much as possible to projects which have a positive balance-of-payments impact, and (b) obtain concessional terms as much as possible (particularly long grace periods) with respect to both fresh borrowing and debt rescheduling. It would be a mistake to view Zaire's economic problem as purely an external debt problem; the problem is essentially a management problem aggravated by excessive reliance on primary commodities.

4. Past Investment

14. Despite an investment ratio that averaged 34 percent between 1972-77 and 24 percent between 1978-82, there has been little investment during this period to increase the productive capacity of Zaire. This explains the negative incremental capital/output ratio (ICOR) experienced through most of this period. The type of investment decisions which contributed to this situation can be illustrated with reference to external borrowing. Between 1970 and 1977, Zaire borrowed more than US\$900 million for the Inga and Inga-Shaba electricity generation/transmission projects; nearly US\$500 million for air transport; US\$240 million for telecommunications, mostly television transmission; US\$100 million for a steel mill, which has never operated at more than 10 percent capacity; and nearly US\$50 million for the construction of a World Trade Center.^{8/} Investment decisions improved progressively after 1977, but with limited impact on productive capacity for several reasons. First, some projects of questionable priority (such as the rail/river bridge at Matadi) were, nevertheless, undertaken. Second, the completion of some of the major projects started

^{7/} As illustrated in the 1982 Economic Memorandum, the error in the export projections for 1982, attributable largely to the overestimation of export prices, was on the order of 30 percent of export earnings and larger than the total debt service due that year before any debt rescheduling.

^{8/} External Debt of Zaire, op.cit., p. 6.

before the crisis required additional large investments and was given priority. This was especially true of energy projects, and the Inga-Shaba transmission line in particular. Energy accounted for 20 percent and 16 percent of the 1979-81 and 1981-83 PIPs, respectively. In 1981, more than half of the Government's budgetary investment expenditures were allocated to energy, compared to 25 percent foreseen in the budget.^{9/} Third, the longer the crisis continued, the greater the rehabilitation requirements became. A typical consequence was the redirection of the undisbursed remainder of the Gecamines Expansion Project from "expansion" to "maintenance and rehabilitation" beginning in 1978. The inevitable emphasis on rehabilitation can be gauged from each of the last three PIPs as well as from the sectoral distribution of IDA-financed projects. Over the period 1975-84, IDA and the co-lenders financed projects with a total cost of about US\$1.4 billion; of that amount 53 percent was for transportation and primarily for maintenance and rehabilitation (see Annex II, Table 20).

15. The implications of this experience for the future are as follows. Rather than improving the outlook, the past projects constitute a major burden for Zaire. This can be illustrated again with reference to the energy sector. According to the World Bank/UNDP Energy Assessment mission which took place in November 1984, Zaire has an annual electricity generation capacity (11,300 GWH) which is 2.5 times the estimated annual domestic demand (4,500 GWH). The Inga II station, which has an installed capacity of 1,400 MW, is operating currently in the 100 to 140 MW range. The maintenance cost of the transmission line alone (the foreign exchange cost only) is estimated at US\$12 million a year. Partly because of the above history of investment decisions, rehabilitation requirements remain vast indeed. Despite past outlays, huge expenditures are still required just to maintain production capacity. This is true in practically every sector and sub-sector. Several hundred million US dollars are needed just to keep Gecamines' production at the current level (see the export projections in Table 9); over US\$250 million (about 70 percent of it in foreign exchange) are required to finance the next three-year program for the highways sub-sector, which involves very little new construction; the rehabilitation requirements of the textile industry were estimated two years ago at about US\$80 million in 1980 prices;^{10/} the investment required just to maintain MIBA's diamond production at an already reduced level was estimated at about US\$70 million in 1981 prices;^{11/} and, according to industry sources, even Zaire's petroleum production (a relatively new activity for the country) stands to decline in 2-3 years if no investments are undertaken to replace the depleting wells. While the priority of rehabilitation is incontestable from either a financial or an economic point of view, by itself, it will provide only limited scope for sustained growth.

^{9/} Economic Memorandum, 1982, op.cit., p. 35.

^{10/} Economic Memorandum, 1982, op.cit., Vol. II, p. 126.

^{11/} Ibid., p. 54.

16. Another investment-related question concerns the social sectors. Investment in population, education, health, urbanization and housing has suffered during the crisis because of the overall constraint on resources and the low priority accorded to those sectors. Education and health, for example, accounted together for less than five percent of the 1979-81 and the 1981-83 PIPs and less than four percent of the 1983-85 PIP. Although this freed resources for the other sectors, a continuation of investment at this level seems no longer feasible or desirable. Indeed, it is doubtful that the Government can afford not to increase investments in the social sectors. As noted in the last memorandum, "...national support for the recovery program and an increase in productivity require greater attention to social needs..." (Vol. I, p. 64).

5. Availability and Preparation of Projects

17. In addition to seriously diminished undisbursed commitments, Zaire faces a shortage of new projects. The same reasons that led to a decline in new commitments in the last five years also contributed to an erosion of external interest in new projects. Over the same period, Zaire itself was more preoccupied with completing some of the projects started and weeding out others rather than preparing new ones. The Bank staff's evaluation of the 1983-85 PIP suggested that the external gap of the PIP (the additional external financing necessary to complete the projects even if execution extended beyond 1985), namely, US\$560 million, amounted to no more than 20-25 percent of the fresh commitments required between 1985 and 1989 under various assumptions. Additional investment possibilities of as much as US\$2.0 billion needed to be identified during the following 5-6 years.^{12/} The following clarifications are in order in that regard: (i) To the extent that some of the projects in the PIP are sector projects capturing a "tranche" of longer-term or open-ended requirements, the above illustration overstates the problem. Indeed, the main transport agencies, the main mining enterprises, SOFIDE and REGIDESO can absorb more investments over the next six years than indicated in the PIP. However, too much reliance on the same agencies and programs will do little to advance the much-needed diversification of the economy. Besides, the competing need to expand capacity and social investments suggests that greater selectivity may need to be applied even to rehabilitation. (ii) The potential donor(s)' perception of what constitutes an adequately prepared project brief or project may differ from that of the potential borrower. Although many project ideas no doubt exist in Zaire, bringing them to a potential project status is an arduous and time-consuming process. The preparation of adequate "sector strategies" seems a sine qua non for project identification and preparation.

18. Aware of the need for new projects, the Government established in July 1981 a Pre-Investment Studies Fund to be managed by the Planning Ministry. Expenditures by the Fund from 1981 to 1983 totaled about Z 13 million (US\$2.5 million); 35 percent of that amount was for the operating

^{12/} "Evaluation of Interim Economic Recovery Program", op.cit., p. 23.

expenses of ZOFI and another 20 percent for ZOFI-related projects. Budgetary allocations for the Fund were increased from Z 10 million in 1983 to Z 50 million in 1984 (US\$1.4 million at the average rate of exchange through September), but information on actual expenditures is not available yet. In any case, financing is not the main constraint in this area. The programs of most donors allow for such expenditures or for flexibility in supplying the necessary funds. The IDA-supported SOFIDE VII project, for example, allows for about US\$2.5 million which can be used for project, sector or policy studies and technical assistance associated with them. What is needed just as much as financing seems, rather (i) appreciation of the crucial importance of such studies (the attempt to drop the allocation for this purpose from the 1984 budget -- later corrected -- was discouraging); (ii) better aid coordination even at that early stage, which can take place best at the local level; and (iii) improvement of the local ability to prepare and evaluate pre-investment studies in the context of appropriate sector strategies. Positive developments include the progressive expansion of local consulting firms and training institutes and programs focusing on this important need.

6. Budgetary Constraints

19. This section deals with some of the persistent budgetary constraints as manifested in 1984. A more detailed analysis of the same constraints in the broader context of public finance was included in the last CEM. The need, ways and means for further change in this area are also being addressed by the IMF in the framework of a Standby Arrangement.

20. As discussed in Chapter II, budgetary revenues and expenditures have declined sharply in real terms since the mid-1970's because of the contraction of economic activity and the expansion of the unrecorded economy. In 1984, total budgetary expenditures in real terms represented no more than 75 percent of the level obtained in the early 1970's; recurrent expenditures other than interest and wages and salaries were less than 50 percent of the pre-1975 level, while budgetary capital expenditures were less than 25 percent. According to preliminary estimates, debt service payments and wages and salaries absorbed about two-thirds of total revenue in 1984 compared to less than five percent for capital expenditures. Throughout the crisis, the shortage of budgetary resources, combined with ad hoc reallocation and reduction of expenditures, has resulted in pervasive delays in project implementation, inefficiency of resource use and systematic underfunding of critical recurrent expenditures. In light of the constrained export outlook and the burden of debt service payments, the inadequacy of budgetary resources will remain a key obstacle to recovery. For example, as was noted in Chapter II, without rescheduling, in 1985 debt service due would absorb more than 100 percent of expected budgetary revenue! This highlights the importance of realistic debt relief and also of designing aid programs which include plans to ensure that recurrent expenditures are adequately funded in order to keep a balance between physical capacity and the operation and maintenance of that capacity.

7. Some Structural Aspects of the Balance of Payments

21. Since the onset of the crisis, adjustment to external imbalances has largely taken the form of a sharp cutback of imports with the result that, in 1983, imports were less than half (in real terms) of the level prevailing in the early 1970's. Although petroleum imports have been reduced (in volume) by some 30 percent over the last decade, the import bill has increased more than tenfold. The current monthly allocation for petroleum imports -- roughly US\$20 million -- is equivalent to the cost of annual imports before 1974. Although Zaire is a net petroleum exporter, the petroleum export earnings retained by Zaire cover only about 60 percent of the import bill. The petroleum import bill, together with four other categories of imports which are not easily compressible in the short run -- GECAMINES-related imports, freight and insurance, interest on external debt, and expatriate salaries -- absorb more than 80 percent of export earnings, which leaves limited scope for financing other imports necessary for rehabilitation and sustained recovery. For example, the 45 percent of GECAMINES' export earnings which the company retains for its import needs (including the foreign exchange component of the salaries of some 700 expatriate employees) represented in 1984 about US\$380 million, which is equivalent to almost a third of total merchandise imports; freight and insurance charges amounted to more than US\$200 million, or another 18 percent of total imports. Although Zaire has consistently had a positive trade balance, this has tended to be offset by a large negative balance in non-factor services: even without counting interest on external public debt, the balance averaged minus US\$560 million a year and was fairly stable around that figure during 1980-84.

C. Import and Aid Requirements

22. Because of the unusually great uncertainties surrounding the future (the copper price, in particular) and the weaknesses of the data base, projections about Zaire in past economic memoranda have been illustrative rather than predictive. They have aimed to illustrate especially the interrelation among imports, debt rescheduling and project or BOP aid with the help of scenarios which were, for the most part, "need driven". The projections prepared for this memorandum are once again illustrative; they are intended to draw attention this time to: (i) the need to begin focusing on the prerequisites for development; (ii) the interaction of some of the constraints discussed above; and (iii) the importance of the "time factor", i.e., the time required to achieve concrete results. The projection period is 1986-90. The year 1985 is "estimated" on the basis of the export outlook in Table 8, developments and constraints in 1984, and discussions with government and non-government officials as well as donor representatives. According to the estimates in Table 9, the external financing "gap" in 1985 would total about US\$530 million and could be closed

Table 9: Balance of Payments and Capital Requirements, 1980-1990

(Million US\$)

	1980	1981	1982	1983	Preliminary	Estimated	Projected				
					1984	1985	1986	1987	1988	1989	1990
Exports (f.o.b.)	2038	1500	1454	1523	1776	1970	2065	2235	2320	2495	2720
Imports (f.o.b.)	1472	1290	1128	1113	1194	1300	1430	1580	1820	2095	2420
(oil imports)	(168)	(381)	(181)	(167)	(184)	(240)	(245)	(275)	(325)	(345)	(400)
Non-factor services, net	-554	-548	-568	-572	-575	-575	-585	-595	-620	-655	-690
Receipts	115	76	87	75	113	110	120	130	140	155	170
Expenditures	669	624	655	647	688	685	705	725	760	810	860
Freight and insurance	(258)	(283)	(254)	(250)	(215)	(265)	(280)	(290)	(305)	(330)	(360)
Other ^{1/}	(411)	(341)	(401)	(397)	(473)	(420)	(425)	(435)	(455)	(480)	(500)
Transfers, net	187	244	152	148	130	150	185	200	215	230	245
Service on existing debt	472	413	238	293	460	954	897	874	858	868	676
Public debt ^{2/}	308	230	163	222	310	760	712	672	617	676	539
IMF Credit	99	135	50	58	110	159	150	167	211	162	112
Repurchases	(85)	(123)	(24)	(11)	(63)	(104)	(94)	(125)	(173)	(138)	(98)
Charges	(14)	(12)	(26)	(47)	(47)	(55)	(56)	(42)	(38)	(24)	(14)
Other amortization ^{3/}	65	48	25	13	40	35	35	35	30	30	25
Disbursements, MLI	284	263	173	150	170	180	115	90	60	40	25
(existing pipeline)											
Private capital						-	20	40	70	90	110
Balance of Payments Aid											
IMF Purchases	102	230	118	122	162	-	-	-	-	-	-
Other ^{4/}	113	-14	-37	-35	9	-	-	-	-	-	-
Gap	-	-	-	-	-	-529	-527	-484	-633	-763	-686
(in 1983 prices)											
Financing of gap							(-480)	(-408)	(-495)	(-552)	(-459)
							-52	-97	-157	-208	-251
<u>MEMO ITEM</u>											
Debt Service Ratio (%) ^{5/}	21.9	26.2	15.4	18.3	24.4	45.9	41.1	37.0	34.9	32.8	23.4
- Public debt only	14.3	14.6	10.6	13.9	16.4	36.5	32.6	28.4	25.1	25.5	18.7
Exports GNFS	2153	1576	1541	1597	1889	2080	2185	2365	2460	2650	2890
International Inflation											
Index	112.0	106.4	104.4	100.0	97.2	102.0	109.7	118.5	128.0	138.2	149.3

^{1/} Of which in 1983, US\$32 million was for travel, US\$16 million for other transportation, US\$78 million for other government expenditures and the rest for miscellaneous expenditures.

^{2/} Figures for 1980-84 represent debt service actually paid.

^{3/} Reflects cash payments on arrears on commercial and invisible debt.

^{4/} Includes short-term capital, capital not elsewhere included, errors and omissions and changes in reserves.

^{5/} Figures for 1986-90 refer to debt service due as of June 1984.

through a combination of debt rescheduling and IMF assistance similar in amount and terms to those granted in 1984. The prospects for such rescheduling and assistance seem good.

23. For the period 1986-90, the projections assume real imports to grow by about 2.5 percent a year in 1986-87 and 7 percent a year during 1988-90. The reasons for the assumptions are principally as follows. In the four years since 1975 when GDP registered a real growth (1980, 1981, 1983, and 1984), this was achieved, on average, with modest increases in real imports (and an implicit import elasticity considerably less than 1.0) owing to the prevalent underutilization of capacity and the apparent scope for improving the allocation of imports. On the one hand, this scope has become more limited, implying that larger increments in imports are now required to achieve the same increment in GDP as in those four years. On the other hand, the scope for increasing imports, especially of capital goods and particularly in the next 2-3 years, is constrained by (i) the relative inelasticity of most donors' aid to Zaire, as we have seen; (ii) the shortage of projects with sufficiently advanced preparation, as discussed in paragraph 17 above; (iii) the lag between commitments and disbursements; (iv) the adverse impact of budgetary constraints on project implementation (Chapter II and paragraph 20 above); and (v) the reluctance of most donors to extend larger levels of BOP aid on top of the substantial and "exceptional" debt rescheduling required.

24. What explains the big jump in the real import growth (to 7 percent) assumed beginning in 1988? If the objective set is development rather than just recovery -- i.e., sustainable and diversified growth beyond 1990 and allowing for a steady improvement in per capita income and consumption -- imports need to be expanded much more and as soon as feasible. As explained in the last economic memorandum (Vol. I, p. 64) and in the preceding section dealing with "Past Investment", because of the neglect of maintenance for a long time, the cost of rehabilitation -- prerequisite for both recovery and development -- is very high, indeed. Attending to those rehabilitation needs, especially in infrastructure, seems crucial for attracting external private capital. Moreover, rehabilitation efforts need to be accompanied by efforts to increase and diversify production and especially exports; and the amelioration of the social situation, through both investment and consumption, can no longer be postponed. The basic premise of these projections is that unless the prospects for balanced and sustainable development are improved through specific actions, the recovery may prove short-lived because it has been achieved, so far, partly by postponing dealing effectively with some key problems. Chief among these are external debt, economic diversification, and the social situation. This also explains why although it would be unrealistic to plan for a much bigger increase in imports in 1986-87, it would be undesirable to postpone a major recovery of imports and an increase in the necessary aid (in terms of actual disbursements) beyond 1988. This has implications for aid coordination in the intervening years, as will be discussed later.

25. The external gap, according to the projections based on the above assumptions and presented in Table 9, averages about US\$500 million a year in 1986-87 and about US\$700 million a year in 1988-90. These figures refer to the ex ante gap, i.e., the residual obtained after allowing for disbursements from the existing pipeline and for some inflow of private capital, but excluding payments on the rescheduling and/or borrowing necessary to close the above gap; these are estimated below (para. 27).^{13/}

26. Two alternative ex ante gap estimates were developed: one based on the continuation of the real import growth of 2.5 percent p.a. beyond 1987 (low-import scenario); the other assuming an increase in real imports of 7 percent p.a. starting in 1986 rather than in 1988 (high-import scenario). The resulting gaps are compared below:

	(US\$ million)					Cumulative
	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1986-90</u>
Adopted scenario (Table 9)	527	484	633	763	686	3,073
Low-import scenario	527	484	558	598	396	2,563
High-import scenario	587	614	783	933	869	3,786

The cumulative gap under the adopted scenario falls roughly between the mid-point of the low and high-import alternatives; in a sense, it combines an import level that seems feasible in the first two years with one that is desirable in the following three years.

27. After allowing for payments on the rescheduling and/or borrowing necessary to close the gap, the total (ex post) gap averages US\$580 million

^{13/} It should be underlined that these ex ante gap estimates are very sensitive to the import growth assumption and that, in turn, to the index of the unit value of imports of manufactured goods (MUV) used as a proxy for import prices. To illustrate, if the MUV, currently projected to grow by about 8 percent a year (Table 9), were to grow slower by two percentage points, the gap for 1988-90 would be reduced by more than 20 percent (or from US\$700 million a year to US\$535 million a year).

a year in 1986/87 and about US\$900 million a year in 1988-90.^{14/} In real terms (1983 prices), the ex post gap so defined averages US\$590 million a year over the five-year period, or nearly 30 percent less than average real annual disbursements during the period 1974-78. In short, the external assistance (including debt rescheduling) required to set Zaire on the path to sustained growth seems less than that extended a decade ago, which provides another measure of the ineffectiveness of much of the assistance extended then. The figures in Table 10 are intended to provide only orders of magnitude and should be interpreted with caution. While GDP growth is expected to accelerate under the above import assumptions and will very likely exceed the population growth rate, it is difficult to speculate on it further until the projects which will absorb the imports of capital and intermediate goods are identified and their potential impact evaluated. To a large extent, the identity and preparation status of the projects -- in short, their financibility -- will also influence the relative weight of debt rescheduling, project and BOP aid in closing the gap.

D. Preparing a Better Future

28. Although the estimation of the external gap is useful, the importance attached to it sometimes seems exaggerated. Clearly, the elaboration of a strategy or strategies is more important than the repeated preparation of gap estimates. Yet the gap estimates can serve to provide a "vision" of the future. The vision or message provided by the above set of projections is that unless Zaire begins in the next few years to expand and diversify its productive capacity, it may not be able to sustain the on-going recovery, given its population growth, export outlook and debt service profile. The lack of a medium- or long-term vision was a shortcoming of the multi-pronged and loosely defined recovery scenario for Zaire which emerged from the Brussels conferences of donors in 1978/79, which collapsed (with the cancellation of the EFF) in 1982, and which was reconstructed in December 1983. By and large, the scenario aimed to arrest the deterioration without a vision of what the Zairian economy ought to achieve in a given period of time. Much of the actions -- whether by Zaire or the donors -- were, therefore, well intentioned but ad hoc.

29. In order to set appropriate and realistic objectives, it is important to evaluate how far one has come. The discussion up to here suggests that although Zaire has made significant progress on the policy

^{14/} For the purpose of estimating payments on rescheduling and/or borrowing to close the gap, the following assumptions were made: (i) in 1985, 80 percent of the ex ante gap would be closed through debt rescheduling and 20 percent through BOP aid; (ii) the proportion of the gap closed through debt rescheduling would progressively decrease, reaching 10 percent in 1990 and the proportion met through BOP aid would be reduced to zero by 1989; (iii) the role of new project aid in closing the gap would progressively increase and reach 90 percent by the end of the decade; (iv) the debt rescheduling terms would approximate those of the 1983 Paris Club Agreement with the exception of the moratorium interest rate which would average 8.5 percent instead of 9.5 percent; (v) the terms of BOP aid would average 5 years maturity including 2 years grace and an interest rate of 7 percent; and (vi) the terms of project aid would average 27 years maturity, 7 years grace and an interest rate of 3 percent.

front, its physical, economic and financial constraints are undiminished. Indeed, in terms of the physical state of capacity (especially in the social sectors), the level of nutrition and health, the size of the undischarged pipeline, project preparation, the debt service ratio faced, etc., Zaire may well be worse off than a decade ago. However, the significant policy changes implemented since 1983 have helped to improve Zaire's absorptive capacity. Thus, in terms of either need or absorptive capacity, this seems an appropriate time to expand assistance to Zaire. Yet, as illustrated below, there is more that remains to be done with respect to both policies and aid coordination in order to continue to move forward while avoiding the mistakes of the past.

1. Policy and Institutional Change

30. The policy changes introduced since 1983 -- especially the liberalization measures -- remain appropriate and provide the best hope for sustained economic recovery as well as much-needed structural change. What is needed is to complete the reforms started, to improve execution in certain areas, and to adjust the focus in others. The correction/adjustment/follow-up needed in some important areas is illustrated below:

(i) Market Distortions. The liberalization of the foreign exchange and goods markets was undertaken in order to remove distortions and increase incentives with a view to achieving greater efficiency of resource use and a significant expansion of production. Recent experience suggests that in the process of pursuing the above objectives, other distortions are being introduced. These include the proliferation of local taxes and parafiscal charges and the hastily introduced changes in the tariff structure which, despite undergoing some adjustment in April 1984, will be examined closely as part of the study on effective protection which is to be financed by IDA under the SOFIDE VII project. In addition, and in some respects, existing distortions are also being reinforced through the lingering arbitrary application of taxes and regulations in an environment which, apparently, has witnessed an increase in corruption. The retention of the principle of fixed profit margins and the authority for ex post controls provides a basis for such arbitrariness. Under these circumstances, greater efforts are required to remove distortions and improve the incentive structure. A useful step in that direction would be to undertake systematic assessments of how markets are functioning, how to mitigate their imperfections, and how to do so without more Government intervention.

(ii) Export Promotion. Now that the exchange rate has reached a realistic level and that controls on capital movements have been relaxed, there is a need to take specific actions to promote exports and investments in export-oriented sectors -- especially in forestry, where the potential is vast -- as well as in petroleum. While the Investment Code and other regulations offer incentives to private sector expansion and/or investment, a policy package to promote exports has yet to be put together.

- (iii) Parastatal Sector Reform. As far as the issue of government control is concerned, the Government has been moving in the right direction. This is confirmed by the very recent decision to consider liberalizing the distribution of petroleum and changing the role of PetroZaire. Yet there is a need for more direct and decisive action in this area, starting with the realization that restructuring, divestiture or liquidation will have to be the inevitable answer to some of the problems faced and to prepare, therefore, a plan of action in this respect. Another important issue which needs to be addressed is that of managerial autonomy. For public enterprises to be run efficiently and within the limits of guidelines agreed between the companies and the Government, management should have autonomy of action and be free of interference, in particular with regard to financial and personnel matters.
- (iv) Capital vs. Development Expenditures. Capital expenditures have been curtailed for years with the result that they now account for no more than 5 percent of total budgetary expenditures. Yet the allocation of this small amount has required a disproportionately large expenditure of time and energy by the Planning Ministry, especially in 1984. The rationale for this is becoming increasingly weaker. It may be appropriate under these circumstances to shift the focus from "capital expenditures" to "development expenditures," whether capital or recurrent, and to inquire into the proper balance between recurrent and capital outlays. A case in point is the adequate provision of basic infrastructural and social services. The failure of the State to maintain such services has introduced great distortions and substantially increased the costs of private firms, which have to provide the infrastructure and services in question themselves. In this context, it would be appropriate to undertake a systematic and thorough analysis of the recurrent budget in cooperation with the World Bank and the IMF. On the revenue side, the broadening of the tax base is likely to come mainly from the integration of the unrecorded economy into the "open economy" through the continued liberalization of the economy, the relaxation of controls and, especially, the stopping of arbitrary controls, which harm confidence.
- (v) Stabilizing Performance. The consistent implementation of policies has been far from optimal, as indicated by the "stop-go" manner in which some components of the IMF program are being implemented. This has stemmed partly from inadequate inter-ministerial coordination and should be averted; it has produced cycles of over-performance compared to expenditure or credit ceilings (underfunding of the investment budget, underpayment of domestic arrears, etc.), at a significant cost to the real economy, followed by accentuated changes in the opposite direction. It is absolutely essential that sufficient credit be available to the private sector in order to prevent a choke-off of the recovery.

- (vi) Need for Realism. The main condition for avoiding the mistakes of the past is to recognize that the recovery of the economy will take time and can be assured best by a determined and systematic application of the liberalization and other policies adopted since 1983, by preparing and implementing appropriate sectoral strategies, and by continuing the institutional reforms in which Zaire and the donors have invested so heavily. Yet the search for easier, "miracle" solutions maintains its appeal. Investors with grandiose schemes still visit Kinshasa with increasing frequency, and there lingers a propensity to consider schemes outside the perimeter of priorities. The answer seems to be partly better planning and programming and partly the continued opening up of the decision-making process.
- (vii) Human resources. Any positive result obtained from better economic or sectoral policies would be minimized or negated in the long run unless the development of human resources assumes a central role in the planning as well as actions of the Government and the donor community immediately. Given the stringent budgetary constraints, the low level of wages and salaries in both the public and private sectors is a pervasive issue in all sectors of the economy. This factor — of itself — has inevitably led to a severe shortage of qualified and motivated staff; it has also hindered execution at the macro and project level and constrained the range and efficacy of external assistance. Undoubtedly, the solution is neither easy nor quickly attainable. In light of this fundamental economic as well as social problem — and in conjunction with the recent Public Administration Reform and the objectives defined by the National Education Reform — it seems appropriate to undertake a study of requirements for skilled manpower (including the management level), wages and salaries and their interrelation. The study should be undertaken with the full involvement of all interested parties -- Government, private industry, labor organizations and academic community.

2. Aid and Aid Coordination Issues

31. Some of the observations on policy and institutional change made above have their parallels on the aid side. For example, the potential for creating new problems while solving others (noted under "i" above) exists with respect to both debt rescheduling and new aid. Clearly, Zaire needs very concessional payment terms, especially since a large part of the aid accorded in the past and whose debt service is coming due now has made a relatively insignificant contribution to the Zairian economy so far. Stabilizing performance in the fiscal and other areas ("v" above) requires predictability of aid also, as will be elaborated later. And the need for realism ("vi" above) applies just as much to the donors as to Zaire.

32. In planning their assistance to Zaire, the donors/creditors may wish to consider the following:

- The most effective way to enable Zaire to service its external debt is to help it to expand its production by completing the task of rehabilitation and attracting new investments, domestic and external. The approach to debt rescheduling has a major role to play in this regard. If debt rescheduling continues to be handled on an annual (as opposed to multi-year) basis, this will tend to perpetuate the uncertainty regarding the economy and, in particular, the resources and flexibility of the central government, and may discourage investment.
- To be effective, the assistance (or the macroeconomic framework under which it is justified) should enable Zaire to increase imports to more normal levels, to improve the social situation and to ameliorate the provision of infrastructure and other services. Investment, domestic and foreign, will not be stimulated in an environment marked by severe shortages of goods, inefficient or unpredictable infrastructure, and the threat of social instability.
- Private foreign capital was a major source of assistance in the early 1970's and every effort should be made to attract it once again by addressing the constraints discussed in Chapter IV under "Private Sector Environment". However, this can only happen gradually and at payment terms which are unlikely to be suited to Zaire, at least for several years. Official assistance will, therefore, continue to be the major source of aid to Zaire.
- There is a trade off between quality (effectiveness) and time, be it with regard to project preparation or the policy formulation and implementation. What Zaire needs is good projects, not just more projects. This implies on the part of Zaire a need to design appropriate sector strategies and, on the part of the donors, a need not only to help Zaire prepare good projects but, given the time that this task requires, also to be prepared to extend greater BOP aid and/or debt rescheduling. On the policy side, the donors should avoid over-burdening Zaire with demands and recommendations and over-relying on technical assistance; they should, instead, encourage Zaire to concentrate on key actions or areas (such as those identified in the preceding section) and not to introduce change at a pace faster than the ability to monitor it.
- At aid coordination meetings and elsewhere, Zairian officials have often complained about the "unpredictability of aid" by remarking that although what was asked of Zaire was clear, what Zaire could expect in return was always left vague with respect to time, nature and quantity. This view is not unjustified; as argued earlier, while the donors had a scenario for arresting the deterioration, there was no scenario for achieving specific objectives; furthermore, the promises made to Zaire have tended to be bilateral rather than collective and, therefore, less addible, less meaningful. This may be considered a shortcoming of the aid coordination experience.

- The above aspects of aid are not unique to Zaire and, therefore, nor are the avenues open for dealing with them. One avenue would be to expand the aid coordination effort, for example, by discussing debt rescheduling, macroeconomic policies, the investment program, capital requirements, and institutional change in the same forum. The justification is that the coherence and adequacy of aid can be achieved if all problems and needs are put simultaneously on the table. This seems unrealistic in the case of Zaire, because the interventions of the individual donors/creditors depend less on what the others are doing or planning and more on Zaire's own performance over time. In addition to expanding the agendas of Consultative Group meetings as appropriate, what may be useful is to agree on a program of several meetings which would be convened on pre-agreed dates and for pre-agreed specific objectives (e.g., financing of PIP, review of Plan, financing of specific sectoral or sub-sectoral programs, technical assistance, etc.) provided that Zaire achieved certain objectives. This would give the donors time to take the necessary political decisions while providing Zaire with "predictability of aid," conditioned as it may be on its own actions. This approach would increase the role of local aid coordination, which seems crucial, as it would have to become more objective or action oriented. In this connection, it may be useful to ask a donor representative to serve as the permanent or rotating co-chairman of the Committee on the Follow-up of the Consultative Group.

33. Although the discussion above has focused on the effectiveness rather than the volume of aid, there is an undeniable need to expand the volume. It is appropriate to note that even if the external public debt service ratio in the next five years is kept (through debt rescheduling) at 20 percent, annual new disbursements of at least US\$430 million will be needed just to keep net transfers at zero -- obviously a situation incompatible with recovery or development. Although this figure is lower in real terms than the disbursement level of a decade ago, it is more than 50 percent higher than the average for 1980-84. Therefore, achieving a positive transfer does require a special effort by the donors, given the prospects for relative stagnation of ODA in real terms. If the effort required is special, can Zaire be considered a special case? The answer is yes, not only because the recent reforms have gone beyond the actions taken by most African countries but also because the continued recovery and eventually successful restructuring of the economy would have an important demonstration effect. But the ultimate reason relates to Zaire's potential. This potential -- in mining, agriculture, forestry, hydropower, etc. -- is not only vast by African and even global standards, it stands amid countries afflicted with over-population, lack of natural resources and an uncertain future.

ANNEX I

RECOMMENDATIONS OF LAST ECONOMIC MEMORANDUM
AND CORRESPONDING ACTIONS

This annex lists the main recommendations of the 1982 Economic Memorandum ^{1/} and the corresponding actions taken by the Zairian Government. The annex does not cover the recommendations of a long-term nature such as those for education and health, which will require time to implement. The figures in parenthesis refer to the page numbers of that memorandum (Volume I).

General Recommendations

The crisis in the preceding years was aggravated by the failure of the Authorities to take prompt corrective action; therefore, [Zaire should] tighten fiscal discipline and improve resource allocation in early 1983 in order not to compromise that year as well. (p. 23)

During the first half of 1983 Zaire implemented a "shadow program" (prepared in cooperation with the IMF) focused on reducing the budgetary deficit and improving financial management. This contributed to an improvement in performance in 1983.

Reach agreement with IMF on a new program of economic and financial stabilization. (p. 70)

A 15-month Stand-by Arrangement in an amount of SDR 228 million (US\$246 million) equivalent to 100 percent of quota was formally approved by the IMF in December 1983. The IMF approved concurrently the purchase of SDR 114.5 million (US\$124) under the Compensatory Financing Facility.

Achieve a realistic, implementable external debt rescheduling agreement with the Paris Club. (p. 70)

At the December 1983 Paris Club meeting, creditors agreed to reschedule outstanding arrears and maturities falling due in 1984 at terms compatible with the IMF agreement.

^{1/} Recent Economic and Sectoral Developments and Current Issues (Report No. 4077-ZR), December 30, 1982.

Take the measures necessary to improve the prospects of financing Gecamines' urgent rehabilitation program. (p. 71)

Gecamines' self-financing capability has improved markedly as a result of the following measures taken over the last two years: adoption of a market-oriented foreign exchange regime; signing of a new marketing agreement with SOZACOM aimed at better definition and implementation of marketing strategy, greater transparency in marketing transactions and lower marketing costs and subsequent liquidation of SOZACOM; renegotiation of prefinancing and refining contracts with Société Générale des Minerais (SGM) leading to lower refining and financing charges; adoption of a more flexible tax regime and revaluation of assets; redefinition of the company's involvement in non-mining activities; internal management improvements.

Implement the Agricultural Action Plan, bearing in mind that a number of policies remain to be formulated, and keep the situation under close review. (p. 71)

Progress on the implementation of the Agricultural Action Plan include the reorganization of the Agriculture and Rural Development Ministry (creation of Planning Unit and Project Administration Division); the liberalization of agricultural prices; improvement in the maintenance of agricultural feeder roads; and recognition of the critical importance of the supply of seeds and fertilizers. However, much remains to be done in order to reach the goals of the Agricultural Action Plan (especially in the area of financial management).

Adopt a program for implementing the recommendations of the IMF/Bank fiscal study. (p. 71)

Within the framework of the IMF-supported stabilization program, a great number of the recommendations (particularly on the revenue side) of the joint IMF/Bank study have been adopted: upward revision of the motor vehicles tax and of the real estate tax; allowance for the revaluation of fixed assets for tax purposes; increase of the tax brackets for the tax on rental income so that they approximate those of taxes on wages and salaries; upward revision and adjustment of the brackets of the income tax to compensate for the effects of inflation; extension of the system of presumptive assessment to more occupations; increase of the rate of the CCA (turnover) on imports to the level of the domestic CCA; increase of the excise tax on beer, other alcoholic beverages, cigarettes and petroleum products; and adoption of a new fiscal regime for Gecamines. On the expenditure side, there has been some progress in centralizing control procedures in the Ministry of Finance. However, quite a number of recommendations related to the administration of the tax system, the budgetary process and fiscal reporting remain to be acted upon.

Execute the public investment program as closely as possible while continuing to improve the investment planning process. (p. 71)

The Authorities have shown increasing awareness of the importance of executing the public investment program. However, financial constraints

have had a negative impact on both the execution of the program and its monitoring. The long delay in estimating execution complicates the task of programming for the future; much more needs to be done institutionally in this area.

Specific Macroeconomic Recommendations

Take the necessary measures, in consultation with the IMF, to bring the zaire to a more appropriate level. (p. 71)

On September 12, 1983, the zaire was devalued by 77.5% in SDR terms and a temporary dual exchange rate arrangement adopted; the spread between the official and free rates initially set at 10% was progressively reduced until unification of the two rates on February 24, 1984. The zaire is now floating freely on the interbank market which is now well-balanced between buyers and sellers. The free rate was Z 1 = SDR 0.03542 on September 12, 1983 -- the average for the week of March 11-15 was Z 1 = SDR 0.0219.

Work closely with ANEZA (the enterprise association) to monitor and generalize the application of the price liberalization policy; consider rescinding the "cost plus 20 percent" formula applied to domestically produced manufactured goods. (p. 71)

The Government has retained the principle of ex post control of prices and of the "cost plus 20 percent" pricing formula. While agricultural producer prices appear to have been effectively liberalized in most cases, prices of manufactured goods are still subject to control at the factory, wholesale and retail levels.

Review the level and structure of interest rates in order to achieve positive real rates as soon as practicable; undertake this task in conjunction with a review of credit markets and institutions. (p. 72)

In September 1983 the Bank of Zaire freed all remaining lending rates (since April 1981, commercial banks had been allowed to set some lending rates freely) with the exception of those on loans for non-coffee agriculture, which were increased from 11% (short-term) and 13% (medium-term) to 15%. Rates paid by commercial banks on time deposits of 3-24 months were set at a minimum of 8-30% per annum, and those on deposits of over 24 months were left freely negotiable. A significant development is the creation of a market for short-term treasury bills which offers holders of zaires a sufficiently remunerative rate. Given the attractiveness of the yields on short-term treasury bills, commercial banks have started to offer remunerative rates on deposits in order to prevent their depositors to shift to these bills. A review of credit markets and institutions with a view toward defining the measures necessary to encourage financial savings mobilization and allocative efficiency remains to be undertaken.

Improve the accounting and control of sales of Gecamines as first steps toward the introduction of a new tax regime for the company along the lines of the IMF/Bank Report. (p. 72)

This was achieved and the new fiscal regime for Gecamines along the lines of the IMF/Bank report was adopted on September 12, 1984.

Undertake a study of the parastatals sector in order to assess the net impact on government finances. (p. 72)

A study by the World Bank in cooperation with the Government was initiated in June 1984 and is expected to lay the foundation for systematic macroeconomic analysis of the parastatal sector's performance.

Prepare realistic estimates of the operating costs of the Government to permit the proper functioning of at least key branches of government (p. 72)

No work has been done toward evaluating the recurrent outlays necessary for the adequate funding of critical economic and social services. This remains a key priority.

Pursue a government employment and wages and salaries policy and in this connection, undertake a review of the public administration, which is likely to assist also in the proper implementation of the policy of decentralization. (p. 72-73)

While some progress has been achieved toward rationalizing the public administration -- establishment of organizational listings for all government departments; greater involvement of heads of services in the control over salary payments and in the updating of personnel files; early retirement of non-qualified heads of services; moves toward adoption of a unique civil service status with consistent salary levels -- so far, the related issues of efficiency of the public service and adequate incentives have not been addressed. Salary increases of 20 percent were granted in October 1983 compared to a consumer price index increase of 76 percent, resulting in further erosion in the real wage of civil servants.

Undertake a study of the next impact of authorizing the revaluation of assets on tax revenue. (p. 73)

No such study was undertaken but the government adopted in early 1983 a law allowing the revaluation of assets for tax purposes.

Prepare a public investment program for 1983-85 as quickly as possible without sacrificing quality. (p.73) Original project costs have become so out-of date that they need reestimation; similarly, the drastically changed outlook for mineral prices necessitates a complete reestimation of the self-financing capability of the main mining firms. (p. 38)

An updated public investment program for 1983-85 was completed in September 1983 as part of an Interim Economic Recovery Program for the same years which was presented to the Consultative Group. Although the program

represented an improvement over the preceding one (covering 1981-83) in several respects, project costs and self-financing capability could not be reestimated as methodically as suggested above in the time available. This will be attempted in connection with the preparation of the five-year plan for 1986-90.

Undertake a thorough evaluation of the customs tariff structure, taking into account both imported inputs and outputs, to ensure that industries with actual or potential comparative advantage are encouraged. (p.47)

Such a study is being carried out and is expected to be completed by December 1985 (see Annex IV).

Selected Sectoral Recommendations

Since agricultural growth must be regionally spread, redefine the role of regional and local institutions in the planning and execution of development programs. (p. 48)

Measures taken include the restructuring of agricultural services in the region and making regional governors responsible for the implementation of the Rural Road Maintenance Program.

Improve cooperation between the Ministry of Agriculture and the transport agencies in order to identify critical transportation bottlenecks directly impeding the marketing of agricultural products and to delineate responsibilities. (p. 49)

One important development is the establishment of the "Commission Routière Régionale" which includes representatives from Office des Routes, regional administration and the private sector and which is playing an increasing role in the determination of the Office des Routes' Work program in a particular region. A general study of highway sector organization is underway. Coordination with the Ministry of Agriculture will remain difficult as long as agriculture statistics are not reliable.

Correct the subsidization of copper transported at rates which do not cover variable costs while agricultural products carry a disproportionate burden of total costs. (p. 49)

Tariff increases granted to ONATRA and SNCZ in 1983-84 practically eliminated previous distortions in the tariff structure which had required these agencies to compensate for losses on mineral export traffic by higher tariffs for general cargo and agricultural produce.

Undertake a review of the agricultural education and training system and facilities. (p. 49)

No action taken.

Define responsibilities for developing strategies and policies for the manufacturing sector. (p. 52)

The review of sector strategy being undertaken at the Planning Ministry in cooperation with other agencies is expected to address this issue.

Revise the Investment Code and the way it is applied with a view to giving existing enterprises greater advantages and allowing greater leeway for the repatriation of profits, provided that these do not arise out of disinvestment. (p. 53)

A revised code has been drafted and is under consideration. In addition to giving more equitable advantages to existing enterprises, the draft aims at simplifying the exemptions and tailoring them more specifically to Zaire's development objectives, e.g., by favoring activities contributing to the balance of payments, employment creation, training, and regional development. Without awaiting the approval of the code, the regulations regarding the repatriation of profits have been substantially liberalized.

Revamp the system of taxes and other fiscal charges so as to base it on profits rather than turnover and allow regular revaluation of assets and adequate depreciation provisions (p. 53)

The 1983 law allowing companies to revalue assets was not adequate because it only provides for a one-time revaluation to take into account the movement of the official parity of the zaire up to June 1981 and has a 10% tax payable on the extent of the revaluation; a study is underway which should provide the basis for the revision of the law in such a way as to allow efficient companies to built up the necessary reserves to replace equipment. An economic analysis of the various aspects of indirect taxation (which represents 10 to 25 percent of gross income) with a view to identifying recommendations for changes in the system remains a top priority. As a start, the Government has agreed to review in detail the application of the tax which finances the Economic Development Fund (see Annex III).

Expand assistance to small-scale industry, e.g., by establishing a well-funded Guarantee Fund and by providing technical assistance. (p. 53)

The Guarantee Fund was established in 1984 with an initial budgetary allocation of Z 10 million. The small-scale industry sub-sector is now officially represented within ANEZA (the businessmen's association of Zaire). The sub-sector is receiving some technical assistance from UNIDO.

With regard to road transport, improve the assessment of the annual foreign exchange needs for replacement of the fleet and for operating it. (p.54)

Under the new foreign exchange system, the transport agencies can now purchase the foreign exchange they need on the open market.

With regard to rail/river transport, introduce a tariff system based on systematic costing analysis. (p. 53)

ONATRA and SNCZ are in the process of setting up cost accounting systems.

Take steps to improve the management of the smaller transport agencies such as RVM (ocean transport) and RVF (river transport). (p. 53)

The general managers of these two agencies were changed and both agencies are being reorganized.

Clarify the role of Petro-Zaire which has varying functions with respect to technical advice, imports of petroleum products and domestic distribution. (p. 55)

The role of Petro-Zaire is currently being reassessed by the Government.

Adjust petroleum prices automatically using a formula reflecting changes in the world market prices of oil, the exchange rate and domestic prices. (p. 55)

Price revisions took place in September 1983, November 1983, March 1984, August 1984, and January 1985. Prices will be adjusted on a quarterly basis beginning in 1985.

Pay specific attention to stabilizing petroleum imports, e.g., by building a more adequate minimum stock. (p. 71)

Inadequate working capital of Petro-Zaire and the distribution firms remains the major stumbling block to the achievement of this objective.

Reexamine the economic and financial viability of the SOZIR refinery. (p.55)

This is being done with World Bank assistance.

Cooperate with the petroleum firms in setting up training programs for nationals who could eventually replace expatriates, but do so in an orderly (rather than haphazard and forced) way. (p. 55)

No action taken.

Proceed very carefully with the development of the industrial zone at Banana in order to avoid costly mistakes. (p. 56)

The authorities have been proceeding cautiously and have asked the World Bank to review the experience of and issues faced by the Zone.

Recommendations on Institutional Change

Revive the External Resources Coordination Committee and establish a technical secretariat for it with external assistance. (p. 73)

This was done in September 1983. The role of the old External Resources Coordination Committee is now played by a Committee on the Follow-up of the Consultative Group which held a preparatory meeting in January 1984, its first regular meeting in April and its most recent meeting in November 1984. A technical secretariat has been established with UNDP assistance.

Strengthen the analytical capability of government agencies (pg.73) and in particular establish a strong economic analysis capability in the Ministry of Finance. (p. 31)

Steps in this direction include the creation of an analytical unit in the Ministry of Industry, of a planning unit in the Ministry of Agriculture, and assistance to the Planning Ministry and the Ministry of Primary and Secondary Education to strengthen their capability to formulate sector policies. However no action has been taken on establishing a strong economic analysis capability at the Ministry of Finance.

ANNEX II

AID PROGRAMS OF THE MAJOR DONORS

Note: This annex is based on information supplied by the major donors. The data presented may vary from data in the BOP, ODA and external debt tables in Sections 3 and 4 of the Statistical Appendix. The reasons include differences in the definitions of the various categories of aid; differences in fiscal years; differences in the year in which a given aid commitment or disbursement is recorded by the donors and Zaire; and differences in exchange rates used. In giving the US\$ equivalent of cumulative aid, we have used (for convenience) the average exchange rate for 1983 rather than the rates prevailing in the years in which the aid was committed or disbursed.

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BELGIUM

Zaire receives nearly one-third of Belgium's external assistance to developing countries. In 1983, Belgium contributed BF 4.7 billion (US\$92 million)^{1/} to Zaire, of which 70 percent were grants in the form of technical assistance, executed by its aid agency, AGCD,^{2/} by specialized institutions/organizations or by non-governmental organizations; the rest, channelled through the Ministry of Finance and other ministries, consisted of earmarked funds for national defense, scholarships abroad, public debt, and state-to-state loans (Table 1). Traditionally, grants have concentrated mostly on the education, infrastructure, health, and agriculture sectors.

The education sector receives by far the largest portion of Belgian grants, 43 percent; the share reaches 54 percent if aid to Belgian schools in Zaire is included. The bulk of this assistance is in the form of technical assistance (coopérants and volunteers), scholarships, and for equipment and supplies. At the university level, 17 projects are currently being implemented in a number of faculties, such as medicine, pharmacy, veterinary medicine, polytechnic, and sciences. In secondary education, Belgium is carrying out a project with the aim of designing manuals and syllabi, as well as granting technical assistance to a number of schools (general and technical), providing teacher training, and assisting SAMAFOS, the country's centralized distribution agency for school materials and equipment.

In the infrastructure sector (accounting for more than 15 percent of grants), Belgium is involved mainly in the improvement of the Voie Nationale, linking Lubumbashi with the Atlantic Ocean. Technical assistance is provided to the different transport parastatals responsible for this network: (i) RVM receives aid for piloting, hydrography, the telecommunications station at Banana, and spare parts; (ii) ONATRA receives mainly personnel assistance for different functions -- general, financial management and accounting, technical services and execution; (iii) RVF is helped in the shipyard area, hydrography and inspection of the signalling system; (iv) SNCZ receives experts in the areas of general and financial management, accounting, technical services, and maintenance; and (v) GEEP, the office of studies at the Ministry of Transport, benefits from personnel and logistical support.

Belgium contributes roughly 15 percent of its grants in the health sector in the form of medical personnel (doctors and health technicians) and small surgical equipment and medicine to hospitals, health

^{1/} All amounts in Belgian Francs have been converted at the rate of US\$ = BF 45.7 for 1982 and US\$ = BF 51.1 thereafter.

^{2/} Administration Générale de la Coopération au Développement.

centers, maternities and dispensaries. Belgian bilateral assistance, in keeping with the Government's priority of primary health care, has contributed to the creation of a laboratory for the local production of essential medicine; NGO's are used as distributors of these products to health facilities throughout the country. Experts have also been assigned to the Ministry of Health in Kinshasa to assist in the administration of health programs, while others are offering training to medical centers in Kinshasa, Mbandaka and Lubumbushi (see Table 3 for project details).

Up to 1983, agriculture received less than five percent of Belgian aid; in 1983 it amounted to just BF 150 million (US\$3 million). This assistance has been directed to the following areas: promotion of foodcrop production (maize, rice and groundnuts) in six regions; production and marketing of industrial crops (principally cotton and coffee); livestock subsector, especially support to health-related veterinary services in Kinshasa and Kwango-Kwilu; administration and research, through experts in the Ministries of Agriculture and Environment, and INERA and by carrying out feasibility studies of palm oil and cocoa plantations; rural development support to diversified activities of the NGO's, ranging from foodcrop production to construction of bridges and roads; and, at the request of the Zairian Government, multi-sector development programs designed to be implemented by the local population with decreasing external support. Two inter-disciplinary teams (consisting of a doctor, an agronomist, a public works specialist and an administrator) are in place in Equateur and Bandundu.

Belgium's assistance program, encompassing about 200 projects (three-fourths executed by the official aid agency and the rest by NGO's), includes 850 expatriate technical assistants and around 250 volunteers associated with the NGO's. For the period 1983-87, Belgium plans to increase its financial assistance (grants) by five percent annually, and to reorient this aid away from general education toward agriculture; the latter is expected to receive an annual average of BF 700 million (US\$14 million), representing 20 percent of bilateral aid -- a five-fold increase from the 1982 level. In 1984, this new emphasis on agriculture will involve around 20 selected projects that will concentrate on foodcrop production in the large urban centers surrounding Kinshasa and Lubumbashi and assume an integrated rural development approach, ranging from seed selection to marketing (including transport bottlenecks) (Table 4). The traditional emphasis on general education (nearly half of total aid) will be partially shifted to agricultural training, and existing agricultural education programs will be increased. Belgium also intends to expand significantly its line of credit to SOFIDE from US\$0.6 million to US\$4 million in 1985; this reflects Belgium's interest in promoting agro-industrial as well as industrial projects. With respect to non-grant financial assistance (30 percent of total aid in 1982), 40 percent is earmarked for public debt assistance, another third for state-to-state loans and the rest mostly for national defense. Public debt assistance includes debt rescheduling, as

well as a line of credit for the Government of Zaire with the National Bank of Belgium. State-to-state loans are concessional project loans for development projects identified by the Zairian Government and approved by Belgium; the main condition of these loans is that Belgian equipment be purchased under the project.

In addition to the integrated rural development approach, Belgium's choice of projects in the medium-term will also take into account the activities of other international organizations; within this context, the notion of "triangular cooperation", namely, co-financing both with multilateral agencies and Zaire, will be pursued; this is particularly true for state-to-state loans.

Table 1

BELGIUM - Disbursements by Sector and Type of Aid, 1983
(Million Belgian Francs)

	<u>Personnel</u>	<u>Volunteers</u>	<u>Scholarship</u>	<u>Subsidies</u> ^{1/}	<u>Services and Equipment</u>	<u>Total</u>	
						<u>Amount</u>	<u>%</u>
Agriculture	90.5	7.1	1.5	13.3	37.9	150.4	4
Health	298.0	26.6	2.8	32.8	123.7	483.9	15
Education	998.0	31.9	103.9	244.8	53.3	1431.9	43
Infrastructure ^{2/}	141.5	4.7	7.7	54.9	301.0	509.9	15
Finance & Administration	119.5	1.6	1.7	-	4.4	127.1	4
Industry	40.1	5.9	0.6	3.3	2.0	52.0	2
Belgian schools	359.5	-	-	-	-	359.5	11
Other	<u>90.0</u>	<u>-</u>	<u>-</u>	<u>101.3</u>	<u>-</u>	<u>191.3</u>	<u>6</u>
Total bilateral (AGCD)	2137.1	77.8	118.2	450.4	522.7	3306.0	100
National Defense	-	-	-	-	-	397.7	
Scholarships abroad	-	-	12.5	-	-	12.5	
Public Debt	-	-	-	-	-	565.0	
Government Loans	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>458.3</u>	
Total aid	2137.1	77.8	130.7	450.4	522.7	4739.5	
US\$ equivalent (million)	(41.8)	(1.5)	(2.6)	(8.8)	(10.2)	(92.7)	

^{1/} Includes subsidies to NGO's, University and private missions.

^{2/} Refers to transportation, energy and water.

Source: Embassy of Belgium, Kinshasa.

Table 2

BELGIUM - Disbursements of AGCD by Sector and Type of Aid, 1983
(Million Belgian Francs)

	<u>Amount</u>	<u>%</u>
Personnel	2137.1	65
o.w. Belgian school	(359.5)	(11)
Volunteers	77.8	2
Scholarships	118.2	4
Subsidies	450.4	14
o.w Belgian Universities	(241.0)	(7)
Co-financing	(109.6)	(3)
Services and Equipment	522.4	16
Projects	<u>(522.4)</u>	<u>(16)</u>
Total	3306.0	100

Source: Embassy of Belgium, Kinshasa.

Table 3

BELGIUM - Commitments to Health Sector, 1983
(Million Belgian Francs)

	<u>Personnel</u> ^{1/}	<u>Budget</u>
<u>PROJECTS</u>		
Clinic Ngaliema-Kinshasa (280 beds)	26	13.0
Mama Yemo Hospital (2000 beds)	10	10.0
Pharmaceutical Laboratory in Kinshasa (LAPHAKE)	3	15.0
Health for all-Kinshasa	3	5.0
FOMETRO ^{2/}	71	60.6
FOMULAC ^{3/} - Katana	-	15.0
CEMUBAC ^{4/} - Equateur	-	7.5
Institut Médical Tropical	..	20.5
Emergency medical aid	-	100.0
Fonds Social du Kivu	..	5.8
<u>NON-PROJECT AID</u>		
Tuberculosis center	2	-
DCMP ^{5/}	1	-
Medical education	1	-
Health Ministry	1	-
Neuro-Psycho-Pathology Center	1	-
University Clinics	1	-
NGO's	..	37.2

1/ Doctors and paramedical personnel directly under AGCD total 120.

2/ Fonds Médical Tropical is an organism, comprising 35 projects distributed among the major regional hospitals, whose purpose is to assist in providing efficient health care.

3/ Fonds Médical de l'Université de Louvain en Afrique.

4/ Centre Médical Universitaire de l'Université de Bruxelles pour les Actions de Coopération.

5/ Dépôt Central Medico-Pharmaceutique.

Source: Embassy of Belgium, Kinshasa.

Table 4

BELGIUM - Commitments to Agriculture Sector by Project, 1984
(Million Belgian Francs)

	<u>No. of experts</u>	<u>Amount</u>
<u>BILATERAL ASSISTANCE</u>		
Assistance to Ministry of Agriculture	7	3.0
Assistance to CSCo (Cotton)	3	4.5
Training in foodcrop production	-	90.7
Multiplication of vegetables		
- Centre de Mécanisation	3	10.0
- Research:		
Mvuazi (fruit and rice)	-	20.0
Ngandagika (cotton)	-	8.0
Binga (palm oil)	-	7.0
Fishery rehabilitation	1	12.0
Livestock		
Veterinary Lab in Kinshasa	4	4.1
Anti-Anaplasma vaccines	-	6.0
Small livestock	1	5.0
Cattle breeding	1	7.5
Agrostology	1	4.0
Studies		
Ecoclimatic network (INERA)	1	8.0
Marketing of Agricultural Products (Kinshasa)	-	3.5
Feasibility of Sugar complex at Mushie Pentane	-	2.0
Equipment		
Pumps (Bwamanda)	-	16.0
Whale boats	-	16.0
Fertilizer	-	40.0
Documentation for INERA	-	0.5
Multi-sectoral teams		
Gangu	2	12.5
Businga	2	12.5
Forestry		
Assistance to Department	1	2.8
<u>MULTILATERAL ASSISTANCE</u> ^{1/}		
Fertilizer	-	30.0
Trypomotolerance	-	6.0
<u>NON-GOVERNMENTAL ORGANIZATIONS</u>		
	22	60.0
<u>Total</u>	<u>49</u>	<u>391.6</u>
US\$ equivalent (million)		(7.7)

^{1/} Refers to projects financed by Belgium but executed by international organizations.

Source: Embassy of Belgium, Kinshasa.

CANADA

The program of cooperation between Canada and Zaire is divided into three types of activities: (1) Those falling under the bilateral cooperation program and consisting of development projects executed jointly by the Governments of Canada and Zaire. Most cooperation activities are included in this program. It covers about sixty projects and from 1976 to 1984 disbursements totaled Can\$ 87.4 million (US\$75 million).^{1/} (2) Activities undertaken through special programs, consisting of projects planned and executed by nongovernmental organizations (NGOs) and private institutions, which are provided with financial support to complement their own resources by the Canadian Government under the NGO and institutional cooperation programs. From 1979 to 1984, there were 105 NGO projects of various types, totaling Can\$ 8.3 million (US\$6.8 million).^{1/} Since 1980, six institutional cooperation projects for the development of savings and loan cooperatives, totaling Can\$ 0.75 million, have been started in the Kivu Region. Since 1981, three "convergent action" programs (i.e., activities undertaken jointly by the special and bilateral programs) totaling Can\$ 3.3 million have also been initiated in the field of stockraising (Bunia-Goma) and health services for rural areas (Nioki). (3) Projects executed by IDRC (the International Development Research Center) and various projects financed from funds administered by the mission, which do not require counterpart funds. From 1971 to 1982, IDRC initiated 16 projects totaling Can\$ 1.5 million, while the above-mentioned funds have an annual budget of Can\$ 0.35 million for financing projects resulting from local initiatives.

Projects in the bilateral program fall into three categories: (a) forestry; (b) agriculture and stockraising; and (c) support services.

(a) Forestry activities are intended to develop wood resources and manage them rationally so as to restore output capacity. They center on five projects: forestry management, with Can\$ 9.2 million for the provision of technical assistance and training for SPIAF (the Permanent Service for Forest Inventories and Development); policy management and monitoring, with Can\$ 3.2 million for technical assistance for DECNT (the Department of the Environment, Nature Conservation and Tourism); the training of forestry engineers, for which 25 fellowships totaling Can\$ 1.7 million have been granted since 1979; fuelwood development (Can\$ 0.5 million), consisting of technical and material assistance for the establishment of CATEB (the Center for the Adaptation of Fuelwood Techniques), which, among other activities, conducts experiments into ceramic stoves; the rehabilitation of FORESCOM, a State enterprise (Can\$ 35 million). In 1985, a further forestry management project will be launched in support of the development

^{1/} Amounts in Canadian Dollars have been converted at the rate of US\$1 = Can\$ 1.166 for 1976-84 and US\$1 = Can\$ 1.217 for 1979-84.

and rational exploitation of wood as a resource. This will consist of technical assistance and the provision of training and equipment for DECNT (Can\$ 6 million). From 1976 to 1984, forestry-related disbursements totaled Can\$ 29.7 million (34 percent of all disbursements in the bilateral program).

(b) Cooperation relating to agriculture and stockraising is concentrated on the Northeast, in the Kivu and Haut-Zaire Regions. There are ten projects: applied agricultural research and extension (Luotu CAPSA: Can\$ 0.5 million); the marketing of foodstuffs (CECOPANE: Can\$ 1.1 million); material, economic and institutional support for groups of stockraisers (Ituri: Can\$ 15.1 million and ACOGENOKI: Can\$ 2.6 million, the latter being a "convergent action" project); promotion of animal health (a line of credit and the provision of veterinary medications, totaling Can\$ 5 million); technical assistance in the field of cooperatives and animal health for the Department of Agriculture and Rural Development. A further line of credit totaling Can\$ 5 million for SMEs in forestry and agriculture in the Kivu and Haut-Zaire Regions has been made available through SOFIDE. In 1985, Can\$ 4.6 million will be provided for implementing local initiatives and upgrading access roads in Nord-Kivu, Ituri and Sud-Kivu. This will be a community-centered project in support of the self-help efforts of the area.

In addition to its ongoing activities in research, institutional support and animal health, the program also plans to consolidate its provision of technical assistance to the Department of Agriculture and Rural Development, to achieve the vertical integration of its stockraising activities by restructuring cattle slaughtering and beef marketing, and to participate in ending the isolation of Nord-Kivu through the construction of the Sake-Walikale road. From 1976 to 1984, disbursements relating to agriculture and stockraising totaled Can\$ 8.8 million (10 percent of all disbursements in the bilateral program).

(c) Support services consist mainly of food-aid projects, fish being particularly important (Can\$ 20 million from 1976 to 1984), and the supply of raw materials for industry such as resin, paper, etc. (Can\$ 15 million from 1976 to 1984). In addition to supporting Zaire's balance of payments, these projects provide the counterpart funds necessary for the local currency expenditures entailed in cooperation projects. These funds are also used for logistic activities and vocational and technical support for the entire program of cooperation between Zaire and Canada.

From 1976 to 1984, this third category of assistance totaled Can\$ 40.2 million (46 percent of all disbursements in the bilateral program).

The other programs are mainly concerned with nongovernmental organizations and institutional cooperation. Over the last five years, 105 NGO projects have been in operation, totaling Can\$ 8.3 million. Of these, 20 percent are in the Northeast, where bilateral assistance is concentrated. There are also three "convergent action" projects, two of which

form part of the bilateral assistance to stockraising (the Bunia NGO, and assistance for ACOGENOKI), while the third serves to complement forestry activities (health services for rural areas: Nioki). In this latter case, the target population is estimated to be 80,000, while the Bunia NGO project (associated with the Ituri stockraising project) will affect 5,000 people. Assistance for ACOGENOKI (which is associated with activities in Goma) will involve 9,000 stockraisers and their families, or about 43,000 people in all.

Finally, the six institutional cooperation projects for developing savings and loan cooperatives are mainly intended to provide technical assistance, and are being implemented chiefly in Kivu and the Kinshasa Region.

Table 5

CANADA: Annual Disbursements 1/
(Thousand Can. Dollars)

	<u>Forestry Projects</u>	<u>North-East Projects</u>	<u>Support Services</u>	<u>Other Activities</u>	<u>Total</u>
1976	1181	120	0	1403	2704
1977	1422	9	22	2414	3867
1978	1431	747	3933	2623	8734
1979	1774	1232	4306	499	7811
1980	1611	1544	6167	369	9691
1981	6389	1865	5616	618	14488
1982	8787	1676	10120	350	20933
1983-84	7144	1625	10070	350	19189
TOTAL	29739	8818	40234	8626	87417

1/ Excluding disbursements from Centre de recherche en développement international, non-government organizations (own resources) and subsidized institutions.

Source: Embassy of Canada, Kinshasa.

FRANCE

The economic assistance of France to Zaire falls into five categories: (i) assistance in the form of grants under the Fonds d'Aide et de Cooperation (F.A.C.); (ii) technical assistance, including training, also in the form of grants; (iii) food aid; (iv) Treasury loans for import financing; and (v) development loans to Zairian enterprises through the Caisse Centrale de Cooperation Economique(CCCE). In 1982, disbursements under these five categories totaled FF244 million, or US\$32 million;^{1/} commitments amounted to FF222 million (US\$29 million) (Table 5). In 1983, disbursement remained unchanged but commitments fell to FF59 million (US\$7.7 million) largely because the CCCE, facing payment arrears from Zaire, did not approve any projects that year. As a result of the clearing up of the arrears since then, commitments are expected to return to a more normal level (approximating and perhaps even slightly exceeding the 1982 level) in 1984. French assistance under the above categories is described briefly below:

- (i) Commitments under the F.A.C. category in 1983 totaled FF50 million (US\$6.6 million). The largest commitments were for assistance to the Cellule de Maintenance des Telecommunications (28 percent of the F.A.C. total) and the Institut National de Recherche Biomedicale (16 percent) and for support to civil aviation (18 percent). In 1983, F.A.C. provided, in addition, FF9 million of aid (on a disbursement basis) to educational and cultural institutions and non-governmental organizations.
- (ii) French aid is based on the concept of supplying in one package all the necessary elements for the successful execution, operation and follow-up of a given project. Manpower development is, therefore, a crucial component of every project. In 1983, the technical assistance of France to Zaire amounted to about FF70 million (US\$9.2 million) and represented more than a quarter of total disbursements. This assistance financed 263 experts, 205 of them under "direct assistance" and 58 under the various projects^{2/}; of these, roughly half were in education (mostly higher education) and training, and a quarter in the transport sector (mostly ONATRA, SNCZ and RVA, the national airways authority). Scholarships in the same year amounted to FF5.6 million (US\$0.7 million).
- (iii) Food aid has been relatively small. In 1983, it consisted of 2,000 tons of grain and amounted to FF3.2 million (US\$0.4 million).

^{1/} All amounts in Francs have been converted at the rate of US\$1 = FF7.6.

^{2/} Bases on experts in place on December 31, 1983.

- (iv) Treasury loans refer to the lines of credit for imports opened by the Treasury under "protocols financiers". Two "protocols" of FF 100 million were signed in November 1979 and July 1981. Both credits are fully disbursed. (Disbursements in 1983 amounted to FF5.5 million.) A new line of credit of FF100 million was negotiated in July 1984^{3/}; it will cover equipment for telecommunications, the transport sector and SNEL. Of that amount, FF37 million constitutes a Treasury loan on concessional terms (3 percent interest, maturity of 30 years, of which 10 years grace), and FF63 million includes guaranteed bank loans on non-commercial terms (maturity 10 years, interest rate calculated on the basis of a consensus of the OECD in July 1984, that is, 10.7 percent).
- (v) Since the start of its operations in Zaire in 1977, the CCCE's commitments to this country have totaled FF555 million (US\$73 million). (Table 6) About FF255 million were provided under the "first window" (concessional terms) and FF300 million under the "second window" (market interest rate but somewhat concessional payment period). The interest rate averaged 10.18 percent per year. By end-1983, disbursements amounted to FF277 million (US\$14.5 million) but, as mentioned above, commitments that year were nil.

Of total commitments through 1983, roughly a third was in agriculture (including agro-industry), 25 percent in mining, 23 percent in transport, and 20 percent in industry. The projects have aimed to achieve a positive impact on the balance of payments, either directly or indirectly; to assist in the rehabilitation of the Voie Nationale; and to help maintain the electricity production and distribution capacity of the country. Past operations have, therefore, included projects for the rehabilitation of Gecamines' capacity, for the exploitation of tin-bearing deposits, and for increasing the production and processing of cotton, sugar and palm oil. Most financial situation projects were cofinanced with other major donors. The next two major operations are expected to assist in improving the financial situation and operations of SNCZ (railways) and SOTRAZ (urban transport).

In addition to extending development loans, the CCCE plays an important role in training Zairian staff, managing the government-to-government loans (five to date), and acting as a shareholder of SOFIDE. It exercises the training role through CEFEB, its training center in Paris,

3/ On February 14, 1985, this line of credit was increased to FF 150 million with the addition of two projects: rehabilitation of the hydroelectric station in Kisangani and the provision of equipment for a water meter factory of REGIDESO. The credit is shared as follows: 40 percent Treasury loan and 60 percent guaranteed bank loans.

and through its assistance to the Centre de Perfectionnement aux Techniques de Développement (CEPETEDE) in Kinshasa which it helped to create in 1981. Since 1970, the CCCE participates with a share of 1.64 percent in SOFIDE's capital and it shares a seat in SOFIDE's Board with the Société Générale de Belgique and the Banque Bruxelles-Lambert. It has participated in the capital increases of 1977 and 1980, and it is actively considering the most recent capital increase proposed by SOFIDE.

Table 6

FRANCE: Economic Aide to Zaire, 1982-83 -- Summary
(Million French Francs)

	<u>1982</u>	<u>1983</u>
<u>Commitments</u>		
F.A.C.	61.7	59.3
CCCE Loans	160.0	-
<u>Total</u>	<u>221.7</u>	<u>59.3</u>
US\$ equivalent	(29.2)	(7.8)
<u>Disbursements</u>		
Technical Assistance	64.9	70.7
F.A.C.	38.7	37.8
Other Subsidies	8.4	9.0
CCCE Loans	96.9	111.1
Food Aid	-	3.2
Treasury Loans	29.9	5.5
Scholarships	4.9	5.6
<u>Total</u>	<u>243.7</u>	<u>242.9</u>
US\$ equivalent (million) <u>1/</u>	(32.1)	(32.0)

1/ Converted at the rate of US\$1 = FF7.6.

Source: French Embassy, Kinshasa.

Table 7

FRANCE: Caisse Centrale de Cooperation Economique (CCCE),
Operations in Zaire, as of December 1983
(Million French Francs)

<u>Borrower/Sector</u>	<u>Commitment</u>	<u>Disbursements</u>
SOFIDE	10.0	9.4
SOFIDE	10.0	9.9
SOFIDE/palm oil	19.5	5.6
SOFIDE/agriculture	4.5	3.4
SOFIDE/textiles	7.7	7.7
SOFIDE/industry	4.1	3.0
SOFIDE/industry	4.1	3.0
SOFIDE/textiles	3.1	3.0
SOFIDE/textiles	4.6	4.5
SNEL/electricity	37.5	27.6
SNEL/electricity	37.5	27.6
SOMIKA/tin mining	31.0	31.0
COFRAMINES/mining	6.0	6.0
Co. Sucriere/industry	29.9	26.7
Co. Sucriere/industry	85.1	76.1
GECAMINES/mining	50.0	19.2
GECAMINES/mining	50.0	19.2
ONATRA/transport	60.0	
ONATRA/transport	65.0	
SNEL/electricity	11.0	
SNEL/electricity	24.0	
<u>Total</u>	<u>554.6</u>	<u>282.9</u>
US\$ equivalent (million) <u>1/</u>	(73.0)	(37.2)

1/ Converted at the rate of US\$1 = FF7.6.

Source: Caisse Centrale de la Coopération Economique.

FEDERAL REPUBLIC OF GERMANY

The Federal Republic of Germany has been involved in the economic development of Zaire since the early 1960's. External assistance has taken various forms: loans, technical assistance, commodity aid, and scholarships. For 1983, aid commitments totaled DM32 million (US\$12.5 million), of which DM12 million (US\$4.7 million) was in the form of financial aid and the rest in technical assistance grants.^{1/}

Traditionally, Germany, one of IDA's largest co-financiers in the recent past, has focused its involvement in two priority sectors -- transport and agriculture -- but plans to increase its role in the health sector, including water supply. In line with the objectives of Zaire's Public Investment Program, German assistance is concentrating on rehabilitation of infrastructure, increase in foodcrop production, and improvement in institutional planning and implementation capacity. This strategy is complemented by the goal of promoting sectoral and regional equality and the need to cooperate directly with the private sector (including non-governmental organizations) in areas of mutual concern.

In the area of transport, German cooperation has given priority to the rehabilitation and modernization of the "Voie Nationale" and the maintenance and construction of inter-regional roads, both of which involve improving the efficiency of the relevant transport parastatals - ONATRA, Office des Routes and SNCZ. With regards to the "Voie Nationale", the rehabilitation program includes the following measures, all of which are part of IDA credits (SNCZ IV, ONATRA I, II and IV): rehabilitation of the railway route, Kamina-Ilebo; installation of container facilities at the ports of Matadi, Kinshasa and Ilebo; continuation of a renovation program for the railway route, Matadi-Kinshasa; modernization of the river transport network, Ilebo-Kinshasa; and improvement and expansion of the Matadi and Kinshasa ports. In the road sub-sector, the priorities of German aid projects, under the auspice of Office des Routes, are the rehabilitation and/or construction of the following roads: inter-city network connecting all the regional capitals; the connecting roads: Kinshasa-Banana, Kananga-Kisangani and Mbuji-Mayi-Bukavu, and three "regional loops" in Bas-Zaire, Equateur and Haut-Zaire. Given the need for strengthening planning coordination between the Ministries of Planning and Transport, Germany has placed an expert in each of the two ministries in order to attempt to establish a data base for the transport sector (public and private), which would permit a sound basis for statistical analysis.

In the agricultural field, German assistance has stressed training, rural extension work and the creation of production/marketing centers near large urban centers. Germany has provided personnel and materials since 1973 to the agricultural institute in Mushweshwe (South Kivu) for training middle-level cadres in extension work. Since 1977,

^{1/} All amounts in Deutsche Marks have been converted at the rate of US\$1 = DM 2.55.

Germany has also assisted the faculty of veterinary medicine in Lubumbashi in practical and experimental training. Three rural extension work projects are either under implementation or in the preparation stage: (i) a proposed project in the zone of Kabare (South Kivu) -- an area with high population density and severe erosion -- aims to introduce new seeds, high-yield chickens and small livestock; (ii) a rehabilitation project for small-scale coffee plantations, under preparation in the north-east zone of Nioka (Haut Zaire), expects to produce and distribute two million seedlings, as well as install equipment for decortication at the local level; and (iii) an integrated rural development program (CODAIK) in the sub-regions of Kwango and Kwilu (Bandundu). Germany is financing, in collaboration with a private German foundation, a small project with the aim of establishing farming villages near Kinshasa. The principal goals of the project are to create employment for the large pool of unemployed youth in the capital, and to provide foodcrops (mainly manioc) to the urban population. Out of the envisaged eight villages, three (with 80 farm families) had been completed by the end of 1983; three more are in preparation.

In the health area, Germany has thus far been involved in only one project--Rural Health in Nord-Ubangi (Equateur). The main purpose of the project is to provide primary rural health care (including training of medical and para-medical personnel) to the sub-region. The project is executed by an NGO (the Hanns-Seidel Foundation). For the future, Germany expects to continue its cooperation with NGO's and its involvement in rural primary health care (preferably in the areas not covered by other external donors). Its underlying strategy in the health field, however, is to follow an inter-sectoral approach, i.e., one which would link its health-related activities with other German-financed projects (such as the Nioka coffee project) so as to achieve proper integration.

ITALY

1. For the budgetary period 1982-83,^{1/} the Italian government decided to allocate a total of US\$65 million in aid to Zaire, of which US\$50 million was in the form of concessional loans to the energy, telecommunications and agro-industrial sectors, and US\$15 million as grants-in-kind and/or technical assistance in the mining, agriculture, cultural, nutrition and infrastructure sectors. (Table 7) As of March 1984, nearly two-thirds of the concessional loans had been earmarked; of this amount over 75 percent (US\$25 million) was for an electrification project in Kinshasa. As indicated in Table 7, other credits already approved include a US\$3 million project for the Inga I Power Station (principally dealing with maintenance of the station) and a US\$2 million water supply study in the Kinshasa area. Projects still under consideration (in the process of being either negotiated or evaluated) are a SNEL project (US\$10 million) for reconversion of boilers and a telecommunications project (US\$8 million) for telephone network in Kinshasa and Kisangani. With regards to grants and technical assistance, nearly 40 percent of Italy's assistance for this period was in agriculture. Two projects in this area are the rural development projects at Luaala and Feshi, both of which revolve around farmers' cooperatives and foodcrop development. Though small, US\$1.6 and US\$0.6 million respectively, these projects, which rely on the counterpart funds generated by donated rice, are having positive results and will be continued under Italy's 1984-85 aid program.

2. As announced at the end of March 1984 at the Italo-Zairian aid meeting in Rome, Italy intends to continue the same level of involvement in Zaire during the 1984-85 period. An amount of US\$60 million in bilateral aid was programmed at the meeting and would be distributed roughly as follows:

- US\$30 million loan (plus 2 experts) to ZOFI (the export processing zone at Inga). The use of this financing would be determined after a donors' meeting on the project;
- US\$9 million loan for specific needs in the railway sector;
- US\$12 million loan for equipment and installations to SOZIR in order to improve the refinery's efficiency;
- an allocation of US\$10 million for agro-industrial development in the region of North-Ubangui;

^{1/} The Italian fiscal year corresponds to the calendar year.

- other projects under consideration are: a water supply credit for Kinsenso (Kinshasa), Butembo, Manono, Tshilenge and four other rural centers; a technical assistance grant for hospitals in Goma and Feshi; and the continuation of two grants for the rural development projects at Luala and Feshi. In 1984, financing for the Luala Valley project is estimated at about Lit. 1.5 billion (US\$1 million)^{2/} with counterpart funds of nearly Z16 million (US\$1.2 million). For the Feshi development project, financing during 1984 would total Lit. 1.7 billion (US\$1.1 million) with counterpart funds amounting to Z10.2 million (US\$0.8 million). As in previous years, the counterpart funds for both rural development projects are expected to come from the sales revenue of 3,000 tons of rice given as grant. It should also be noted that, in 1984, the voluntary program at Mombasa, which is involved in the health sector, has become a public program and will be receiving Italian funding of around US\$0.8 million; and
- under the EDF-financed program, Italy has allocated an amount of ECU 8.6 million (US\$9.8 million)^{3/} in the form of electrical equipment to the Ruzizi II power project.

^{2/} All amounts in Italian lire have been converted at the rate of US\$1 = Lit. 1518.8.

^{3/} Converted at the rate of ECU1 = US\$1.14.

Table 8

ITALY: External Assistance to Zaire, 1982-83
(Million US\$)

	1982-83	
	Amount	%
<u>I. CREDITS ALREADY APPROVED</u>	<u>31.9</u>	<u>49.3</u>
<u>Electricity (SNEL)</u>		
Electrification of Kinshasa	25.0	38.6
Rehabilitation of Inga I (Maintenance)	3.0	4.6
<u>Agro-Industry</u>		
Cocoa factory, SOCOBE (Bandundu)	0.9	1.4
Forestry exploitation (COMEXFOR) in Mushie, Bandundu	1.0	1.6
<u>Water Supply</u>		
Water Supply study in Kinsenso (Kinshasa)	2.0	3.1
<u>II. CREDITS UNDER CONSIDERATION</u>	<u>18.0</u>	<u>27.8</u>
<u>Electricity (SNEL)</u>		
Reconversion of boilers	10.0	15.4
<u>Telecommunications</u>		
Telephone network in Kinshasa and Kisangani	8.0	12.4
<u>Total Loans (I & II)</u>	<u>49.9</u>	<u>77.1</u>
<u>III. GRANTS-IN-KIND AND TECHNICAL ASSISTANCE</u>		
Electricity (SNEL)	2.8	4.3
Mining	4.2	6.5
Agriculture	4.2	6.6
Food Aid	1.7	2.6
Cultural Sector	1.9	2.9
<u>Total Grants</u>	<u>14.8</u>	<u>22.9</u>
TOTAL AID (programmed)	64.7	100.0
of which commitments (I & III)	(46.7)	(72.2)

Source: Italian Embassy, Kinshasa.

JAPAN

Between 1978 and 1983, Japan's assistance to Zaire (not counting technical assistance) totaled Y41 billion, or approximately US\$170 million.^{1/} Nearly 85 percent of that amount consisted of a loan of Y34.5 billion (US\$144 million) on concessional terms^{2/} for the construction of a rail/road bridge over the Zaire River at Matadi. The bridge was completed in May 1983. The rest of the assistance over the 1978-83 period, namely Y6.5 billion (US\$27 million), consisted of grants to finance imports of trucks (23 percent), road improvement equipment (34 percent), food products (17 percent), fertilizers and agricultural machinery (17 percent), and miscellaneous goods (19 percent). During this period, Japan provided, in addition, Y102 million (US\$0.4 million) in technical assistance. A major recipient was O.E.B.K., the state agency responsible for undertaking the studies concerning the Matadi bridge and related infrastructure. In short, over the 1978-83 period, Japan's assistance to Zaire--other than for the Matadi bridge--averaged the equivalent of US\$5.5 million a year (US\$5.4 million in import financing, US\$0.1 million in technical assistance). In fiscal year 1983, it comprised Y200 million (US\$0.8 million) in fertilizers, Y1,400 million (US\$5.8 million) in road improvement equipment, the service of 12 Japanese experts, 9 scholarships, and seismological equipment for IRS (the Zairian Institute for Scientific Research). Although Japan is currently considering a number of varied requests by Zaire, it is expected to maintain a special interest in financing studies concerning the economic return and optimal utilization of the Matadi bridge.

^{1/} All amounts in Yen have been converted at the rate of US\$1 = Y240.

^{2/} Payment period of 25 years, including 7 years of grace, and annual interest rate of 4 percent.

UNITED KINGDOM

The assistance of the United Kingdom to Zaire is entirely in the form of grants and comprises technical assistance and program aid. The technical assistance aims to train qualified Zairians in U.K. and other institutions and has averaged L200,000 to L250,000 per annum in recent years. Program aid started in 1976 with a L2 million grant to Office des Routes. In 1980, the U.K. approved another grant of L2 million, this time to assist manufacturing enterprises to import essential spare parts and raw materials. This was followed by a grant of L3 million in 1981 to be used in the following three years with emphasis on transport equipment. The final tranche under that program, to be spent in 1984, amounted to L650,000; this, together with the technical assistance, brings the estimated total disbursement in 1984 to L850,000 to L900,000, or US\$1.3-1.4 million^{1/}. At the meeting of the Consultative Group held in December 1983, the U.K. pledged an additional L500,000 for 1984-85. Assuming that half of it is spent in 1984, aid that year would total about L1.1 million, or US\$1.7 million.

^{1/} Converted at L1 = US\$1.52.

UNITED STATES

United States economic assistance to Zaire falls into five categories: (i) capital assistance in the form of development grants and loans for projects;^{1/} (ii) technical assistance, including training, in the form of grants; (iii) food and raw materials aid through the PL 480 Program; (iv) support grants to Private Voluntary Organizations (PVO); and (v) commodity import program. Commitments under these categories averaged about US\$30 million a year over the 1980-84 period but the trend has been upward: the assistance planned for 1985 is about US\$52 million compared to US\$23 million in 1981 (Table 8). The main activities within each of the assistance categories are described briefly below.

(i) Projects being implemented under capital assistance represented at end-1984 total gross commitments of about US\$103 million, of which 92 percent was in the forms of grants; 75 percent of the total amount was for agricultural projects and the remainder for nutrition, health and family planning activities. (Table 9) In the agricultural sector, US economic assistance is focusing on institution building, basic food crops research, extension, production, marketing, and manpower development. The largest commitment (about US\$19 million) is for the North Shaba Rural Development Project which aims at increasing the income of small farmers in the North Shaba region, primarily by helping to expand maize production. Maize production in the project area has increased from about 27,000 MT in 1978 to approximately 130,000 MT in 1984 and maize marketed from 12,000 MT in 1979 to 60,000 MT in 1984. Three projects provide assistance to food crop research and expansion: the INERA Support Project (US\$3.9 million) aims at increasing the capabilities of the National Institute of Agricultural Research (INERA) to conduct effective adaptive research in legume crops, resulting in the development of production packages useful for small farmers; the Cassava Outreach Project (about US\$4.5 million) aims at developing the institutional capability of the National Cassava Program (PRONAM) to conduct adaptive and applied research on cassava and make new cassava technology available to small farmers; and the Applied Agricultural Research Project (US\$10 million) intends to expand the Government's ability to pursue applied food production research activities needed to transfer appropriate technology to the small farmers in Zaire (the project activities will be located at research stations in Bas-Zaire, Bandundu, Kasai Oriental, Shaba, and Kivu regions).

Two projects -- Agricultural Sector Studies (US\$6.9 million) and Agricultural Economic Development (US\$3.7 million) -- provide assistance to the Ministry of Agriculture in planning and policy formulation. Support for marketing is in the form of removing river and road transport bottlenecks. The two Agricultural Marketing Development Projects (loans of US\$9 million) provide support to Office des Routes to maintain the road system and to ONATRA for large rehabilitation and port improvements in the Kwilu sub-region. A new marketing development project grant (US\$8.0), begun in 1984, will also provide these organizations and other institutions with

^{1/} Since FY81 all commitments are in the form of grants except for P.L. 480 Title I.

assistance to improve the road and river transport systems in that region. In health, four projects (US\$18 million) focus on preventive and primary health services, in particular the nutrition aspects of maternal-child health care, family planning, and control of endemic diseases. For example, the Combating Childhood Communicable Diseases Project (US\$4.8 million) has established a program of measles, malaria and diarrhea prevention and control for young children and pregnant women in 13 urban centers and 124 rural zones. The Family Planning Services Project (US\$3.9 million) is providing family planning services in the 14 major cities where 25 percent of the population resides. Another project, developed in 1984, will improve the managerial capabilities of the public health administration by helping establish a School of Public Health at the University of Kinshasa.

(ii) U.S. economic assistance is providing technical and financial support for training programs that address key manpower constraints in development areas. Between 1977 and 1984, some 285 Zairians have received training in the U.S., mainly in agricultural and rural development (87) and health, population and nutrition (86). Under the Agricultural Development Project, some fifty participants have received advanced agricultural economics and statistics training in the U.S. The Development Manpower Training Project (US\$2.5 million) aims at improving the quantity and quality of the Government's rural development programs. Under this project, CENACOF (National Center for Coordination of Training) will provide in-country agricultural training to approximately 250 managers and professionals in 1985.

(iii) Food and raw materials aid under the PL-480 program has represented about US\$109 million over the 1977-84 period; over the 1980-84 period this assistance has averaged over US\$12 million a year and the composition has shifted from rice to mainly wheat and flour which are easier to control (Table 10). In 1984 there was an increase of US\$5 million, all for maize. The local currency generated from the P.L. 480 Title I sales program^{2/} is used for providing local support for USAID projects; the allocation of the local currency is decided jointly by the Government and USAID.

(iv) A recent development in US assistance is the substantial increase in the support provided to Private Voluntary Organizations (PVOs) implementing projects in Zaire. A PVO Economic Support Grant in the amount of US\$5 million covering the 1983-87 period aims at expanding and improving

^{2/} P.L. 480 Title I provides for long-term, low interest loans to help meet chronic or unexpected food shortages, on condition that the countries themselves undertake self-help measures to improve the efficiency of agricultural production, marketing and distribution. Title II includes grants for emergency and disaster needs, including the feeding of refugees; it also provides for the donation of commodities to US voluntary agencies that sponsor feeding programs targeted at the needy, particularly malnourished children, and small scale "food for work development programs".

the long-term capacity of the PVOs operating in Zaire to design and implement development projects. The grant will finance technical assistance in management and administration, as well as commodities and logistical support systems for ongoing PVO activities. Specifically, the project will upgrade these organizations' capacity to (a) rehabilitate and maintain roads and bridges linking farmers to market, and (b) provide commodities to rehabilitate rural outreach clinics, and (c) design and construct rural mini-hydroelectric systems.

(v) The 1984 US economic assistance program included a commodity import project (US\$10 million) which provides capital equipment, spare parts, and raw materials to selected agricultural, general and transport firms producing for or servicing the domestic market. A similar project of US\$8.0 million is proposed for 1985.

(vi) A unique feature of US economic assistance is the cooperation with the Peace Corps. Activities being implemented with the Peace Corps include, most notably, the Fish Culture Expansion Project, which involves 55 Peace Corps Volunteers working with GOZ regional coordinators, and the Combating Communicable Childhood Diseases Project with teams operating in major urban and selected rural areas of Zaire. The Peace Corps is also expected to provide volunteers to the USAID-funded Basic Rural Health and Family Planning Services Projects.

The U.S. government has also addressed the refugee situation in the Shaba region by developing three projects: one for road construction (US\$7.5 million), a second for improving the water supply (US\$2.3 million) and the third for improving the health infrastructure in that region (US\$1.8 million). Of the three, the road construction project has already been committed and the health and water projects will be committed in 1985.

Table 9

UNITED STATES: Summary of FY1981-1985 Assistance to Zaire
(Thousand US\$)

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>Planned 1985</u>
<u>COMMITMENTS</u>					
Development Grants	8,570	11,210	20,179	30,567	36,401
Development Loans	2,000	2,000	-	-	-
P.L. 480 Title I ^{1/}	10,000	10,000	10,000	15,000	15,000
P.L. 480 Title II ^{1/}	<u>2,500</u>	<u>-</u>	<u>1,900</u>	<u>3,300</u>	<u>1,000</u>
Total	23,070	23,210	32,075	48,867	52,401
<u>DISBURSMENTS</u>					
Development Grants	5,100	6,970	6,488	8,020	
Development Loans	76	1,734	2,876	1,980	
P.L. 480 Title I	11,000	10,000	10,000	15,000	
P.L. 480 Title II	<u>3,540</u>	<u>-</u>	<u>948</u>	<u>-</u>	
Total	19,716	18,704	20,312	25,000	

^{1/} For definitions see footnote 2 of p. 20.

Source: USAID, Kinshasa

Table 10

UNITED STATES: USAID-Financed Ongoing Projects
(Thousands US\$)

	<u>Grants</u>	<u>Loans</u>
<u>I. Development Grants and Loans</u>		
<u>A. Agriculture</u>		
Agricultural Economic Development (77-84)	3,730	
North Shaba Rural Development (76-86)	18,625	
INERA Support (77-85)	3,850	
Agricultural Sector Study (77-87)	3,480	
Cassava Outreach (79-85)	4,500	
Fish Culture Expansion (79-85)	950	
Applied Agricultural Research (83-89)	<u>10,000</u>	
Total	45,135	
Agricultural Marketing Development Loan (I)		5,000
Agricultural Marketing Development Loan (II)		<u>4,000</u>
Total		9,000
<u>B. Health and Population</u>		
Area Nutrition Improvement (82-87)	4,300	
Combating Communicable Childhood Diseases (82-87)	4,849	
Basic Rural Health (81-86)	4,864	
Family Planning Services (82-87)	<u>3,940</u>	
Total	17,953	
<u>C. Human Resources</u>		
Development Manpower Training (80-85)	2,544	
<u>II. Private Voluntary Organizations (PVO)</u>		
PVO Economic Support Grant (83-87)	5,000	
Center for Community Health and Integrated Rural Development (Salvation Army, 81-85)	490	
Extension & Counselling in Appropriate Rural Technology (CEPAS, 80-86)	134	
Kionzo Potable Water Supply (Catholic Diocese of Matadi, 82-84)	25	
Zaire Photovoltaic Communications (Communauté Evangélique du Centre de l'Afrique, 82-84)	65	
Photovoltaic Medical Refrigerator (Catholic Diocese of Matadi, 82-84)	<u>20</u>	
Total	5,734	
<u>1984 New Projects</u>		
Agricultural Marketing Development (84-93)	8,000	
School and Public Health ^{1/}	8,315	
Agricultural Inputs Support 1984	10,000	
Shaba Refugee Roads	7,500	
Emergency Food Distribution	1,000	

^{1/} Amount not yet determined.

Source: USAID, Kinshasa.

Table 11

UNITED STATES: Public Law 480 Title I Aid to Zaire
(Volume in Metric Tons; Amount in Million US\$)

	1977-80		1981		1982		1983		1984	
	<u>Volume</u>	<u>Amount</u>	<u>Volume</u>	<u>Amount</u>	<u>Volume</u>	<u>Amount</u>	<u>Volume</u>	<u>Amount</u>	<u>Volume</u>	<u>Amount</u>
Rice	66.8	21.7	47.2	8.4	-	-	-	-	-	-
Wheat	100.5	15.9	6.4	1.6	59.6	10.0	55.0	8.5	50.0	8.5
Flour	14.0	3.6	-	-	-	-	6.0	1.5	6.0	1.5
Cotton	5.6	9.0	-	-	-	-	-	-	-	-
Tobacco	4.2	18.7	-	-	-	-	-	-	-	-
Maize	5.2	0.6	-	-	-	-	-	-	-	5.0
Total		<u>69.5</u>		<u>10.0</u>		<u>10.0</u>		<u>10.0</u>		<u>15.0</u>

Source: USAID, Kinshasa.

AFRICAN DEVELOPMENT BANK (ADB)

Since the beginning of its operations in Zaire (1973), the ADB has committed UA 205 million (US\$232 million)^{1/} for 24 projects. (Table 11) About 40 percent of these resources were allocated by the African Development Fund (ADF)—the soft-loan affiliate of the ADB Group—at terms identical to those of the International Development Association (IDA). Commitments averaged UA 22 million a year during 1979-81 (compared to UA 15 million in 1978), and they jumped to UA 40 million (US\$45 million) in 1982. However, because of the accumulation of payment arrears in 1983, only one project for UA 1.5 million (US\$1.7 million) was approved that year. Following the resolution of the arrears problem, the ADB expects to return to a more normal level of commitments soon and to finance 7-8 projects in 1984-85. (The amount has not been determined.) Nearly half of total commitments since 1973 has been for transportation (road and bridge construction, river transport, railways, and ports), 18 percent for water supply, 18 percent for agriculture, and the rest for medium and small enterprises (through SOFIDE) and a small telecommunications project (in 1973). Most large projects have been co-financed with the World Bank (IDA) as shown under that heading.

^{1/} Converted at UA 1 = US\$1.13, representing the combined 1983 average for the "unit of account" in which ADB and ADF loans are denominated.

Table 12

AFRICAN DEVELOPMENT BANK AND FUND: Operations in Zaire, 1973-84
(Million Units of Account)

<u>Second/Year</u>	<u>Project</u>	<u>Amount</u>	
		<u>ADB</u>	<u>ADF</u>
<u>Agriculture</u>		<u>28.0</u>	<u>9.5</u>
1978	Palm Oil	-	5.5
1978	Smallholder Maize	5.0	-
1979	Cocoa - Bengamisa	3.5	4.0
1984	Kiliba Sugar	19.5	-
<u>Industry</u>		<u>15.0</u>	<u>8.0</u>
1978	SOFIDE I	5.0	-
1981	SOFIDE II	10.0	-
1981	SOFIDE - Agriculture	-	8.0
<u>Transport</u>		<u>51.8</u>	<u>39.9</u>
1979	Railway Rehabilitation	8.0	-
1981	ONATRA Modernization	10.0	-
1982	Ports - Matadi and Kinshasa	20.0	-
1982	Road Rehabilitation and Maintenance	-	20.0
1984	Osokari-Walkale Road Rehabilitation SNCZ (II)	- 13.8	19.9 -
<u>Public Works</u>		<u>5.1</u>	<u>8.0</u>
1973 and 1975	Bridge Construction	3.5	-
1975	Bridge Construction - Inkissi River	1.6	-
1979	Bridge Construction - Loange and Levua Rivers	-	8.0
<u>Water Supply</u>		<u>21.5</u>	<u>15.3</u>
1975 and 1978	Kananga I	9.0	-
1977	N'Djili	5.0	-
1980	Kananga II	7.5	-
1980	Water Supply - 5 Centers	-	7.0
1980	Water Supply Study - 8 Centers	-	1.6
1983	Water Supply Study - 3 Centers	-	1.5
1984	AEP 15 centers	-	5.2
<u>Telecommunications</u>		<u>3.3</u>	<u>-</u>
1973	Telecommunications in Bas-Zaire	3.3	-
<u>Total</u>		<u>124.7</u>	<u>80.7</u>
of which			
1973-79		43.9	17.5
1980		7.5	8.6
1981		20.0	8.0
1982		20.0	20.0
1983		-	1.5
1984		33.3	25.1
(US\$ Equivalent)		(140.9)	(91.2)

Source: African Development Bank.

THE EUROPEAN ECONOMIC COMMUNITY

The European Economic Community is one of the most important sources of official aid for Zaire. Since 1970 the Community's commitments to Zaire have totaled ECU 423 million (US\$482 million) most of it in the form of non-repayable grants, and disbursements have totaled ECU 276 million (US\$314 million). Zaire's aid allocation under Lomé III will not be known until negotiations between the EEC and the ACP for the renewal of Lomé II are completed (Lomé II will end in February 1985). One of the distinguishing feature of the Community's aid to its associated states is that there is a contractual agreement regarding the amount of aid which will be available during the five-year period of the convention. Countries know not only what amount of aid will be available but also what proportions will be in the forms of grants and special loans. The sectors and priorities for which the aid is to be earmarked are decided by the individual ACP governments.

The projects and programs currently being executed by the Community fall into the following categories: (i) economic and technical assistance in the form of grants and special loans (repayable over 40 years with a ten-years' grace period and an interest rate of one percent) under Zaire's allocation of programmable funds from the European Development Fund (EDF); (ii) assistance under the SYSMIN program;^{1/} (iii) risk capital on concessionary terms managed by the European Investment Bank (EIB) on behalf of the EDF; (iv) assistance in support of regional projects in the form of grants and special loans; (v) quick-disbursing emergency aid to help victims of natural disasters or those who have to flee from political conflict or fighting; (vi) food aid; and (vii) assistance to non-governmental organizations. In 1983, disbursements under all these categories totaled ECU 51.7 million (US\$59 million)^{2/} for projects being executed under EDF III, EDF IV and EDF V as well as food aid and financing of NGO projects provided outside the framework of the Lomé Convention. Disbursements for 1984 are expected to remain at the same level, which is significantly higher than the average annual level of ECU 21.5 million (US\$24.5 million) for the 1979-82 period. As of end-1983, slightly more than 60 percent of the earmarked programmable funds under Lomé II (1981-1985) were committed. Moreover, ECU 49 million (US\$56 million) of non-programmable funds and ECU 27 million (US\$31 million) earmarked for regional projects had also been committed.

^{1/} Non-programmable aid scheme, created under the Lomé II Convention, which is designed to rehabilitate mining industries that are facing difficulties as a result of special reasons such as natural disasters, technical mishaps, political disturbances, transport problems or even past failure to maintain the plant in proper working order. The essential condition for assistance is that the physical capacity to produce minerals or export them to the Community must have declined.

^{2/} All amounts in European Currency Units (ECU) have been converted at the rate of ECU1 = US\$1.14.

(i) Earmarked funds for the financing of projects and programs under the first category totaled ECU 104 million (US\$119 million) for the five year period of EDF V (1981-1985) compared to ECU 97 (US\$110 million) for EDF IV (1976-1980) and ECU 86 million (US\$98 million) for EDF III (1970-1975).^{3/} Of the ECU 104 million amount, 72 percent is in the form of grants and 28 percent in the form of special loans. In terms of sectoral distribution, road infrastructure, and rural development are expected to absorb about 70 percent of the earmarked funds. The remainder of the aid will be allocated for education, technical assistance, water supply, industry, and energy. In the agricultural sector, projects being executed under the Community's EDFs III, IV and V include the development of industrial and export crops (cotton, cocoa, palm oil, and tea) in the regions of Equateur and Kivu, vegetable growing around Kinshasa (with FAC co-financing), an integrated rural development project in Kasai Occidental, as well as feasibility studies (reforestation of the Bateke Plateau) and technical assistance (EEC-financed agronomist attached to the Ministry of Agriculture in order to monitor the implementation of FED financed projects and project-related technical assistance). The management of the cocoa, tea and palm oil projects was privatized in 1983. In support of this policy, the Community made a special allocation of ECU 12 million (US\$13 million) under EDF V to be used for putting these projects on a sound financial footing. In the transport sector, the main projects being executed include the construction of the Lubutu-Walikale road (co-financing with KFW), of the Kikwit-Batshamba road and the rehabilitation of 476 kms of feeder roads in the Equateur region. Assistance to education and training has focused on infrastructure; ECU 17 million was committed under EDFs III, IV and V for the Institut Supérieur des Techniques Appliquées (I.S.T.A.) in Kinshasa and two teachers' institutes in Equateur and Bandundu. Between 1972 and 1983, ECU 14 million (US\$16 million) was allocated for scholarships for Zairians for training abroad in the fields of agronomy, health, water and transports. Close to 900 scholarships have been awarded under this program.

(ii) Assistance under the SYSMIN scheme represents the largest single commitment under EDF V so far. At end-December 1983, ECU 40 million (US\$46) were committed, of which ECU 22 million (US\$26 million) had been disbursed. Disbursement of the SYSMIN loan was conditional upon government action on a number of issues (retrocession of foreign exchange receipts to GECAMINES, adoption of a new fiscal regime, and repayment of uncompensated sales). The purpose of the loan is to help GECAMINES rehabilitate its plant and equipment.

(iii) Assistance under the risk capital category took mainly the form of a loan of ECU 6 million (US\$7 million) to SOFIDE for the support of small and medium-sized enterprises. The maturity of the loan was 25 years and the interest rate was 2 percent (ECU one million) and 8 percent (ECU 5 million). At end-1983, ECU 4 million of this loan had been disbursed.

^{3/} See Table 12 for a summary of all EEC aid and Tables 13-15 for the allocation of commitments and disbursements of EDF III-V.

(iv) Aid in support of regional projects amounted to ECU 27 million (US\$31 million), of which ECU 21 (US\$24 million) for the Ruzizi II power project is cofinanced with the World Bank, Italy and Banque de Développement des Etats des Grands Lacs (BDEGL);

(v) Emergency aid (mainly for assisting Ugandan refugees) totaled ECU 3 million (US\$3 million) in 1983.

(vi) Food aid in 1983 amounted to 15,000 tons of cereals, skimmed-milk powder and butteroil. Since the Lomé Convention came into force in April 1976, the EEC has given Zaire food aid worth ECU 34 million. The proceeds from the sale of the products are used to provide local support for FED-financed cultural projects.

(vii) Under the program of assistance to development programs of the non-governmental organizations, commitments in 1983 were ECU 1.3 million (US\$1.5 million). As in the past, the projects being co-financed focused on health (Diocese of Kasongo-Zaire), education (technical institute of Salama-Lubumbashi) and rural development (Plain of Ruzizi).

The Government of Zaire has recently requested technical assistance from the EEC for strengthening the customs agency, OFIDA.

Table 13

EEC - Commitments and Disbursements (EDF III, IV, V)
(Million ECU)

	<u>Indicative Program</u>	<u>Commitments</u>	<u>Disbursements</u>
EDF III	86.3	84.7	75.8
IV	96.5	95.9	70.3
V	104.0	64.0	9.5
<u>Outside Program</u>			
EDF IV		24.9	18.8
V		48.8	29.3
Regional Cooperation (EDF IV and V)		52.9	21.6
Community aid outside EEC/ACP Convention		<u>51.7</u>	<u>50.4</u>
Total		422.9	275.8
(US\$ equivalent)		(482.1)	(313.2)
o.w. EDF IV and V (1976-1981)		(338.2)	(200.0)

Source: EEC Commission, Kinshasa.

Table 14

EEC - EDF III (1970-1975) Ongoing Projects as of
December 31, 1983
(Million ECU)

<u>Category</u>	<u>Commitments</u>	<u>Cumulative Disbursements</u>	<u>1983 Disbursements</u>
<u>GRANTS</u>			
<u>Agriculture</u>	5.0	4.5	.2
Cotton			
Cocoa (Bulu) supplementary allocation	.4	.4	.03
Plantations of Palm Oil (Gosuma)	.4	.4	.4
<u>Transport</u>			
Road Penetungu-Lubutu (Kivu)	14.0	12.5	.4
<u>Human Resources</u>			
Goma Hospital (Kivu)	7.7	2.2	2.0
Scholarships (supplementary allocations)	.3	.014	.014
<u>SPECIAL LOANS</u>			
Gosuma Oil Mill	<u>1.8</u>	<u>1.8</u>	<u>1.8</u>
TOTAL	29.5	21.8	4.8
Projects completed prior to 12/83	55.2	54.0	-
Total EDF III	<u>84.7</u>	<u>75.8</u>	<u>4.8</u>
US\$ equivalent (million)	96.6	86.4	5.5

Source: EEC Commission, Kinshasa.

Table 15

EEC - EDF IV (1976-80) Ongoing Projects as of
December 31, 1983
(Million ECU)

Category	Commitments	Cumulative Disbursements	1983 Disbursements
<u>GRANTS</u>			
<u>AGRICULTURE</u>			
Plantation of Cocoa (Bulu)	3.0	3.0	0.03
Palm Oil Plantations of Gosuma (Equateur)	13.0	12.5	2.2
Completion of Tea Project Butuho (Kivu)	3.3	3.2	0.8
Integrated Rural Development Project of Maela (K-Occ.)	13.0	8.4	3.2
Fishery Project of Baraka (Kivu)	0.5	0.3	0.07
Cotton Project	2.8	1.5	1.4
Vegetable Gardening (Kinshasa)	4.9	1.1	0.4
<u>TRANSPORT</u>			
Road Musenge-Biruse	19.0	4.2	4.0
<u>HUMAN RESOURCES</u>			
Scholarships Institut Supérieur des Techniques Appliquées (ISTA-Kinshasa)	6.0	3.8	1.3
Training of National Institute of Professional Preparation of Teachers	7.6	7.3	-
Instituts Supérieurs Pédagogiques Kilewit and Mbandaka	1.5	1.1	0.18
Training Center Permanent Council of Accounting in Zaire	9.2	7.3	3.8
	0.5	0.2	0.1
Energy/Water Supply			
Water Supply Kinshasa	4.9	4.8	0.2
<u>TECHNICAL ASSISTANCE</u>			
(Public Works, Agriculture ANEZA)	1.1	0.5	0.3
<u>STUDIES</u>			
Banana Port, Agriculture Solar Energy, Road, Transport	1.6	1.0	0.1
<u>SPECIAL LOANS</u>			
Extension Cocoa Plantations Bulu	2.0	2.0	2.0
Oil Mill Gosuma	1.2	1.2	1.2
<u>OUTSIDE INDICATIVE PROGRAM</u>			
<u>RISK CAPITAL</u>			
Oil Mill Gosuma	4.0	4.0	1.1
Study Zaire-Etain	.4	.1	.1
<u>EMERGENCY AID</u>			
	15.0	14.7	.06
TOTAL	114.5	82.7	20.5
Projects completed prior to December 31, 1984	6.5	6.5	-
TOTAL	120.8	89.0	20.5
US\$ equivalent (million)	(137.7)	(101.5)	(23.4)

Source: EEC Commission, Kinshasa.

Table 16

EEC - EDF V (1981-1985) Ongoing Projects as of
December 31, 1983
(Million ECU)

<u>Category</u>	<u>Commitments</u>	<u>Cumulative Disbursements</u>	<u>1983 Disbursements</u>
<u>GRANTS</u>			
<u>AGRICULTURE</u>			
Consolidation Agro-Industrial Projects Cocoa-Tea-Palm oil	8.8	-	-
<u>TRANSPORT</u>			
Feeder Roads in Ubangi	5.0	1.1	1.1
Road Mwebe-Botshimba	26.0	3.1	3.1
<u>HUMAN RESOURCES</u>			
Training	3.0	0.2	0.2
Solar Energy for Health Centers	1.7	0.8	0.8
Water Supply Kinshasa	7.5	-	-
<u>TECHNICAL ASSISTANCE</u>			
(Agriculture, ISTA, Public Works GECAMINES)	1.2	0.7	0.6
<u>STUDIES</u>			
Agriculture, Transport, Energy/Water Supply	1.7	0.4	0.4
<u>SPECIAL LOANS</u>			
Oil Mill Gosuma	6.3	3.0	3.0
Consolidation of Agro-industrial Projects	2.9	-	-
<u>OUTSIDE INDICATIVE PROGRAM</u>			
Risk Capital SOFIDE IV	6.0	4.1	1.2
<u>SYSMIN</u>			
Rehabilitation GECAMINES	40.0	22.5	16.0
Emergency Aid	2.7	2.8	2.1
TOTAL	112.8	38.9	28.5
US\$ equivalent (million)	(128.6)	(44.3)	(32.5)

Source: EEC Commission, Kinshasa.

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD)

IFAD has so far financed one project -- smallholder maize -- for US\$15 million in Zaire. However, in 1983 Zaire was designated as one of the priority countries for assistance by IFAD and, following an identification mission in July 1983, IFAD has been considering a number of possible future projects for financing and has agreed to cofinance the Lulua Food-crop Development project along with IDA for an amount of about US\$7 million.

INTERNATIONAL MONETARY FUND (IMF)

Zaire's current quota in the IMF is SDR 291 million. On September 30, 1984, the Fund's outstanding credit to Zaire was SDR 563.4 million and Fund holdings of Zaire's currency (quota plus net credit) totaled, therefore, SDR 854 million, equivalent to 294 percent of quota. Since 1976, the IMF has aided Zaire with four Stand-by Arrangements, one Extended Fund Facility (EFF), and four drawings under the Compensatory Financing Facility (CFF). The chronology, amount and utilization of these is summarized in Table 16. One of the stand-by arrangements (1977-78) and the EFF (1981-84) could not be implemented. The last stand-by arrangement is in an amount equivalent to SDR 228 million; it covers the period December 1983-March 1985; and Zaire is currently in compliance with it. As of September 30, 1984, purchases under it totaled SDR 118 million. The last drawing under the CFF was for SDR 114.5 million and was approved on December 16, 1983 on the basis of the export shortfall experienced by Zaire in the year ended in March 1983.

If the stabilization program supported by the current stand-by arrangement is implemented as scheduled, purchases between October 1984 and March 1985 will total SDR 110 million and Fund credit outstanding (net of repurchases) at end-March will amount to SDR 640 million, or 220 percent of quota. Of that amount, SDR 418.7 million will be on account of credit tranches and SDR 221.4 on account of special facilities (CFF). Zaire's obligations arising from these transactions are discussed in Chapters III, V and VI under external debt. It may be noted, however, that while purchases have fluctuated significantly from year to year, net credit (purchases minus repurchases, not counting charges) averaged about SDR 100 million --with a variation of 10 percent -- in calendar years 1981-84 (see balance of payment tables in Statistical Appendix).

The IMF's Central Banking Department has a program of assistance under which six experts are serving at the Bank of Zaire. This program is described briefly in Annex IV.

Table 17

INTERNATIONAL MONETARY FUND: Credit to Zaire, 1976-84
(Million of SDR's)

<u>Type of Credit</u>	<u>Period</u>	<u>Amount</u>	
		<u>Approved</u>	<u>Drawn</u>
<u>Stand-by Arrangements</u>			
	3/76-3/77	40.96	40.96
	4/77-4/78	45.00	5.00
	8/79-2/81	118.00	118.00
	12/83-3/85	228.00	198.00
<u>Extended Fund Facility</u>			
	6/81-6/84 <u>1/</u>	912.00	175.00
<u>Compensatory Financing Facility</u>			
	3/76	56.50	56.50
	4/77	28.25	28.25
	3/82	106.90	106.90
	12/83	114.50	114.50
<u>SDR Allocation</u>	-	86.30	85.70
<u>Trust Fund Loans</u>	-		110.43
o.w. Outstanding			(101.98)

1/ Arrangement was cancelled on June 21, 1982.

Source: IMF

UNITED NATIONS DEVELOPMENT PROGRAM (UNDP)

The United Nations has been providing technical and administrative assistance to Zaire since independence in 1960. The UNDP is currently implementing its third program (1982-86) in Zaire, in which the following UN agencies are involved: UNFPA (population), WFP (water), FAO (agriculture), ILO (employment), UNHCR (refugees), ICAO (civil aviation), WHO (health), UNESCO (education), UNIDO (industry) ITU (telecommunications), WTO (tourism) and UNICEF (children fund). For the roughly 40 new projects in the 1982-86 program, the UNDP authorized an amount of US\$44 million, of which 40 percent was earmarked for agriculture, 22 percent for industry and the rest for planning, manpower training, civil aviation, housing, and civil service management.^{1/} Table 17 lists (with brief descriptions) the 21 projects under execution during 1982-83, five of which were carried over from the previous program. The UNDP's approved contribution to these projects totaled US\$23.6 million; as of May 1984, however, only US\$14.5 million had been disbursed. At that time the remaining amount of US\$29.5 million for the 1984-86 program (the difference between the authorized budget and disbursements) was allocated as follows: US\$5.5 million for 1984, US\$11.3 million for 1985, and US\$12.0 million for 1986; US\$9.7 million of the authorized budget was approved. An amount of US\$8.7 million has been authorized for 1987.

Conceived in light of Zaire's public investment program, the 1982-1986 program pursues the following goals: improving project quality, strengthening ongoing projects/activities that are producing visible benefits, and concentrating efforts in priority sectors. Thus, agriculture, industry and manpower training are the focus of the UNDP program.

In the agriculture sector, the program envisages an integrated rural approach on a regional basis, which would focus on (i) direct assistance for crop production, livestock production and small-scale fisheries; (ii) installing the necessary facilities to produce and distribute agricultural inputs, such as fertilizers, improved seeds, and small-farmer credit; and (iii) coordination of agricultural research and extension, promotion of pasture development, improvement of livestock health, formulation of better marketing policies and production of reliable agricultural statistics. Projects in the industrial sector are aimed at promoting small and medium enterprises, increasing the value-added of agricultural products, and establishing an accounting and administrative management system for public enterprises. UNDP has also provided assistance for the establishment and organization of ZOFI, the export-processing zone at Inga. Human resources development, especially manpower training, is a basis for all UNDP projects, including those in

^{1/} The authorized budget is reviewed and revised annually according to the implementation performance of the individual projects.

civil aviation, planning, and teacher and civil service training. The 1982-86 program places particular emphasis on utilizing local expertise in its projects, whenever possible.

A mid-program review has shown that insufficient work in project identification and design, delays in project discussion, and unavailability of basic conditions, namely, of counterpart funds, local counterparts and statistics have resulted in under-programming. For the remainder of its 5-year program, the UNDP expects to concentrate on projects which pave the way for future investment, to provide support to the preparation of the public investment program, and to take a systematic approach to the problems of the health sector. In this context it has proposed 17 additional projects, inter alia:

- management support to the Ministry of Public Administration and to the Payroll Division (Direction de la Paie) of the Ministry of Finance;
- assistance to the INS (National Statistical Office);
- pre-investment studies to ensure an available pipeline for future public and private investments;
- support to the secretariat of the External Resources Coordination Committee;
- development of agricultural statistics;
- improvement of primary health care services; and
- assistance to the epidemiological services.

Table 18 lists these priority projects, as well as projects in reserve. Given its UNDP's limited financial resources and the large number of proposed projects, the UNDP is considering various co-financing possibilities, such as "cost-sharing" with the Government and co-financing with bilateral donors.

Table 18

UNDP - Projects Implemented During 1982-83

Page 1 of 2

	<u>UN Agency</u>	<u>Date</u>	<u>UNDP Contribution (US\$ million)</u>	<u>Purpose</u>
<u>General</u>				
Assistance to Ministry of Planning	DTCD	80-85	4.0	Economic management support to Min Plan, especially for preparation of 5-year Development Plan.
<u>Agriculture</u>				
Improvement of Small-scale Fishing	FAO	1981-84	1.5	Prepare a rehabilitation plan and pilot projects in the sub-sector; improve techniques; create marketing centers.
Support to National Fertilizer Program	FAO	1983-85	0.1	Technical assistance; training
Support to Marketing, Price and Credit Division of Min. Agriculture	FAO	1984 79-83	0.6 1.0	Improve marketing of agricultural products; prepare a study on pricing of foodcrops in urban markets.
Assistance to National Seed Office (NSO)	FAO	1984-87	1.6	Help NSO coordinate various seed programs under externally-financed projects.
Agro-pastoral Development and Animal Production in North Kivu	FAO	1984-87	1.0	Improve grazing land; Integrate agriculture/livestock in overpopulated areas.
<u>Industry</u>				
Development of Small- and Medium Enterprises (Kivu)	UNIDO	1982-85	2.5	Promote SME: pilot workshop in Bukavu.
Applied Research in Agro-Food (Lubumbashi)	UNIDO	1982-86	1.5	Identify conservation procedures and processing of agricultural products for local population.
Improvement of Management in Public Enterprises	UNIDO	1982-85	2.1	Improve administrative, accounting and financial management in selected public enterprises.
ZOFI	UNIDO	1982-86	1.4	Assist in creation of ZOFI; prepare investment studies.

Table 18

UNDP - Projects Implemented During 1982-83

	<u>UN Agency</u>	<u>Date</u>	<u>UNDP Contribution (US\$ million)</u>	<u>Purpose</u>
<u>Transportation and Communications</u>				
Scholarships in Civil Aviation	ICAO	1977-84	1.2	Scholarships to KVA staff.
Telecommunications Assistance	ITU	1983-86	0.8	Rehabilitation of telephone network in Kinshasa and technical training.
University Training for Maritime Personnel	IMO	1983-85	0.1	Training for Min. Transport staff in Sweden.
<u>Energy</u>				
Training in Teledetection	DTCD	1983-85	0.1	Training to staff of ERTS-ZAIRE.
<u>Human Resources: (US\$1.7 million)</u>				
Management Training to REGIDESO	ILO	1982-84	2.2	On-the-job training for technical staff and management training to higher-level staff.
Teacher Training in ISPT-Likasi	UNESCO	1982-84	0.3	Define teachers profiles in technical industrial schools.
Development of National Museums	UNESCO	1982-85	0.7	Conservation and development of artistic and cultural tradition.
Mission on employment	ILO	1984	0.1	Provide base for employment policy and resource mobilization.
Management of Public Service	DTCD	1983-86	0.4	Control of civil service; establish management information system.
<u>Social Sectors</u>				
Housing	UN HOUSING	1981-84	0.7	Improve housing and define base for national housing policy.
Handicapped	ILO	1982-85	0.7	Establish a program for incorporating handicapped in professional work force.
			<u>23.6</u>	

Source: UNDP, Kinshasa.

Table 19

UNDP - Projects in Pipeline, 1984-86

	<u>UN Agency</u>	<u>Date</u>	<u>Estimated UNDP Contribution (US\$ million)</u>	<u>Main Purpose</u>
<u>PRIORITY PROJECTS</u>				
<u>General</u>				
Pre-investment studies	OPE	1984-87	1.8	Ensure financing and execution of pre-investment studies.
Support to National Statistical Office (INS)	DTCD	1984-87	1.0	Restructure INS services to increase productivity; improve procedures; prioritize activities to meet needs of 5-Year Plan.
Support to External Resources Coordination Committee	OPE	1984-86	0.3	Strengthen role of ERCC.
Personnel Management (Fonction Publique)	UTCD	1984-87	1.9	Establish an improved civil service management system.
Assistance to Payroll Division (Direction de la Paie)	UTCD	n.a.	n.a.	Reorganize Payroll Division.
Training in Planning and Project Analysis	DTCD	1985-86	1.0	Set up program for the appraisal and management of projects for 5-Year Plan; strengthen project cycle process.
<u>Agriculture</u>				
Assistance to Agricultural Credit Bank (BCA)	FAO	n.a.	0.8	Establish training program for BCA staff and organization of management and procedures for BCA.
Agricultural Statistics	FAO	1984-87	1.8	Satisfy immediate need for statistics; create regional branches of Statistics Division; set up statistical collection system.
Development of Small-Scale Fishing (Phase II)	FAO	1984-87	0.9	Complete Phase I; train small-scale fishermen in another region of Zaire.
<u>Industry</u>				
Production of Manual Hydraulic pumps	UNIDO	1984-85	0.3	Produce manual pumps.
Tourism development along Kivu-Haute Zaire axis	WTO	1984	0.08	Make profitable use of resources already in place; research to expand tourist activities.

Table 19

UNDP - Projects in Pipeline, 1984-86

Page 2 of 2

	<u>UN Agency</u>	<u>Date</u>	<u>Estimated UNDP Contribution (US\$ million)</u>	<u>Main Purpose</u>
<u>Transport and Communications</u>				
National Aeronautic Plan	ICAO	1984-86	0.7	Prepare a national plan, including the management of the national airline.
<u>Health</u>				
Assistance to epidemiological services	WHO	n.a.	n.a.	Develop a statistical collection system for the health sector; rehabilitate a laboratory in each region and retain personnel in endemic-epidemic diseases.
Primary Health Care	WHO	n.a.	n.a.	Improve the organization of primary health services; establish new health zones.
Production of Pharmaceutical Products	UNIDO/WHO	n.a.	n.a.	
<u>Education and Employment</u>				
Support for the Reform and Planning of Education	UNESCO	1984-87	0.9	Prepare a technical diagnosis of education system; set up programming of implementation of education reform; define guidelines for formulation of new programs and programs for on-the-job training of teachers.
Assistance to Personnel of REGIDESO	ILO	1984-86	0.9	Create an Organization and Method Division in REGIDESO, training of a highly-qualified corps of internal advisers.
<u>PROJECTS IN RESERVE</u>				
Organization and Restructuring of Agronomic Research	FAO	1984	0.6	Formulate an organization structure and prepare a development plan for a national agronomic institute.
Agricultural Extension	FAO	n.a.	n.a.	
Protection of Plant Life	FAO	n.a.	n.a.	
Feasibility Study of Tourism in Kivu	WTU	1984	0.05	Determine feasibility of a vacation village around Lake Kivu; prepare financing documents for potential investors.
Improvement of housing conditions in Kisshasa	UN HOUSING	1984	0.7	Concretize and test a new housing policy for Zaire.
Support for Post-University Research and Training	UNESCO	1984-87	0.7	Support to research programs, of three university faculties; training of researchers at post-graduate and post-doctoral levels.

Source: UNDP, Kinshasa.

WORLD BANK/IDA 1/

From 1969 to June 1984 (which corresponds to the end of the Bank Group's fiscal year 1984), the International Development Association (IDA) approved 36 credits to Zaire totaling about US\$560 million. As of mid-1984, fourteen of these were fully disbursed, and 22 were under disbursement. The undisbursed pipeline was about US\$190 million. In 1975, the World Bank made a loan of US\$100 million for the Gecamines Mining Expansion Project, which was cofinanced by the European Investment Bank and the Libyan Arab Foreign Bank. That loan is fully disbursed. Commitments have increased sharply in recent years--from an average of US\$28.4 million a year in FY78-81 to US\$90 million a year during FY82-84--and they are projected to slightly exceed US\$100 million in FY85. Although disbursements have increased, too, the jump has not been as sharp because of the lag between project approval, signature, effectiveness and execution. They totaled about US\$49 million in FY84 but they are estimated to rise to US\$55 million in FY85 (Table 19).

Bank Group operations in Zaire have focused on the rehabilitation of the productive sectors (agriculture, mining, manufacturing) and better utilization of existing capacities through assistance either to these productive sectors directly or to the key infrastructure sectors -- transportation and energy. Projects have been increasingly designed so as to: (i) meet requirements (not only financial) for rehabilitation and/or fuller utilization of capacity; (ii) alleviate balance of payments pressures; (iii) minimize dependence on imports and/or budget support; (iv) avoid long-term dependence on technical assistance or aid flows; and (v) substitute stimulation of private activities for government controls.

A main objective of Bank Group operations in Zaire has been institution building. The development finance company (SOFIDE) was established in 1970 with assistance from IFC and IDA. The major transport agencies, ONATRA (rail/river), SNCZ (railway), RVF (river), RVM (ocean) and Office des Routes (roads), have received technical and financial assistance from the Association, which also helped establish the National Livestock Development Authority (ONDE). In the case of GECAMINES, the Bank loan originated a dialogue, still ongoing and now supported by a technical assistance credit, intended to define ways and means to strengthen the management, financial position and planning of the company.

Between CY75 and CY84, the largest proportion of IDA lending by far -- 41 percent -- was for the transport sector, followed by agriculture (18 percent) and manufacturing, including agro-industry (16 percent). Operations in water supply and education accounted for 7 percent and 4 percent, respectively. Bank operations in the energy sector are relatively recent; they started in FY82 and have accounted for 13 percent of cumulative lending since FY75 (Table 20).

1/ IFC is discussed separately.

In the past three years, the Bank Group's main efforts have been directed toward assisting in the rehabilitation and development of the agriculture and transport sectors, in part through the design and implementation of appropriate policies and a consequent increase in technical assistance. Investments in industry were also emphasized through assistance to SOFIDE. Initial efforts in support of the energy sector include the Shaba Power System Rehabilitation Project and the Ruzizi II Regional Hydroelectric Power Project (involving also Rwanda and Burundi). Indeed, of the 14 projects approved during FY82-84, 7 projects (amounting to 62 percent of commitments during this period) were primarily for rehabilitation of existing capacity, three involved mainly technical assistance (in agriculture, mining and petroleum), only one involved expansion (in the context of rural development), and three (SOFIDE VI and VII and Ruzizi II) cut across these categories.

Of the five projects totaling US\$103 million programmed for FY85, two have already been approved; the Education Technical Assistance and Training Project (US\$9 million) under which the management and day-to-day operations of the Department of Primary and Secondary Education would be improved in the areas of administration, planning and resource management and the Lulua Foodcrop Development Project (US\$12.5 million) which would increase foodcrop production (maize, cassava) in the Lulua area (Kasai Occidental) through improved extension/training, input distribution, marketing and roads, and establishment of a seed farm.^{2/} The other three are:

1. Research/Seeds (US\$15.0 million). The project aims at improving the multiplication and distribution of seeds (mainly for foodcrops, maize, cassava, beans, rice) and, thereby, at expanding foodcrop production in large areas of Zaire. The project would consist primarily of the strengthening of the National Seed Bureau and the establishment of selected seed farms.

2. Refinery Engineering (US\$12 million). The project is the first phase of a two-phase program aimed at reducing the net cost of petroleum products by reducing product imports and improving the efficiency of operation of the SOZIR refinery. Management, engineering and economic studies will review options for reducing costs of refinery operations and support activities (mainly transportation of crude), and addition of conversion facilities for processing of domestic crude.

3. Highway VI (US\$55 million). The project is based on the need to improve and maintain 19,700 kms of national roads to meet all-weather standards and to provide periodic and routine maintenance for 20,200 kms of main regional roads. The project would provide spare parts for equipment maintenance; renewal of

^{2/} This project was approved by the Board in January 1985 and, therefore, does not appear in the attached tables 20-22.

part of the equipment fleet; rehabilitation/renewal of ferries and bridges; resurfacing of paved roads; and rehabilitation of gravel roads.

The main technical assistance projects under execution are described in Annex V. It should be noted, however, that the Bank Group's other projects include important studies and technical assistance components. A case in point is the SOFIDE VII project which was approved in June 1984 and contains roughly US\$ 2 million for this purpose. The Bank also extends assistance for the expansion and analysis of the information base, the identification of issues and the formulation of policies through its program of economic and sector studies and its dialogue with Zairian institutions. The ongoing and programmed studies are highlighted in Annex IV.

A major aspect of the Bank Group's interventions in Zaire has been the substantial cofinancing which has been associated with it. Between CY75 and 84, cofinancing has amounted to US\$446 million compared to IDA commitments of US\$534 million (Tables 20-22). Every US dollar of IDA commitment has been associated with US\$0.84 of cofinancing.^{3/} The ratio has fluctuated from year to year without showing a trend. On average for the CY75-79 period the multilateral organizations provided 26 percent of the cofinancing, the largest contributors being the ADB/ADF and BADEA; the bilateral provided 74 percent, the largest being Saudia Arabia (34 percent) and Germany (24 percent). For the 1980-84 period, however, these shares were reversed; the multilaterals comprised 62 percent of cofinancing (ABD/ADF and FED providing the largest share) and the bilaterals represented 38 percent, of which Germany continued to contribute nearly 20 percent. In terms of sectors, the incidence of cofinancing (the ratio of cofinancing to IDA commitments) was highest in transport (1.3:1), followed by agriculture (1:1) (Table 20).

^{3/} This figure refers to the ratio of co-financing to total IDA. However, some projects, such as credits to SOFIDE and those for technical assistance, never have any co-financing. If these projects are excluded, the amount of co-financing per US dollar of IDA financing comes to US\$1.21.

Table 20

WORLD BANK - Summary of Commitments and Disbursements,
by Calendar and Fiscal Year, 1977-84
as of June 30, 1984

	<u>Fiscal Year</u>		<u>Calendar Year</u>	
	<u>Commitments</u>	<u>Disbursements</u>	<u>Commitments</u>	<u>Disbursements</u>
1969-75	225.4	121.7	104.4	33.3 ^{1/}
1976	42.5	32.0	50.5	37.3 ^{1/}
1977	26.0	44.7	18.0	56.4
1978	9.0	57.5	9.0	44.7
1979	46.0	37.2	46.0	27.9
1980	29.5	41.8	35.9	43.0
1981	29.3	21.8	28.9	17.5
1982	100.8	22.1	118.3	38.4
1983	88.5	30.4	64.5	42.0
1984 ^{2/}	<u>103.0</u>	<u>36.4</u>	<u>83.5</u>	<u>37.5</u> ^{2/}
Thru 1984	<u>700.0</u>	<u>445.6</u>	<u>559.0</u>	<u>378.0</u> ^{3/}

^{1/} Reflects only the years 1974-75.

^{2/} Projected.

^{3/} Refers to the period 74-84.

Source: World Bank

Table 21

IDA - Commitments and Cofinancing by Sector, CY 1975-84
(Million US\$)

	<u>Total Project Cost</u>	<u>External Financing</u>				<u>Ratio of Co-fin. to IDA</u>	
		<u>Total</u>	<u>of which</u>		<u>Co-fin.</u>		
			<u>IDA</u>				
			<u>Amount</u>	<u>%</u>			<u>Amount</u>
Agriculture	278.4	199.3	94.6	47.5	95.6	48.0	1.0
Mining	6.0	6.0	6.0	100.0	-	-	-
Industry	86.0	81.5	86.0	105.5	-	-	-
Transport	755.0	509.7	218.5	42.9	290.1	56.9	1.3
Water Supply	110.3	67.5	39.5	58.5	17.7	26.2	0.4
Energy	44.3	40.2	23.5	58.5	11.7	29.1	0.5
Education	48.5	20.5	21.0	102.4	-	-	-
Ruzizi	84.9	75.9	45.0	59.3	30.9	40.7	0.7
<u>Total 1/</u>	<u>1413.4</u>	<u>1000.6</u>	<u>534.1</u>	<u>53.4</u>	<u>446.0 2/</u>	<u>44.6</u>	<u>0.8</u>
(Percentage)							
Agriculture	19.7	19.9	17.7		21.4		
Mining	0.4	0.6	1.1		-		
Industry	6.1	8.1	16.1		-		
Transport	53.4	51.0	40.9		65.1		
Water Supply	7.8	6.7	7.4		4.0		
Energy	3.2	4.0	4.4		2.6		
Education	3.4	2.1	4.0		-		
Ruzizi	6.0	7.6	8.4		6.9		
<u>Total</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>		<u>100.0</u>		

1/ Includes total cost and financing for Ruzizi II.

2/ Excludes US\$23.2 million co-financing of Government and relevant public enterprises.

Source: World Bank

Table 22

ZAIRE - Cofinancing in IDA Projects by Source, CY75-84
(Million US\$)

	1975-79		1980	1981	1982	1983	1984	1980-84	
	Amount	%						Amount	%
<u>Bilateral</u>	<u>151.2</u>	<u>73.0</u>	<u>27.4</u>	<u>9.0</u>	<u>15.8</u>	<u>27.5</u>	<u>12.2</u>	<u>91.9</u>	<u>38.1</u>
Belgium	3.2	1.6	-	-	8.8	-	5.9	14.7	6.1
Canada (CIDA)	9.8	4.8	-	-	-	10.0	-	10.0	4.2
France ^{1/}	7.4	3.6	27.4	-	2.2	9.0	6.3	44.9	18.6
Germany (Kfw)	49.1	24.0	-	9.0	1.5	-	-	10.5	4.4
Italy	-	-	-	-	-	8.5 ^{2/}	-	8.5	3.5
Saudia Arabia	68.9	33.6	-	-	-	-	-	-	-
United Kingdom	2.2	1.1	-	-	0.8	-	-	0.8	0.3
United States (USAID)	1.4	0.7	-	-	2.5	-	-	2.5	1.0
Other (combined donors)	9.3	4.5	-	-	-	-	-	-	-
<u>Multilateral</u>	<u>53.5</u>	<u>26.1</u>	<u>21.4</u>	<u>22.0</u>	<u>38.1</u>	<u>43.4</u>	<u>24.4</u>	<u>149.3</u>	<u>61.9</u>
ADB	15.7	77.7	6.4	12.0	-	21.0	14.0	53.4	22.1
ADF	6.1	3.0	-	-	20.6	-	-	20.6	8.5
BADEA	14.4	7.0	-	10.0	-	-	-	10.0	4.2
EEC Sp. Action	8.7	4.2	-	-	-	-	-	-	-
FED	-	-	-	-	6.8	20.5 ^{2/}	-	27.3	11.3
IFAD	-	-	15.0	-	-	-	-	15.0	6.2
OPEC Fund	7.0	3.4	-	-	5.0	-	-	5.0	2.1
UNDP	1.6	0.8	-	-	-	-	-	-	-
BDECL	-	-	-	-	-	1.9	-	1.9	0.8
Other (combined donors)	-	-	-	-	5.7	-	10.4	16.1	6.7
<u>TOTAL Co-financing</u>	<u>204.8</u>	<u>100.0</u>	<u>48.8</u>	<u>31.0</u>	<u>53.9</u>	<u>70.9</u>	<u>36.6</u>	<u>241.2</u>	<u>100.0</u>
IDA (projects with co-financing)	118.5		37.4	28.9	73.8	83.0	26.0	249.1	
Ratio of co-financing to IDA	1.7		1.3	1.1	0.7	0.9	1.4	1.0	
Total IDA (all projects)	175.5		37.4	47.4	96.8	115.0	62.0	358.6	
Ratio of co-financing to total IDA	1.2		1.3	0.7	0.6	0.6	0.6	0.7	

^{1/} Includes financing of the COCE.

^{2/} Ruzizi II project.

Source: World Bank.

Table 23

IDA - Operations in Zaire, by Project and Cofinancing, CY 1975-84
(Million US\$)

Year	Project	Total	Project Cost			
			Total	IDA	Foreign	
					Co-Financing	Sources
			Amount			
1975		92.3	53.8	52.0	1.8	
	Highway III	40.3	27.8	26.0	1.8	France: 1.5; Government: 0.3.
	Railway & River Transport	52.0	26.0	26.0	-	
1976		133.5	72.8	50.5	23.6	
	Water Supply	70.4	42.0	21.5	20.5	BADEA: 10.0; ADB: 6.1; UNDP: 1.6; Govt.: 2.8.
	Cotton Rehab. II	14.6	10.3	8.0	3.1	Belgium: 3.1.
	Education II	48.5	20.5	21.0	-	
1977		26.1	19.1	18.0	5.3	
	Ituri Livestock	16.1	9.1	8.0	5.3	CIDA: 3.3; France: 1.5; Germany: 0.5.
	SOFIDE IV	10.0	10.0	10.0	-	
1978		47.4	24.4	9.0	15.4	
	Oil Palm	47.4	24.4	9.0	15.4	ADF: 6.1; BADEA: 4.4; COCE: 4.2; USAID: 0.7.
1979		294.3	208.6	46.0	162.6	
	SNCZ I	157.8	105.9	20.0	85.9	Saudi Fund: 35.0; KfW: 25.0; OPEC Fund: 7.0 ADB: 9.6; Belg., U.K., USAID: 9.3
	Highway IV	136.5	102.7	26.0	76.7	Saudi Fund: 33.9; KfW: 23.6; FEC: 8.7; CIDA: 6.5; UK: 2.2; USAID: 0.7; France: 0.2; Belgium: 0.1; Govt.: 0.8
1980		118.9	96.2	37.4	58.8	
	Smallholder Malze	38.5	32.4	11.0	21.4	IFAD: 15.0; ADB: 6.4
	Kwilu-Ngongo	80.4	63.8	26.4	37.4	COCE: 27.4; Co. Sucriere: 10.0
1981		108.4	78.4	47.4	31.0	
	Kwango-Kwilu	5.9	3.9	2.9	1.0	Germany: 1.0
	ONATRA Modernization	84.0	56.0	26.0	30.0	ADB: 12.0; BADEA: 10.0; KfW: 8.0
	SOFIDE V	18.5	18.5	18.5	-	
1982		245.3	167.3	96.8	63.2	
	Shaba Power	39.0	35.7	19.0	16	Belgium: 6.7; OPEC Fund: 5.0; SNFL: 5.0
	Cotton Rehab. II	39.3	24.6	11.3	13.3	EDF: 6.8; COCE: 2.2; SOFIDE: 1.1; Cotton Companies: 3.2
	Highway V	121.1	76.7	43.5	33.2	ADF: 20.6; USAID: 2.5; KfW: 1.5; ODM: 0.8; Belgium: 2.1; ongoing TA credits: 5.7
	Agricultural TA	6.0	4.8	5.0	-	
	Water Supply	39.9	25.5	18.0	-	
1983		237.9	183.9	115.0	76.6	
	NE Rural Dev.	30.2	26.0	13.0	13.0	CIDA: 10.0; France: 3.0
	Ports Rehab.	90.0	52.0	25.0	27.0	ADB: 21.0; COCE: 5.0; France: 1.0
	Petroleum TA	5.3	4.5	4.5	-	
	Cocamles TA	6.0	6.0	6.0	-	
	SOFIDE VI	21.5	19.5	21.5	-	
	Ruzizi II ^{2/}	84.9	75.9	45.0	36.6	FED: 20.5; Italy: 8.5; RDCEL: 1.9
1984		109.3	96.1	62.0	30.9	
	SOFIDE VII	36.0	33.5	36.0	-	
	SNCZ II	73.3	62.6	26.0	30.9	ADB: 14.0; COCE: 6.3; Belgium: 5.9; existing credits of ADB, IDA, KfW: 10.5.
	<u>Total 1975-84</u>	<u>1413.4</u>	<u>1000.6</u>	<u>534.1</u>	<u>469.2</u>	

^{1/} An amount of nearly US\$19 million for this project was cancelled in February 1983.

^{2/} This is a regional project including Burundi, Rwanda and Zaire. Zaire's share of the IDA credit is US\$15 million and of the local cost financing US\$3 million.

Source: World Bank.

INTERNATIONAL FINANCE CORPORATION (IFC)

Since 1970, IFC has had an equity participation of US\$760,000 in SOFIDE. IFC's share of the initial capital was 18 percent but, as a result of capital increases in the intervening years, its share on December 31, 1983 was 4.7 percent. In 1978, IFC approved a loan of US\$4.1 million for an offshore oil production project; in 1982 it made a loan of US\$230,000 for studies related to the development of an alumina complex at Baanaa; and in March 1985 it made a loan of US\$6.3 million and an equity investment of US\$528,000 for a modernization and expansion project to SOTEXKI, a leading textile manufacturer in Zaire, plus an equity investment of US\$100,000 in the share capital of a promotional company to conduct a large-scale cotton farming project which would supply cotton to SOTEXKI. Total IFC commitments to date amount to US\$12 million, of which US\$3.7 million was repaid as of March 31, 1984 and US\$8.3 million was outstanding. (Table 23).

Table 24

INTERNATIONAL FINANCE CORPORATION (IFC):
Investments in Zaire, 1970-85
(MILLION US\$)

<u>Fiscal Year</u>	<u>Borrower</u>	<u>Loan</u>	<u>Equity</u>	<u>Total</u>
1970	Société Financière de Développement (SOFIDE)	-	0.76	0.76
1979	Zaire Gulf Oil Company	2.50	-	2.50
1979	Zaire Petroleum Company	1.61	-	1.61
1983	Nord-Sud Industrie-ROHSTOFF GMBH, for studies on an aluminum project	0.23	-	0.23
1985	Société Textile de Kisangani (SOTEXKI)	6.25	0.53	6.78
1985	Société Textile de Kisangani (SOTEXKI)	-	0.10	0.10
	<u>Total gross commitments</u>	<u>10.59</u>	<u>1.39</u>	<u>11.98</u>
	Less repayments	3.70	-	3.70
	<u>Held by IFC</u>	<u>6.89</u>	<u>1.39</u>	<u>8.28</u>

Source: International Finance Corporation

ANNEX III

MAJOR ONGOING OR PROGRAMMED STUDIES ON ZAIRE

Note: This annex covers the major economic and sector studies on Zaire being undertaken or programmed at the World Bank and other governmental and non-governmental agencies. Although the focus is on ongoing and future studies, the annex lists some studies completed in 1984, as these may not be sufficiently known outside the financing or executing agencies. The information provided reflects the status of preparation or planning, which varies from study to study.

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24	* STUDY OF FUEL PRICES AND ITS IMPACT ON THE TRANSPORT SECTOR
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4	COUNTRY ECONOMIC MEMORANDUM AND REVIEW OF FIVE-YEAR PLAN
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	THE UNRECORDED ECONOMY
<u>Completion Date to be Determined</u>	
20	REVIEW OF TEXTILE SUBSECTOR
21	PROSPECTS FOR FORESTRY BASED INDUSTRIES
22	REVIEW OF PALM OIL SUB-SECTOR
23	LOCAL CONSTRUCTION INDUSTRY REVIEW
31	MEDIUM- AND LONG-TERM STRATEGIES FOR ENERGY SECTOR DEVELOPMENT
34	ARAB-AFRICAN COOPERATION IN THE FIELD OF ENERGY
38	HIGHER EDUCATION STUDY

1. Title: THE UNRECORDED ECONOMY

Financing/Executing Agency: World Bank/Eastern Africa Regional Office

Expected Completion Date: Second Quarter 1987 (very tentative)

Language(s): English/French

Description: Past economic and sector work has shown that a significant part of economic activity in Zaire goes unrecorded or underrecorded because of the simple methodology (used solely on population growth) for estimating subsistence agriculture, the smuggling of exports and imports, tax evasion, and the mushrooming of intermediaries. This is not a phenomenon unique to Zaire, and it has been the subject of pioneering case studies of developed as well as developing countries. The incentives for such activities have no doubt increased during the crisis of the Zairian economy, although the recent liberalization measures are expected to have the reverse effect. An attempt to quantify the unrecorded economy, no matter how incomplete or preliminary, is essential for accurately assessing the impact of the crisis on output, living standards and employment; the adjustment process; the current socio-economic situation; and the potential for further adjustment. Some work in this area has been undertaken by the Institute of Economic and Social Research (IRES) of the University of Kinshasa and by consultants for the ILO in conjunction with a study on employment creation. The study (which is not firmly programmed at this stage) may be limited initially to urban centers or even Kinshasa only and its coverage may be expanded after the development of an appropriate approach and/or methodology. The study would be carried out in close cooperation with Zairian institutions (e.g., IRES), and with consultants selected from amongst the experts which have undertaken the pioneering studies of selected countries.

2. Title: COMPREHENSIVE REVIEW OF PUBLIC INVESTMENT PROGRAM

Financing/Executing Agency: World Bank/Eastern Africa Regional Office

Expected Completion Date: Third Quarter 1986

Language(s): English/French

Description: The first PIP prepared by Zaire covered the years 1979-81; it was relatively well documented; it was reviewed closely by Program and Projects staff of the World Bank; and the results of that evaluation were presented to the Consultative Group. The evaluation was carried out without a field visit and focused mostly on sectors in which the Bank had operations in Zaire. For that reason, it touched lightly on projects in the energy, telecommunications and health sectors. The next two PIP's (1981-83 and 1983-85) were reviewed similarly but with less direct participation by the Bank's Projects staff (i.e., project-by-project

review) because (i) the execution of the PIP was significantly late and therefore most of the projects were unchanged, and (ii) the information presented was in many cases out-of-date or insufficient. The five-year plan for 1986-90, which is under preparation, is likely to contain a number of new projects as well as more complete information on the projects under of the Comprehensive Review is to evaluate the program with respect to size, priorities, financiability, etc. The review will cover all sectors; it will be carried out jointly by Program and Projects staff; and it will once again be submitted to the CG.

3. Title: PARASTATALS STUDY (PHASE I)

Financing/Executing Agency: World Bank/Eastern Africa Regional Office

Expected Completion Date: Second Quarter 1985

Language(s): English/French

Description: The parastatal sector plays a predominant role in the Zairian economy. A major bottleneck to its analysis has been the lack of consolidated accounts. The objective of the study is to provide an integrated view of the policy issues associated with managing the sources and uses of resources and improving performance in this important segment of the public sector. The study will be conducted in two phases. During the first phase, the focus will be on the macroeconomic impact of the parastatals sector. During the second phase, indepth analysis of specific issues identified during the first phase will be carried out.

4. Title: COUNTRY ECONOMIC MEMORANDUM AND REVIEW OF FIVE-YEAR PLAN

Financing/Executing Agency: World Bank / Eastern Africa Regional Office

Expected Completion Date: Fourth Quarter 1986

Language(s): English/French

Description: The economic report is expected to contain an evaluation of the five-year development plan covering the 1986-90 period and to address long-term development issues. The review of the plan will focus on the relation between stated priorities, resource constraints and absorptive capacity and on the recurrent cost implications of the plan. The report will also incorporate the results of the comprehensive review of the public investment program, of the agricultural sector memorandum, the population,

health and nutrition survey, the manufacturing sector review, the mining sector study and the energy assessment review.

5. Title: ZAIRE: REGIONAL DEVELOPMENT PROBLEMS - THE CASE OF KIVU

Financing/Executing Agency: World Bank/Eastern Africa Regional Office

Expected Completion Date: Second Quarter 1984

Language(s): English/French

Description: This pilot study of Kivu was undertaken primarily to increase the Bank's understanding of the regional aspects of development in Zaire. The report describes the distinguishing features of the Kivu Region: examines the past performance of its economy with emphasis on agriculture, industry, transport, and education; reviews the role of non-governmental organizations; and discusses the implication for Zaire and the donors. The report argues that while external factors, such as the disruption caused by the political upheaval of the 1960s and the sharp increase in petroleum prices, have adversely affected economic development in the region, domestic policy deficiencies and administrative constraints have also been important factors. The analysis suggests that Kivu's prospects depend on: sustained appropriate macroeconomic management; implementation of institutional measures at both the national and regional levels; execution of priority investments for regional development; more systematic involvement of private sector enterprises, including non-governmental organizations; and active support from the external aid donors through coordinating bodies which are already in place. The study includes profiles of Zaire's nine regions.

6. Title: STUDY OF ECONOMIC RECOVERY FUND

Financing/Executing Agency: IDA Kwengo Kwilu Technical Assistance Project/
Planning Ministry

Expected Completion Date:

Language(s): English/French

Description: In order to stimulate private sector participation in national economic development, in 1978 the Government established a system of economic recovery funds. Under this system, private companies enter into an in agreement to manage development activities in rural areas, utilizing surcharges added to the retail price of their products; the surcharge may not exceed 10 percent of the retail value of each unit produced or sold. The purpose of the study is to provide a comprehensive

picture of how the Economic Recovery Fund (ERF) has functioned since its creation and to propose measures to improve the functioning of this system. In particular, the study would evaluate (i) the statistical situation of manufacturing enterprises and its effects on production costs. The study would also identify issues requiring action; and (vi) propose options for Government consideration.

7. Title: ZOFI

Financing/Executing Agency: World Bank/Eastern Africa Regional Office

Expected Completion Date: Second Quarter 1985

Language(s): English/French

Description: Zaire is seeking to attract export-oriented, power-consuming industry to the free zone at Inga (ZOFI) where there is an abundance of low cost power. The study will review the various feasibility studies which have been completed with a view to analyzing how the industrial zone would fit into a rational industrial strategy for Zaire and whether, on an opportunity cost basis, the investments to be funded by Zaire (the Banana port, railway, electricity lines and other infrastructure) is justified.

8. Title: EXPORT PROSPECTS STUDY

Financing/Executing Agency: IDA SOFIDE VII Project / Planning Ministry

Expected Completion Date: Fourth Quarter 1985

Language(s): French

Description: The purpose of this study is to review export prospects, comparative advantage, identification of markets, promotion and support schemes. The scope of the study will be defined in discussions among the World Bank, SOFIDE and the Planning Ministry.

9. Title: SURVEY OF CREDIT MARKET AND INSTITUTIONS

Financing/Executing Agency: World Bank / Eastern Africa Regional Office

Expected Completion Date: Fourth Quarter 1986

Language(s): English/French

Description: An important dimension of Zaire's economic and financial crisis is the persistent disequilibrium in the credit market. Rapid inflation, successive devaluations and the burgeoning of speculative activities and under-the-counter operations by some of the commercial banks have complicated the measurement and analysis of the demand for and supply of credit. The purpose of the survey (which is not firmly programmed at this stage) is to provide a basic review of the credit market and institutions, including the newly created Agricultural Credit Bank, with a view to increasing our understanding of the actual operation of the credit market and recommending appropriate institutional and policy changes.

10. Title: CREDIT STUDY

Financing/Executing Agency: USAID

Expected Completion Date: Third Quarter 1984

Language(s): French

Description: This study identifies and appraises credit institutions in the Bandundu region and makes recommendations on credit requirements and appropriate institutional forms for ensuring its availability.

11. Title: UPDATING OF THE IRES CONSUMER PRICE INDEX

Financing/Executing Agency: IRES

Expected Completion Date: Fourth Quarter 1985

Language(s): French

Description: Since 1960, IRES has published a monthly index of prices in Kinshasa markets and stores on the basis of price recording on a daily basis. This represents the most continuous and the longest chronological series on price evolution in Kinshasa. However, the serious economic crisis facing Zaire and the resulting economic and social changes have substantially altered the underlying utility functions and consumption patterns. The main objective of the study is to review the basic hypotheses and the methodology of the monthly index, including the sample of goods, markets and stores surveyed.

12. Title: US PRESIDENTIAL AGRICULTURAL TASK FORCE TO ZAIRE

Financing/Executing Agency: USAID / U.S. Department of Agriculture

Expected Completion Date: First Quarter 1985

Language(s): English/French

Description: The idea of the Presidential Task Force has its origins at the 1981 North-South conference in Cancun, Mexico, where the President of the United States reiterated U.S. policy and commitment to assist developing countries in improving their agricultural sectors. Countries visited by agricultural task forces have included Guinea, Honduras, Liberia, Peru, Thailand and Venezuela. The Task Forces, composed of highly qualified U.S. agricultural and agribusiness experts, have recommended ways to overcome impediments to food and agricultural development in the areas of policy, science and technology, and the private sector. This Task Force will concentrate on five main areas which significantly affect agricultural development in Zaire: (i) policy questions and production incentives, (ii) financial support of agriculture, (iii) research, (iv) manpower and training, and (v) private investment.

13. Title AGRICULTURAL SECTOR MEMORANDUM

Financing/Executing Agency: World Bank/Eastern Africa Regional Office

Expected Completion Date: First Quarter 1986

Language(s): English/French

Description: The objective is to undertake a thorough survey of the sector,

including analysis of regional conditions and institutions, in order to assist the Government in defining in much more detail its agricultural action plan and establishing a sound basis for monitoring and evaluating sectoral performance. The study is expected to focus on, inter alia, delineating actions needed for the strengthening of government institutions such as the Ministry of Agriculture and the national research and extension systems; identifying constraints to production of the small holders and of the corporate private sector; estimating financial (domestic and foreign exchange) needs and trained manpower requirements for sector recovery and expansion; determining the optimal balance between export and food crops; and identifying the appropriate technological packages and the new policies needed to achieve the desired results.

14. Title: RECOVERY OF THE INDUSTRIAL AND EXPORT CROPS SUBSECTORS

Financing/Executing Agency: To be identified / IRES

Expected Completion Date: Third Quarter 1985

Language(s): French

Description: Zaire's heavy dependence on copper mining results in a severe sectoral disequilibrium. Recovery of the industrial and export crop sub-sectors would go a long way toward redressing this situation. Although a number of measures have been taken toward this goal and some feasibility studies have been undertaken by Zaire alone or in cooperation with external donors (e.g., palm oil), the approach has so far been very fragmented. The purpose of this study would be to take an integrated view on the conditions necessary for the recovery of these agricultural sub-sectors and to assess their socio-economic impact.

15. Title: MINING SECTOR MEMORANDUM

Financing/Executing Agency: World Bank / Energy and Industry Staff

Expected Completion Date: Fourth Quarter 1985

Language(s): English/French

Description: The purpose of the study is to review the main mining activities, including their contribution to the balance of payments and the budget, and provide a general assessment of performance and potential. The study should help the Government define a comprehensive strategy for mineral resource development (including the future role of Gecamines).

16. Title: SURVEY OF MINING INDUSTRY OF ZAIRE

Financing/Executing Agency: U.S. Bureau of Mines

Expected Completion Date: Third Quarter 1985

Language(s): English

Description: The survey is part of the "Minerals Perspectives" series published on selected countries. It will include both fuel and non-fuel minerals and cover available resources, resource potential, production, trade and transportation of minerals, organization of the sector, and main mining activities.

17. Title: MANUFACTURING SECTOR MEMORANDUM

Financing/Executing Agency: World Bank/Eastern Africa Regional Office

Expected Completion Date: Third Quarter 1986

Language(s): English/French

Description: The objective of the study is to integrate the findings of the SOFIDE-financed studies carried out over the 1984-85 period and provide a framework for the formulation of medium- and long-term strategies for the development of the sector. The sector memorandum should serve as a basis for export-oriented manufacturing development in general, including the Export Processing Zone (ZOFI), and for a Bank lending and technical assistance strategy in the sector, including a possible sector rehabilitation credit.

18. Title: MANUFACTURING SECTOR INCENTIVES STUDY

Financing/Executing Agency: IDA SOFIDE VII Project / Planning Ministry

Expected Completion Date: Fourth Quarter 1985

Language(s): French/English

Description: The manufacturing sector in Zaire has been the most severely affected by the economic crisis: in 1979-82 manufacturing output was about 25% below the level of the early 1970s. Although the recent liberalization measures affecting the foreign exchange and trade regimes, interest rates and prices are steps in the right direction, there are still a large number of distortions which hamper the development of the manufacturing sector. The purpose of the study is to: (1) analyze the performance of the manufacturing sector in order to identify the main causes behind its

contraction since 1975; (ii) identify and quantify the various incentives granted to the industrial sector and analyze the economic efficiency of several industrial sub-sectors; (iii) examine the options which would allow a rationalization of the system of incentives with a view to increasing the efficiency of import-substituting and export-oriented industries; (iv) review the administrative procedures, particularly in the area of international trade, in order to ensure that they are adapted to the need of economic development; and (v) assist in the formation of a Zairian team which would pursue the quantitative analysis of the industrial sector on a continuing basis.

19. Title: SMALL SCALE ENTERPRISES (SSEs)

Financing/Executing Agency: IDA SOFIDE VII Project / Planning Ministry

Expected Completion Date: Third Quarter 1985

Language(s): French

Description: The purpose of the study is to collect reliable data on the small scale enterprise sector and to review measures designed to encourage these enterprises and the regulations governing the sector. The objectives include improving the institutional framework in which SSEs operate and establishing appropriate financial assistance channels and mechanisms for SSEs. The study may serve as a basis for a program of technical and financial assistance to SSEs.

20. Title: REVIEW OF TEXTILE SUBSECTOR

Financing/Executing Agency: IDA SOFIDE VII Project / Planning Ministry

Expected Completion Date: To be determined

Language(s): French

Description: The focus of the review would be on estimating the rehabilitation needs of the subsector and identifying and preparing projects to address these needs.

21. Title: PROSPECTS FOR FORESTRY BASED INDUSTRIES

Financing/Executing Agency: IDA SOFIDE VII Project / Planning Ministry

Expected Completion Date: To be determined

Language(s): French

Description: This study would review the prospects of the wood industry for domestic use and export.

22. Title: REVIEW OF PALM OIL SUB-SECTOR

Financing/Executing Agency: IDA SOFIDE VII Project / Planning Ministry

Expected Completion Date: To be determined

Language(s): French

Description: This study would review the technical state of industrial plants and of plantations; level of obsolescence, market, scope and feasibility of rehabilitation; and project identification and preparation.

23. Title: LOCAL CONSTRUCTION INDUSTRY REVIEW

Financing/Executing Agency: IDA SOFIDE VII Project / Planning Ministry

Expected Completion Date: To be determined

Language(s): French

Description: This study will review problems related to the construction industry in four cities: Kisangani, Bukavu, Mbuji-Mayi and Kananga. The orientation of the study has not been determined, but the study is expected to focus on problems related to the availability of construction materials, construction techniques and project financing.

24. Title: STUDY OF FUEL PRICING AND ITS IMPACT ON THE TRANSPORT SECTOR

Financing/Executing Agency: IDA Highways V Project / Office des Routes

Expected Completion Date: Second Quarter 1984

Language(s): French

Description: The study contains an analysis of the structure of fuel prices and of the impact of various policies concerning the pricing of fuels in the transport sector as well as recommendations to adjust present policies and make the use of fuels in the sector more efficient.

25. Title: STUDY OF PRIVATE SECTOR IN FREIGHT TRANSPORT

Financing/Executing Agency: IDA Ports Rehabilitation Project / GEEP

Expected Completion Date: Second Quarter 1985

Language(s): French

Description: The study will provide basic information on the scale, nature and organization of private sector activities in freight transport; an analysis of the main constraints to its development; and recommendations to remove constraints.

26. Title: TRANSPORT SECTOR MEMORANDUM

Financing/Executing Agency: World Bank/Eastern Africa Regional Office

Expected Completion Date: Fourth Quarter 1985

Language(s): English/French

Description: The objective of the memorandum is: (i) to review recent development in the performance of the main transport sector public agencies; (ii) improve the knowledge of how certain key institutions or processes (especially the investment planning process) function and determine ways to improve them; and (iii) analyze the performance of the private sector in transport and the key constraints on its effectiveness, and identify the main financial, institutional and investment-related means to encourage its development.

27. Title: STUDY OF ROAD USER CHARGES

Financing/Executing Agency: IDA Highways V Project / Office des Routes

Expected Completion Date: Fourth Quarter 1984

Language(s): French

Description: The study will review all direct and indirect charges paid by different categories of road users and of the costs incurred by the collectivity because of road use; it will offer recommendations to adjust the level of present charges or even create new ones to promote an efficient use of the road system.

28. Title: REVIEW OF AIR TRANSPORT SECTOR

Financing/Executing Agency: IDA Railway II / GEEP

Expected Completion Date: Fourth Quarter 1985

Language(s): French

Description: The review will include an analysis of the role to be played by air transport in Zaire in the near future, given geographic and economic realities and the existence of other modes of transport; a review of the present situation, especially the condition of existing infrastructure and equipment; and an analysis of alternative policies to promote an efficient development of the sector, including a 15-year investment plan and a plan of action for 1986-90.

29. Title: REVIEW OF ORGANIZATION OF HIGHWAYS SECTOR

Financing/Executing Agency: IDA Highways V Project / Office des Routes

Expected Completion Date: Fourth Quarter 1984

Language(s): French

Description: The review will contain an analysis of natural and socio-economic environment, past experience in the sector, present situation and possible alternatives to present modes of action (for example, manual work, private contractors); an elaboration and analysis of alternative systems of organization for the entire sector (including urban and rural roads); recommendation and justification of appropriate sector organization and strategies; and proposed adjustment of Office des Routes' responsibilities and organization in view of above.

30. Title: ENERGY ASSESSMENT

Financing/Executing Agency: UNDP/World Bank

Expected Completion Date: Third Quarter 1985

Language(s): English/French

Description: In 1980 the UNDP/World Bank Energy Assessment Program was initiated to help developing countries diagnose energy problems and evaluate options to alleviate them. In this context, the study would be carried out to assist the Government with strategy formulation and policy development and as a basis for preparing the energy section of the 1986-90 Development Plan. The study would treat general topics such as sector supply-demand balance, identification of investment priorities, appropriateness of institutional framework and implications of pricing policy as well as specific issues including (i) possible uses of surplus generating capacity of the Inga complex; (ii) reliable and least-cost alternatives to supply electrical power to isolated population centers (mini-hydro, fuel powered plants); (iii) efficiency improvements for procurement and distribution of petroleum products; (iv) options for development of fuelwood/charcoal resources particularly for the Cuvette Centrale; and (v) evaluation of lesser-known indigenous resources such as coal and methane gas.

31. Title: MEDIUM- AND LONG-TERM STRATEGIES FOR ENERGY SECTOR DEVELOPMENT

Financing/Executing Agency: Caisse Centrale de Coopération Economique under Shaba Power System Rehabilitation Project/Consultants supervised by Département des Mines et de l'Energie (Commission Nationale de l'Energie).

Expected Completion Date: Not established

Language(s): French

Description: A series of studies on special topics would be undertaken to help in the formulation of strategy for the sector. Possible topics will be identified through the Energy Assessment being carried out by UNDP/World Bank Energy Assessment Program.

32. Title: DEMAND FORECAST FOR PETROLEUM PRODUCTS

Financing/Executing Agency: IDA Refinery Engineering Project/Consultants supervised by the Société Zairo-Italienne de Raffinage (SOZIR)

Expected Completion Date: Second Quarter 1985

Language(s): French

Description: The study will be carried out simultaneously with various

techno-economic evaluations of refinery improvement options. Demand for petroleum products consumed in Zaire through the year 2000 will be forecast, based on past consumption experience, expected economic performance and various scenarios for institutional and infrastructural arrangements.

33. Title: FOLLOW-UP OF GASOLINE PRICING STUDY

Financing/Executing Agency: IDA Refinery Engineering Project/Consultants under supervision of the SOZIR Refinery.

Expected Completion Date: First Quarter 1986

Language(s): French

Description: The study would expand the Study of Fuel Pricing and its Impact on the Transport Sector funded by the IDA Highway V Project, to include kerosene, jet fuel, angus, fuel oil and LPG. In addition to recommending a pricing policy which would reflect the economic cost of these products, the extended study would evaluate the possibility of replacing petroleum products with other indigenous fuels and examine the effect of the recommended pricing policy on the profitability of proposed investments in the SOZIR refinery.

34. Title: ARAB-AFRICAN COOPERATION IN THE FIELD OF ENERGY

Financing/Executing Agency: To be identified/IRES

Expected Completion Date: Not established

Language(s): French

Description: Within the framework of "South-South" and interregional economic cooperation, the Arab world — because of its propinquity to Africa — is one of the most important potential partners. To date, very little work has been initiated on identification of the areas and modalities of cooperation between Africa and the Arab world. The objective of this study, which would be undertaken in cooperation with Arab research centers, is a first step in this direction. Energy has been chosen as the first area for investigation. The project is expected to be a continuous one.

35. Title: STUDY OF THE ADMINISTRATIVE AND FINANCIAL PROCEDURES OF THE DEPARTMENT OF PRIMARY AND SECONDARY EDUCATION

Financing/Executing Agency: IDA Education Technical Assistance Project / CEGIR and Department of Primary and Secondary Education

Expected Completion Date: First Quarter 1986

Language(s): French

Description: The purpose of this study is to carry out an in-depth analysis of the administrative and financial structures and procedures of the Department (Ministry) of Primary and Secondary Education (DEPS) at the national, regional and local levels as a basis for introducing management improvements. The analysis would assist DEPS to: (i) clarify organizational links within the Department and with other government and private agencies; (ii) establish improved administrative structures, particularly with regard to other ministries involved in the education sector (primarily Finance and Planning) and with the religious groups which administer the majority of schools; (iii) strengthen internal financial and budgetary procedures for better programming and monitoring of expenditures in accordance with sector objectives; (iv) build up closer communication and collaboration among the national, regional and local levels; and (v) introduce progressively the computerization of personnel and student records.

36. Title: STUDY ON RURAL AND INFORMAL SECTOR EMPLOYMENT

Financing/Executing Agency: UN / ILO

Expected Completion Date: Fourth Quarter 1984

Language(s): French

Description: The purpose of the study is to provide a basis for an employment policy with particular emphasis on the mobilization of human resources and adequate training. The study is expected to: (i) provide a diagnosis of employment problems in the rural areas and the informal sectors of Kinshasa, Lubumbashi and Kisangani; (ii) analyze income and poverty problems; and (iii) make recommendations to the Government for an employment policy.

37. Title: MANPOWER DEVELOPMENT

Financing/Executing Agency: World Bank / Eastern Africa Regional Office

Expected Completion Date: Fourth Quarter 1986

Language(s): English/French

Description: Lack of skilled and managerial manpower in the public service, the public enterprises and the private sector has been identified as a crucial constraint on the development of Zaire. The Bank has received from the Government several requests for assistance in designing and implementing training programs. EDI and the Government are currently considering a program for training the staff which will be responsible for preparing the five-year plan. The purpose of this study on manpower development would be to undertake a systematic assessment of training needs in both the public and private sectors and of the effectiveness of past programs. The study would draw on the results of the various sector reports addressing training-related issues; it would provide recommendations for a medium- and long-term manpower development plan specifying the nature, purpose and financing of training for different categories of skilled and managerial manpower and for policies to provide adequate wage and non-wage incentives to labor.

38. Title: HIGHER EDUCATION STUDY

Financing/Executing Agency: World Bank / Eastern Africa Regional Office *

Expected Completion Date: Third Quarter 1985.

Language(s): English/French

Description: Higher education programs in the three universities and fifteen higher education institutes in Zaire are characterized by high dropout rates, lack of employment opportunities, administrative and managerial weaknesses, lack of coordination with primary and secondary education, high costs, and low efficiency. The proposed study would be designed to review existing programs, assess physical facilities and staffing needs, propose improved management and coordination, and recommend to the Government the most efficient and economic higher education programs to satisfy Zaire's manpower needs.

* To be financed under the Special Project Preparation Facility (SPPF) for African countries.

39. Title: POPULATION, HEALTH AND NUTRITION SURVEY

Financing/Executing Agency: World Bank / Population, Health and Nutrition Department

Expected Completion Date: Third Quarter 1986.

Language(s): English/French

Description: Demographic statistics in Zaire are grossly inadequate and out of date. The proposed survey, which is conditional on the successful completion of the census which started in mid-1984, will ascertain the country's main demographic characteristics and trends as a basis for the World Bank's policy advice on long-term planning and for starting a dialogue with the authorities on population, health and nutrition issues.

40. Title: CONTRACEPTIVE STUDY

Financing/Executing Agency: USAID/INS

Expected Completion Date: Third Quarter 1984

Language(s): French

Description: In 1972, Zaire instituted a type of family planning program, with the creation of the Comité National des Naissances Désirables (CNND), which promoted the concept of birth spacing (by any method), as well as child health-care activities. Birth spacing by traditional methods, has been a long-standing form of fertility control in Zaire's culture; however, it has been practiced not as a means of limiting family size, but rather as a way of increasing the number of surviving children. Although Zaire is one of the few Sub-Saharan countries whose Government supports family planning, there has been no systematic attempt to measure contraceptive use. In view of this and of the growing urbanization rate (estimated at 30 to 35 percent), USAID, in conjunction with INS, undertook a study in late 1981 to (i) measure the extent of knowledge and use of traditional and modern contraceptives in both urban and rural areas; and (ii) evaluate the impact of CNND's program over its first decade. The Westinghouse Health Systems was chosen in early 1982 to carry out a sample of urban (Kinshasa, Lubumbashi, Kisangani and Kananga) and rural (selected zones of the Bandundu region) centers. As expected, preliminary results indicate that knowledge and use of some form of contraceptive is quite high in both urban and rural areas (varying between 70 and 80 percent). However, unlike other developing countries, there appears to be a general reluctance to accept modern contraceptive methods (averaging around one percent) — in Kinshasa the use of modern methods only was estimated at four percent in 1982. On the other hand, the study noted that there is evidence of change, particularly in the urban areas and that contraceptive methods are more easily accepted when cultural customs and practices are taken into account.

41. Title: ZAIRE RURAL-URBAN PROFILE

Financing/Executing Agency: USAID / RHUDO

Expected Completion Date: First Quarter 1984

Language(s): English

Description: By African standards, Zaire is one of the more urbanized countries on the continent, with an urban population which has been projected to increase from 29% to 39% urban over the 1975-85 period. The Rural-Urban Profile study has two objectives: (i) it provides an overview of the national pattern of settlements, the growth of primary, secondary and tertiary centers which has taken place over the past 10-15 years, the urban problems encountered by this growth, the policies which have been adopted to meet these problems, and the changes in urban centers' population which should be anticipated over the next five to ten years. It also delves into the reasons for the continuing growth of urban areas; (ii) it takes a closer look at the growth actually taking place in a smaller urban center, Kikwit in the Bandundu region, a city which is strategically important to the USAID country development strategy. The activities taking place and the roles which are played by this urban center are examined and analyzed. Prospects for future growth and measures to further promote development in the region are evaluated in the context of providing support for the development strategies already being pursued, particularly those of USAID. Population changes are examined and an effort made to relate those changes to the growth in services and activities in the town.

42. Title: SOCIO-ECONOMIC AND URBANIZATION INDICES FOR ZAIRE

Financing/Executing Agency: USAID/IRES

Expected Completion Date: Fourth Quarter 1985

Language(s): French

Description: This study, which started in April 1984, has as its main objective the construction of reliable indices for monitoring urban change: population growth, secondary city living conditions and rural-urban linkage.

43. Title: ASSET REVALUATION FOR TAX PURPOSES

Financing/Executing Agency: IDA SOFIDE VII Project / Planning Ministry

Expected Completion Date: Second Quarter 1985

Language(s): French

Description: In light of the high levels of inflation in Zaire in recent years, the depreciation allowed by the tax code, which is based on historical costs, does not provide sufficient funds for asset replacement and overstates profit subject to tax. Particularly for manufacturing firms, which in general have a much higher asset-to-revenue ratio than commercial or service firms, the small depreciation allowances for tax purposes constitute a deterrent to investment and have adversely affected the financial situation of enterprises. A law introduced in early 1983 allowing companies to revalue assets has some shortcomings. A revision of the provisions of this law in such a way as to allow efficient companies to build up the necessary reserves to replace equipment is needed. The study would address this issue for the manufacturing sector.

44. Title: ACCOUNTING AND AUDITING COUNTRY SURVEY

Financing/Executing Agency: World Bank / Eastern Africa Regional Office

Expected Completion Date: Third Quarter 1984

Language(s): English

Description: This survey provides an overview of the existing accounting and auditing conditions in Zaire. In particular, the study identifies the major weaknesses of the present system, sets realistic objectives for improvement and makes recommendations for a training program for accountants and auditors and for Bank's intervention in the form of technical assistance.

ANNEX IV

SELECTED TECHNICAL ASSISTANCE AND TRAINING ACTIVITIES

Contents

IDA Agriculture TA Project

IDA GECAMINES TA Project

IDA Petroleum TA Project

IDA Education TA Project

Multidonor Assistance to Transport Sector

IMF Assistance to Bank of Zaire

Assistance to OFIDA (Customs)

Multidonor Assistance to Planning Ministry

EDI Training Program in Economic Planning (under discussion)

AGRICULTURAL TECHNICAL ASSISTANCE PROJECT

Financed by: International Development Association (IDA) and Government of Zaire.

The project was appraised in May/June 1981 and approved by IDA in May 1982. It was designed to assist the Ministry of Agriculture and Rural Development (MARD) in the formulation of an agricultural strategy and in the implementation of such strategy. It specifically seeks to (i) improve MARD's overall planning and project preparation capacity; (ii) increase its ability to assist and monitor on-going projects; and (iii) support MARD's efforts in reviewing key constraints and policies affecting sector performance. To achieve these objectives, the project has provided for three long-term technical assistants, short-term consultancy services, training of MARD staff in-country and overseas, and logistical support in the form of vehicles, equipment and materials.

Progress to date has been uneven, although efforts are underway on several fronts. The most concrete results are registered in the area of project budgeting and financial management where serious attempts to set up effective accounting systems, to train staff in monitoring work program and budget preparation, and to work closely with the Department of Finance for timely budget allocation have been noted. In the area of planning and project preparation, a preliminary diagnosis of the sector has been completed by the Ministry of Planning with substantial contribution from MARD. Progress in the policy review area is less apparent, since most of the past year has been devoted to building a review structure within the Ministry. Studies underway include an assessment of the impact of the new price policy in agricultural production, a preliminary analysis of the rural credit situation, an inventory of economic agents by region and by type of activity, and efforts to develop regional structures in charge of data collection. Planned activities for 1985 include continued efforts in the previous areas; additional work in identifying priority programs such as livestock development strategy, extension policy, and rural area development approach; as well as several attempts to strengthen the Department's institutional capacity through proposed review of departmental structure, personnel system, and information and communication network between various central and regional units of MARD. The area of project monitoring and preparation will also be the subject of intensive efforts.

The total cost of the project is estimated at US\$6.0 million, with a foreign exchange component of US\$4.8 million. IDA will finance 100 percent of the foreign exchange requirements plus about US\$0.2 million of local costs in order to assist the Government in introducing a performance bonus system. The project is scheduled to be completed in three years (1982-1985).

GECAMINES TECHNICAL ASSISTANCE PROJECT

Financed by: International Development Association (IDA) and La Générale des Carrières et des Mines (GECAMINES)

The project was appraised in September 1982 and approved by IDA in March 1983. The objective of the project is to support GECAMINES' efforts to restructure its organization and improve its management. The project would also help finance preparation of the Company's long-term rehabilitation and expansion. In the short term, the project aims at undertaking financial and engineering studies to improve the Company's cost control and prepare a rehabilitation project. The project also aims at strengthening GECAMINES' management in areas of major weaknesses, especially in the production, financial, marketing and legal field, and at helping to consolidate the reorganization effort of the Company. The major focus of the Technical Assistance Project is the production and financial areas. In production, a 13-member expatriate team is now helping GECAMINES manage its open pit operations at Kolwezi. Improvement will likely occur in increased ore production, better equipment maintenance and increased homogeneity in ore feed to the concentrators. The Finance Department has now been reorganized with the appointment of two expatriates as Treasurer and Controller. Better liquidity management, financial planning and cost control are expected in the near future. In addition, some recommendations of the technical studies undertaken to improve recovery at GECAMINES' metallurgical units have already been implemented, resulting in significant gains in metal recovery.

The total cost of the project is estimated at about US\$9.3 million, of which US\$7.0 million in foreign exchange. IDA would finance 100 percent of the estimated foreign exchange costs, or 75 percent of the total project cost, with GECAMINES providing the remainder. The Credit would be on-lent to GECAMINES at 10.97 percent for 10 years, including a 3-year grace period. The project is scheduled to be completed in three years (1984-86).

PETROLEUM SECTOR TECHNICAL ASSISTANCE PROJECT

Financed by: International Development Association IDA and Government of Zaire

The project was appraised in February 1983 and approved by IDA in August 1983. The objectives of the project are: (i) to provide the Department of Mines and Energy (DME) with the capability to analyze and monitor oil company operations, define Zaire's strategy and policies for the sector, and generate adequate financial and technical back-up data for negotiations with the companies through the establishment of new structures within DME, in particular the creation of a Petroleum Unit; and (ii) to promote the development of new fields in the Coastal Basin and the exploration of prospective areas in other basins. The project's technical assistance component aims to provide, inter alia, (a) experts to assist the Petroleum Unit in its review, monitoring, promotion and other functions; (b) an adviser to the Minister of Mines and Energy on matters concerning strategy, policies, planning, etc.; (c) a specialist in negotiation of exploration/production contracts; (d) evaluating the reserves of the Coastal Basin; and (e) training in petroleum exploration, production and drilling. The objective of promoting petroleum exploration is to be achieved partly through airmag surveys flown jointly with Burundi, Uganda, Kenya and Tanzania over prospective areas in the region. (Each of the countries has applied for or obtained Bank Group assistance for this purpose.) Specialists to assist the Petroleum Unit have been appointed. Results of the joint airmag were discussed with the participating countries, and promotional efforts will begin in late 1984.

The total cost of the project is estimated at US\$5.3 million equivalent, of which US\$4.5 million is in foreign exchange. IDA will finance 100 percent of the foreign exchange cost and the Government will finance all local costs (US\$0.8 million equivalent). The project is scheduled to be completed in four years. (1984-87).

EDUCATION TECHNICAL ASSISTANCE AND TRAINING PROJECT

Financed by: International Development Association (IDA) and Government of Zaire

The project was appraised in February 1984 and approved by IDA in September 1984. The objective of the project is to assist the Ministry of Primary and Secondary Education (DEPS) to improve its planning, management and administrative capability and, therefore, its ability to provide more efficient education services of better quality. In particular, the project would: (a) strengthen education planning by introducing a program of systematic data collection and analysis and a pilot program of school mapping; (b) improve the

relevance and quality of education by conducting a survey of technical schools, preparing programs to upgrade technical teachers, and assessing new methods of textbook production, distribution and cost recovery; (c) strengthen education management and administration by carrying out an in-depth analysis of the administrative structure and procedures of DEPS; developing a plan for DEPS reorganization; training DEPS staff, school principals and inspectors in budgeting, accounting and management; and providing better communication and transportation equipment. The project would finance about 37 man-years of experts' services; 14 man-years of overseas fellowship training; in-country training for about 2,800 Zairians; and miscellaneous equipment, supplies and materials (including materials for printing and distribution of textbooks). The project is expected to make sufficient progress in improving sector management so that external assistance would be attracted.

The total cost of the project is estimated at US\$10.7 million, with a foreign exchange component of US\$9.0 million. IDA will finance 100 percent of the foreign exchange component, and the Government will finance all local costs (US\$1.7 million equivalent). The project is scheduled to be completed in four years (1985-88).

MULTIDONOR TECHNICAL ASSISTANCE TO TRANSPORT SECTOR

At the beginning of 1984, there were about 220 technical assistants in the public agencies of Zaire's transport sector, for a total staff of about 50,000 (excluding CMZ and Air Zaire). Technical assistance was mainly financed by bilateral aid programs; Belgium, France and Germany financed about 90, 70, and 25 experts, respectively. IDA also financed about 30 experts. In addition, there were a number of expatriates at ONATRA and SNCZ who were directly financed by the companies' own foreign exchange resources. GEEP — the planning and policy analysis unit of the Ministry of Transport — benefits from five experts. In addition, the Planning Ministry has two experts working on this sector.

The number of advisor positions is relatively limited. Technical assistants are mostly in line positions usually requiring a high level of technical expertise (about half the expatriates of Office des Routes are, for example, involved in the management and maintenance of mechanical equipment). For this reason and because salaries of public agencies are in general not attractive, the process of replacing foreign experts can only be gradual in the short term. In parallel, large training programs are under implementation at ONATRA, Office des Routes and SNCZ, with about 250 high level staff to follow training periods of six months on average outside Zaire in the next 3 to 4 years.

CENTRAL BANKING DEPARTMENT, IMF: TECHNICAL ASSISTANCE PROGRAM

During the past year, the Fund has provided extensive technical assistance to Zaire under the Central Banking Department's technical assistance program in order to strengthen certain key sectors in the Central Bank. To a large extent the experts have concentrated their attention and efforts on improving the Central Bank's control and monitoring capabilities over Zaire's financial program with the Fund in order to ensure more effective performance in achieving the program's objectives. At the moment there are five experts working in the Central Bank under the CBD program.

A Research Advisor, who began his assignment in 1981, has directed his attention to developing reliable monetary data in order to measure more accurately the progress of the program. A Foreign Exchange Advisor, who also began his assignment in 1981, has been advising on the management of Zaire's foreign exchange resources so that the receipts and expenditures can be brought under a single coherent policy. He has been responsible for the operational aspects of the interbank foreign exchange market and the implementation of the Central Bank's exchange rate policy. Closely connected with this has been the work of a special Foreign Debt Advisor who has established systematic accounting principles for eliminating payments arrears. An Internal Auditor has undertaken a special investigation into the accounting practices of the central bank in its domestic assets and domestic liabilities, in order to determine where procedures are weak, where new measures are needed, and where more effective monitoring is required in the components in order to control more effectively the global item of net domestic assets of the banking system. The Fund has also provided an expert as General Manager in order to strengthen the supervisory and operational side of the Central Bank.

The Fund considers this type of specialized technical assistance to be an essential element in the overall financial program that is designed to restore equilibrium to Zaire's balance of payments on a continuing basis.

ASSISTANCE TO OFIDA

Financed by: the Government of Belgium

The project was approved on November 1978 and became operational at the beginning of 1980. The objective of the project was to reorganize the customs office in order to increase the yield of international and excise taxes. Over the last four years, the "Office des Douanes et Accises" (OFIDA) has functioned with about forty expatriates (at its peak), including the Head of the Office, six directors at Headquarters and three regional directors. Achievements have covered

administrative reforms as well as streamlining of the tariff system and training of Zairian staff. The project which was to expire at the end of December 1984 has been extended for another six months and may be replaced with another project which would be financed by EEC. An EEC mission conducted a preliminary assessment in early 1984.

MULTIDONOR ASSISTANCE TO PLANNING MINISTRY

The Planning Ministry has been receiving technical assistance from the UNDP since the mid 1970's. Until 1979, the project was executed on behalf of the UNDP by the World Bank; since then the project has been managed by the Department of Technical Cooperation and Development (DTCD) of the United Nations. The cost of the revised project, which runs from December 1979 until September 1985, is about US\$4 million. Currently, four experts are serving at the Ministry under this project: one at the Division (Direction) of Macroeconomic Studies, and three in the divisions dealing with the productive, infrastructure and social sectors. The Ministry has also two experts financed under German bilateral assistance, two under Belgian assistance, and one each under Canadian and French assistance. In addition, the National Institute of Statistics (INS), which is affiliated to the Ministry, has been receiving assistance from the UNFPA (for the population census), the UNDP (for general support), and Canada (for the census of enterprises). Four experts, including a senior advisor to the Minister, are currently serving under financing provided by IDA through the SOFIDE VI and VII projects.

EDI TRAINING PROGRAM IN ECONOMIC PLANNING (under discussion)

The Economic Development Institute (EDI) of the World Bank is in the process of defining a three-year training program (under discussion) which would strengthen the capabilities of planners, both in the Ministry of Planning and the planning units of the technical ministries. The overall training needs are currently being assessed by the Ministry of Planning with the assistance of CENACOF (see below) which has a highly qualified staff in the techniques of training. The overall assessment--limited to planning personnel--will identify training needs in administrative and financial control techniques, broad-ranging subjects in macro-economic planning and policies, statistics collection and analysis, taxation and revenue collection, as well as the disciplines of the investment project cycle. The EDI-supported training program would concentrate on the project cycle, which comprises investment project preparation, execution, and project evaluation. Other training, as eventually identified in the Ministry's current exercise, would be undertaken by other training institutions, with which the proposed program would maintain close coordination.

The Training Program. The seminars would concentrate on specific subject matter to satisfy immediate needs in economic planning--in particular, needs in (a) investment project preparation, (b) project execution, and (c) evaluation of projects in operations in order to see whether original investment objectives were attained on both the socio-economic level and the financial level. The seminars would be short enough to attain a specific transfer of skills. Each participant would need to produce a report, a project analysis or a transfer/application of a specific technique or procedure of immediate relevance to his department or company.

Local training institutions (see below) would fully participate in the training process and thus build up national expertise in continuing education. Therefore, training of trainers would be an important element for each of the three subjects. Although ministers and other senior government officials would attend a few short orientation seminars, training would concentrate on two levels of the operational staff of Government: department directors and middle-level cadres.

National Training Institutions. Two training institutions could become effective partners in executing the proposed program and in so doing become stronger in their own rights for future training tasks: (i) the Centre de Perfectionnement aux Techniques de Développement (CEPETEDE), which grew out of SOFIDE's need to have more Zairians capable of preparing and managing investment projects and which offers mainly a seven-month course in project preparation and management, though it is moving into shorter seminars as well; and (ii) the Centre National de Coordination de la Formation au Développement (CENACOF), which grew out of USAID support to the social sectors and to agricultural production and was created three years ago. Whereas CEPETEDE is strong on analysis of investment projects in industry and infrastructure sectors, CENACOF is strong on the methodologies of training, community participation in rural development, and management of social sector projects. Because of the existence of these two institutions with which EDI could collaborate in executing the proposed training program, there would be only one full-time expatriate director stationed in Kinshasa. Other foreign lecturers would be hired as needed for specific seminars. The emphasis would be on using to the maximum the Zairian trainers already available in these two institutions and in other organizations of Kinshasa.

STATISTICAL APPENDIX

Notes:

Tables on bilateral and multilateral aid flows are included in Annex III.

- Indicates zero or not available.

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Table 1.1

ZAIRE - Population by age and Sex, 1980
(Thousands)

<u>Age Group</u>	<u>Females</u>	<u>Males</u>	<u>Total</u>	
			<u>No.</u>	<u>%</u>
0-4	2676	2694	5370	18.6
5-9	2157	2157	4314	14.9
10-14	1690	1641	3331	11.5
15-19	1443	1398	2841	9.8
20-24	1239	1195	2434	8.4
25-29	1062	1016	2078	7.2
30-34	906	862	1768	6.1
35-39	768	727	1495	5.2
40-44	647	610	1257	4.4
45-49	542	505	1047	3.6
50-54	449	411	860	3.0
55-59	365	326	691	2.4
60-64	287	249	536	1.9
65-69	213	177	390	1.3
70-74	143	115	258	0.9
75 +	<u>128</u>	<u>95</u>	<u>223</u>	<u>0.8</u>
Total	14715	14178	28893	100.0

Source: World Bank

TABLE 1.2
ZAIRE: CENTRAL GOVERNMENT EMPLOYMENT BY DEPARTMENT, 1976-82
(END OF YEAR)

ITEM		1976	1977	1978	1979	1980	1981	1982	1983
NATIONAL EDUCATION 2/	1	172,421	205,923	219,998	223,573	248,807	285,855	285,855	22,215
PUBLIC HEALTH	2	24,696	29,129	28,646	29,794	30,737	27,417	28,456	27,443
TERRITORIAL ADMINISTRATION	3	19,249	19,677	31,325	29,554	28,608	23,000	22,531	22,050
PUBLIC WORKS	4	23,788	25,195	27,149	26,724	24,828	17,023	16,775	14,204
AGRICULTURE	5	18,189	19,743	21,279	19,929	18,532	14,499	14,318	13,729
PUBLIC ADMINISTRATION	6	14,337	14,411	16,311	17,103	1,258	980	1,007	1,738
FINANCE	7	5,480	6,113	6,021	5,585	45,556	45,177	45,177	5,026
JUSTICE	8	4,302	5,023	5,004	4,455	4,347	4,090	4,237	5,924
VETERANS	9	9,378	10,246	13,818	14,814	414	435	409	582
SOCIAL AFFAIRS	10	6,241	6,257	5,572	4,937	4,862	4,191	3,542	6,070
NATIONAL DEFENSE	11	1,590	2,107	2,034	2,065	6,094	5,580	5,624	3,414
INFORMATION	12	1,472	2,518	1,664	1,513	1,342	1,235	1,234	142
SPORTS	13	1,969	2,425	3,462	3,194	1,279	1,220	1,225	1,247
TRANSPORT AND COMMUNICATION	14	1,689	1,446	1,290	1,252	1,153	1,140	1,047	1,343
LAND MANAGEMENT	15	1,664	1,679	1,728	1,583	1,534	1,411	1,415	1,321
FOREIGN AFFAIRS	16	1,041	1,072	1,033	817	869	808	684	860
ENVIRONMENT	17	5	81	1,994	3,213	4,158	4,321	4,588	4,748
NATIONAL ECOLOGY	18	943	1,005	1,072	935	865	886	929	1,478
LABOR	19	662	649	706	559	508	466	442	542
OTHER	20	1,879	1,837	2,579	3,876	3,680	6,336	4,626	2,485
TOTAL	21	310,995	356,536	392,685	395,475	429,431	446,070	444,121	136,561

SOURCE: BANK OF ZAIRE AND MINISTRY OF FINANCE

1/ INCLUDES ONLY CIVIL EMPLOYEES OF NATIONAL DEFENSE AND EXCLUDES THOSE INVOLVED IN SERVICES OF THE PRESIDENCY.

2/ INCLUDES STUDENTS WITH FELLOWSHIPS IN ZAIRE.

TABLE ZAI/1E/1

Table 1.3

ZAIRE - Salary Structure of Public Administration,
February 1982-April 1984 ^{1/}
(zaire/month)

	<u>February 1982</u>	<u>October 1983</u>	<u>April 1984</u>
Secretary General	10,000	11,000	12,000
Director	1,029	3,511	6,000
Division Chief	850	1,925	3,000
Section Chief	725	1,262	1,800
Attaché, 1st Class	625	762	900
Attaché, 2nd Class	504	627	750
Agent, 1st Class	345	472	600
Agent, 2nd Class	279	330	381
Auxiliary Agent, 1st Class	235	265	295
Auxiliary Agent, 2nd Class	202	241	280
Usher	166	210	254

^{1/} A different salary structure is applied to the following groups: higher education and University professors, military personnel, political party groups, and the staff of the Ministries of Higher Education and University, Justice, Portfolio, Planning, Women's Affairs and Central Committee.

Source: Ministry of Public Administration, Pay Directorate.

TABLE 1.4
ZAIRE: SALARY INDICES OF PRIVATE AND PUBLIC SECTORS, 1976-82
(1975=100)

ITEM		1976	1977	1978	1979	1980	1981	1982
CONSUMER PRICE INDEX	38	181.0	305.0	454.0	913.0	1,313.0	1,813.0	2,488.0
PRIVATE SECTOR								
NOMINAL	32	131.0	160.0	207.0	277.0	453.6	721.6	1,172.1
REAL	33	77.0	55.7	48.2	28.7	31.9	36.5	42.8
PUBLIC ADMINISTRATION								
NOMINAL	34	128.0	133.0	156.0	320.0	372.0	459.9	569.8
REAL	35	75.0	46.6	36.3	33.2	26.2	23.2	20.8
MINIMUM LEGAL SALARY								
NOMINAL	36	131.0	137.0	157.0	210.0	223.0	229.6	261.4
REAL	37	77.0	47.9	36.6	21.8	15.7	11.6	9.6

SOURCE: BANK OF ZAIRE, INS AND MISSION ESTIMATES

TABLE ZAI/1E/3

Table 1.5

ZAIRE - Average Monthly Costs
For Expatriate Staff, June 1984

		<u>Amount (US\$) 1/</u>
Salary	Z25,000	713
Transfer	BF65,000	1,170
Social Costs	BF25,000	450
Taxes	Z66,050	1,884
Payroll taxes 15% of gross	Z19,815	565
Housing allowance, average	Z20,000	570
Home leave fare (Kinshasa-Brussels- Kinshasa Z58,517/12)	Z4,875	139
Medical costs 2/	Z1,500	42
Utilities: water & electricity	Z1,800	51
telephone	Z 911	26
Transport 3/ (vehicle, freight, insurance)	Z11,300	317
Work permit (valid for 2 yrs)	$\frac{Z20,000}{24} = Z 830$	24
Residence identification card (valid for 2 yrs)	$\frac{Z5000}{24} = Z 210$	6
Fees for exit and entry visas	$\frac{Z370}{12} = Z 30.83$	0.88
<u>Total</u>	<u>Z208,672</u>	<u>5,957.88</u>

1/ Exchange rate used Z35.0467 = US\$1

2/ Excludes annual medical visit, which averages Z2500 (US\$70).

3/ Transportation costs are broken down as follows:

- vehicle depreciation (assume 5-yr. life)	Z358,000/60	170.25
- Gasoline 130/lt x Z33 (50km/day x 26 days) =		117
- Insurance Z420		12
- Maintenance (assume 3 repairs/yr.)	$\frac{Z2500 \times 3}{12} = 625$	17.83
	Total	<u>317.08</u>

Note: For married staff with 3 children, multiply by four the following items: home leave fare, medical costs, residence card and visa fees.

Source: ANEZA.

TABLE 2.1
ZAIRE: GROSS DOMESTIC PRODUCT BY SECTORS IN CURRENT PRICES, 1972 AND 1975-82
(ZAIRE MILLIONS)

ITEM		1972	1975	1976	1977	1978	1979	1980	1981	1982
PRIMARY SECTOR	41	188.5	373.6	735.2	1,077.4	1,658.7	3,442.8	4,948.2	7,550.0	11,174.4
AGRICULTURE	42	188.5	373.6	735.2	1,077.4	1,658.7	3,442.8	4,948.2	7,550.0	11,174.4
COMMERCIAL	43	88.5	171.2	370.8	473.1	679.4	1,313.3	1,822.9	2,843.7	4,181.9
TRADITIONAL	44	100.0	202.4	364.4	604.3	979.3	2,129.5	3,125.3	4,706.3	6,992.5
SECONDARY SECTOR	45	365.4	606.7	762.7	900.0	1,171.8	2,552.7	4,961.5	5,565.6	6,204.9
MINING & METAL PROCESSING	46	203.6	293.2	376.3	460.0	638.9	1,786.7	3,742.5	3,745.6	3,593.2
MANUFACTURING	47	98.8	191.6	239.2	280.2	336.0	419.2	518.5	648.0	715.4
CONSTRUCTION	48	53.4	111.7	136.2	148.6	185.5	335.8	688.9	1,160.7	1,884.3
COMMERCIAL	49	35.6	74.4	90.9	99.2	123.8	226.9	460.5	774.8	1,256.2
TRADITIONAL	50	17.8	37.3	45.3	49.4	61.7	108.9	228.4	385.9	628.1
ELECTRICITY, GAS & WATER	55	9.6	10.2	11.0	11.2	11.4	11.0	11.6	11.3	12.0
TERTIARY SECTOR	51	535.8	853.3	1,275.9	1,887.7	2,539.7	4,850.8	6,670.0	9,750.3	12,907.0
NON-GOVERNMENT SERVICES	52	368.6	604.5	942.1	1,426.4	1,892.0	3,735.7	5,038.1	7,240.5	10,007.2
COMMERCE	53	148.6	275.3	452.9	731.3	967.2	2,044.3	3,137.5	4,803.9	6,644.6
TRANSPORT & TELECOMM	54	94.4	82.3	91.6	84.4	92.7	104.4	325.6	554.1	598.5
OTHER PRIVATE SERVICES 1/	56	125.6	246.9	397.6	610.7	832.1	1,587.0	1,575.0	1,882.5	2,764.1
GOVERNMENT SERVICES	57	167.2	248.8	333.8	461.3	647.7	1,115.1	1,631.9	2,509.8	2,899.8
GDP, FACTOR COST	58	1,089.7	1,833.6	2,773.8	3,865.1	5,370.2	10,846.3	16,579.7	22,865.9	30,286.3
INDIRECT TAXES 2/	59	67.6	85.5	86.4	91.1	110.3	258.7	603.2	915.0	1,009.6
GDP, MARKET PRICES	60	1,157.3	1,919.1	2,860.2	3,956.2	5,480.5	11,105.0	17,182.9	23,780.9	31,295.9
LESS TRADITIONAL ACTIVITIES	61	117.8	239.7	409.7	653.7	1,041.0	2,238.4	3,353.7	5,092.2	7,620.6
MONETIZED GDP	62	1,039.5	1,679.4	2,450.5	3,302.5	4,439.5	8,866.6	13,829.2	18,688.7	23,675.3

SOURCE: BANK OF ZAIRE, ANNUAL REPORTS.

- 1/ INCLUDES VALUE-ADDED OF FINANCIAL INSTITUTIONS (ONLY THE BANK OF ZAIRE AND DEPOSIT BANKS) AND OF OTHER SERVICES (REAL ESTATE, HOTELS, GARAGES, HANDICRAFTS, LIBERAL PROFESSIONS, AND DOMESTIC SERVICES).
2/ REPRESENTS IMPORT DUTIES AND TAX LESS TURNOVER TAX (CCA) ON IMPORTS.

TABLE 2.2
ZAIRE: PERCENTAGE SHARES OF GROSS DOMESTIC PRODUCT BY SECTORS
IN CURRENT PRICES, 1972 AND 1975-82
(PERCENTAGES)

ITEM		1972	1975	1976	1977	1978	1979	1980	1981	1982
PRIMARY SECTOR	41	16.3	19.5	25.7	27.2	30.3	31.0	28.8	31.7	35.7
AGRICULTURE	42	16.3	19.5	25.7	27.2	30.3	31.0	28.8	31.7	35.7
COMMERCIAL	43	7.6	8.9	13.0	12.0	12.4	11.8	10.6	12.0	13.4
TRADITIONAL	44	8.6	10.5	12.7	15.3	17.9	19.2	18.2	19.8	22.3
SECONDARY SECTOR	45	31.6	31.6	26.7	22.7	21.4	23.0	28.9	23.4	19.8
MINING & METAL PROCESSING	46	17.6	15.3	13.2	11.6	11.7	16.1	21.8	15.8	11.5
MANUFACTURING	47	8.5	10.0	8.4	7.1	6.1	3.8	3.0	2.7	2.3
CONSTRUCTION	48	4.6	5.8	4.8	3.8	3.4	3.0	4.0	4.9	6.0
COMMERCIAL	49	3.1	3.9	3.2	2.5	2.3	2.0	2.7	3.3	4.0
TRADITIONAL	50	1.5	1.9	1.6	1.2	1.1	1.0	1.3	1.6	2.0
ELECTRICITY, GAS & WATER	55	0.8	0.5	0.4	0.3	0.2	0.1	0.1	0.0	0.0
TERTIARY SECTOR	51	46.3	44.5	44.6	47.7	46.3	43.7	38.8	41.0	41.2
NON-GOVERNMENT SERVICES	52	31.8	31.5	32.9	36.1	34.5	33.6	29.3	30.4	32.0
COMMERCE	53	12.8	14.3	15.8	18.5	17.6	18.4	18.3	20.2	21.2
TRANSPORT & TELECOMM	54	8.2	4.3	3.2	2.1	1.7	0.9	1.9	2.3	1.9
OTHER PRIVATE SERVICES 1/	56	10.9	12.9	13.9	15.4	15.2	14.3	9.2	7.9	8.8
GOVERNMENT SERVICES	57	14.4	13.0	11.7	11.7	11.8	10.0	9.5	10.6	9.3
GDP, FACTOR COST	58	94.2	95.5	97.0	97.7	98.0	97.7	96.5	96.2	96.8
INDIRECT TAXES 2/	59	5.8	4.5	3.0	2.3	2.0	2.3	3.5	3.8	3.2
GDP, MARKET PRICES	60	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
LESS TRADITIONAL ACTIVITIES	61	10.2	12.5	14.3	16.5	19.0	20.2	19.5	21.4	24.4
MONETIZED GDP	62	89.8	87.5	85.7	83.5	81.0	79.8	80.5	78.6	75.6

SOURCE: BANK OF ZAIRE, ANNUAL REPORTS.

1/ INCLUDES VALUE-ADDED OF FINANCIAL INSTITUTIONS (ONLY THE BANK OF ZAIRE AND DEPOSIT BANKS) AND OF OTHER SERVICES (REAL ESTATE, HOTELS, GARAGES, HANDICRAFTS, LIBERAL PROFESSIONS, AND DOMESTIC SERVICES).

2/ REPRESENTS IMPORT DUTIES AND TAX LESS TURNOVER TAX (CCA) ON IMPORTS.

DERIVED FROM TABLE ZAI/2N/1

TABLE 2.3
ZAIRE: GROSS DOMESTIC PRODUCT BY SECTORS, 1970 PRICES, 1972 AND 1975-83
(ZAIRE MILLIONS)

ITEM		1972	1975	1976	1977	1978	1979	1980	1981	1982	1983
PRIMARY SECTOR	71	165.6	172.7	181.9	175.9	176.2	181.6	186.7	191.7	195.6	197.1
AGRICULTURE	72	165.6	172.7	181.9	175.9	176.2	181.6	186.7	191.7	195.6	197.1
COMMERCIAL	73	84.2	83.8	90.4	81.7	79.2	81.7	84.1	86.3	87.0	87.6
TRADITIONAL	74	81.4	88.9	91.5	94.2	97.0	99.9	102.6	105.4	108.6	109.5
SECONDARY SECTOR	75	367.8	402.4	371.2	374.6	343.4	322.6	336.9	353.1	340.5	348.9
MINING & METAL PROCESSING	76	226.4	242.0	226.7	239.8	218.0	206.3	220.4	236.2	228.8	238.9
MANUFACTURING	77	85.8	92.1	84.8	83.0	72.5	68.3	67.5	68.0	61.0	61.4
CONSTRUCTION	78	46.0	58.1	48.7	40.6	41.5	37.0	-37.4	37.6	38.7	36.6
COMMERCIAL	79	30.7	38.7	32.5	27.1	27.7	25.0	25.0	25.1	25.8	24.4
TRADITIONAL	80	15.3	19.4	16.2	13.5	13.8	12.0	12.4	12.5	12.9	12.2
ELECTRICITY, GAS & WATER	85	9.6	10.2	11.0	11.2	11.4	11.0	11.6	11.3	12.0	12.0
TERTIARY SECTOR	81	408.1	446.9	427.3	440.0	416.7	435.8	435.5	442.1	430.4	431.8
NON-GOVERNMENT SERVICES	82	298.1	311.0	284.2	274.2	241.5	227.4	208.5	208.1	200.5	169.3
COMMERCE	83	121.7	120.9	113.7	114.0	95.8	95.9	103.0	107.6	103.2	104.0
TRANSPORT & TELECOMM	84	73.5	82.3	71.1	67.0	65.7	59.2	63.0	67.0	62.6	65.3
OTHER PRIVATE SERVICES 1/	86	102.9	107.8	99.4	93.2	80.0	72.3	42.5	33.5	34.7	-
GOVERNMENT SERVICES	87	110.0	135.9	143.1	165.8	175.2	208.4	227.0	234.0	229.9	262.5
GDP, FACTOR COST	88	941.5	1,022.0	980.4	990.5	936.3	940.0	959.1	986.9	966.5	977.8
INDIRECT TAXES	89	53.9	32.8	18.4	15.9	16.3	15.1	18.6	19.1	17.0	17.1
GDP, MARKET PRICES	90	995.4	1,054.8	998.8	1,006.4	952.6	955.1	977.7	1,006.0	983.5	994.9
LESS TRADITIONAL ACTIVITIES	91	96.7	108.3	107.7	107.9	110.8	111.9	115.0	117.9	121.5	121.7
MONETIZED GDP	92	898.7	946.5	891.1	898.5	841.8	843.2	862.7	888.1	862.0	873.2

SOURCE: BANK OF ZAIRE, ANNUAL REPORTS AND SUPPLEMENTS

1/ FOR 1983, THIS CATEGORY IS INCLUDED IN GOVERNMENT SERVICES.

NOTE: 1983 FIGURES ARE PRELIMINARY.

TABLE ZAI/2N/2

TABLE 2.4
ZAIRE: IMPLICIT GDP DEFLATORS BY SECTORS, 1972 AND 1975-82
(INDEX NUMBERS; 1970=100)

ITEM		1972	1975	1976	1977	1978	1979	1980	1981	1982
PRIMARY SECTOR	71	113.8	216.3	404.2	612.5	941.4	1,895.8	2,650.3	3,938.4	5,712.9
AGRICULTURE	72	113.8	216.3	404.2	612.5	941.4	1,895.8	2,650.3	3,938.4	5,712.9
COMMERCIAL	73	105.1	204.3	410.2	579.1	857.8	1,607.5	2,167.5	3,295.1	4,806.8
TRADITIONAL	74	122.9	227.7	398.3	641.5	1,009.6	2,131.6	3,046.1	4,465.2	6,438.8
SECONDARY SECTOR	75	99.3	150.8	205.5	240.3	341.2	791.3	1,472.7	1,576.2	1,822.3
MINING & METAL PROCESSING	76	89.9	121.2	166.0	191.8	293.1	866.1	1,698.0	1,585.8	1,570.5
MANUFACTURING	77	115.2	208.0	282.1	337.6	463.4	613.8	768.1	952.9	1,172.8
CONSTRUCTION	78	116.1	192.3	279.7	366.0	447.0	907.6	1,842.0	3,087.0	4,869.0
COMMERCIAL	79	116.0	192.2	279.7	366.1	446.9	907.6	1,842.0	3,086.9	4,869.0
TRADITIONAL	80	116.3	192.3	279.6	365.9	447.1	907.5	1,841.9	3,087.2	4,869.0
ELECTRICITY, GAS & WATER	85	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
TERTIARY SECTOR	81	131.3	190.9	298.6	429.0	609.5	1,113.1	1,531.6	2,205.5	2,998.8
NON-GOVERNMENT SERVICES	82	123.6	194.4	331.5	520.2	783.4	1,642.8	2,416.4	3,479.3	4,991.1
COMMERCE	83	122.1	227.7	398.3	641.5	1,009.6	2,131.7	3,046.1	4,464.6	6,438.6
TRANSPORT & TELECOMM	84	128.4	100.0	128.8	126.0	141.1	176.4	516.8	827.0	956.1
OTHER PRIVATE SERVICES 1/	86	122.1	229.0	400.0	655.3	1,040.1	2,195.0	3,705.9	5,619.4	7,965.7
GOVERNMENT SERVICES	87	152.0	183.1	233.3	278.2	369.7	535.1	718.9	1,072.6	1,261.3
GDP, FACTOR COST	88	115.7	179.4	282.9	390.2	573.6	1,153.9	1,728.7	2,316.9	3,133.6
INDIRECT TAXES	89	125.4	260.7	469.6	573.0	676.7	1,713.2	3,243.0	4,790.6	5,938.8
GDP, MARKET PRICES	90	116.3	181.9	286.4	393.1	575.3	1,162.7	1,757.5	2,363.9	3,182.1
LESS TRADITIONAL ACTIVITIES	91	121.8	221.3	380.4	605.8	939.5	2,000.4	2,916.3	4,319.1	6,272.1
MONETIZED GDP	92	115.7	177.4	275.0	367.6	527.4	1,051.5	1,603.0	2,104.3	2,746.6

SOURCE: BANK OF ZAIRE, ANNUAL REPORTS

DERIVED FROM TABLE ZAI/2N/2

TABLE 2.5
ZAIRE: GROSS DOMESTIC PRODUCT BY SECTORS, 1973-83
(ANNUAL GROWTH RATES)

ITEM		1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
PRIMARY SECTOR	71	3.8	2.0	-1.5	5.3	-3.3	0.2	3.1	2.8	2.7	2.0	0.8
AGRICULTURE	72	3.8	2.0	-1.5	5.3	-3.3	0.2	3.1	2.8	2.7	2.0	0.8
COMMERCIAL	73	4.6	1.0	-5.8	7.9	-9.6	-3.1	3.2	2.9	2.6	0.8	0.7
TRADITIONAL	74	2.9	3.0	3.0	2.9	3.0	3.0	3.0	2.7	2.7	3.0	0.8
SECONDARY SECTOR	75	8.5	5.0	-4.0	-7.8	0.9	-8.3	-6.1	4.4	4.8	-3.6	2.5
MINING & METAL PROCESSING	76	7.5	2.8	-3.2	-6.3	5.8	-9.1	-5.4	6.8	7.2	-3.1	4.4
MANUFACTURING	77	8.9	8.2	-8.9	-7.9	-2.1	-12.7	-5.8	-1.2	0.7	-10.3	0.7
CONSTRUCTION	78	12.8	12.7	-0.7	-16.2	-16.6	2.2	-10.8	1.1	0.5	2.9	-5.4
COMMERCIAL	79	12.7	12.7	-0.8	-16.0	-16.6	2.2	-9.7	-	0.4	2.8	-5.4
TRADITIONAL	80	13.1	12.7	-0.5	-16.5	-16.7	2.2	-13.0	3.3	0.8	3.2	-5.4
ELECTRICITY, GAS & WATER	85	8.3	-9.6	8.5	7.8	1.8	1.8	-3.5	5.5	-2.6	6.2	-
TERTIARY SECTOR	81	11.1	5.8	-6.9	-4.4	3.0	-5.3	4.6	-0.1	1.5	-2.6	0.3
NON-GOVERNMENT SERVICES	82	11.8	4.4	-10.6	-8.6	-3.5	-11.9	-5.8	-8.3	-0.2	-3.7	-15.6
COMMERCE	83	6.2	-0.5	-6.1	-6.0	0.3	-16.0	0.1	7.4	4.5	-4.1	0.8
TRANSPORT & TELECOMM	84	16.6	6.8	-10.1	-13.6	-5.8	-1.9	-9.9	6.4	6.3	-6.6	4.3
OTHER PRIVATE SERVICES 1/	86	14.9	8.0	-15.5	-7.8	-6.2	-14.2	-9.6	-41.2	-21.2	3.6	-
GOVERNMENT SERVICES	87	9.5	9.9	2.7	5.3	15.9	5.7	18.9	8.9	3.1	-1.8	14.2
GDP, FACTOR COST	88	8.8	4.9	-4.9	-4.1	1.0	-5.5	0.4	2.0	2.9	-2.1	1.2
INDIRECT TAXES	89	-3.9	-31.3	-7.9	-43.9	-13.6	2.5	-7.4	23.2	2.7	-11.0	0.6
GDP, MARKET PRICES	90	8.1	3.1	-5.0	-5.3	0.8	-5.3	0.3	2.4	2.9	-2.2	1.2
LESS TRADITIONAL ACTIVITIES	91	4.6	4.6	2.4	-0.6	0.2	2.7	1.0	2.8	2.5	3.1	0.2
MONETIZED GDP	92	8.5	3.0	-5.8	-5.9	0.8	-6.3	0.2	2.3	2.9	-2.9	1.3

SOURCE: BANK OF ZAIRE, ANNUAL REPORTS AND SUPPLEMENTS

1/ FOR 1983, THIS CATEGORY IS INCLUDED IN GOVERNMENT SERVICES.

NOTE: 1983 FIGURES ARE PRELIMINARY.

DERIVED FROM TABLE ZAI/2N/2

TABLE 2.6
ZAIRE: EXPENDITURES ON GDP, CURRENT PRICES, 1972 AND 1975-82
(ZAIRE MILLIONS)

ITEM		1972	1975	1976	1977	1978	1979	1980	1981	1982
TOTAL CONSUMPTION	1	914.8	1,672.2	2,644.5	3,650.8	4,705.6	8,543.3	13,181.3	19,465.5	23,153.4
PRIVATE	2	649.8	1,220.3	2,089.2	2,878.6	3,812.2	6,686.3	10,425.5	15,275.4	17,205.6
TRADITIONAL 1/ COMMERCIAL	3 4	117.8 532.0	239.7 980.6	409.7 1,679.5	683.7 2,194.9	1,041.0 2,771.2	2,238.4 4,447.9	3,353.7 7,071.8	5,092.2 10,183.2	7,620.6 9,585.0
PUBLIC	5	265.0	451.9	555.3	772.2	893.4	1,857.0	2,755.8	4,190.1	5,947.8
SALARY & WAGES 2/ OTHER	6 7	167.2 97.8	248.8 203.1	333.8 221.5	461.3 310.9	647.7 245.7	1,115.1 741.9	1,631.9 1,123.9	2,509.8 1,680.3	2,899.8 3,048.0
INVESTMENT	8	386.7	612.8	741.6	1,486.5	1,007.0	2,179.0	4,277.7	5,967.3	7,556.3
GROSS FIXED CAPITAL 3/ CHANGES IN STOCKS	9 12	371.3 15.4	547.5 65.3	655.8 85.8	1,371.6 114.9	950.2 56.8	1,525.9 653.1	3,435.3 842.4	4,674.9 1,292.4	6,331.6 1,224.7
NET EXPORTS, GNFS	15	-144.2	-365.9	-525.9	-1,181.1	-232.1	382.7	-276.1	-1,651.9	586.2
EXPORTS, GNFS	13	377.5	519.5	926.6	1,116.8	1,216.3	2,742.1	6,102.4	8,348.6	10,406.9
IMPORTS, GNFS	14	521.7	885.4	1,452.5	2,297.9	1,448.4	2,359.4	6,378.5	10,000.5	9,820.7
GROSS DOMESTIC PRODUCT	16	1,157.3	1,919.1	2,860.2	3,956.2	5,480.5	11,105.0	17,182.9	23,780.9	31,295.9
NET FACTOR SERV INC (FSY)	17	-	-153.5	-161.4	-162.0	-165.8	-433.5	-980.6	-1,447.6	-1,973.4
NET CURRENT TRANSFERS (NCT)	18	-	87.6	41.2	24.9	32.4	281.5	524.7	1,070.1	876.3
CURR A/C BAL=EXT SAV	19	-	-396.7	-801.4	-557.9	-69.1	230.7	-179.8	-2,029.4	-510.9
GROSS NATIONAL PROD (GDP+FSY)	20	1,157.3	1,765.6	2,698.8	3,794.2	5,314.7	10,671.5	16,202.3	22,333.3	29,322.5
SAVINGS										
GROSS DOMESTIC (GDP-C)	63	242.5	246.9	215.7	305.4	774.9	2,561.7	4,001.6	4,315.4	8,142.5
GROSS NATIONAL (GDS+FSY+NCT)	64	242.5	181.0	95.5	168.3	641.5	2,409.7	3,545.7	3,937.9	7,045.4
EXCHANGE RATE (Z/US\$)	70	0.5	0.5	0.8	0.9	0.8	1.7	2.8	4.4	5.8

SOURCE: BANK OF ZAIRE, ANNUAL REPORTS.

- 1/ AGRICULTURE AND CONSTRUCTION
2/ INCLUDES SALARY AND WAGES OF TECHNICAL ASSISTANCE PAID BY FOREIGN GOVERNMENTS OR INTERNATIONAL ORGANIZATIONS.
3/ FIGURES ON GFCF SHOULD BE USED AND INTERPRETED WITH CAUTION.
4/ INCONSISTENT WITH BALANCE OF PAYMENTS DATA.

TABLE ZAI/2N/3

TABLE 2.7
ZAIRE: EXPENDITURES ON GDP IN CURRENT PRICES, 1972 AND 1975-82
(PERCENTAGES)

ITEM		1972	1975	1976	1977	1978	1979	1980	1981	1982
TOTAL CONSUMPTION	1	79.0	94.7	98.0	96.2	88.5	80.1	81.4	87.2	79.0
PRIVATE	2	56.1	69.1	77.4	75.9	71.7	62.7	64.3	68.4	58.7
TRADITIONAL 1/	3	10.2	13.6	15.2	18.0	19.6	21.0	20.7	22.8	26.0
COMMERCIAL	4	46.0	55.5	62.2	57.8	52.1	41.7	43.6	45.6	32.7
PUBLIC	5	22.9	25.6	20.6	20.4	16.8	17.4	17.0	18.8	20.3
SALARY & WAGES 2/	6	14.4	14.1	12.4	12.2	12.2	10.4	10.1	11.2	9.9
OTHER	7	8.5	11.5	8.2	8.2	4.6	7.0	6.9	7.5	10.4
INVESTMENT	8	33.4	34.7	27.5	39.2	18.9	20.4	26.4	26.7	25.8
GROSS FIXED CAPITAL 3/	9	32.1	31.0	24.3	36.1	17.9	14.3	21.2	20.9	21.6
CHANGES IN STOCKS	12	1.3	3.7	3.2	3.0	1.1	6.1	5.2	5.8	4.2
NET EXPORTS, GNFS 4/	15	-12.5	-20.7	-19.5	-31.1	-4.4	3.6	-1.7	-7.4	2.0
EXPORTS, GNFS	13	32.6	29.4	34.3	29.4	22.9	25.7	37.7	37.4	35.5
IMPORTS, GNFS	14	45.1	50.1	53.8	60.6	27.3	22.1	39.4	44.8	33.5
GROSS DOMESTIC PRODUCT	16	100.0	108.7	106.0	104.3	103.1	104.1	106.1	106.5	106.7
NET FACTOR SERV INC (FSY)	17	-	-8.7	-6.0	-4.3	-3.1	-4.1	-6.1	-6.5	-6.7
NET CURRENT TRANSFERS (NCT)	18	-	5.0	1.5	0.7	0.6	2.6	3.2	4.8	3.0
CURR A/C BAL=EXT SAV 4/	19	-	-22.5	-29.7	-14.7	-1.3	2.2	-1.1	-9.1	-1.7
GROSS NATIONAL PROD (GDP+FSY)	20	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
SAVINGS										
GROSS DOMESTIC (GDP-C)	63	21.0	14.0	8.0	8.0	14.6	24.0	24.7	19.3	27.8
GROSS NATIONAL (GDS+FSY+NCT)	64	21.0	10.3	3.5	4.4	12.1	22.6	21.9	17.6	24.0
EXCHANGE RATE (Z/US\$)	70	0.5	0.5	0.8	0.9	0.8	1.7	2.8	4.4	5.8

SOURCE: BANK OF ZAIRE, ANNUAL REPORTS.

1/ AGRICULTURE AND CONSTRUCTION

2/ INCLUDES SALARY AND WAGES OF TECHNICAL ASSISTANCE PAID BY FOREIGN GOVERNMENTS OR INTERNATIONAL ORGANIZATIONS.

3/ FIGURES ON GROSS FIXED CAPITAL FORMATION SHOULD BE USED AND INTERPRETED WITH CAUTION.

4/ INCONSISTENT WITH BALANCE OF PAYMENTS DATA.

DERIVED FROM TABLE ZAI/2N/3

TABLE 2.8
ZAIRE: EXPENDITURES ON GDP IN 1970 PRICES, 1972 AND 1975-82
(ZAIRE MILLIONS)

ITEM		1972	1975	1976	1977	1978	1979	1980	1981	1982
TOTAL CONSUMPTION	21	719.5	765.2	725.2	664.2	584.8	563.8	607.3	617.6	559.0
PRIVATE	22	529.9	539.0	526.5	449.9	385.3	320.6	343.4	345.3	281.8
TRADITIONAL 1/ COMMERCIAL	23	96.7	108.3	104.8	107.7	110.8	111.9	115.0	117.2	121.5
	24	433.2	430.7	421.7	342.2	274.5	208.7	228.4	228.1	160.3
PUBLIC	25	189.6	226.2	198.7	214.3	199.5	243.2	263.9	272.3	277.2
SALARY & WAGES 2/ OTHER	26	110.0	135.9	143.1	165.8	175.2	208.4	227.0	234.7	229.9
	27	79.6	90.3	55.6	48.5	24.3	34.8	36.9	37.6	47.3
INVESTMENT	28	323.6	349.2	272.0	521.7	248.9	390.3	709.5	534.1	420.4
GROSS FIXED CAPITAL 3/ CHANGE IN STOCKS	29	320.6	320.9	244.4	470.0	234.9	273.3	569.8	418.4	352.3
	32	3.0	28.3	27.6	51.7	14.0	117.0	139.7	115.7	68.1
NET EXPORTS, GNFS	35	-47.7	-59.6	1.6	-179.5	118.9	1.0	-339.1	-145.7	4.1
EXPORTS, GNFS	33	493.5	467.2	437.9	436.6	442.5	349.4	432.7	472.3	544.9
IMPORTS, GNFS	34	541.2	526.8	436.3	616.1	323.6	348.4	771.8	618.0	540.8
GROSS DOMESTIC PRODUCT	36	995.4	1,054.8	998.8	1,006.4	952.6	955.1	977.7	1,006.0	983.5
NET FACTOR SERV INC (FSY)	37	-	-58.9	-21.3	-16.5	-14.7	-18.5	-21.2	-10.2	-9.4
NET CURRENT TRANSFERS (NCT)	38	-	33.6	5.4	2.5	2.9	12.0	11.3	7.5	4.2
CURR A/C BAL=EXT SAV	39	-	-84.9	-14.3	-193.5	107.1	-5.5	-349.0	-148.4	-1.1
GROSS NATIONAL PROD (GDP+FSY)	40	-	995.9	977.5	989.9	937.9	936.6	956.5	995.8	974.1
INCOME										
GROSS DOMESTIC (GDP+TTADJ)	94	-	787.1	758.1	764.9	690.9	1,010.6	1,283.4	1,049.6	1,011.7
GROSS NATIONAL (GDY+FSY)	95	-	728.2	736.8	748.4	676.2	992.1	1,262.2	1,039.4	1,002.3
SAVINGS										
GROSS DOMESTIC (GDY-C)	96	-	21.9	32.9	100.7	106.1	446.8	676.1	431.3	452.7
GROSS NATIONAL (GDS+FSY)	97	-	-37.0	11.6	84.2	91.4	428.3	654.9	421.1	443.3
GROSS NATIONAL (GDS+FSY+NCT)	98	-	-3.4	17.0	86.7	94.3	440.3	666.2	428.6	447.5

TABLE 2.8
ZAIRE: EXPENDITURES ON GDP IN 1970 PRICES, 1972 AND 1975-82
(ZATRE MILLIONS)

ITEM	1972	1975	1976	1977	1978	1979	1980	1981	1982
MEMO									
TERMS OF TRADE ADJ (TTADJ) 4/ 93	-	-267.7	-240.7	-241.5	-261.6	55.5	305.7	43.6	28.2
EXPORTS (IMPORT CAPACITY) 102	-	199.5	197.2	195.1	180.8	404.9	738.4	515.9	573.1
EXPORT PRICE INDEX (70=100) 99	-	111.2	211.6	255.8	274.9	784.8	1,410.4	1,767.6	1,909.9
IMPORT PRICE INDEX (70=100) 100	-	260.4	469.8	572.5	672.6	677.2	826.4	1,618.2	1,816.0
TERMS OF TRADE INDEX (70=100) 101	-	42.7	45.0	44.7	40.9	115.9	170.7	109.2	105.2

SOURCE: BANK OF ZAIRE, ANNUAL REPORTS

- 1/ AGRICULTURE AND CONSTRUCTION
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- 3/ FIGURES ON GROSS FIXED CAPITAL FORMATION SHOULD BE USED AND INTERPRETED WITH CAUTION.
- 4/ CALCULATED AS THE DIFFERENCE BETWEEN EXPORTS (GNFS) DEFLATED BY THE IMPORT PRICE INDEX AND EXPORTS (GNFS) DEFLATED BY THE EXPORT PRICE INDEX.

TABLE ZAI/2N/4

TABLE 2.9
ZAIRE: IMPLICIT GDP DEFLATORS FOR EXPENDITURES, 1972 AND 1975-82
(INDEX NUMBERS: 1970=100)

ITEM		1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
TOTAL CONSUMPTION	1	127.1	136.4	170.0	218.5	364.7	549.7	804.7	1,515.3	2,170.5	3,151.8	4,141.9
PRIVATE	2	122.6	135.9	171.6	226.4	396.8	639.8	989.4	2,085.6	3,036.0	4,423.8	6,105.6
TRADITIONAL 1/ COMMERCIAL	3 4	121.8 122.8	132.8 136.5	167.7 172.5	221.3 227.7	390.9 398.3	634.8 641.4	939.5 1,009.5	2,000.4 2,131.2	2,916.3 3,096.2	4,344.9 4,464.4	6,272.1 5,979.4
PUBLIC	5	139.8	137.8	166.8	199.8	279.5	360.3	447.8	763.6	1,044.3	1,538.8	2,145.7
SALARY & WAGES 2/ OTHER	6 7	152.0 122.9	139.0 136.5	161.4 172.5	183.1 224.9	233.3 398.4	278.2 641.0	369.7 1,011.1	535.1 2,131.9	718.9 3,045.8	1,069.4 4,468.9	1,261.3 6,444.0
INVESTMENT	8	119.5	125.7	145.1	175.5	272.6	284.9	404.6	558.3	602.9	1,117.3	1,797.4
GROSS FIXED CAPITAL 3/ CHANGES IN STOCKS	9 12	115.8 513.3	124.7 131.1	141.4 -	170.6 230.7	268.3 310.9	291.8 222.2	404.5 405.7	558.3 558.2	602.9 603.0	1,117.3 1,117.0	1,797.2 1,798.4
NET EXPORTS, GNFS 4/	15	-	-	-	-	-	-	-	-	-	-	-
EXPORTS, GNFS	13	76.5	104.0	164.0	111.2	211.6	255.8	274.9	784.8	1,410.3	1,767.6	1,909.9
IMPORTS, GNFS	14	96.4	101.7	163.7	168.1	332.9	373.0	447.6	677.2	826.4	1,618.2	1,816.0
GROSS DOMESTIC PRODUCT	16	116.3	137.1	162.1	181.9	286.4	393.1	575.3	1,162.7	1,757.5	2,363.9	3,182.1
NET FACTOR SERV INC (FSY)	17	-	-	245.8	260.4	757.7	981.7	1,127.8	2,343.2	4,625.5	14,192.2	20,993.6
NET CURRENT TRANSFERS (NCT)	18	-	-	245.8	260.4	762.2	994.1	1,118.9	2,345.8	4,643.4	14,268.0	20,864.3
CURR A/C BAL=EXT SAV 4/	19	-	-	-	-	-	-	-	-	-	-	-
GROSS NATIONAL PROD (GDP+FSY)	20	-	-	158.0	177.3	276.1	383.3	566.7	1,139.4	1,693.9	2,242.7	3,010.2
SAVINGS												
GROSS DOMESTIC (GDP-C)	63	199.3	277.0	334.7	204.2	189.7	267.9	808.9	2,671.2	3,885.0	4,010.6	7,890.0
GROSS NATIONAL (GDS+FSY+NCT)	64	329.9	418.0	409.5	219.9	134.3	251.2	976.4	4,070.4	5,628.1	5,877.5	11,254.6
EXCHANGE RATE (Z/US\$)	70	0.5	0.5	0.5	0.5	0.8	0.9	0.8	1.7	2.8	4.4	5.8

SOURCE: BANK OF ZAIRE, ANNUAL REPORTS.

1/ AGRICULTURE AND CONSTRUCTION

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4/ INCONSISTENT WITH BALANCE OF PAYMENTS DATA.

DERIVED FROM TABLE ZAI/2N/3

TABLE 2.10
ZAIRE: EXPENDITURES ON GDP IN 1970 PRICES, 1973-82
(ANNUAL GROWTH RATES)

ITEM		1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
TOTAL CONSUMPTION	21	13.8	-1.7	-4.9	-5.2	-8.4	-12.0	-3.6	7.7	1.7	-9.5
PRIVATE	22	11.8	-7.5	-1.7	-2.3	-14.5	-14.4	-16.8	7.1	0.6	-18.4
TRADITIONAL 1/	23	4.6	4.6	2.4	-3.2	2.8	2.9	1.0	2.8	1.9	3.7
COMMERCIAL	24	13.4	-10.0	-2.6	-2.1	-18.9	-19.8	-24.0	9.4	-0.1	-29.7
PUBLIC	25	19.5	13.2	-11.8	-12.2	7.9	-6.9	21.9	8.5	3.2	1.8
SALARY & WAGES 2/	26	9.5	9.9	2.7	5.3	15.9	5.7	18.9	8.9	3.4	-2.0
OTHER	27	33.4	16.9	-27.3	-38.4	-12.8	-49.9	43.2	6.0	1.9	25.8
INVESTMENT	28	8.7	8.0	-8.0	-22.1	91.8	-52.3	56.8	81.8	-24.7	-21.3
GROSS FIXED CAPITAL 3/	29	-7.0	30.6	-17.7	-23.8	92.3	-50.0	16.3	108.5	-26.6	-15.8
CHANGE IN STOCKS	32	1,680.0	-	-	-2.5	87.3	-72.9	735.7	19.4	-17.2	-41.1
NET EXPORTS, GNFS	35	97.7	-21.2	-19.8	-	-	-	-99.2	-	-57.0	-
EXPORTS, GNFS	33	9.4	-7.7	-6.2	-6.3	-0.3	1.4	-21.0	23.8	9.2	15.4
IMPORTS, GNFS	34	17.2	-9.7	-8.0	-17.2	41.2	-47.5	7.7	121.5	-19.9	-12.5
GROSS DOMESTIC PRODUCT	36	8.1	3.1	-5.0	-5.3	0.8	-5.3	0.3	2.4	2.9	-2.2
NET FACTOR SERV INC (FSY)	37	-	-	14.6	-63.9	-22.5	-10.9	25.9	14.6	-51.9	-7.8
NET CURRENT TRANSFERS (NCT)	38	-	-	17.6	-83.9	-53.7	16.0	313.8	-5.8	-33.6	-44.0
CURR A/C BAL=EXT SAV	39	-	-	-	-	-	-	-	-	-	-
GROSS NATIONAL PROD (GDP+FSY)	40	-	-	-5.9	-1.8	1.3	-5.3	-0.1	2.1	4.1	-2.2
INCOME											
GROSS DOMESTIC (GDP+TTADJ)	94	-	-	-16.6	-3.7	0.9	-9.7	46.3	27.0	-18.2	-3.6
GROSS NATIONAL (GDY+FSY)	95	-	-	-18.4	1.2	1.6	-9.6	46.7	27.2	-17.7	-3.6
SAVINGS											
GROSS DOMESTIC (GDY-C)	96	-	-	-84.3	50.4	205.7	5.4	321.0	51.3	-36.2	5.0
GROSS NATIONAL (GDS+FSY)	97	-	-	-	-	625.9	8.6	368.6	52.9	-35.7	5.3
GROSS NATIONAL (GDS+FSY+NCT)	98	-	-	-	-	410.0	8.8	366.9	51.3	-35.7	4.4

SOURCE: BANK OF ZAIRE, ANNUAL REPORTS

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DERIVED FROM TABLE ZAI/2N/4

TABLE 2.11
ZAIRE: GROSS FIXED CAPITAL FORMATION IN CURRENT & CONSTANT PRICES, 1972 AND 1975-82
(ZAIRE MILLIONS)

ITEM		1972	1975	1976	1977	1978	1979	1980	1981	1982
* CURRENT PRICES *										
BY ORIGIN										
IMPORTED EQUIPMENT	105	279.7	339.8	408.7	1,043.4	467.2	723.9	2,059.9	2,306.6	2,802.0
LOCALLY-PRODUCED EQUIPMENT	106	15.1	47.8	51.5	115.1	217.9	333.7	385.8	705.8	764.0
CONSTRUCTION & PUB BLDGS 1/	107	76.5	159.9	195.6	213.1	265.1	468.3	989.6	1,662.5	2,765.6
BY DESTINATION										
PUBLIC DIRECT INVESTMENT	111	65.9	116.9	203.7	220.7	214.5	440.1	861.7	1,806.3	1,836.5
OF WHICH:										
DOMESTIC FINANCING	112	30.8	45.5	84.6	49.2	61.9	94.7	213.6	442.4	954.6
FOREIGN FINANCING	113	35.1	71.4	119.1	171.5	152.6	345.4	648.1	1,363.9	881.9
ENTERPRISE & PRIVATE INVEST	114	305.4	430.6	452.1	1,150.9	735.7	1,085.8	2,573.6	2,868.6	4,495.1
GROSS FIXED CAPITAL FORMATION	9	371.3	547.5	655.8	1,371.6	950.2	1,525.9	3,435.3	4,674.9	6,331.6
* CONSTANT PRICES *										
BY ORIGIN										
IMPORTED EQUIPMENT	108	241.7	217.0	157.9	395.6	157.8	205.2	503.9	350.4	283.8
LOCALLY-PRODUCED EQUIPMENT	109	13.0	20.7	16.6	16.2	17.8	16.5	12.2	14.2	11.7
CONSTRUCTION & PUB BLDGS 1/	110	65.9	83.2	69.9	58.2	59.3	51.6	53.7	53.8	56.8
GROSS FIXED CAPITAL FORMATION	29	320.6	320.9	244.4	470.0	234.9	273.3	569.8	418.4	352.3
BY DESTINATION										
PUBLIC DIRECT INVESTMENT	115	56.9	65.3	73.3	71.9	56.6	102.8	165.3	261.4	114.5
OF WHICH:										
DOMESTIC FINANCING	116	26.6	19.7	27.3	6.9	5.1	4.9	6.8	9.2	14.6
FOREIGN FINANCING	117	30.3	45.6	46.0	65.0	51.5	97.9	158.5	207.2	99.9
ENTERPRISE & PRIVATE INVEST	118	263.7	255.6	171.1	398.1	178.3	170.5	404.5	202.0	237.8

SOURCE: BANK OF ZAIRE

1/ EXCLUDES TRADITIONAL CONSTRUCTION

TABLE ZAI/2N/5

TABLE 3.1
ZAIRE: SUMMARY BALANCE OF PAYMENTS, 1974-83
(MILLIONS US\$)

ITEM		1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
EXPORTS (GNFS)	1	1,470.2	971.5	1,136.0	1,293.0	1,639.7	1,916.0	2,152.9	1,575.4	1,541.3	1,597.2
MERCHANDISE (FOB)	2	1,345.8	853.2	1,058.0	1,228.0	1,575.0	1,834.6	2,038.2	1,499.9	1,454.1	1,522.3
NON-FACTOR SERVICES	3	124.4	118.3	78.0	65.0	64.7	81.4	114.7	75.5	87.2	74.9
IMPORTS (GNFS)	4	2,182.8	1,633.1	1,980.0	1,784.0	1,562.9	1,795.9	2,141.0	1,913.8	1,783.1	1,759.6
MERCHANDISE (FOB)	5	1,578.8	1,115.1	1,425.0	1,248.0	1,024.1	1,213.2	1,472.0	1,290.0	1,128.3	1,112.8
NON-FACTOR SERVICES	6	604.0	518.0	555.0	536.0	538.7	582.7	669.0	623.8	654.8	646.8
RESOURCE BALANCE	7	-712.6	-661.6	-844.0	-491.0	76.9	120.1	11.9	-338.4	-241.8	-162.4
NET FACTOR INCOME	8	-252.8	-307.0	-200.0	-189.0	-198.3	-250.7	-350.2	-330.2	-343.2	-305.7
FACTOR RECEIPTS	9	14.4	4.0	35.6	8.4	24.9	10.3	32.4	56.6	-	25.6
FACTOR PAYMENTS	10	267.2	311.0	235.6	197.4	223.2	261.0	382.6	386.8	343.2	331.3
(M< INTEREST PAID) 1/	11	-64.0	-84.0	149.0	153.0	184.0	195.1	283.7	317.2	296.4	281.1
NET CURRENT TRANSFERS	12	140.6	175.2	51.0	29.0	38.8	162.8	187.4	244.1	152.4	147.5
PRIVATE	13	-	-	-	-	-103.7	-63.3	-79.4	-3.5	-8.8	-21.4
PUBLIC	14	-	-	-	-	142.5	226.1	266.8	247.6	161.2	168.9
CURRENT BALANCE	15	-824.8	-793.4	-993.0	-651.0	-82.6	32.2	-150.8	-424.5	-432.6	-320.6
NET M< LOANS	16	428.0	410.4	464.0	225.0	122.7	-115.0	-22.1	-168.6	-156.8	-225.6
DISBURSEMENTS	17	686.0	632.2	655.0	518.0	483.3	199.0	380.0	251.2	211.9	141.1
AMORTIZATION 1/	18	258.0	221.8	191.0	293.0	360.6	314.0	402.1	419.8	368.7	366.7
SDR ALLOCATIONS	19	-	-	-	-	-	20.7	20.8	18.9	-	-
DEBT RESCHED & EMERG ASST	21	-	61.9	124.0	217.0	56.5	65.9	1,612.6	371.4	150.2	920.4
PAYMENTS ARREARS	22	-	265.0	192.0	335.0	348.6	217.1	-1,347.1	129.7	380.9	-513.1
NET CREDIT FROM IMF	24	-	-	124.0	32.0	-12.5	-15.5	16.9	107.3	93.8	111.2
PURCHASES	25	-	-	150.0	39.0	-	25.8	101.5	229.9	118.1	121.9
REPURCHASES	26	-	-	26.0	7.0	12.5	41.3	84.6	122.6	24.3	10.7
CAPITAL NEI; ERRORS & OMS	28	175.7	-151.6	146.0	-54.0	-369.3	-173.1	-82.0	-147.4	-70.8	83.3
CHANGE IN NET RESERVES 2/ (- = INCREASE)	27	221.1	207.7	-57.0	-104.0	-63.4	-32.3	-48.2	113.2	35.3	-55.6
EXCHANGE RATE Z/US\$	99	0.5	0.5	0.8	0.9	0.8	1.7	2.8	4.4	5.8	12.9
EXCHANGE RATE US\$/SDR	100	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.2	1.1	1.1

SOURCE: IMF

1/ DUE BEFORE DEBT RESCHEDULING.

2/ INCLUDES VALUATION GAINS ON GOLD SALES OF US\$127 MILLION IN 1974, US\$30 MILLION IN 1975, AND US\$14.2 MILLION IN 1979.

TABLE ZAI/3B/1

TABLE 3.2
ZAIRE: BALANCE OF PAYMENTS, 1974-83
(MILLIONS US\$)

ITEM		1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
* * CURRENT ACCOUNT * *											
GOODS AND SERVICES	30	-965.4	-968.6	-1,044.0	-680.0	-121.4	-130.6	-338.3	-668.6	-585.0	-468.1
CREDIT	31	1,484.6	975.5	1,171.6	1,301.4	1,664.6	1,926.3	2,185.3	1,632.0	1,541.3	1,622.8
DEBIT	32	2,450.0	1,944.1	2,215.6	1,981.4	1,786.1	2,056.9	2,523.6	2,300.6	2,126.3	2,090.9
MERCHANDISE TRADE	33	-233.0	-261.9	-367.0	-20.0	550.9	621.4	566.2	209.9	325.8	409.5
EXPORTS (FOB)	2	1,345.8	853.2	1,058.0	1,228.0	1,575.0	1,834.6	2,038.2	1,499.9	1,454.1	1,522.3
IMPORTS (FOB)	5	1,578.8	1,115.1	1,425.0	1,248.0	1,024.1	1,213.2	1,472.0	1,290.0	1,128.3	1,112.8
SERVICES	34	-732.4	-706.7	-677.0	-660.0	-672.3	-752.0	-904.6	-878.5	-910.8	-877.6
CREDIT	35	138.8	122.3	113.6	73.4	89.6	91.7	147.1	132.1	87.2	100.5
DEBIT	36	871.2	829.0	790.6	733.4	761.9	843.7	1,051.6	1,010.6	998.0	978.1
NON-FACTOR SERVICES	37	-479.6	-399.7	-477.0	-471.0	-474.0	-501.3	-554.3	-548.3	-567.6	-571.9
CREDIT	3	124.4	118.3	78.0	65.0	64.7	81.4	114.7	75.5	87.2	74.9
DEBIT	6	604.0	518.0	555.0	536.0	538.7	582.7	669.0	623.8	654.8	646.8
FREIGHT & INSURANCE	38	-201.6	-182.5	-260.5	+208.7	-172.0	-204.1	-256.4	-283.0	-252.8	-247.9
CREDIT	39	27.8	13.6	4.2	0.8	1.0	1.3	1.3	-	1.1	2.2
DEBIT	40	229.4	196.1	264.7	209.5	173.0	205.4	257.7	283.0	253.9	250.1
TRAVEL	41	-39.4	-31.4	-19.3	-25.8	-34.0	-28.4	-29.9	-31.8	-33.1	-31.9
CREDIT	42	8.0	5.5	4.4	3.6	3.1	5.2	3.9	2.4	1.1	2.2
DEBIT	43	47.4	36.9	23.7	29.4	37.1	33.6	33.8	34.2	34.2	34.1
OTHER TRANSP	44	-25.0	-7.3	-21.7	-42.4	-64.6	-46.5	-65.1	-76.7	-32.0	-16.0
CREDIT	45	13.6	16.1	15.8	11.2	4.9	1.3	2.6	3.5	2.2	19.2
DEBIT	46	38.6	23.4	37.5	53.6	69.5	47.8	67.7	80.2	34.2	35.2
GOVERNMENT N.E.I.	47	-127.6	-81.9	-91.4	-75.3	-77.0	-87.9	-72.9	-81.3	-87.2	-77.7
CREDIT	48	30.0	28.2	19.9	31.6	31.8	6.4	18.2	8.3	2.2	2.2
DEBIT	49	157.6	110.1	111.3	106.9	108.8	94.3	91.1	89.6	89.4	79.9
OTHER SERVICES	50	-86.0	-96.6	-84.1	-118.8	-126.5	-134.4	-130.0	-75.5	-162.5	-198.4
CREDIT	51	45.0	54.9	33.7	17.8	23.8	67.2	88.7	61.3	80.6	49.1
DEBIT	52	131.0	151.5	117.8	136.6	150.3	201.6	218.7	136.8	243.1	247.5

TABLE 3.2
ZAIRE: BALANCE OF PAYMENTS, 1974-83
(MILLIONS US\$)

ITEM		1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
FACTOR SERVICE INCOME	8	-252.8	-307.0	-200.0	-189.0	-198.3	-250.7	-350.2	-330.2	-343.2	-305.7
CREDIT	9	14.4	4.0	35.6	8.4	24.9	10.3	32.4	56.6	-	25.6
DEBIT	10	267.2	311.0	235.6	197.4	223.2	261.0	382.6	386.8	343.2	331.3
INTEREST; OTH INV INC 1/	56	-115.6	-109.2	-200.0	-189.0	-198.3	-250.7	-350.2	-330.2	-343.2	-305.7
CREDIT	57	14.4	4.0	35.6	8.4	24.9	10.3	32.4	56.6	-	25.6
DEBIT	58	130.0	113.2	235.6	197.4	223.2	261.0	382.6	386.8	343.2	331.3
CURRENT TRANSFERS	12	140.6	175.2	51.0	29.0	38.8	162.8	187.4	244.1	152.4	147.5
PRIVATE	13	-	-	-	-	-103.7	-63.3	-79.4	-3.5	-8.8	-21.4
PUBLIC	14	-	-	-	-	142.5	226.1	266.8	247.6	161.2	168.9
CURRENT ACCOUNT BALANCE	15	-824.8	-793.4	-993.0	-651.0	-82.6	32.2	-150.8	-424.5	-432.6	-320.6
* * CAPITAL ACCOUNT * *											
PRIVATE CAPITAL; ERR & OMIS	28	175.7	-151.6	146.0	-54.0	-369.3	-173.1	-82.0	-147.4	-70.8	83.3
CREDIT	59	175.7	20.9	245.6	-	-	-	-	-	-	-
DEBIT	60	-	172.5	99.6	-	-	-	-	-	-	-
M< CAPITAL	16	428.0	410.4	464.0	225.0	122.7	-115.0	-22.1	-168.6	-156.8	-225.6
CREDIT	17	686.0	632.2	655.0	518.0	483.3	199.0	380.0	251.2	211.9	141.1
DEBIT 1/	18	258.0	221.8	191.0	293.0	360.6	314.0	402.1	419.8	368.7	366.7
SDR ALLOCATIONS	19	-	-	-	-	-	20.7	20.8	18.9	-	-

TABLE 3.2
ZAIRE: BALANCE OF PAYMENTS, 1974-83
(MILLIONS US\$)

ITEM		1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
NET IMF CREDITS	24	-	-	124.0	32.0	-12.5	-15.5	16.9	107.3	93.8	111.2
PURCHASES	25	-	-	150.0	39.0	-	25.8	101.5	229.9	118.1	121.9
REPURCHASES	26	-	-	26.0	7.0	12.5	41.3	84.6	122.6	24.3	10.7
DEBT RESCHEDULING	61	-	61.9	124.0	203.5	-	65.9	1,612.6	371.4	150.2	920.4
EMERGENCY ASSISTANCE	62	-	-	-	13.5	56.5	-	-	-	-	-
PAYMENTS ARREARS	22	-	265.0	192.0	335.0	348.6	217.1	-1,347.1	129.7	380.9	-513.1
CHANGE IN RESERVES (==GAIN) 2/	27	221.1	207.7	-57.0	-104.0	-63.4	-32.3	-48.2	113.2	35.3	-55.6

SOURCE: IMF

/ DUF BEFORE DEBT RESCHEDULING.

2/ INCLUDES VALUATION GAINS ON GOLD SALES OF US\$127 MILLION IN 1974,
US\$30 MILLION IN 1975, AND US\$14.2 MILLION IN 1979.

TABLE ZAI/3B/2

TABLE 3.3
ZAIRE: EXPORTS BY COMMODITY, 1974-83
(VALUE IN MILLIONS US\$; VOLUME IN THS. METRIC TONS;
UNIT VALUE IN \$/THS MT, UNLESS INDICATED)

ITEM		1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
* * VALUE * *											
COPPER	1	904.1	483.6	578.9	476.2	480.0	735.7	1,032.5	756.6	790.8	781.2
GECAMINES	4	-	431.0	404.6	442.0	461.5	679.0	957.6	694.8	740.6	748.7
SODIMIZA	7	-	52.6	174.3	34.2	18.5	56.7	74.9	61.8	50.1	32.5
COBALT	10	71.5	92.1	113.9	104.9	260.0	570.8	377.3	158.3	182.8	121.4
ZINC	13	52.0	29.7	50.3	32.5	16.9	23.3	21.4	71.2	43.1	46.3
CASSITERITE	19	21.7	15.6	20.7	27.0	28.3	18.8	23.8	17.9	17.8	-
SILVER	16	7.4	6.2	7.3	7.2	10.9	23.5	58.0	19.9	18.0	13.3
GOLD	22	15.9	13.4	9.6	6.7	6.9	12.9	33.7	24.6	23.1	63.9
DIAMONDS	31	62.5	61.5	58.6	64.5	125.0	98.7	113.6	77.2	76.2	138.9
COFFEE	37	60.4	54.3	127.6	193.3	163.7	144.5	163.1	111.8	105.0	116.5
PALM OIL & PALM KERNEL OIL	34	57.0	41.0	18.5	23.0	11.7	8.7	15.0	8.3	4.9	-
RUBBER	40	18.3	11.7	14.3	23.9	20.1	16.6	19.8	18.8	11.5	14.7
CRUDE OIL	43	-	-	7.6	1.0	-	152.7	225.1	273.5	274.3	236.5
OTHER	46	83.2	47.5	50.8	267.9	449.1	100.8	99.2	67.9	70.2	105.0
LESS MARKETING COSTS	126	-15.0	-12.4	-	-	-	-211.0	-239.3	-203.4	-173.8	-114.6
ADJUSTMENT	47	6.8	9.0	-	-	2.4	138.6	95.0	97.2	10.2	-
TOTAL EXPORTS FOB	48	1,345.8	853.2	1,058.1	1,228.1	1,575.0	1,834.6	2,038.2	1,499.8	1,454.1	1,523.1
D.W. GECAMINES	49	-	-	-	-	-	1,087.6	1,178.4	742.7	812.6	820.9
* * VOLUME * *											
COPPER	2	477.5	455.9	461.4	481.5	423.9	383.6	470.8	440.6	542.6	509.8
GECAMINES	5	-	410.4	396.0	446.7	411.2	354.0	436.7	404.6	508.2	479.8
SODIMIZA	8	-	45.5	65.4	34.8	12.7	29.6	34.1	36.0	34.4	30.0
COBALT	11	13.5	11.9	12.8	10.2	13.1	10.5	6.9	3.4	7.3	9.5
ZINC	14	62.0	44.4	30.0	63.8	41.3	31.5	29.6	87.8	55.0	66.6
CASSITERITE	20	6.0	6.0	5.0	4.4	3.6	2.5	2.8	2.6	2.8	-
SILVER (METRIC TONS)	17	41.0	57.0	48.3	67.9	71.3	68.0	83.5	57.5	71.8	33.1
GOLD (METRIC TONS)	23	6.1	3.4	2.6	2.3	1.3	1.4	1.6	1.5	2.0	5.5
DIAMONDS (MILL CARATS)	32	13.1	12.9	12.2	11.5	11.1	8.2	10.0	6.6	6.7	11.7
COFFEE	38	77.7	58.9	108.6	64.1	81.8	62.8	74.1	67.6	68.0	60.6
PALM OIL & PALM KERNEL OIL	35	96.4	81.8	62.4	36.5	26.8	17.6	28.7	32.0	22.6	-
RUBBER	41	26.6	24.2	21.1	27.6	26.1	16.9	19.5	18.5	14.9	12.8
CRUDE OIL (MILL BLS)	44	-	-	-	9.1	6.9	7.5	6.5	7.7	8.1	8.5

TABLE 3.3
ZAIRE: EXPORTS BY COMMODITY, 1974-83
(VALUE IN MILLIONS US\$; VOLUME IN THS. METRIC TONS;
UNIT VALUE IN \$/THS MT, UNLESS INDICATED)

ITEM		1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	
		* * UNIT VALUE * *										
COFFER	3	1,893.4	1,060.8	1,254.7	989.0	1,132.3	1,917.9	2,193.1	1,717.2	1,457.4	1,532.4	
GECAMINES	6	-	1,050.2	1,021.7	989.5	1,122.3	1,918.1	2,193.0	1,717.3	1,457.3	1,560.4	
SODIMIZA	9	-	1,156.0	2,665.1	982.8	1,456.7	1,917.3	2,196.5	1,716.7	1,456.4	1,083.3	
COBALT	12	5,296.3	7,739.5	8,898.4	10,284.3	19,847.3	54,361.9	54,681.2	46,558.8	25,041.1	12,778.9	
ZINC	15	838.7	668.9	1,676.7	509.4	409.2	740.5	723.0	810.9	783.6	695.2	
CASSITERITE	21	3,616.7	2,600.0	4,140.0	6,136.4	7,861.1	7,520.0	8,500.0	6,884.6	6,357.1	-	
SILVER	18	180.5	108.8	151.1	106.0	152.9	345.6	694.6	346.1	250.7	401.8	
GOLD(\$/MT)	24	2,606.6	3,941.2	3,692.3	2,913.0	5,307.7	9,214.3	21,062.5	16,400.0	11,550.0	11,618.2	
DIAMONDS (\$/THS CARATS)	33	4,771.0	4,767.4	4,803.3	5,608.7	11,261.3	12,036.6	11,360.0	11,697.0	11,373.1	11,871.8	
COFFEE	39	777.3	921.9	1,175.0	3,015.6	2,001.2	2,301.0	2,200.4	1,653.8	1,544.1	1,676.3	
PALM OIL & PALM KERNEL OIL	36	591.3	501.2	296.5	630.1	436.6	494.3	522.6	259.4	216.8	-	
RUBBER	42	688.0	483.5	677.7	865.9	770.1	982.2	1,015.4	1,016.2	771.8	924.5	
CRUDE OIL (\$/THS BL)	45	-	-	-	109.4	-	20,265.4	34,450.6	35,519.5	33,864.2	27,823.5	

SOURCE: IMF AND BANK OF ZAIRE

TABLE ZAI/3T/1

TABLE 3.4
ZAIRE: VOLUME OF PRINCIPAL AGRICULTURAL EXPORTS, 1974-83

ITEM		1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
* * (THS. METRIC TONS) * *											
COFFEE	38	77.7	58.9	108.6	64.1	81.8	62.8	74.1	67.6	68.0	60.6
ROBUSTA	144	68.7	50.9	87.9	55.9	71.6	55.0	67.7	59.0	59.9	52.9
ARABICA	145	9.0	8.0	20.8	8.2	10.2	7.8	6.4	8.6	8.1	7.7
PALM OIL	146	62.4	53.2	39.7	21.5	9.6	-	10.0	6.2	4.2	5.2
PALM KERNEL OIL	147	34.0	28.6	22.7	15.0	17.2	17.6	18.7	18.9	13.4	16.0
PALM HUSKS	148	39.4	30.8	32.0	26.0	22.6	18.1	24.2	30.7	21.5	17.7
RUBBER	41	26.6	24.2	21.1	27.6	26.1	16.9	19.5	18.5	14.9	12.8
TEA	143	5.9	4.7	5.4	4.2	3.8	2.7	1.5	2.1	3.0	2.1
COCOA	149	4.7	5.3	4.3	3.9	4.3	3.5	4.2	4.5	4.1	4.4
* * (THS CUBIC METERS) * *											
WOOD	153	72.5	24.8	77.2	91.3	85.1	84.8	96.9	96.6	101.8	98.6
LOGS	150	29.9	2.2	61.7	59.2	43.2	48.2	66.1	66.4	73.0	73.1
SAWN	151	24.7	16.6	12.2	29.4	30.7	28.6	21.8	19.7	22.4	17.2
PLANKS AND OTHERS	152	17.9	6.0	3.3	2.7	11.2	8.0	9.0	10.5	6.4	8.3

SOURCE: BANK OF ZAIRE

TABLE ZAI/3T/5

TABLE 3.5
ZAIRE: COMPOSITION OF IMPORTS, BY END USE
(MILLIONS US\$)

ITEM		1976	1977	1980	1981	1982
CONSUMER GOODS	51	263.5	235.8	244.0	198.5	151.5
FOOD, BEVERAGES, TOBACCO	52	155.4	95.7	87.5	75.6	85.4
CLOTHING	53	28.4	20.5	26.7	33.0	12.4
OTHER NONDURABLES	54	52.5	78.6	103.2	50.5	24.7
DURABLE CONSUMER	55	27.3	41.0	26.7	39.4	29.0
ENERGY	56	103.9	178.0	241.3	452.0	228.6
RAW MATERIALS	57	18.0	63.2	73.7	70.9	48.1
PROCESSED MATERIALS	58	85.9	114.9	167.6	381.1	180.5
INTERMEDIATE GOODS	59	294.2	299.6	315.8	316.6	301.5
FOOD PRODUCTS	60	68.9	87.7	74.1	52.0	42.7
AGRICULTURAL INPUTS	61	16.4	8.0	21.9	23.6	20.6
TEXTILES, RUBBER, LEATHER	62	51.5	37.6	30.3	39.4	42.7
CHEMICALS	63	65.6	55.8	71.7	111.8	96.4
CONSTRUCTION MATERIALS	64	15.3	10.2	18.2	17.3	22.1
MINERALS & METAL PROD	65	38.3	51.3	47.4	39.4	40.0
OTHER	66	38.3	49.0	52.2	33.1	37.0
CAPITAL GOODS	67	182.5	173.1	204.1	226.8	209.3
AGRICULTURAL MACHINERY	68	6.5	2.3	14.6	9.4	11.0
COMMERCIAL VEHICLES	69	61.2	60.3	72.9	72.4	46.8
OTHER TRANSPORT EQUIPMENT	70	15.3	17.1	13.4	15.8	17.9
INDUSTRIAL MACHINERY	71	20.8	22.7	25.5	30.0	15.1
OTHER CAPITAL	72	78.8	70.7	77.7	99.2	118.5
OTHER IMPORTS	73	353.3	430.5	450.7	378.7	485.9
TOTAL IMPORTS C.I.F.	74	1,197.5	1,317.1	1,455.9	1,572.6	1,376.8

SOURCE: IMF

TABLE ZAI/3T/2

TABLE 3.6
ZAIRE: DIRECTION OF TRADE, PERCENTAGE SHARES
(PERCENTAGES)

ITEM		1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
* * EXPORTS * *											
EEC	110	82.3	85.7	79.7	70.3	77.0	76.6	73.2	73.3	70.9	56.0
BELGIUM & LUXEMBOURG	111	48.7	47.4	40.9	43.2	39.7	42.1	45.1	49.3	51.9	36.3
FRANCE	112	6.7	7.6	6.9	7.2	10.3	8.1	8.4	7.0	6.4	6.7
ITALY	113	13.5	14.4	14.6	8.0	10.0	7.3	6.0	6.2	4.8	4.4
GERMANY	114	6.3	6.8	6.9	5.4	7.5	6.9	5.4	4.6	4.8	4.9
NETHERLANDS	115	2.7	4.0	4.2	1.6	2.4	1.5	1.0	0.9	2.1	1.2
UNITED KINGDOM	116	4.5	5.4	6.2	4.7	6.4	10.5	7.1	4.9	0.6	1.6
IRELAND AND DENMARK	117	0.0	0.0	0.1	0.2	0.6	0.2	0.2	0.4	0.3	0.7
NORTH AMERICA	118	5.9	4.3	6.7	14.4	11.3	12.8	14.4	14.6	23.3	37.7
JAPAN	119	6.7	6.8	5.5	6.0	5.6	4.6	5.8	5.4	3.1	3.6
OTHER OECD	120	2.7	1.7	3.9	2.8	3.7	2.8	2.3	2.2	2.2	2.6
OTHERS	121	2.4	1.5	4.2	6.4	2.4	3.3	4.2	4.5	0.5	0.2
TOTAL EXPORTS	122	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
* * IMPORTS * *											
EEC	130	63.0	63.6	62.6	58.0	62.9	66.2	66.4	69.2	58.6	69.2
BELGIUM & LUXEMBOURG	131	20.4	19.1	16.8	17.1	22.4	23.7	21.1	25.4	23.7	28.6
FRANCE	132	10.9	11.2	14.0	16.2	11.9	15.3	16.5	12.3	12.7	17.2
ITALY	133	8.0	8.0	6.6	4.3	7.2	7.2	4.7	7.0	5.7	3.9
GERMANY	134	13.9	15.2	14.9	11.0	10.9	12.0	15.3	15.3	11.0	10.4
NETHERLANDS	135	4.8	4.5	4.5	5.5	6.3	2.4	3.0	2.7	3.1	3.7
UNITED KINGDOM	136	4.1	5.0	5.6	3.7	4.0	5.3	5.4	6.3	2.2	4.9
IRELAND AND DENMARK	137	0.8	0.7	0.2	0.2	0.2	0.3	0.4	0.2	0.2	0.6
NORTH AMERICA	138	16.6	15.2	19.9	12.4	14.1	10.9	12.8	15.3	16.9	13.9
JAPAN	139	7.4	7.0	4.0	3.8	4.6	3.2	3.0	4.5	8.5	6.4
OTHER OECD	140	6.9	6.5	7.6	13.4	11.8	12.6	8.4	7.9	14.3	8.1
OTHERS	141	6.1	7.7	5.9	12.4	6.7	7.2	9.5	3.1	1.6	2.3
TOTAL IMPORTS	142	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

SOURCE: BANK OF ZAIRE

DERIVED FROM TABLE ZAI/3T/4

Table 3.7

ZAIRE: Terms of Trade, 1980-84
(1980=100) ^{1/}

	1980	1981	1982	1983	1984 ^{2/}
Overall export unit value index (Annual percentage change)	100.0 (13.0)	94.9 (-5.1)	86.7 (-8.6)	86.9 (0.2)	100.9 (16.1)
Export volume index (Annual percentage change)	100.0 (-4.2)	85.6 (-14.4)	97.0 (13.3)	104.6 (7.9)	109.5 (4.6)
Import unit value index (Annual percentage change)	100.0 (10.2)	106.5 (6.5)	108.4 (1.8)	110.7 (2.1)	112.4 (1.5)
Import volume index (Annual percentage change)	100.0 (-7.6)	94.3 (-5.7)	86.9 (-7.8)	87.4 (0.5)	91.8 (5.0)
Terms of trade (Annual percentage change)	100.0 (3.1)	89.1 (-10.9)	80.0 (-10.2)	78.5 (-1.9)	89.7 (14.3)

^{1/} Expressed in SDRs.

^{2/} Provisional.

Source: IMF.

Table 4.1: ZAIRE - External Public Debt Outstanding Including Undisbursed by Creditor as of Dec. 31, 1983
Debt Repayable in Foreign Currency and Goods
(in thousands of US\$)

TYPE OF CREDITOR CREDITOR COUNTRY	D E B T O U T S T A N D I N G			I N A R R E A R S	
	DISBURSED	UNDISBURSED	TOTAL	PRINCIPAL	INTEREST
SUPPLIERS CREDITS					
AUSTRIA	1,322	-	1,322	-	-
BELGIUM	2,939	-	2,939	-	-
FRANCE	7,449	-	7,449	-	-
GERMANY, FED.REP. OF	575	-	575	-	-
ITALY	103,071	10,000	113,071	14,061	-
JAPAN	2,986	-	2,986	-	-
NETHERLANDS	6,553	-	6,553	5,701	1,913
SPAIN	2,892	-	2,892	2,892	-
SWEDEN	12,489	-	12,489	575	-
UNITED KINGDOM	4,826	-	4,826	-	-
YUGOSLAVIA	18,082	-	18,082	-	-
TOTAL SUPPLIERS CREDITS	163,184	10,000	173,184	23,229	1,913
FINANCIAL INSTITUTIONS					
AUSTRIA	3,324	-	3,324	-	-
BELGIUM	66,765	1,755	68,520	5,889	211
FRANCE	81,994	3,398	85,392	2,823	-
GERMANY, FED.REP. OF	5,390	-	5,390	-	-
INDIA	3,027	-	3,027	3,027	363
ITALY	33,086	-	33,086	1,870	-
KUWAIT	48,552	-	48,552	2,914	4,497
SWEDEN	6,697	-	6,697	-	-
UNITED KINGDOM	294	-	294	-	-
UNITED STATES	94,995	9,975	104,970	19,148	-
MULTIPLE LENDERS	359,517	-	359,517	17,008	23,608
TOTAL FINANCIAL INSTITUTIONS	703,641	15,128	718,769	52,679	28,679
BONDS					
BELGIUM	3,168	-	3,168	-	-
TOTAL BONDS	3,168	-	3,168	-	-
MULTILATERAL LOANS					
AFRICAN DEV. BANK	31,280	47,721	79,001	202	596
AFRICAN DEV. FUND	6,194	57,971	64,165	-	-
BADEA/ABEDA	21,842	14,400	36,242	564	372
EUROPEAN DEV.FUND	88,033	15,860	103,893	441	-
EUROPEAN INVEST BANK	24,857	6,713	31,570	1762	-
IBRD	64,950	-	64,950	-	-
IDA	262,206	208,483	470,689	-	-
IMF TRUST FUND	111,676	-	111,676	-	-
INTL FUND ARG(IFAD)	2,175	10,548	12,721	-	-
OPEC SPECIAL FUND	2,927	6,741	9,668	-	22
TOTAL MULTILATERAL LOANS	583,140	368,435	951,575	2,975	990

Table 4.1: ZAIRE - External Public Debt Outstanding Including Undisbursed as of Dec. 31, 1983
Debt Repayable in Foreign Currency and Goods
 (in thousands of US\$)

TYPE OF CREDITOR CREDITOR COUNTRY	D E B T O U T S T A N D I N G : I N A R R E A R S				
	DISBURSED	UNDISBURSED	TOTAL	PRINCIPAL	INTEREST
BILATERAL LOANS					
AUSTRIA	17,812	-	17,812	-	-
BELGIUM	233,570	1,368	234,938	-	-
CANADA	56,798	7,234	64,032	-	-
CHINA	59,064	39,376	98,440	-	-
FRANCE	282,101	13,411	295,512	-	-
GERMANY, FED.REP. OF	271,546	46,294	317,840	-	-
ITALY	178,080	-	178,080	-	-
JAPAN	178,858	3,958	182,816	-	-
LIBYA	74,075	-	74,075	8,259	-
NETHERLANDS	106,843	-	106,843	-	-
NORWAY	1,111	-	1,111	-	-
SAUDI ARABIA	20,039	46,084	66,123	-	-
SWEDEN	42,845	-	42,845	-	-
SWITZERLAND	27,262	-	27,262	-	-
UNITED ARAB EMIRATES	86,218	-	86,218	-	-
UNITED KINGDOM	68,684	-	68,684	-	-
UNITED STATES	863,989	37,452	901,441	-	-
TOTAL BILATERAL LOANS	2,568,895	195,177	2,764,072	8,259	-
TOTAL EXTERNAL PUBLIC DEBT	4,022,028	588,740	4,610,768	87,142	31,582

NOTES: (1) ONLY DEBTS WITH AN ORIGINAL OR EXTENDED MATURITY OF OVER ONE YEAR ARE INCLUDED IN THIS TABLE.
 (2) DEBT OUTSTANDING INCLUDES PRINCIPAL IN ARREARS BUT EXCLUDES INTEREST IN ARREARS.

Table 4.2 ZAIRE - External Public Debt Outstanding Including Undisbursed by Sector as of Dec. 31, 1983
Debt Repayable in Foreign Currency and Goods
(in thousands of US\$)

PURPOSE	D E B T O U T S T A N D I N G			I N A R R E A R S	
	DISBURSED	UNDISBURSED	TOTAL	PRINCIPAL	INTEREST
AGRICULTURE, FORESTRY, FISHING	5,121	2,695	7,816	-	-
AGRICULTURE	55,067	72,026	127,093	-	-
FORESTRY, LOGGING	3,384	104	3,488	-	-
MINING, QUARRYING	5,128	7,632	12,760	-	-
CRUDE PETROLEUM, NATURAL GAS	-	4,397	4,397	-	-
METAL ORE MINING	150,455	-	150,455	9,965	-
OTHER MINING	409	-	409	-	-
MFG - FOOD, BEVERAGES, TOBACCO	109,614	51,980	161,594	7	372
MFG - TEXTILES, CLOTHING, LEATHER	6,994	1,609	8,603	-	-
MANUFACTURING - BASIC METALS	24,129	14,499	38,628	-	-
MFG-FABRICATED METAL, MACH., EQUIP	11,630	16,355	27,985	3,027	363
ELECTRICITY, GAS, { WATER PRODUCTION	73,470	5,075	78,545	1,870	211
ELECTRICITY, GAS, { STEAM PRODUCTION	405,427	35,178	440,605	37,003	-
WATER WORKS { SUPPLY - EXCL AGRIC.	56,174	9,039	65,213	879	596
RESTAURANTS, HOTELS, TOURIST TRADE	2,261	-	2,261	-	-
TRANSPORT, STORAGE, COMMUNICATION	14,075	10,184	24,259	-	-
TRANSPORT { STORAGE	428,320	134,443	562,763	8,524	1,913
COMMUNICATION	47,030	4,827	51,857	-	-
FINANCIAL INSTITUTIONS	53,346	11,333	64,679	-	-
PUBLIC ADMINISTRATION, DEFENSE	11,217	16,933	28,150	-	-
SOCIAL, RELATED COMMUNITY SERVICES	8,462	18,850	27,312	-	-
RECREATION, CULTURAL SERVICES	6,772	-	6,772	-	-
SECTOR(S) NOT SPECIFIED	87,312	50,282	137,594	56	22
CONTRIB. TO FINANCE CURRENT IMPDRTS	31,804	858	32,662	-	-
FOOD AID	92,805	498	93,303	-	-
BALANCE OF PAYMENTS SUPPORT	176,820	-	176,820	2,914	4,497
DEBT REORGANIZATION	2,075,544	-	2,075,544	17,008	23,608
NATIONALIZATION	3,168	-	3,168	-	-
MILITARY	24,328	17,631	41,959	-	-
OTHER CONTRIB. NOT DAC FLOWS	32,978	-	32,978	5,889	-
NOT APPLICABLE	18,784	102,312	121,096	-	-
TOTAL EXTERNAL PUBLIC DEBT	4,022,028	588,740	4,610,768	87,142	31,582

NOTES: (1) ONLY DEBTS WITH AN ORIGINAL OR EXTENDED MATURITY OF OVER ONE YEAR ARE INCLUDED IN THIS TABLE.
(2) DEBT OUTSTANDING INCLUDES PRINCIPAL IN ARREARS BUT EXCLUDES INTEREST IN ARREARS.

Table 4.3

ZAIRE - External Public Debt Undisbursed
as of December 31, 1983, by Donor
(Million US\$)

	<u>Amount</u>	<u>%</u>
<u>Bilateral</u>	<u>220.3</u>	<u>37.4</u>
Belgium	3.1	0.5
France	16.8	2.9
Germany, Fed. Rep.	46.3	7.9
Italy	10.0	1.7
United States	47.4	8.0
Saudi Arabia	46.1	7.8
China	39.4	6.7
Canada	7.2	1.2
Japan	4.0	0.7
<u>Multilateral</u>	<u>368.4</u>	<u>62.6</u>
IDA	208.5	35.4
ADF	58.0	9.9
ADB	47.7	8.1
EDF	15.9	2.7
BADEA	14.4	2.5
IFAD	10.5	1.8
EIB	6.7	1.1
OPEC Special Fund	6.7	1.1
<u>Total</u>	<u>588.7</u>	<u>100.0</u>

Source: OGEDEP

Table 4.4: ZAIRE - Structure and Terms of External Public Debt
 Commitments Jan. 1, 1983 - Dec. 31, 1983 *
 Debt Repayable in Foreign Currency and Goods
 (In thousands of US\$)

PERIOD ENDING TYPE OF CREDITOR	AMOUNT**	AVERAGE TERMS					TOTAL*** AMOUNT
		INTEREST (%)	MATURITY (YRS)	GRACE (YRS)	GRANT ELEMENT(%)	GRANT EQUIVALENT	
7312							
SUPPLIERS CREDITS	246,107	6.951	9.6	2.2	11.2	27,448	246,107
FINANCIAL INSTITUTIONS	518,747	9.109	10.6	3.1	4.0	20,835	518,747
MULTILATERAL LOANS	11,482	2.113	41.8	8.2	67.7	7,777	11,482
BILATERAL LOANS	159,372	0.599	26.7	9.7	73.7	117,404	159,372
TOTAL 7312	935,708	7.006	13.5	4.0	18.5	173,464	935,708
7412							
SUPPLIERS CREDITS	169,659	8.242	10.9	2.0	6.8	11,504	169,659
FINANCIAL INSTITUTIONS	498,466	8.768	10.5	3.5	5.7	28,447	498,466
MULTILATERAL LOANS	38,096	6.973	25.4	6.4	25.2	9,581	38,096
BILATERAL LOANS	286,923	6.544	15.9	7.5	22.4	64,320	286,923
TOTAL 7412	993,144	7.967	12.7	4.5	11.5	113,852	993,144
7512							
SUPPLIERS CREDITS	76,835	6.317	8.0	2.3	11.8	9,086	76,835
FINANCIAL INSTITUTIONS	102,581	8.125	9.7	3.8	9.3	9,584	102,581
MULTILATERAL LOANS	166,387	5.189	26.4	6.6	37.8	62,919	166,387
BILATERAL LOANS	125,543	5.799	17.6	4.2	25.8	32,452	125,543
TOTAL 7512	471,346	6.174	17.4	4.7	24.2	114,041	471,346
7612							
SUPPLIERS CREDITS	31,378	8.565	9.2	3.9	5.3	1,671	31,378
FINANCIAL INSTITUTIONS	153,114	7.329	10.2	3.2	11.2	17,147	153,114
MULTILATERAL LOANS	67,425	1.788	42.2	8.5	70.5	47,538	67,425
BILATERAL LOANS	163,271	5.721	16.1	5.8	27.2	44,452	163,271
TOTAL 7612	415,188	5.891	17.6	5.1	26.7	110,808	415,188
7712							
SUPPLIERS CREDITS	22,550	5.479	8.1	3.3	16.3	3,668	22,550
FINANCIAL INSTITUTIONS	80,157	2.278	14.4	2.6	42.5	34,076	80,157
MULTILATERAL LOANS	39,256	1.598	31.9	7.4	61.3	24,047	39,256
BILATERAL LOANS	95,004	2.308	29.0	6.3	55.5	52,696	95,004
TOTAL 7712	236,967	2.482	22.6	5.0	48.3	114,488	236,967
7812							

* INCLUDES INCREASES DURING THIS PERIOD TO DEBTS WITH ORIGINAL COMMITMENT DATES FROM JAN. 1, 1900 TO DEC. 31, 1983.

** TOTAL LOANS HAVING INTEREST, GRACE PERIOD AND MATURITY INFORMATION AVAILABLE, USED TO COMPUTE AVERAGE TERMS.

*** TOTAL OF ALL LOANS IN THIS BREAKDOWN REGARDLESS OF AVAILABILITY OF INTEREST, GRACE PERIOD, AND MATURITY INFORMATION.

Table 4.4: ZAIRE - Structure and Terms of External Public Debt
 Commitments Jan. 1, 1983 - Dec. 31, 1983 *
 Debt Repayable in Foreign Currency and Goods
 (In thousands of US\$)

PERIOD ENDING TYPE OF CREDITOR	AMOUNT**	AVERAGE TERMS					TOTAL*** AMOUNT
		INTEREST (%)	MATURITY (YRS)	GRACE (YRS)	GRANT ELEMENT (%)	GRANT EQUIVALENT	
SUPPLIERS CREDITS	22,305	9.473	5.8	0.5	-1.3	-286	22,305
FINANCIAL INSTITUTIONS	101,687	7.026	9.5	3.1	12.1	12,278	101,687
MULTILATERAL LOANS	107,511	1.486	23.9	7.1	57.7	61,987	107,511
BILATERAL LOANS	257,340	3.810	22.7	4.4	42.0	108,000	257,340
TOTAL 7812	488,843	4.226	19.4	4.5	37.2	181,979	488,843
7912							
SUPPLIERS CREDITS	91,400	7.500	8.3	2.3	8.9	8,135	91,400
FINANCIAL INSTITUTIONS	64,036	10.314	9.0	4.6	-1.9	-1,195	64,036
MULTILATERAL LOANS	132,980	1.533	30.5	7.8	62.0	82,449	132,980
BILATERAL LOANS	120,984	6.201	18.9	8.3	27.6	33,371	120,984
TOTAL 7912	409,400	5.618	18.8	6.2	30.0	122,759	409,400
8012							
SUPPLIERS CREDITS	15,180	8.000	10.0	2.5	16.8	2,550	15,180
FINANCIAL INSTITUTIONS	107,425	10.690	9.2	1.5	-1.8	-1,949	107,425
MULTILATERAL LOANS	104,518	1.632	30.7	7.7	60.8	63,496	104,518
BILATERAL LOANS	215,304	3.163	24.1	8.2	52.6	113,168	215,304
TOTAL 8012	442,427	4.726	21.5	6.2	40.1	177,265	442,427
8112							
SUPPLIERS CREDITS	10,930	8.214	12.5	2.2	9.1	994	10,930
FINANCIAL INSTITUTIONS	12,232	8.317	10.0	4.3	7.3	887	12,232
MULTILATERAL LOANS	69,994	3.641	35.5	7.7	51.5	36,062	69,994
BILATERAL LOANS	103,315	7.921	20.3	6.9	18.0	18,595	103,315
TOTAL 8112	196,471	6.437	24.7	6.8	28.8	56,538	196,471
8212							
SUPPLIERS CREDITS	17,086	8.924	9.4	2.4	3.0	521	17,086
FINANCIAL INSTITUTIONS	5,701	8.929	7.6	1.4	2.8	161	5,701
MULTILATERAL LOANS	210,433	1.717	43.0	9.2	72.9	153,329	210,433
BILATERAL LOANS	38,452	1.550	34.1	7.7	67.9	26,096	38,452
TOTAL 8212	271,672	2.298	38.9	8.4	66.3	180,107	271,672
8312							
FINANCIAL INSTITUTIONS	10,149	6.881	13.3	3.4	15.3	1,558	10,149

* INCLUDES INCREASES DURING THIS PERIOD TO DEBTS WITH ORIGINAL COMMITMENT DATES FROM JAN. 1, 1900 TO DEC. 31, 1983.

** TOTAL LOANS HAVING INTEREST, GRACE PERIOD AND MATURITY INFORMATION AVAILABLE, USED TO COMPUTE AVERAGE TERMS.

*** TOTAL OF ALL LOANS IN THIS BREAKDOWN REGARDLESS OF AVAILABILITY OF INTEREST, GRACE PERIOD, AND MATURITY INFORMATION.

Table 4.4: ZAIRE - Structure and Terms of External Public Debt
Commitments Jan. 1, 1983 - Dec. 31, 1983 *
Debt Repayable in Foreign Currency and Goods
(In thousands of US\$)

PERIOD ENDING TYPE OF CREDITOR	AVERAGE TERMS					GRANT EQUIVALENT	TOTAL*** AMOUNT
	AMOUNT**	INTEREST (%)	MATURITY (YRS)	GRACE (YRS)	GRANT ELEMENT(%)		
MULTILATERAL LOANS	94,511	0.765	49.6	10.2	83.0	78,400	94,511
BILATERAL LOANS	39,697	2.243	29.9	7.8	61.1	24,253	39,697
TOTAL 8312	144,357	1.601	41.6	9.0	72.2	104,210	144,357
TOTAL EXTERNAL PUBLIC DEBT	5,005,523	5.791	18.8	5.2	29.0	1,449,509	5,005,523

* INCLUDES INCREASES DURING THIS PERIOD TO DEBTS WITH ORIGINAL COMMITMENT DATES FROM JAN. 1, 1900 TO DEC. 31, 1983.

** TOTAL LOANS HAVING INTEREST, GRACE PERIOD AND MATURITY INFORMATION AVAILABLE, USED TO COMPUTE AVERAGE TERMS.

*** TOTAL OF ALL LOANS IN THIS BREAKDOWN REGARDLESS OF AVAILABILITY OF INTEREST, GRACE PERIOD, AND MATURITY INFORMATION.

Table 4.5

ZAIRE - Commitments of Medium and Long-Term External Aid in 1983-84,
by Donor
(Million US\$)

	Amount		Percentage	
	1983	1984	1983	1984
<u>Bilateral</u>	<u>42.4</u>	<u>70.6</u>	<u>31.5</u>	<u>38.6</u>
Germany, Fed. Rep. (KFW)	26.4	-	19.6	-
Belgium	15.8	10.0	11.7	5.5
Canada (CIDA)	0.2	-	0.2	-
France (CCCE)	-	32.6	-	17.8
Italy	-	28.0	-	15.3
<u>Multilateral</u>	<u>92.1</u>	<u>112.1</u>	<u>68.5</u>	<u>61.4</u>
European Investment Bank	5.2	-	3.9	-
African Development Bank	38.8	38.8	28.8	21.3
World Bank - IDA	48.1	73.3	35.8	40.1
<u>Total</u>	<u>134.5</u>	<u>182.7</u>	<u>100.0</u>	<u>100.0</u>

Source: OGEDEP

Table 4.6

ZAIRE - Disbursements of Medium and Long-Term External Aid in 1983-84,
by Donor
(Million US\$)

	<u>Amount</u>		<u>Percentage</u>	
	<u>1983</u>	<u>1984</u>	<u>1983</u>	<u>1984</u>
<u>Bilateral</u>	<u>63.3</u>	<u>54.8</u>	<u>42.2</u>	<u>40.1</u>
Germany, Fed. Rep. (KFW)	16.6	10.2	11.1	7.5
Belgium	15.8	6.2	10.5	4.5
France (CCCE)	14.2	10.4	9.5	7.6
Japan	11.5	-	7.7	-
Canada (CIDA)	1.6	-	1.0	-
United States (USAID)	3.4	-	2.3	-
Saudi Fund	0.2	-	0.1	-
Italy	-	28.0	-	20.5
<u>Multilateral</u>	<u>86.7</u>	<u>81.7</u>	<u>57.8</u>	<u>59.9</u>
African Development Bank	14.9	13.0	10.0	9.5
World Bank - IDA	43.4	53.1	28.9	38.9
European Investment Bank	28.2	15.0	18.8	11.0
OPEC	0.2	-	0.1	-
IFAD	-	0.6	-	0.5
<u>Total</u>	<u>150.0</u>	<u>136.5</u>	<u>100.0</u>	<u>100.0</u>

Source: OGEDEP.

Table 4.7

ZAIRE - External Debt Outstanding and Disbursed, by Sector or Type
as of June 30, 1984
(Million US\$)

	<u>Amount</u>	<u>%</u>
Agriculture	220	5.0
Agro-industry	88	2.0
Metal industry	308	7.0
Transport and communications	1056	24.0
Energy	1012	23.0
Other services ^{1/}	22	0.5
Capitalized interest	758	17.2
Refinancing (London Club)	350	8.0
Lines of Credit	241	5.5
National Defense	132	3.0
Balance of Payments	124	2.8
Food aid	88	2.0
<u>Total</u>	<u>4399</u>	<u>100.0</u>

^{1/} Includes debt for education, textiles, clothing, housing, and planning.

Source: OGEDEP

Table 4.8
ZAIRE: Net Transfers by Country, 1981-84
 (Million US\$)

	<u>Disbursements</u>	<u>Service Payments</u>		<u>Net</u>	<u>Net</u>
		<u>Principal</u>	<u>Interest</u>	<u>Flows</u> 1/	<u>Transfers</u> 2/
<u>Belgium</u>					
1981	24.3	9.8	5.7	14.5	8.8
1982	1.5	8.5	0.1	-7.0	-7.1
1983	15.8	6.5	19.0	9.3	-9.7
1984*	6.2	15.0	20.7	-8.8	-29.5
<u>Canada</u>					
1981	1.0	0.3	0.2	0.7	0.5
1982	6.0	0.1	0.2	5.9	5.7
1983	1.7	0.3	-	1.4	1.4
1984*	-	0.4	-	-0.4	-0.4
<u>France</u>					
1981	12.0	17.4	6.7	-5.4	-12.1
1982	17.6	2.7	2.1	14.9	12.8
1983	14.2	3.1	0.9	11.1	10.2
1984*	10.4	9.4	24.1	1.0	-23.1
<u>Germany</u>					
1981	99.2	0.6	9.0	98.6	89.6
1982	18.8	1.6	2.3	17.2	14.6
1983	16.6	5.9	5.6	10.7	5.1
1984*	10.2	3.1	12.0	7.1	-4.9
<u>Italy</u>					
1981	-	-	10.2	-	-10.2
1982	-	16.6	38.7	-16.6	-55.3
1983	-	17.6	10.9	-17.6	-28.5
1984*	28.0	11.0	33.0	17.0	-16.0
<u>Japan</u>					
1981	47.2	0.7	2.6	46.5	43.9
1982	37.6	0.5	0.5	37.1	36.6
1983	11.5	-	0.4	11.5	11.1
1984*	-	0.4	1.5	-0.4	-1.9
<u>Libya</u>					
1981	-	-	-	-	-
1982	-	7.6	6.4	-7.6	-14.0
1983	-	4.0	2.9	-4.0	-6.9
1984*	-	8.9	5.1	-8.9	-14.0
<u>Netherlands</u>					
1981	-	4.5	2.9	-4.5	-7.4
1982	-	1.2	-	-1.2	-1.2
1983	-	0.6	-	-0.6	-0.6
1984*	-	1.9	6.6	-1.9	-8.5

Table 4.8
ZAIRE: Net Transfers by Country, 1981-84
(Million US\$)

	<u>Disbursements</u>	<u>Service Payments</u>		<u>Net Flows</u> 1/	<u>Net Transfers</u> 2/
		<u>Principal</u>	<u>Interest</u>		
<u>Sweden</u>					
1981	4.2	0.7	1.1	3.5	2.4
1982	-	0.2	-	-0.2	-0.2
1983	-	0.8	-	-0.8	-0.8
1984*	-	1.4	5.3	-1.4	-6.7
<u>United Kingdom</u>					
1981	-	2.6	0.4	-2.6	-3.0
1982	-	1.0	0.3	-1.0	-1.3
1983	-	-	-	-	-
1984	-	2.2	4.1	-2.2	-6.3
<u>United States</u>					
1981	37.1	7.9	19.8	29.2	9.4
1982	13.5	10.9	18.5	2.6	-15.9
1983	3.4	27.1	22.5	-23.7	-46.2
1984*	-	12.4	48.9	-12.4	-61.3
<u>Other</u>					
1981	30.0	0.8	3.9	29.2	25.3
1982	28.1	0.6	1.0	27.6	26.6
1983	0.1	8.2	-	-8.1	-8.1
1984*	-	15.8	7.8	-15.8	-23.6
<u>London Club</u>					
1981	-	14.2	61.7	-14.2	-75.9
1982	-	-	20.0	-	-20.0
1983	-	11.0	34.4	-11.0	-45.4
1984*	-	-	48.1	-	-48.1
<u>Multilateral Institutions</u>					
1981	37.8	2.8	4.8	35.0	30.2
1982	54.1	9.8	11.5	44.3	32.8
1983	78.5	10.8	16.4	67.7	51.3
1984*	81.7	15.8	13.1	65.9	52.8
<u>TOTAL</u> 3/					
1981	292.8	62.3	129.0	230.5	101.5
1982	177.2	61.4	101.7	115.8	14.1
1983	141.8	95.8	113.0	45.9	-67.1
1984*	136.5	97.7	230.3	38.8	-191.5

1/ Net transfers are defined as the difference between disbursements and debt service payments (principal and interest).

2/ Net flows are defined as the difference between disbursements and payment of principal on external debt.

3/ Totals differ slightly (significantly for 1981) from those in text table 3 which also come from OGEDEP for undetermined reasons.

* Preliminary.

Source: OGEDEP.

Table 4.9

ZAIRE - External Debt Service Due in 1985, by Category of Debt
(Million US\$)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
PARIS CLUB	291.3	247.8	539.1
Rescheduled debt			
1976-81	(139.7)	(53.4)	(193.1)
1983/84	(35.9)	(146.5)	(182.4)
Debt not yet rescheduled	(115.7)	(47.9)	(163.6)
LONDON CLUB	60.8	63.8	124.6
Multilateral organizations	47.7	17.7	65.4
Other donors	22.1	8.1	30.2
<u>Total</u>	<u>421.9</u>	<u>337.4</u>	<u>759.3</u>

Source: OGEDEP

Table 4.10

ZAIRE: External Debt Outstanding and Debt Service Due by Creditor, 1984-90
(Million US\$)

Creditor	Debt Outstanding and Disbursed (as of June 30, 1984)	Total Debt Service						
		1984	1985	1986	1987	1988	1989	1990
<u>Bilateral: Paris Club</u>	<u>3312.2</u>	<u>179.6</u>	<u>530.3</u>	<u>480.5</u>	<u>444.8</u>	<u>415.0</u>	<u>499.5</u>	<u>446.1</u>
Belgium	349.2	28.8	54.3	48.7	46.1	44.3	49.4	43.0
United States	1083.5	38.8	171.1	152.5	141.2	127.6	152.6	142.0
France	535.4	26.5	105.0	90.2	88.1	90.2	99.7	86.4
Italy	334.5	22.6	63.6	52.2	46.6	42.1	53.4	51.4
Germany Fed. Rep.	321.0	13.6	39.4	34.9	32.1	23.5	41.7	44.3
Japan	161.3	1.8	6.4	12.1	11.0	10.9	12.1	12.0
Netherlands	106.0	7.9	19.7	17.6	19.2	16.5	20.4	16.7
United Arab Emirates	82.5	10.8	14.7	14.6	9.1	9.5	14.8	-
Sweden	74.9	7.4	12.1	13.2	11.3	11.8	13.8	14.4
United Kingdom	69.2	4.9	19.3	17.7	14.6	13.9	16.6	12.0
Kuwait	48.5	5.7	7.8	11.1	10.4	9.6	8.9	8.1
Switzerland	38.7	3.5	3.3	2.8	2.8	2.9	2.7	1.3
Canada	39.7	1.0	3.8	3.7	3.3	3.4	3.7	3.9
Austria	25.3	1.8	4.7	4.5	4.4	4.2	4.4	4.7
Other	37.0	4.5	5.1	4.7	4.6	4.6	5.3	5.9
<u>Multilateral</u>	<u>601.5</u>	<u>38.2</u>	<u>53.3</u>	<u>59.5</u>	<u>64.1</u>	<u>59.9</u>	<u>53.7</u>	<u>29.3</u>
IDA	275.7	2.7	3.3	4.4	5.2	5.1	6.0	6.5
IMF	114.3	9.8	19.0	22.3	21.6	18.9	12.6	3.4
IBRD ^{1/}	60.4	13.8	13.8	13.8	13.7	13.7	13.8	-
EIB ^{2/}	77.3	3.1	3.0	3.6	3.5	3.7	4.3	2.1
ADB	34.6	6.3	7.7	10.4	12.3	10.7	10.2	9.7
BADEA	21.8	2.5	3.1	4.0	3.9	3.9	3.9	3.9
Other	17.4	-	3.4	1.0	3.9	3.9	2.9	3.7
<u>Non-Paris Club Members</u>	<u>143.0</u>	<u>20.9</u>	<u>20.8</u>	<u>21.2</u>	<u>25.7</u>	<u>26.9</u>	<u>28.1</u>	<u>12.6</u>
China ^{1/}	61.7	6.8	6.8	6.8	6.8	6.8	6.8	6.8
Libya	61.3	14.0	13.9	14.3	14.5	15.0	15.4	-
Saudi Arabia	20.0	0.1	0.1	0.1	4.4	5.1	5.9	5.8
<u>Syndicated Banks</u>	<u>349.1</u>	<u>76.2</u>	<u>124.6</u>	<u>112.4</u>	<u>100.2</u>	<u>88.1</u>	<u>75.9</u>	<u>33.4</u>
Special Mechanism - SNEL		32.0	30.3	37.9	37.5	27.1	18.8	17.8
Total	4405.8	346.9	759.3	711.5	672.3	617.0	676.0	539.2
o.w Principal		(131.4)	(421.9)	(408.2)	(398.2)	(383.1)	(472.0)	(387.4)
Interest		(215.5)	(337.4)	(303.3)	(274.0)	(223.9)	(204.0)	(151.8)

^{1/} Refers to special mechanism for GECAMINES.

^{2/} Includes debt service due under special mechanism for GECAMINES.

Source: O.E.D.E.P.

Table 4.11

ZAIRE: External Debt Service Due by Category of Debt and Creditor, 1984-90 ^{1/}
(Million US\$)

	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
<u>Debt under Paris Club</u>	<u>159.1</u>	<u>508.8</u>	<u>456.2</u>	<u>425.2</u>	<u>398.2</u>	<u>483.5</u>	<u>432.4</u>
Rescheduled Debt							
- before 1983	4.1	193.1	184.7	155.5	134.7	137.7	30.6
- after 1983	148.3	182.4	145.1	158.1	168.5	261.0	324.5
Not yet Rescheduled Debt							
- Official loans	6.7	67.1	80.8	76.6	71.7	71.0	66.9
- Privately-guaranteed credits	-	66.2	45.6	35.0	23.3	13.8	10.4
<u>Debt Outside Paris Club</u>	<u>187.8</u>	<u>250.5</u>	<u>255.3</u>	<u>247.1</u>	<u>218.8</u>	<u>192.5</u>	<u>106.8</u>
Non-guaranteed Commercial Debt	8.7	9.5	6.3	6.2	5.6	5.5	5.3
Non-guaranteed Banking Debt	10.9	13.8	16.6	14.6	11.2	10.4	8.9
Other Official Loans	6.9	6.9	6.9	11.2	12.8	12.7	12.6
Special mechanisms	61.8	60.1	68.3	67.9	58.1	50.3	17.8
Multilateral Organizations ^{2/}	23.3	35.6	44.8	47.0	43.0	37.7	28.8
London Club Agreement	76.2	124.6	112.4	100.2	88.1	75.9	33.4
<u>Total</u>	<u>346.9</u>	<u>759.3</u>	<u>711.5</u>	<u>672.3</u>	<u>617.0</u>	<u>676.0</u>	<u>539.2</u>

^{1/} As of June 30, 1984.

^{2/} Excludes debt service due to IBRD and EIB from GECAMINES which is included under special mechanisms.

Source: OGEDEP

Table 4.12

ZAIRE: ODA Financial Flows, Summary 1978-83 ^{1/}
(Million US\$, unless otherwise indicated)

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
<u>DISBURSEMENTS, NET</u>						
Grants	215.3	266.4	264.1	247.7	210.0	195.6
of which: Technical Assistance	(145.0)	(160.1)	(167.8)	(151.6)	(133.7)	(123.9)
plus: ODA loans, net	101.6	150.0	163.5	145.9	138.2	122.7
equals: <u>Total ODA net</u>	<u>316.9</u>	<u>416.4</u>	<u>427.5</u>	<u>393.6</u>	<u>348.2</u>	<u>318.3</u>
plus: OOF, net ^{2/}	183.7	35.3	401.1	275.0	92.2	43.3
Private sector net	206.4	280.8	-72.3	-38.4	-7.2	-250.5
equals: <u>All Source Receipts, net</u>	<u>707.0</u>	<u>732.5</u>	<u>756.3</u>	<u>630.2</u>	<u>433.2</u>	<u>111.1</u>
<u>ODA COMMITMENTS</u>						
Multilateral	98.4	164.4	122.2	94.1	222.9	155.9
Bilateral	323.0	261.3	377.8	273.2	222.2	272.7
OPEC	-	4.8	79.3	-	-	-
<u>TOTAL</u>	<u>421.4</u>	<u>430.5</u>	<u>579.3</u>	<u>367.3</u>	<u>445.1</u>	<u>428.6</u>
Grant Element on Total (%)	91.6	94.2	85.4	92.5	89.3	

1/ Official Development Assistance (ODA) is defined as flows to developing countries provided by official agencies whose main objective is economic development and whose financial terms are concessional with a grant element of at least 25 percent.

2/ Other Official Flows (OOF) are transactions by the official sector whose main objective is not development, or, if development-oriented, whose financial terms yield a grant element less than 25 percent, such as official export credits and debt rescheduling undertaken by the official sector at non-concessional terms.

Source: OECD.

Table 4.13

ZAIRE: ODA Selected Indicators, 1976-83

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
ODA Disbursement per cap. (\$)	7.63	9.98	11.82	14.82	14.79	13.21	11.34	10.06
TA per cap. (\$M)	3.84	4.15	5.41	5.70	5.81	5.09	4.36	3.92
Total receipts per cap. (\$)	20.29	24.75	26.38	26.07	26.17	21.15	13.95	3.54
ODA Commitment per cap. (\$)	..	..	15.72	15.32	20.04	12.33	14.50	13.58
ODA Disb. p.c./GNP p.c. (%)	5.5	6.2	6.4	9.3	8.6	7.2	6.1	..
ODA Disb./curr.acct.deficit (%)	9.5	39.8	283.7	1193.2	183.5	92.7	80.5	99.2
Debt DOD/p.c. (\$)		134	158	163	172	168	158	153
Debt DOD/GNP (%)	..	79	67	74	86	99	95	113

Source: OECD and official data from various agencies.

Note: For definition of ODA, see Table 4.6.

.. = Not available.

Table 4.14

ZAIRE: ODA Commitments by Creditor, 1978-83
(Million US\$)

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
<u>Bilateral</u>	<u>323.0</u>	<u>261.3</u>	<u>377.8</u>	<u>273.2</u>	<u>222.2</u>	<u>272.7</u>
Belgium	183.2	174.1	205.1	139.5	109.5	117.3
Canada	17.9	4.3	4.5	21.6	11.9	23.4
France	22.3	23.6	39.0	41.2	17.0	16.6
Germany, Fed. Rep.	55.3	17.1	82.1	33.0	25.5	41.7
Italy	0.3	0.8	0.6	5.0	7.3	30.2
Japan	8.0	7.1	10.3	2.6	4.9	8.8
United Kingdom	0.3	0.2	5.1	0.2	5.6	0.4
United States	30.5	32.1	28.2	24.4	37.9	31.0
Other	5.3	2.1	2.9	5.8	2.7	3.3
<u>Multilateral</u>	<u>98.4</u>	<u>164.4</u>	<u>122.2</u>	<u>94.1</u>	<u>222.9</u>	<u>155.9</u>
ADF	6.6	14.6	10.1	8.6	21.0	16.9
EEC	56.7	67.6	16.1	14.6	52.4	51.2
IDA	9.0	46.0	55.3	29.1	118.3	64.5
IFAI	-	-	15.5	-	-	-
UN Agencies	21.1	19.3	25.2	36.8	31.2	23.3
Arab OPEC Agencies <u>1/</u>	5.0	7.0	-	5.0	-	-
<u>OPEC</u>	<u>-</u>	<u>4.8</u>	<u>79.3</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>TOTAL</u>	<u>421.4</u>	<u>430.5</u>	<u>579.3</u>	<u>367.3</u>	<u>445.1</u>	<u>428.6</u>

1/ Includes flows from various development funds of Arab member countries of OPEC.

Note: For definition of ODA, see Table 4.11.

Source: OECD.

Table 4.15

ZAIRE: Net ODA Loan Disbursements by Creditor, 1976-83 ^{1/}
(Million US\$)

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
<u>Bilateral</u>	<u>23.9</u>	<u>33.8</u>	<u>28.1</u>	<u>75.4</u>	<u>94.6</u>	<u>93.0</u>	<u>87.2</u>	<u>46.5</u>
Belgium	-	5.6	-	6.3	21.1	10.3	10.4	9.0
Canada	2.8	0.9	3.4	0.2	0.1	1.0	5.8	1.8
France	6.9	0.6	6.7	2.5	15.0	5.5	9.0	6.6
Germany, Fed. Rep.	1.3	5.8	3.8	9.9	25.7	24.7	21.1	18.7
Italy	-	-	-	-	-	-	-	-
Japan	-0.1	0.9	0.2	21.8	31.9	42.7	38.0	0.6
United States	13.0	20.0	14.0	35.0	1.0	9.0	3.0	10.0
Other	-	-	-	-0.2	-0.3	-0.1	-0.1	-0.2
<u>Multilateral</u>	<u>16.0</u>	<u>50.9</u>	<u>73.5</u>	<u>74.6</u>	<u>68.9</u>	<u>38.4</u>	<u>45.3</u>	<u>75.7</u>
<u>OPEC</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14.5</u>	<u>5.7</u>	<u>0.5</u>
<u>TOTAL ODA loans, net</u>	<u>39.9</u>	<u>84.7</u>	<u>101.6</u>	<u>150.0</u>	<u>163.5</u>	<u>145.9</u>	<u>138.2</u>	<u>122.7</u>

^{1/} Net loan disbursements is defined as gross disbursements of loans minus repayments on earlier loans.

Note: For definition of ODA, see Table 4.11.

Source: OECD.

Table 4.16

ZAIRE: DAC Grants and Technical Assistance by Source, 1976-83 ^{1/}
(Million US\$)

	1976		1977		1978		1979		1980		1981		1982		1983	
	Grants	T.A.	Grants	T.A.	Grants	T.A.	Grants	T.A.	Grants	T.A.	Grants	T.A.	Grants	T.A.	Grants	T.A.
<u>Bilateral</u>	125.0	89.4	137.1	98.2	175.9	126.4	213.3	136.1	222.3	145.3	184.1	116.1	163.6	103.6	150.7	101.3
Belgium	94.0	65.8	103.0	72.8	129.0	92.4	147.4	101.2	148.6	106.1	113.4	78.9	93.2	66.1	83.7	60.4
Canada	0.6	0.5	0.9	0.6	4.1	0.9	5.6	1.2	13.4	0.7	7.1	0.9	15.0	1.2	10.9	1.7
France	16.2	10.2	14.4	11.3	17.6	11.6	22.4	17.0	24.4	16.2	19.6	13.4	15.7	9.7	16.5	11.6
Germany, Fed. Rep.	6.8	6.8	8.7	6.8	11.4	11.2	10.0	9.9	11.0	9.7	11.2	9.7	10.8	9.5	12.2	10.3
Italy	0.3	0.3	0.5	0.5	0.3	0.3	0.8	0.6	0.6	0.6	4.8	1.0	3.1	2.3	4.1	3.0
Japan	0.7	0.7	1.6	0.8	1.7	1.7	5.6	1.0	7.4	1.7	8.7	2.2	4.7	1.9	2.4	1.9
United Kingdom	0.2	0.2	0.2	0.2	0.3	0.2	4.9	0.2	1.3	0.4	3.4	0.2	0.6	0.4	3.3	0.4
United States	4.0	3.0	4.0	2.0	7.0	5.0	9.0	3.0	10.0	7.0	12.0	7.0	13.0	10.0	13.0	10.0
Other	2.2	1.9	3.8	3.2	4.5	3.1	7.6	2.0	5.6	2.9	3.9	2.8	7.5	2.5	4.6	2.0
<u>Multilateral</u>	28.9	8.0	37.6	9.7	39.4	18.6	48.4	24.0	36.8	22.5	63.6	35.6	46.5	30.1	44.9	22.6
<u>OPEC</u>	-	-	-	-	-	-	4.7	-	5.0	-	-	-	-	-	-	-
<u>TOTAL</u>	153.9	97.4	174.7	107.9	215.3	145.0	266.4	160.1	264.1	167.8	247.7	151.7	210.1	133.7	195.6	123.9

^{1/} The grant figures include technical assistance.

Note: The member countries of the OECD Development Assistance Committee (DAC) are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, West Germany, Italy, Japan, the Netherlands, New Zealand, Norway, Sweden, Switzerland, the United Kingdom and the United States.

Source: OECD.

TABLE 5.1
ZAIRE: BUDGETARY REVENUE, 1975-83
(MILLIONS ZAIRE)

ITEM		1975	1976	1977	1978	1979	1980	1981	1982	1983
NET INCOME & PROFITS TAXES	1	116.0	160.7	271.9	327.3	662.5	1,233.3	1,753.5	2,141.1	2,845.6
CORPORATIONS	2	37.7	54.4	113.6	117.9	217.3	650.7	953.7	1,061.2	1,395.6
UNINC ENTERP&SELF-EMPLOYED	3	1.7	2.1	3.0	6.1	14.3	11.0	25.1	16.1	27.1
WAGES & SALARIES	4	71.8	97.5	135.1	168.0	362.2	477.0	675.5	931.4	1,141.0
RENTAL INCOME	5	0.9	1.3	1.7	3.6	6.5	6.0	21.6	23.3	87.0
DIVIDENDS & INTEREST	6	1.3	2.7	4.5	6.1	8.1	8.4	14.7	28.7	53.7
PAYROLL TAX EXPATS & OTHER	7	2.6	2.7	14.0	25.7	54.1	80.2	62.9	80.4	141.2
PROPERTY TAXES	8	2.1	3.1	2.9	4.1	4.5	2.8	4.4	2.9	-
DOM PROD & CONS TAXES	9	54.6	65.9	101.2	129.7	254.6	471.0	741.5	1,417.3	3,012.2
TURNOVER TAX	10	25.4	43.0	61.0	71.5	135.8	326.7	518.3	782.3	1,064.7
SELECTIVE EXCISES	11	27.8	22.0	39.0	56.4	113.8	140.0	216.3	377.5	554.8
ALCOHOLIC BEVERAGES	12	10.7	8.0	14.0	13.3	8.8	14.6	25.7	41.3	-
PETROLEUM PRODUCTS	13	8.6	3.9	6.4	10.2	20.6	19.4	30.2	27.8	-
TOBACCO	14	7.4	8.6	16.4	30.9	82.4	101.6	153.9	299.6	-
OTHER	15	1.1	1.5	2.2	2.1	2.0	4.4	6.5	8.8	-
MOTOR VEHICLES TAX	16	1.4	0.9	1.1	1.2	4.4	3.8	6.2	11.7	16.8
TAX ON OIL PRODUCTION	168	-	-	-	-	-	-	-	0.1	1,376.0
OTHER TAXES ON GDS & SVC	18	-	-	0.1	0.5	0.6	0.5	0.7	0.6	-
TAXES ON INTERNAT'L TRADE	19	209.2	221.5	254.4	206.2	848.7	1,460.8	1,459.8	1,588.2	2,127.8
IMPORT DUTIES & TAXES	20	112.2	114.9	121.5	146.1	334.8	776.5	1,205.7	1,348.8	1,731.1
IMPORT DUTIES	21	62.6	55.1	56.0	68.9	170.9	413.0	623.1	623.7	-
TEMPORARY IMPORT SURCHARGE	22	11.0	14.3	15.2	19.4	44.1	93.8	146.0	196.6	-
TURNOVER TAX	23	26.7	28.5	30.4	35.8	76.1	173.4	290.7	339.1	-
STATISTICAL TAX	24	11.9	17.0	19.9	22.0	43.7	96.3	145.9	189.4	-
EXPORT DUTIES & TAX	25	96.3	105.7	132.5	59.6	513.0	682.2	252.6	236.3	392.6
EXPORT DUTIES	26	70.2	58.0	78.8	34.0	344.3	282.8	93.1	103.7	181.1
TURNOVER TAX	27	22.7	40.1	45.4	18.5	144.1	355.7	113.6	71.1	182.2
STATISTICAL TAX	28	3.4	7.6	8.3	7.1	24.6	43.7	45.9	61.5	29.3
OTHER DUTIES	29	0.7	0.9	0.4	0.5	0.9	2.1	1.5	3.1	4.1
OTHER TAXES	30	28.6	14.2	28.0	35.5	109.5	102.0	110.0	331.3	2,036.0
TOTAL TAX REVENUE	31	410.5	465.4	658.4	702.8	1,879.8	3,269.9	4,069.2	5,480.8	10,021.6

TABLE 5.1
ZAIRE: BUDGETARY REVENUE, 1975-83
(MILLIONS ZAIRE)

ITEM		1975	1976	1977	1978	1979	1980	1981	1982	1983
NONTAX REVENUE	32	12.5	10.6	10.6	12.7	64.6	507.4	712.3	766.6	976.5
FEEs, CHGS, RECPT GVT PROP	33	5.3	5.8	8.4	9.5	59.4	160.3	218.2	72.0	-
INVESTMENT INCOME	34	2.8	0.7	0.4	-	-	52.7	40.0	93.6	-
MISCELLANEOUS	35	4.4	4.1	1.8	3.2	5.2	294.4	454.1	601.0	-
TOTAL REVENUE	36	423.0	476.0	669.0	715.5	1,944.4	3,777.3	4,781.5	6,247.4	10,998.1
		=====	=====	=====	=====	=====	=====	=====	=====	=====

SOURCE: BANK OF ZAIRE AND MINISTRY OF FINANCE.

TABLE ZAI/5B/1

TABLE 5.2
ZAIRE: BUDGETARY REVENUE - PERCENTAGE SHARES, 1975-83
(PERCENTAGES)

ITEM		1975	1976	1977	1978	1979	1980	1981	1982	1983
NET INCOME & PROFITS TAXES	1	27.4	33.8	40.6	45.7	34.1	32.7	36.7	34.3	25.9
CORPORATIONS	2	8.9	11.4	17.0	16.5	11.2	17.2	19.9	17.0	12.7
UNINC ENTERP&SELF-EMPLOYED	3	0.4	0.4	0.4	0.9	0.7	0.3	0.5	0.3	0.2
WAGES & SALARIES	4	17.0	20.5	20.2	23.5	18.6	12.6	14.1	14.9	10.4
RENTAL INCOME	5	0.2	0.3	0.3	0.5	0.3	0.2	0.5	0.4	0.8
DIVIDENDS & INTEREST	6	0.3	0.6	0.7	0.9	0.4	0.2	0.3	0.5	0.5
PAYROLL TAX EXPATS & OTHER	7	0.6	0.6	2.1	3.6	2.8	2.1	1.3	1.3	1.3
PROPERTY TAXES	8	0.5	0.7	0.4	0.6	0.2	0.1	0.1	0.0	-
DOM PROD & CONS TAXES	9	12.9	13.8	15.1	18.1	13.1	12.5	15.5	22.7	27.4
TURNOVER TAX	10	6.0	9.0	9.1	10.0	7.0	8.6	10.8	12.5	9.7
SELECTIVE EXCISES	11	6.6	4.6	5.8	7.9	5.9	3.7	4.5	6.0	5.0
ALCOHOLIC BEVERAGES	12	2.5	1.7	2.1	1.9	0.5	0.4	0.5	0.7	-
PETROLEUM PRODUCTS	13	2.0	0.8	1.0	1.4	1.1	0.5	0.6	0.4	-
TOBACCO	14	1.7	1.8	2.5	4.3	4.2	2.7	3.2	4.8	-
OTHER	15	0.3	0.3	0.3	0.3	0.1	0.1	0.1	0.1	-
MOTOR VEHICLES TAX	16	0.3	0.2	0.2	0.2	0.2	0.1	0.1	0.2	0.2
TAX ON OIL PRODUCTION	168	-	-	-	-	-	-	-	0.1	1,376.0
OTHER TAXES ON GDS & SVC	18	-	-	0.0	0.1	0.0	0.0	0.0	0.0	-
TAXES ON INTERNAT'L TRADE	19	49.5	46.5	38.0	28.8	43.6	38.7	30.5	25.4	19.3
IMPORT DUTIES & TAXES	20	26.5	24.1	18.2	20.4	17.2	20.6	25.2	21.6	15.7
IMPORT DUTIES	21	14.8	11.6	8.4	9.6	8.8	10.9	13.0	10.0	-
TEMPORARY IMPORT SURCHARGE	22	2.6	3.0	2.3	2.7	2.3	2.5	3.1	3.1	-
TURNOVER TAX	23	6.3	6.0	4.5	5.0	3.9	4.6	6.1	5.4	-
STATISTICAL TAX	24	2.8	3.6	3.0	3.1	2.2	2.5	3.1	3.0	-
EXPORT DUTIES & TAX	25	22.8	22.2	19.8	8.3	26.4	18.1	5.3	3.8	3.6
EXPORT DUTIES	26	16.6	12.2	11.8	4.8	17.7	7.5	1.9	1.7	1.6
TURNOVER TAX	27	5.4	8.4	6.8	2.6	7.4	9.4	2.4	1.1	1.7
STATISTICAL TAX	28	0.8	1.6	1.2	1.0	1.3	1.2	1.0	1.0	0.3
OTHER DUTIES	29	0.2	0.2	0.1	0.1	0.0	0.1	0.0	0.0	0.0
OTHER TAXES	30	6.8	3.0	4.2	5.0	5.6	2.7	2.3	5.3	18.5
TOTAL TAX REVENUE	31	97.0	97.8	98.4	98.2	96.7	86.6	85.1	87.7	91.1

TABLE 5.2
 ZAIRE: BUDGETARY REVENUE - PERCENTAGE SHARES, 1975-83
 (PERCENTAGES)

ITEM		1975	1976	1977	1978	1979	1980	1981	1982	1983
NONTAX REVENUE	32	3.0	2.2	1.6	1.8	3.3	13.4	14.9	12.3	8.9
FEES, CHGS, RECPT GVT PROP	33	1.3	1.2	1.3	1.3	3.1	4.2	4.6	1.2	-
INVESTMENT INCOME	34	0.7	0.1	0.1	-	-	1.4	0.8	1.5	-
MISCELLANEOUS	35	1.0	0.9	0.3	0.4	0.3	7.8	9.5	9.6	-
TOTAL REVENUE	36	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

SOURCE: BANK OF ZAIRE AND MINISTRY OF FINANCE.

DERIVED FROM TABLE ZAI/5B/1

TABLE 5.3
ZAIRE: TAX REVENUE EXCLUDING GECAMINES, 1975-82
(MILLIONS OF ZAIRES)

ITEM		1975	1976	1977	1978	1979	1980	1981	1982
NET INCOME & PROFITS TAXES	41	93.9	122.1	204.7	268.4	522.3	740.5	1,463.0	1,921.8
CORPORATIONS	42	37.7	54.4	113.6	117.9	194.7	392.6	930.3	1,061.2
PETROLEUM CORP	43	-	-	21.9	15.9	58.5	162.3	302.3	270.7
WAGES & SALARIES 1/	44	52.3	61.6	81.9	134.7	298.7	322.5	471.3	792.5
OTHER	46	3.9	6.1	9.2	15.8	28.9	25.4	61.4	68.1
PROPERTY TAXES	8	2.1	3.1	2.9	4.1	4.5	2.8	4.4	2.9
DOM PROD & CONS TAXES	9	54.6	65.9	101.2	129.7	254.6	471.0	741.5	1,417.3
INTERNATIONAL TRADE TAXES	49	117.7	144.0	173.1	178.2	343.6	1,049.3	1,032.5	1,447.7
OF WHICH:									
IMPORTS DUTIES & TAXES	50	93.4	102.7	99.1	123.0	290.8	750.9	907.9	1,237.6
EXPORTS DUTIES & TAXES	51	23.6	40.4	73.6	55.2	52.8	298.4	124.6	210.1
OTHER TAXES	52	28.6	5.0	22.2	30.8	95.3	98.7	109.0	305.2
TAX REV EXC GECAMINES	53	296.9	340.1	504.1	611.2	1,220.3	2,362.3	3,350.4	5,094.9
MEMORANDUM ITEMS:									
TAX REVENUE - GECAMINES	54	113.6	125.3	154.3	91.6	659.5	907.6	718.8	385.9
TAX REV GEC/TOTAL TAX REV	56	27.7	26.9	23.4	12.8	33.9	24.0	15.0	6.2
TAX REV EXC GECAMINES/GDP	55	15.5	11.9	12.7	11.2	11.0	13.7	14.1	16.3

SOURCE: BANK OF ZAIRE AND GECAMINES

1/ INCLUDES PAYROLL TAX ON EXPATRIATES.

TABLE ZAI/5B/2

TABLE 5.4
ZAIRE: BUDGETARY EXPENDITURE, ECONOMIC CLASSIFICATION, 1975-82
(MILLIONS ZAIRES)

ITEM		1975	1976	1977	1978	1979	1980	1981	1982
CURRENT EXPENDITURE	60	493.9	650.6	838.5	1,120.7	2,232.6	3,298.8	5,450.5	7,784.9
WAGES AND SALARIES	61	225.9	305.2	407.1	588.4	1,063.7	1,527.2	2,341.2	2,788.2
PUBLIC ADM & DEFENSE	62	208.8	285.2	380.1	553.8	1,001.0	1,435.2	2,216.6	2,616.6
O.W. EDUCATION	63	105.0	130.0	177.1	251.9	513.8	687.0	1,035.1	1,150.5
PENSIONS	64	6.3	7.6	10.7	14.1	28.2	48.8	59.4	99.3
SCHOLARSHIPS	65	10.8	12.4	16.3	20.5	34.5	43.2	65.2	72.3
INTEREST	66	35.2	83.7	107.4	120.4	199.6	375.7	898.5	1,220.8
DOMESTIC DEBT	67	12.5	18.8	28.6	43.8	59.0	73.2	113.6	174.1
FOREIGN DEBT	68	22.7	64.9	78.8	76.6	140.6	302.5	784.9	1,046.7
TRANSFERS AND SUBSIDIES	69	51.4	76.9	70.1	93.7	190.5	294.0	342.0	693.6
DECENTRALIZED AGENCIES	70	35.7	52.1	36.1	58.4	130.9	212.4	178.7	475.9
HOSPITALS	71	3.7	8.4	12.3	12.5	27.1	34.5	92.5	148.3
PUBLIC ENTERPRISES	72	12.0	16.4	19.4	17.1	24.2	37.6	46.7	24.0
MISCELLANEOUS	73	-	-	2.3	5.7	8.3	9.5	24.1	45.4
OTHER EXPENDITURE	74	181.4	184.8	253.9	318.2	778.8	1,101.9	1,868.8	3,082.3
DIPLOMATIC REPRESENTATION	75	6.2	12.7	24.9	24.2	118.9	126.0	115.3	94.8
REGIONAL EXPENDITURE	76	20.7	18.1	22.0	39.3	66.3	71.6	108.7	173.7
PRESIDENCY & INSTITUTIONS	77	77.8	103.6	114.4	91.9	151.5	213.0	446.3	850.8
TRAVEL EXPENSES	78	2.3	3.3	8.5	8.2	16.9	42.6	41.1	98.3
OTHER 1/	79	74.4	47.1	84.1	154.6	425.2	648.7	1,157.4	1,864.7
CAPITAL EXP & NET LENDING	80	102.7	151.2	110.3	119.7	129.3	246.4	539.7	1,061.1
TOTAL EXPENDITURE	81	596.6	801.8	948.8	1,240.4	2,361.9	3,545.2	5,990.2	8,846.0

SOURCE: BANK OF ZAIRE AND MINISTRY OF FINANCE.

1/ INCLUDES AMORTIZATION.

TABLE ZAI/SB/3

TABLE 5.5
 ZAIRE: BUDGETARY CURRENT EXPENDITURE, FUNCTIONAL CLASSIFICATION, 1975-82
 (MILLIONS ZAIRES)

ITEM		1975	1976	1977	1978	1979	1980	1981	1982
GENERAL SERVICES	82	190.0	248.3	297.2	432.1	1,040.3	1,734.5	2,137.9	3,241.8
TERRITORIAL ADMINISTRATION	83	10.8	19.4	23.3	28.7	38.8	71.7	62.6	162.2
FOREIGN AFFAIRS	84	16.2	17.5	31.2	32.3	121.5	127.7	150.8	329.9
NATIONAL DEFENSE	85	51.9	61.8	90.9	173.7	328.3	419.0	311.8	816.5
VETERANS	86	2.0	3.4	3.9	5.7	7.9	2.2	4.3	6.6
JUSTICE	87	7.3	8.6	10.6	13.7	25.9	28.4	44.3	54.9
FINANCE 1/	88	91.3	110.6	104.2	138.5	467.5	1,041.8	1,432.1	1,478.1
NATIONAL ECONOMY	89	0.8	1.4	1.3	6.6	2.8	3.7	6.2	94.1
ORIENTATION (INFORMATION)	90	1.8	10.3	12.5	15.0	15.9	16.7	26.9	51.6
PERM COMM PUBLIC ADMIN	91	7.0	6.7	7.9	9.8	18.2	6.2	7.8	19.4
TERRITORIAL ORGANIZATION	92	0.7	1.3	1.7	1.9	3.3	4.0	7.8	14.1
COMMERCE	93	0.2	1.0	1.2	2.1	3.4	1.7	4.0	5.2
PLAN	94	-	-	-	4.1	6.8	11.4	17.3	109.3
PRIME MINISTER'S OFFICE	95	-	6.3	8.5	-	-	-	62.0	99.9
SOCIAL SERVICES	96	119.8	179.0	242.1	343.9	667.4	1,081.3	1,894.6	2,267.9
EDUCATION	97	109.5	135.7	186.9	276.0	543.8	912.9	1,604.1	1,741.5
PUBLIC HEALTH	98	8.0	36.1	48.7	56.4	96.6	114.1	204.1	341.6
CULTURE AND ARTS	99	1.1	2.2	0.7	1.7	5.2	6.8	8.1	24.4
LABOR	100	0.7	0.8	0.7	1.1	1.5	1.8	3.1	3.0
SPORTS	101	0.5	1.7	2.3	3.6	8.4	11.9	13.1	22.2
ENVIRONMENT	102	-	2.5	2.8	5.1	11.9	23.9	43.6	102.1
SOCIAL AFFAIRS	103	-	-	-	-	-	9.9	18.5	33.1
ECONOMIC SERVICES	104	40.5	65.2	70.4	104.3	181.3	282.3	450.0	760.9
AGRICULTURE	105	4.3	20.6	24.0	33.5	40.8	55.2	109.6	167.7
RURAL DEVELOPMENT	106	-	-	-	4.2	13.0	21.0	34.5	58.4
PUBLIC WORKS	107	24.6	32.6	38.1	47.0	103.0	143.6	238.1	401.6
MINING	108	0.8	0.7	0.7	1.3	1.3	1.9	3.4	8.2
TRANSP & COMM	109	10.3	8.5	7.0	16.5	17.7	30.0	42.3	55.7
POST, TELECOMM	110	0.1	0.1	-	0.8	0.5	3.6	7.8	8.6
ENERGY	111	0.4	2.6	0.6	1.0	4.8	7.8	4.2	7.7
PORTFOLIO	112	-	0.2	-	-	0.2	19.2	10.1	53.0
TOTAL ALLOCATED EXPENDITURE	113	350.3	492.5	609.7	880.3	1,889.0	3,098.1	4,482.5	6,270.6

TABLE 5.5
ZAIRE: BUDGETARY CURRENT EXPENDITURE, FUNCTIONAL CLASSIFICATION, 1975-82
(MILLIONS ZAIRES)

ITEM		1975	1976	1977	1978	1979	1980	1981	1982
UNCLASSIFIED EXPENDITURES	114	144.2	163.3	237.5	281.3	502.7	752.3	1,481.5	2,183.3
PRESIDENCY & REL SERVICES	115	77.8	82.9	87.8	131.0	218.3	404.1	497.3	983.1
TOWNS & REGIONS	116	20.7	18.1	22.0	39.3	65.5	65.3	136.9	216.3
OTHER	117	45.7	62.3	127.7	111.0	218.9	282.9	847.3	983.9
TOTAL CURRENT EXPENDITURE	118	494.5	655.8	847.2	1,161.6	2,391.7	3,850.4	5,964.0	8,453.9

SOURCE: BANK OF ZAIRE AND MINISTRY OF FINANCE

1/ INCLUDES PUBLIC DEBT PAYMENTS.

TABLE ZAI/5B/4

TABLE 5.6
ZAIRE: BUDGETARY CURRENT EXPENDITURE, FUNCTIONAL CLASSIFICATION, 1975-82
(PERCENTAGES)

ITEM		1975	1976	1977	1978	1979	1980	1981	1982
GENERAL SERVICES	82	38.4	37.9	35.1	37.2	43.5	45.0	35.8	38.3
TERRITORIAL ADMINISTRATION	83	2.2	3.0	2.8	2.5	1.6	1.9	1.0	1.9
FOREIGN AFFAIRS	84	3.3	2.7	3.7	2.8	5.1	3.3	2.5	3.9
NATIONAL DEFENSE	85	10.5	9.4	10.7	15.0	13.7	10.9	5.2	9.7
VETERANS	86	0.4	0.5	0.5	0.5	0.3	0.1	0.1	0.1
JUSTICE	87	1.5	1.3	1.3	1.2	1.1	0.7	0.7	0.6
FINANCE 1/	88	18.5	16.9	12.3	11.9	19.5	27.1	24.0	17.5
NATIONAL ECONOMY	89	0.2	0.2	0.2	0.6	0.1	0.1	0.1	1.1
ORIENTATION (INFORMATION)	90	0.4	1.6	1.5	1.3	0.7	0.4	0.5	0.6
PERM COMM PUBLIC ADMIN	91	1.4	1.0	0.9	0.8	0.8	0.2	0.1	0.2
TERRITORIAL ORGANIZATION	92	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.2
COMMERCE	93	0.0	0.2	0.1	0.2	0.1	0.0	0.1	0.1
PLAN	94	-	-	-	0.4	0.3	0.3	0.3	1.3
PRIME MINISTER'S OFFICE	95	-	1.0	1.0	-	-	-	1.0	1.2
SOCIAL SERVICES	96	24.2	27.3	28.6	29.6	27.9	28.1	31.8	26.8
EDUCATION	97	22.1	20.7	22.1	23.8	22.7	23.7	26.9	20.6
PUBLIC HEALTH	98	1.6	5.5	5.7	4.9	4.0	3.0	3.4	4.0
CULTURE AND ARTS	99	0.2	0.3	0.1	0.1	0.2	0.2	0.1	0.3
LABOR	100	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.0
SPORTS	101	0.1	0.3	0.3	0.3	0.4	0.3	0.2	0.3
ENVIRONMENT	102	-	0.4	0.3	0.4	0.5	0.6	0.7	1.2
SOCIAL AFFAIRS	103	-	-	-	-	-	0.3	0.3	0.4
ECONOMIC SERVICES	104	8.2	9.9	8.3	9.0	7.6	7.3	7.5	9.0
AGRICULTURE	105	0.9	3.1	2.8	2.9	1.7	1.4	1.8	2.0
RURAL DEVELOPMENT	106	-	-	-	0.4	0.5	0.5	0.6	0.7
PUBLIC WORKS	107	5.0	5.0	4.5	4.0	4.3	3.7	4.0	4.8
MINING	108	0.2	0.1	0.1	0.1	0.1	0.0	0.1	0.1
TRANSP & COMM	109	2.1	1.3	0.8	1.4	0.7	0.8	0.7	0.7
POST, TELECOMM	110	0.0	0.0	-	0.1	0.0	0.1	0.1	0.1
ENERGY	111	0.1	0.4	0.1	0.1	0.2	0.2	0.1	0.1
PORTFOLIO	112	-	0.0	-	-	0.0	0.5	0.2	0.6
TOTAL ALLOCATED EXPENDITURE	113	70.8	75.1	72.0	75.8	79.0	80.5	75.2	74.2

TABLE 5.6
ZAIRE: BUDGETARY CURRENT EXPENDITURE, FUNCTIONAL CLASSIFICATION, 1975-82
(PERCENTAGES)

ITEM		1975	1976	1977	1978	1979	1980	1981	1982
UNCLASSIFIED EXPENDITURES	114	29.2	24.9	28.0	24.2	21.0	19.5	24.8	25.8
PRESIDENCY & REL SERVICES	115	15.7	12.6	10.4	11.3	9.1	10.5	8.3	11.6
TOWNS & REGIONS	116	4.2	2.8	2.6	3.4	2.7	1.7	2.3	2.6
OTHER	117	9.2	9.5	15.1	9.6	9.2	7.3	14.2	11.6
TOTAL CURRENT EXPENDITURE	118	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

SOURCE: BANK OF ZAIRE AND MINISTRY OF FINANCE

1/ INCLUDES PUBLIC DEBT PAYMENTS.

DERIVED FROM TABLE ZAI/5B/4

TABLE 5.7
ZAIRE: BUDGETARY CAPITAL EXPENDITURE, FUNCTIONAL CLASSIFICATION, 1975-83
(MILLIONS ZAIRES)

ITEM		1975	1976	1977	1978	1979	1980	1981	1982	1983
DIRECT INVESTMENTS	144	101.7	148.3	102.3	119.7	129.3	246.4	539.7	1,061.1	795.5
GENERAL SERVICES	119	27.3	36.4	13.6	14.2	9.1	17.2	43.7	69.5	87.9
FINANCE	121	4.4	7.8	5.5	7.4	7.4	5.7	33.1	39.5	73.6
ORIENTATION (INFORMATION)	122	4.4	6.8	2.6	0.8	-	5.8	8.3	1.7	-
NATIONAL DEFENSE	123	18.5	17.9	5.5	6.0	1.7	5.7	2.3	28.2	14.3
COMMERCE	125	-	3.9	-	-	-	-	-	-	-
JUSTICE	168	-	-	-	-	-	-	-	0.1	-
TERRITORIAL ADMIN	169	-	-	-	-	-	-	0.9	-	-
SOCIAL SERVICES	126	0.7	6.3	7.2	14.3	8.7	36.2	34.4	199.1	115.8
EDUCATION	127	0.4	5.0	5.2	5.2	5.7	20.8	27.0	76.6	61.3
PUBLIC HEALTH	128	-	0.7	-	3.0	-	8.8	6.4	113.0	54.5
SPORTS	129	-	0.1	-	-	-	0.2	-	-	-
CULTURE AND ARTS	130	0.3	-	-	-	-	3.3	-	-	-
ENVIRONMENT	131	-	0.5	2.0	6.1	3.0	3.1	1.0	8.0	-
SOCIAL AFFAIRS	170	-	-	-	-	-	-	-	1.5	-
ECONOMIC SERVICES	132	48.6	99.0	70.9	83.6	110.9	175.0	421.0	711.6	472.7
AGRICULTURE	133	2.9	11.3	2.5	18.5	11.9	32.4	19.6	7.6	27.2
PUBLIC WORKS	134	13.6	22.3	15.4	12.8	18.5	21.9	35.5	157.4	100.2
MINING	135	0.2	0.7	0.3	0.3	1.5	1.4	-	2.1	-
TRANSP & COMM	136	5.8	12.1	9.9	6.2	16.6	34.6	28.7	82.7	97.6
POST, TELECOMM	137	0.2	-	0.1	-	3.0	0.8	4.6	10.7	-
ENERGY	138	25.9	42.7	37.9	45.5	52.5	75.2	298.8	340.6	137.1
PORTFOLIO	139	-	9.9	4.8	0.3	1.7	2.5	15.3	85.8	69.6
PLAN	140	-	-	-	-	1.2	4.1	12.7	23.7	41.0
RURAL DEVELOPMENT	141	-	-	-	-	4.0	2.1	5.8	1.0	-
TOTAL ALLOC DIRECT INVEST	142	76.6	141.7	91.7	112.1	128.7	228.4	499.1	980.2	676.4
UNCLASS INV (PRESIDENCY)	143	25.1	6.6	10.6	7.6	0.6	18.0	39.9	80.9	119.1
INDIRECT INVESTMENTS 1/	145	1.0	2.9	8.0	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE	146	102.7	151.2	110.3	119.7	129.3	246.4	539.7	1,061.1	795.5

SOURCE: BANK OF ZAIRE MINISTRY OF FINANCE

1/ MANAGED BY THE PRESIDENCY AND THE MINISTRY OF FINANCE.

TABLE ZAI/5B/5

Table 5.8
ZAIRE: Public Enterprises Dividends Credited by Sector
(Million zaires)

	1976	1977	1978	1979	1980	1981	1982	1983	Total
Public	0.2	0.7	4.3	2.7	7.8	4.3	21.9	79.1	121.0
<u>Agro-industrial</u>	-	-	1.0	-	0.6	0.3	-	0.3	2.2
CsCo	-	-	-	-	0.6	0.3	-	-	0.9
ONDE	-	-	-	-	-	-	-	0.3	0.3
SOSIDER	-	-	1.0	-	-	-	-	-	1.0
<u>Mining and energy</u>	-	-	3.3	1.7	6.0	4.0	21.5	60.9	97.4
KILO-MOTO	-	-	-	-	6.0	3.0	7.0	6.0	22.0
REGIDESO	-	-	3.3	1.7	-	1.0	6.5	5.0	17.5
PETRO-ZAIRE	-	-	-	-	-	-	8.0	45.1	53.1
SNEL	-	-	-	-	-	-	-	4.8	4.8
<u>Transport & Comm.</u>	0.2	-	-	-	-	-	-	-	0.2
CMZ	0.2	-	-	-	-	-	-	-	0.2
<u>Commerce & Services</u>	-	0.7	-	1.0	-	-	0.4	2.4	4.5
SOZACOM	-	0.7	-	1.0	-	-	-	2.4	4.1
Economat du Peuple	-	-	-	-	-	-	0.4	-	0.4
<u>Finance</u>	-	-	-	-	1.2	-	-	15.5	16.7
Banque du Peuple	-	-	-	-	1.2	-	-	5.5	6.7
SONAS	-	-	-	-	-	-	-	10.0	10.0
Mixed	0.5	1.3	6.2	5.9	43.2	55.4	85.0	366.6	564.1
<u>Agro-industrial</u>	-	0.4	0.8	1.6	2.8	3.3	7.8	12.4	29.2 ^{1/}
PLZ	-	-	-	-	0.3	-	-	1.1	1.4
Kwilu-Ngongo Sugar	-	-	-	-	0.2	-	-	-	0.2
Zaire-SOZATOLE	-	-	-	-	0.5	0.6	1.8	1.7	4.6
SOTEXKI	-	0.4	0.6	0.6	0.8	1.0	1.2	1.4	6.0
MIDEMA	-	-	0.2	1.0	1.0	1.2	3.7	6.2	13.3
BRALIMA	-	-	-	-	-	0.4	0.7	1.0	2.1
GROUPE CHANIMETAL	-	-	-	-	-	0.1	0.2	0.2	0.5
NOGUEIRA	-	-	-	-	-	-	-	0.3	0.3
GRELKA	-	-	-	-	-	-	-	0.3	0.3
CIZA	-	-	-	-	-	-	-	0.1	0.1
Sucriere de KILIBA	-	-	-	-	-	-	0.2	0.1	0.3
<u>Mining and energy</u>	-	0.2	1.5	-	22.8	33.4	45.8	297.9	401.6
SOZIR	-	-	1.3	-	1.4	-	2.1	9.0	13.8
SOMINKI	-	0.2	0.2	-	0.8	1.5	2.2	2.4	7.3
Gulf Air Zaire	-	-	-	-	10.9	15.6	22.3	130.7	179.5
ZAIREP	-	-	-	-	6.4	10.0	11.3	92.4	120.1
MIANDA OIL	-	-	-	-	3.3	6.3	7.9	63.4	80.9
<u>Commerce & Services</u>	0.3	0.2	3.4	3.3	16.7	17.5	29.7	54.4	126.8 ^{2/}
ZAIRE-SHELL	-	-	-	0.7	8.3	5.5	7.1	6.8	28.4
Grand Hotels du Zaire	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	1.7
ZAIRE-TEXACO	-	-	0.3	0.2	1.9	4.3	4.7	5.0	16.4
ZAIRE-MOBIL	-	-	0.9	1.7	1.3	5.6	4.8	15.4	29.7
ZAIRE-FINA	-	-	2.0	0.5	5.0	1.8	12.4	26.9	48.6
SODIAZ	-	-	-	-	-	0.1	0.3	0.1	0.5
KIN-CENTER	-	-	-	-	-	-	0.2	-	0.2
<u>Finance</u>	0.2	0.5	0.5	1.0	0.9	1.2	1.7	1.9	8.8 ^{3/}
UZB	-	0.3	0.2	0.1	0.3	0.5	0.7	0.7	2.8
BCZ	0.2	0.2	0.3	0.4	0.5	0.6	0.8	1.0	4.0
SOFIDE	-	-	-	0.1	0.1	0.1	0.2	0.2	0.7
CHANIC S.A.	-	-	-	0.4	-	-	-	-	0.4
GEOMINES	-	-	-	-	-	-	-	-	-
Total public enterprises	0.7	2.0	10.5	8.6	51.0	59.7	106.9	445.7	685.1
% of total	0.1	0.3	1.5	1.3	7.4	8.7	15.6	65.1	100.0

1/ Includes dividends from NEZA of Z 68,080 during 1976-83 and from MAZAL of Z 4,012 in 1978.

2/ Includes dividends from INZAL of Z 579,445 for the period 1976-83; from IPS-Zaire of Z 81,600 during 1978-83; from AMIZA of Z 630,180 from 1979-83; and from ZAIRE-MOTOR LTD. Z 36,657 in 1983.

3/ Includes dividends from SOBAKI of Z 379,062 during 1976-83; from COMETRAOIL of Z 458,238 during 1977-80; from COFIBEL of Z 52,006 from 1980-83; from Groupe Bruxelles Lambert of Z 6,686 from 1977-80; from IPS/SUISSE of Z 4,929 in 1980; from ELVACULTUR of Z 3,201 in 1980; and from COMETAUX S.A./Brussels of Z 180 in 1976.

Table 6.1

ZAIRE: Public Investment Program, 1983-85 and After
(Million zaïres in mid-1983 prices)

	<u>Total costs of PIP, 1983-85 and Beyond ^{1/}</u>				
	<u>Total</u>	<u>Domestic Financing</u>		<u>External Financing</u>	
		<u>Budget</u>	<u>Self-fin.</u>	<u>Secured</u>	<u>Required</u>
Agriculture	1949.8	655.8	89.7	1204.1	0.2
Mining	3658.4	3.0	2776.6	679.1	199.7
Energy/Water	3635.9	643.2	852.2	1260.7	879.8
Transportation	7829.1	2156.7	1364.3	2171.5	2136.6
Education	351.0	302.5	-	48.5	-
Health	302.1	211.7	-	90.4	-
Other	1317.3	1181.2	-	136.1	-
<u>Total</u>	<u>19043.6</u>	<u>5154.1</u>	<u>5082.8</u>	<u>5590.4</u>	<u>3216.3</u>
% Distribution	100.0	27.1	26.7	29.3	16.9
US\$ equivalent (million)	3311.9	896.4	884.0	972.2	559.4
		<u>Cost of PIP, 1983-85 Only</u>			
Agriculture	1027.0		392.0	635.0	-
Mining	2691.0		2012.0	570.0	109.0
Energy/Water	2190.0		900.0	860.0	430.0
Transportation	5071.0		2281.0	1652.0	1138.0
Education	206.0		177.0	29.0	-
Health	262.0		177.0	85.0	-
Other	756.0		722.0	34.0	-
<u>Total</u>	<u>12203.0</u>		<u>6661.0</u>	<u>3865.0</u>	<u>1677.0</u>
% Distribution	100.0		54.6	31.7	13.7
US\$ equivalent (million)	2122.3		1158.4	672.2	291.7

^{1/} Total investment required as of January 1983 to complete projects included in PIP.

Source: Ministry of Planning.

Table 6.2

ZAIRE: Public Investment Programs, 1981-83 and 1983-85 Compared
(Million zaires in mid-1983 prices)

	1981-83		1983-85	
	<u>Total</u>	<u>%</u>	<u>Total</u>	<u>%</u>
Agriculture	540.0	3.9	1027.0	8.4
Mining	4717.0	33.7	2691.0	22.1
Energy/Water	2212.0	15.8	2190.0	17.9
Transportation	4202.0	30.0	5071.0	41.6
Education	483.0	3.5	206.0	1.7
Health	182.0	1.3	262.0	2.1
Other	1655.0	11.8	756.0	6.2
<u>Total</u>	<u>13991.0</u>	<u>100.0</u>	<u>12203.0</u>	<u>100.0</u>
Financed by:				
Budget/Self-fin	5047.0	36.1	6661.0	54.6
External fin.	8944.0	63.9	5542.0	45.4
- secured	3807.0	(27.2)	(3865.0)	(31.7)
- required	5137.0	(36.7)	(1677.0)	(13.7)

Source: Ministry of Planning.

Table 6.3

ZAIRE: Sectoral Distribution of Public Investment Expenditures, 1981-1983
(Percentage)

	Total		1/	Zaires		1/	Foreign Exchange		1/
	Programmed	Actual		Programmed	Actual		Programmed	Actual	
Agriculture	3.8	7.6		4.8	11.0		3.4	4.9	
Mining	33.7	21.4		22.7	26.2		39.9	17.5	
Energy/Water	15.8	41.8		14.0	26.4		16.8	54.4	
Transportation	30.0	19.2		27.9	20.1		31.2	18.5	
Education	3.5	2.3		6.8	4.2		1.5	0.8	
Health	1.3	1.4		2.5	2.8		0.6	0.3	
Other	<u>11.8</u>	<u>6.2</u>		<u>21.3</u>	<u>9.3</u>		<u>6.5</u>	<u>3.6</u>	
Total	100.0	100.0		100.0	100.0		100.0	100.0	

1/ Actual for 1981/82, estimated for 1983.

Source: Ministry of Planning, Programme intérimaire de Réhabilitation Economique,
Volume II, p. 24.

Table 6.4
ZAIRE: Estimated Financial Execution of Public Investment Program, 1983-85
 (Million zaires; in 1985 prices)

	Total Cost of PRINT, 1983-85 and Beyond						
	Planned 1983-85	Execution 1/				Remaining Cost 2/	Total
		Total	1983	1984	1985		
Agriculture	5,847	8,339	4,812	1,725	1,802	13,560	21,899
Mining	15,558	17,759	3,415	4,125	10,219	18,543	36,302
Electricity/Water	13,009	5,679	2,149	1,434	2,096	9,300	14,979
Transport	27,326	12,495	2,273	4,260	5,962	9,059	21,554
Education	713	380	122	95	163	351	731
Health	1,132	563	235	162	166	1,328	1,891
Other	2,276	1,759	654	514	591	2,994	4,753
Total	65,816	46,974	13,660	12,315	20,999	55,135	102,109
Financing							
External	41,445	17,887	5,761	4,624	7,502	24,551	42,438
Domestic:	14,416	29,087	7,899	7,691	13,497	30,584	59,671
(Budget)	(8,978)	(4,550)	(1,252)	(1,289)	(2,009)	(11,572)	(16,122)
(Self-financing)	(5,438)	(24,537)	(6,647)	(6,402)	(11,488)	(19,012)	(43,549)
Projects (Outside PRINT) 3/	9,987	9,987	1,870	1,202	6,915	9,554	19,541
Total Expenditures	75,803	56,961	15,530	13,517	27,914	64,689	121,650

1/ Actual for 1983, estimated for 1984 and programmed for 1985.

2/ Based on project-by-project submission.

3/ For sectoral distribution, see Statistical Appendix Table 6.5.

Source: Ministry of Planning.

Table 6.5
ZAIRE: Expenditures on non-PIP Projects, 1983-85
 (Million zaires; in 1985 prices)

	E x e c u t i o n				Remaining Cost	Total Cost 1983-85 & Beyond
	1983	1984	1985	Total		
Agriculture	364	292	638	1,294	3,063	4,357
Mining	46	251	3,189	3,486	2,892	6,378
Electricity/Water	71	3	586	660	1,117	1,777
Transport	1,333	584	1,885	3,802	1,920	5,722
Education	12	18	54	84	400	484
Health	18	23	213	254	-	254
Other	26	31	350	407	162	569
Total	1,870	1,202	6,915	9,987	9,554	19,541
Financing						
External	1,508	618	5,573	7,699	5,470	13,169
Domestic	362	584	1,342	2,288	4,084	6,372
(Budget)	(254)	(308)	(534)	(1,096)		
(Self-financing)	(108)	(276)	(808)	(1,192)		

NOTE: See footnotes accompanying Statistical Appendix Table 6.4.

Source: Ministry of Planning.

TABLE 7.1
ZAIRE: MONETARY SURVEY, 1976-83 1/
(MILLIONS ZAIRES; END OF PERIOD)

ITEM		1976	1977	1978	1979	1980	1981	1982	1983
NET FOREIGN ASSETS (BROAD)	1	-307.3	-372.4	-954.4	-1,046.4	-713.5	-2,092.0	-4,589.6	-18,941.0
NET FOREIGN ASSETS (NARROW)	2	-89.4	-28.1	64.4	259.8	464.6	-1,912.0	-3,427.0	-16,014.0
FOREIGN ASSETS	3	149.2	244.5	532.0	872.0	1,578.7	2,230.7	1,596.3	9,317.0
FOREIGN LIABILITIES	4	238.6	272.6	467.6	612.2	1,114.1	4,142.7	5,023.3	25,331.0
FOREIGN CURRENCY DEPOSITS	5	-217.9	-344.3	-1,018.8	-1,306.2	-1,178.1	-180.0	-1,162.6	-2,927.0
PROVISIONS FOR EXTERNAL ARREARS OTHER THAN SERVI PAYMENTS ON EXT PUB DEBT	6	-198.6	-316.3	-973.6	-1,245.9	-1,031.6	-1,495.9	-1,314.3	-5,753.2
NET DOMESTIC ASSETS	7	1,040.0	1,498.6	2,204.6	2,330.3	3,380.5	5,219.0	10,554.0	14,149.0
NET CLAIMS ON GOVERNMENT	8	831.6	1,054.8	1,578.3	2,062.2	2,329.4	3,783.6	7,887.7	10,252.2
CREDIT TO ENTERPR AND HOUSEH	9	385.7	537.0	641.0	878.7	1,014.3	1,342.4	1,931.1	2,881.8
OTHER NET DOMESTIC ASSETS (B	10	-177.3	-93.2	-14.7	-610.6	36.8	93.0	735.2	1,015.0
MONEY SUPPLY 2/	11	738.1	1,153.9	1,854.5	2,084.9	3,367.3	4,644.9	8,057.4	14,002.0
REVALUATION GAINS AND LOSSES	12	-44.6	-66.9	-682.7	-947.7	-970.0	-2,065.9	-2,641.0	-21,231.0
SDR ALLOCATION COUNTERPART	13	39.2	39.2	78.4	146.7	269.7	548.0	548.0	2,437.0

SOURCE: IMF

1/ EXCLUDING DEPOSITS OF ENTERPRISES AND HOUSEHOLDS WITH THE POSTAL
CHECKING SYSTEM AND THEIR COUNTERPART.2/ SUM OF CURRENCY IN CIRCULATION, DEMAND AND TIME DEPOSITS.
INCLUDES DEPOSITS OF SUBORDINATE PUBLIC AUTHORITIES WITH COMMERCIAL
BANKS.

TABLE ZAI/6M/1

TABLE 7.2
 ZAIRE: FACTORS AFFECTING MONETARY EXPANSION, 1977-83 1/
 (MILLIONS ZAIRES; END OF PERIOD)

ITEM		1977	1978	1979	1980	1981	1982	1983
NET FOREIGN ASSETS (BROAD)	1	-372.4	-582.0	-92.0	332.9	-1,378.5	-2,497.6	-14,351.4
NET FOREIGN ASSETS (NARROW)	2	-28.1	92.5	195.4	204.8	-2,376.6	-1,515.0	-12,587.0
FOREIGN ASSETS	3	244.5	287.5	340.0	706.7	652.0	-634.4	7,720.7
FOREIGN LIABILITIES	4	272.6	195.0	144.6	501.9	3,028.6	880.6	20,307.7
FOREIGN CURRENCY DEPOSITS	5	-344.3	-674.5	-287.4	128.1	998.1	-982.6	-1,764.4
PROVISIONS FOR EXTERNAL ARREARS OTHER THAN SERVI PAYMENTS ON EXT PUB DEBT	6	-316.3	-657.3	-272.3	214.3	-464.3	181.6	-4,438.9
NET DOMESTIC ASSETS	7	1,498.6	706.0	125.7	1,050.2	1,838.5	5,335.0	3,595.0
NET CLAIMS ON GOVERNMENT	8	1,054.8	523.5	483.9	267.2	1,454.2	4,104.1	2,364.5
CREDIT TO ENTERPR AND HOUSEH	9	537.0	104.0	237.7	135.6	328.1	588.7	950.7
OTHER NET DOMESTIC ASSETS (B	10	-93.2	78.5	-595.9	647.4	56.2	642.2	279.8
MONEY SUPPLY 2/	11	1,153.9	700.6	230.4	1,282.4	1,277.6	3,412.5	5,944.6
REVALUATION GAINS AND LOSSES	12	-66.9	-615.8	-265.0	-22.3	-1,095.9	-575.1	-18,590.0
SDR ALLOCATION COUNTERPART	13	39.2	39.2	68.3	123.0	278.3	-	1,889.0

SOURCE: IMF

1/ EXCLUDING DEPOSITS OF ENTERPRISES AND HOUSEHOLDS WITH THE POSTAL
CHECKING SYSTEM AND THEIR COUNTERPART.

2/ SUM OF CURRENCY IN CIRCULATION, DEMAND AND TIME DEPOSITS,
INCLUDES DEPOSITS OF SUBORDINATE PUBLIC AUTHORITIES WITH COMMERCIAL
BANKS.

DERIVED FROM TABLE ZAI/6M/1

TABLE 7.3
ZAIRE: COMMERCIAL BANK LOANS OUTSTANDING BY SECTOR, 1975-83
(MILLIONS ZAIRES; END OF PERIOD)

ITEM		1975	1976	1977	1978	1979	1980	1981	1982	1983
AGRICULTURE 1/	15	58.6	90.1	148.5	194.6	275.3	393.6	475.9	670.6	1,145.3
MINING	16	2.9	7.8	30.3	26.7	30.9	35.8	54.8	81.3	35.3
MANUFACTURING	17	78.5	78.4	97.1	104.9	163.8	165.2	251.3	381.4	571.8
CONSTRUCTION	18	5.1	5.3	4.8	9.6	18.2	22.7	24.5	27.2	142.0
PUBLIC UTILITIES	19	0.1	0.8	0.8	3.4	7.3	1.7	7.8	27.0	12.9
TRANSF & TELECOMM	20	24.0	25.2	22.4	36.6	46.7	26.0	30.7	92.7	87.8
COMMERCE	21	83.7	128.4	165.1	202.7	227.9	250.3	312.9	384.7	614.1
SERVICES	22	15.3	16.9	18.3	24.8	25.5	30.2	47.2	33.6	38.0
OTHER 2/	23	51.2	32.8	49.7	37.7	28.3	29.5	54.3	90.8	110.6
TOTAL	24	319.4	385.7	537.0	641.0	823.9	954.9	1,259.3	1,789.4	2,757.8

SOURCE BANK OF ZAIRE AND IMF

2/ INCLUDES HOUSEHOLDS.

1/INCLUDES ANIMAL HUSBANDRY, FISHING, AND FORESTRY.

TABLE ZAI/6M/2

Table 7.4

ZAIRE: SOFIDE Operations by Sector and Region, 1981-83
(Thousand zaires)

<u>Sector of Activity</u>	<u>1981-83</u>		<u>1983-85</u>		<u>1983</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Agriculture	29,158	21	36,192	35	95,237	23
Manufacturing (incl. agro- industries)	76,848	57	47,912	46	221,453	53
Mining	9,776	7	1,140	1	27,395	7
Construction and Public Works	8,031	6	4,172	4	36,748	9
Transport	10,236	8	11,284	11	34,012	8
Other Services	1,324	1	2,775	3	1,162	-
Adjustment due to devaluation	-	-	-	-	<u>526,462</u>	-
Total	134,873	100	103,475	100	942,469	100
<u>Type of Project</u>						
New	12,536	9	12,008	12	70,913	17
Expansion	57,107	43	63,044	61	319,742	77
Working Capital	22,016	16	8,517	8	25,352	6
Supplementary loans	43,214	32	19,906	19	-	-
Adjustment due to devaluation	-	-	-	-	<u>526,462</u>	-
Total	134,873	100	103,475	100	942,469	100
<u>Project Location</u>						
Kinshasa	49,077	36	18,248	18	99,371	24
Bas Zaire	12,340	9	9,997	10	80,746	19
Bandundu	11,351	8	12,968	12	20,720	5
Shaba	14,439	11	27,010	26	57,900	14
Kivu	5,311	4	16,100	15	45,831	11
Haut Zaire	5,667	4	1,868	2	30,945	7
Kasai Occidental	14,879	11	4,929	5	23,591	6
Kasai Oriental	4,719	4	8,261	8	16,848	4
Equateur	17,090	13	4,094	4	40,055	10
Total	134,873	100	103,475	100	416,007	100
Adjustment due to devaluation	-	-	-	-	<u>526,462</u>	-
Total	134,873	100	103,475	100	942,469	100
Adjustment due to devaluation	-	-	-	-	-	-
Grand Total	134,873	100	103,475	100	942,469	100

Table 7.5

ZAIRE: SOFIDE Operations, 1970-83
(before cancellations)

<u>APPROVALS</u>	<u>Loans</u>	<u>Equity</u>	<u>Total</u>	<u>Operations</u>
	<u>Z</u>	<u>Investments</u>	<u>Z</u>	
	<u>Z</u>	<u>Z</u>	<u>Z</u>	
1970 (5 months)	1,300	-	1,300	5
1971	5,382	400	5,782	18
1972	2,135	122	2,257	12
1973	4,441	373	4,814	18
1974	6,403	150	6,553	25
1975	5,199	40	5,239	24
1976	9,424	597	10,021	36
1977	21,651	366	22,017	51
1978	22,443	180	22,613	46
1979	50,406	1,258	51,664	63
1980	65,930	200	66,130	39
1981	134,874	-	134,874	113
1982	100,400	3,075	103,475	94
1983	942,469	-	942,469	125
<u>COMMITMENTS</u>				
1970 (5 months)	500	-	500	
1971	4,500	-	4,500	
1972	3,600	-	4,100	
1973	2,600	-	2,800	
1974	5,600	-	5,700	
1975	4,095	-	4,095	
1976	7,172	-	7,172	
1977	16,805	-	16,805	
1978	17,429	180	17,609	
1979	17,762	-	17,762	
1980	38,573	200	38,773	
1981	143,300	-	143,300	
1982	83,200	-	83,200	
1983	520,900	-	520,900	
<u>DISBURSEMENTS</u>				
1970 (5 months)	-	-	-	
1971	2,298	-	2,298	
1972	3,521	403	3,924	
1973	2,574	131	2,705	
1974	3,008	111	3,119	
1975	3,453	-	3,453	
1976	5,728	220	5,948	
1977	8,387	209	8,596	
1978	10,985	506	11,491	
1979	23,245	1,076	24,320	
1980	54,636	-	54,836	
1981	48,400	-	48,400	
1982	93,800	-	93,800	
1983	617,300	-	617,300	

Table 7.6

ZAIRE - Interest Rate Structure, 1979-83
(Percentage; end of period)

	January 1, 1979	March 10, 1980	April 1, 1981	September 12, 1983
<u>Commercial bank deposit rates</u>				
Savings deposits	3.25	3.25	5.0	5.0
Time deposits				
3-6 months	5.0	5.0	8.0	8.0
6-12 months	10.0	15.0	20.0	20.0
12-24 months	15.0	25.0	30.0	30.0
over 24 months	18.0	negotiable	negotiable	negotiable
<u>Commercial bank loan rates</u>				
<u>Rediscountable credit</u>				
Short-term				
Loans for production & equipment	7.5	7.5	11.0	negotiable ^{1/}
Other	12.0	12.0	negotiable	negotiable
Medium- and Long-term				
Loans for equipment in agricultural and agro-industrial activities	9.0	9.0	12.5	negotiable ^{1/}
Other	15.0	15.0	negotiable	negotiable
<u>Nonrediscountable credit</u>				
Short-term	18.0	18.0	22.0	negotiable
Medium- and Long-term	20.0	20.0	negotiable	negotiable
<u>Refinancing rates</u>				
<u>Rediscount rates</u>				
Basic rate	12.0	12.0	15.0	20.0
Short-term production & equipment	5.0	5.0	9.0	..
Medium- and long-term	7.0	7.0	10.0	..
Treasury bonds	bond yield	bond yield	bond yield	bond yield
Advances to banks ^{2/}	12.0	12.0	15.0	20.0
<u>Advances with collateral</u>				
Government securities as collateral	6.0	6.0	10.0	..
Commercial paper as collateral				
Short-term	7.0	7.0	12.0	..
Medium-term	8.0	8.0	13.0	..

^{1/} Except for loans to the noncoffee agricultural sector which now carry an interest rate of 15 percent.

^{2/} Advances made in connection with interbank clearing at the Bank of Zaire.

Source: Bank of Zaire.

TABLE 8.1
ZAIRE: AGRICULTURAL PRODUCTION, 1975-83
(THOUSANDS METRIC TONS)

ITEM		1975	1976	1977	1978	1979	1980	1981	1982	1983
PALM OIL	1	145.0	128.6	104.9	98.6	98.5	93.2	97.8	88.2	89.0
PALM KERNEL OIL	2	29.0	23.1	22.2	20.2	18.4	22.6	22.9	22.1	18.0
PALM HUSKS	3	31.0	32.3	29.7	26.2	25.5	27.7	33.9	22.3	20.0
COFFEE	4	59.4	109.5	64.7	87.0	67.8	80.3	72.6	73.0	57.8
ROBUSTA	5	51.4	88.7	56.5	76.8	60.0	73.9	64.0	64.9	51.4
ARABICA 1/	6	8.0	20.8	8.2	10.2	7.8	6.4	8.6	8.1	6.4
COTTON (FIBER)	7	16.3	11.4	10.0	5.0	6.0	9.7	10.6	8.3	9.5
COTTON OIL	8	1.3	0.9	0.2	0.3	0.1	-	0.1	0.1	0.1
RUBBER	9	28.7	23.8	30.0	28.4	19.9	21.3	20.2	17.3	17.0
MAIZE 2/	10	125.0	128.0	130.0	125.0	128.0	131.8	142.7	153.7	-
MANIOC 2/	11	800.0	819.0	809.0	785.0	808.5	832.8	857.8	881.9	-
RICE 2/	12	135.0	137.0	127.0	127.0	130.8	134.7	140.4	144.8	-
COCOA	13	5.4	4.4	3.9	4.3	3.5	4.2	4.5	4.2	4.0
TEA	14	5.7	6.4	5.2	4.8	3.7	2.5	3.1	4.0	2.8
SUGARCANE	15	614.4	468.3	553.9	475.3	491.8	482.9	482.9	497.4	485.0
TOBACCO	16	1.1	1.0	0.9	1.4	1.6	1.9	2.6	2.2	2.2
TIMBER LOGS (THS. CUBIC MTRS)	17	217.5	265.2	321.7	331.7	350.0	325.0	350.0	375.0	386.5
TIMBER SAWN (THS. CUBIC MTRS)	18	79.0	71.1	95.8	101.5	88.0	68.1	61.3	73.5	73.6
CINCHONA BARK 1/	19	1.9	2.9	2.0	5.2	0.9	1.7	2.3	2.0	2.1

SOURCE: BANK OF ZAIRE AND MISSION ESTIMATES

1/ EXPORTS ONLY

2/ COMMERCIALIZED PRODUCTION ONLY.

TABLE ZAI/7A/1

TABLE 8.2
ZAIRE: MINERAL PRODUCTION, 1975-83
(THOUSANDS METRIC TONS; UNLESS INDICATED)

ITEM		1975	1976	1977	1978	1979	1980	1981	1982	1983
COPPER	1	495.9	444.1	479.7	423.9	399.4	459.4	504.8	502.7	509.3
O.W. GECAMINES	17	463.4	407.7	452.4	391.0	370.0	425.7	469.6	454.0	-
ZINC CONCENTRATES	2	141.6	125.0	131.5	158.1	138.7	122.8	121.3	147.2	133.2
ZINC METAL	3	79.3	67.8	72.3	85.5	76.3	67.5	66.7	81.0	73.3
ELECTROLYTIC ZINC (GEC)	4	65.6	60.6	51.0	43.5	43.7	43.9	57.6	64.4	62.5
COBALT	5	13.6	10.7	10.2	13.1	14.0	14.5	11.2	5.6	5.3
CADMIUM	6	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.3	0.3
SILVER (THS KGS)	7	71.3	60.7	85.0	89.1	91.9	78.8	83.3	54.5	31.1
MANGANESE ORE 1/	8	308.5	182.2	41.0	-	-	6.6	17.6	-	-
CASSITERITE	9	6.4	5.3	5.1	4.4	3.5	3.2	3.3	3.2	2.5
ORES CONTAINING TIN	10	4.6	3.8	3.7	3.2	2.5	2.3	2.4	2.3	2.1
FOUNDRY TIN	11	0.6	0.5	0.7	0.5	0.5	0.2	0.4	0.4	0.1
GOLD (THS KGS)	12	3.2	2.8	2.5	2.4	2.3	1.3	2.0	1.6	1.4
DIAMONDS, LUBILASH(THS CARATS)	13	12.4	11.5	10.8	10.6	8.1	8.0	5.8	5.7	5.8
DIAMONDS, KASAI (THS CARATS)	14	0.4	0.3	0.4	0.6	0.7	2.2	1.0	0.4	6.2
COAL	15	89.0	109.1	127.9	106.6	109.2	137.3	129.4	113.7	99.4
CRUDE OIL (THS BARRELS) 2/	16	25.5	9,075.1	8,254.5	6,604.1	7,613.8	6,766.9	7,668.9	8,384.6	9,241.7

SOURCE BANK OF ZAIRE

1/ FROM 1975-79 THE DECLINE IN PRODUCTION REFLECTS THE CLOSURE OF THE BENGUELA RAILWAY.

2/ SOURCE: ZAIRE GULF AND ZAIREP

TABLE ZAI/8M/1

Table 8.3

ZAIRE: GECAMINES Production and Exports by Commodity, 1978-83
(Thousands Metric Tons)

	** PRODUCTION **					
	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Copper	391.3	369.8	425.7	468.2	466.4	465.8
Cobalt	13.1	14.0	14.5	11.1	5.6	5.4
Zinc	43.5	43.7	43.8	57.6	64.4	62.5
Silver (thou. kg)	89.1	91.7	78.8	80.1	59.2	39.5
Gold (kg)	129.0	104.0	115.0	103.0	83.0	43.0
Cadmium	0.2	0.2	0.2	0.2	0.3	0.3
Coal	106.6	109.2	139.5	129.8	122.9	n.a.
	** EXPORTS **					
Copper	411.2	354.0	436.7	404.6	508.2	479.8
Cobalt	15.0	10.5	6.9	3.4	7.3	9.5
Zinc	..	31.5	29.6	87.8	55.0	66.6
Silver (thou. kg)	..	68.0	83.5	57.5	71.8	33.1
Gold (kg)	..	113.0	99.0	8.0	9.0	8.0
Cadmium	..	0.2	0.3	0.1	0.3	0.3
Coal	..	..	..	..	..	..

Sources: Ministry of National Economy and Industry and IMF.

Table 8.4

ZAIRE - MIBA's Diamond Production and Sales, 1976-82
(Thousand carats)

	<u>Production</u>	<u>Sales</u>	
		<u>Volume</u>	<u>Revenue</u> (Mill US\$)
1976		11860	61.5
1977		10150	64.1
1978	10599	10660	102.3
1979	8063	7860	91.9
1980	8001	8101	88.0
1981	5754	6180	56.0
1982	5656		

Source: Ministry of National Economy and Industry and MIBA.

TABLE 8.5
ZAIRE: SELECTED PETROLEUM STATISTICS
(THOUSANDS METRIC TONS, UNLESS INDICATED)

ITEM		1974	1975	1976	1977	1978	1979	1980	1981	1982
CRUDE OIL PRODUCTION	20	-	3.0	1,238.0	1,126.0	901.0	1,020.0	907.5	1,006.0	-
IMPORTS	21	-	945.6	699.5	570.6	744.0	783.9	811.0	849.1	804.3
CRUDE OIL	22	-	586.2	385.8	142.1	202.4	383.4	366.1	285.3	89.7
REFINED PRODUCTS	23	-	359.4	313.7	428.6	541.6	400.5	444.9	563.8	714.6
REFINERY OPERATIONS										
CRUDE OIL REFINED 1/	24	697.5	614.7	364.2	168.3	200.3	406.6	420.5	300.8	89.7
REFINERY OUTPUT	25	692.1	565.0	334.4	147.7	180.8	379.3	393.4	278.1	81.6
REFINERY CONSUMPTION/LOSSES	26	33.4	49.6	29.8	20.6	19.4	27.3	27.1	22.6	8.1
DOMESTIC SALES	27	432.6	438.6	264.3	168.6	147.9	232.0	273.8	207.1	99.1
EXPORTS	28	226.9	106.8	84.6	9.4	10.1	138.4	137.2	60.6	12.5
CONSUMPTION (THS CUBIC METERS)	56	942.0	976.0	931.7	731.4	678.5	721.2	754.2	831.1	798.9
GASOLINE	29	233.0	251.0	229.5	175.1	169.8	166.2	136.3	139.0	137.4
AVIATION FUEL	30	17.0	14.0	11.1	7.8	10.5	8.3	9.0	8.0	7.6
KEROSENE	31	234.0	245.0	238.7	180.7	182.5	227.6	228.7	220.9	204.4
DIESEL OIL	32	370.0	376.0	370.5	294.4	247.1	256.8	316.7	372.7	375.0
FUEL OIL	33	88.0	90.0	81.9	73.4	68.6	62.3	63.5	90.5	74.5

800

SOURCE: ZAIRE SEP, PETRO-ZAIRE, SOZIR, MINISTRY OF ENERGY AND MINES
AND IMF

1/ PART OF REFINED CRUDE IS OBTAINED THROUGH THE EXCHANGE OF ZAIRIAN
CRUDE FOR ARABIAN LIGHT.

0.0=NOT AVAILABLE

TABLE ZAI/BM/2

Table 8.6

ZAIRE: SOZIR Refinery Production, 1976-83
(Thousand metric tons)

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
<u>Products</u>								
Liquified Gas	1.0	1.3	1.1	1.8	0.5	1.1	0.1	0.3
Premium Gasoline	29.9	19.9	32.8	56.9	62.4	47.8	13.8	7.7
Regular Gasoline	38.3	12.5	-	-	-	-	-	-
Kerosene/Jet Fuel	39.8	18.4	28.8	41.3	44.6	40.1	11.3	5.7
Diesel Oil	93.6	42.9	38.8	91.3	94.6	76.9	17.2	15.2
Fuel Oil	<u>131.8</u>	<u>52.7</u>	<u>79.4</u>	<u>188.0</u>	<u>191.3</u>	<u>112.3</u>	<u>39.2</u>	<u>15.7</u>
Total	334.4	147.7	180.9	379.3	393.4	278.1	81.6	44.6
Refinery Fuel and								
Loss	<u>29.8</u>	<u>20.6</u>	<u>19.4</u>	<u>27.3</u>	<u>27.1</u>	<u>22.7</u>	<u>8.1</u>	<u>4.4</u>
Total Crude Processed	<u>364.2</u>	<u>168.3</u>	<u>200.3</u>	<u>406.6</u>	<u>420.5</u>	<u>300.8</u>	<u>89.7</u>	<u>49.0</u>
Capacity Utilization (%)	48.6	22.4	26.7	54.2	56.1	40.1	12.0	6.5
Fuel and Loss (%)	8.2	12.2	9.7	6.7	6.4	7.6	9.0	8.9

Source: SOZIR

TABLE 8.7
ZAIRE: MANUFACTURING PRODUCTION INDICES, 1974-82
(1970=100)

ITEM		1974	1975	1976	1977	1978	1979	1980	1981	1982
CONSUMER GOODS INDUSTRIES	47	140.0	122.4	120.5	121.5	105.6	93.3	92.5	93.8	84.5
FOOD PRODUCTS	37	132.7	125.2	116.4	128.6	128.1	155.0	124.0	125.1	99.9
BEVERAGES	38	161.6	140.4	131.8	123.5	113.4	78.2	73.8	82.5	87.7
TOBACCO	39	194.6	109.5	79.4	73.6	78.9	58.3	55.0	58.2	90.1
CLOTHING	40	102.7	123.9	108.2	94.0	102.7	75.9	114.0	82.7	58.8
CLOTH PRINTING	41	149.5	137.7	163.4	144.7	110.4	110.5	126.0	106.2	94.5
SHOES AND LEATHER	42	85.9	57.5	72.4	81.2	38.7	30.5	26.0	38.5	37.9
CHEMICAL PRODUCTS	43	154.2	102.7	139.7	126.3	113.6	107.4	96.0	93.6	102.6
PLASTICS	44	160.6	158.5	142.9	170.7	152.5	95.6	89.4	110.5	116.4
METAL PROCESSING	45	140.7	61.1	112.1	97.6	127.9	113.5	152.8	169.8	102.4
PRINTING AND OTHERS	46	129.5	157.1	155.9	219.1	69.3	87.9	74.5	89.9	83.9
EQUIPMENT AND SUPPLY INDUSTRIES	54	117.7	118.1	101.0	98.0	84.5	84.4	82.1	85.9	81.7
TEXTILES	48	110.3	103.2	118.1	109.3	69.6	87.8	93.5	91.7	81.8
CHEMICAL	49	126.2	135.7	104.1	94.7	72.8	81.5	88.6	85.0	95.4
MECHANICAL	50	102.9	97.7	81.0	92.0	90.1	96.4	61.3	63.9	71.2
TRANSPORTATION MATERIAL	51	207.9	164.1	106.8	185.8	218.2	185.4	150.1	193.8	127.8
NON-METALLIC MINERALS	52	127.5	131.0	93.5	90.0	97.2	69.0	77.3	82.2	83.3
TIMBER PROCESSING	53	89.3	75.0	53.7	60.6	43.5	49.1	56.7	61.5	60.2
TOTAL MFG PROD INDEX	55	132.0	120.8	113.5	112.6	98.0	90.1	88.7	90.5	83.5

SOURCE: BANK OF ZAIRE

TABLE ZAI/8M/3

TABLE B.8
ZAIRE: CEMENT STATISTICS, 1975-82
(THS METRIC TONS)

ITEM		1975	1976	1977	1978	1979	1980	1981	1982
PRODUCTION	57	649.4	525.2	466.8	462.1	405.5	432.1	459.7	499.8
EXPORTS	58	74.9	47.8	52.0	25.8	31.0	62.6	90.7	117.2
CHANGE IN STOCKS	66	0.5	-	-	12.1	4.3	-0.1	-1.4	2.9
CONSUMPTION	59	574.0	477.4	414.8	424.2	370.2	369.6	370.4	379.7

SOURCE: BANK OF ZAIRE

TABLE ZAI/8M/4

TABLE 8.9
ZAIRE: ACTIVITIES OF MAJOR TRANSPORTATION CARRIERS, 1975-82

ITEM	1975	1976	1977	1978	1979	1980	1981	1982	
<u>MERCHANDISE (MILL TON/KM)</u>									
ONATRA	60	1,110.6	972.6	889.4	833.8	688.2	723.9	697.3	740.4
S.N.C.Z. 1/	61	2,937.8	2,318.5	2,258.9	2,085.9	1,921.0	2,182.7	2,277.8	2,239.4
AIR ZAIRE	62	108.1	127.7	161.0	158.7	151.4	190.4	186.2	136.0
<u>PASSENGERS (PERSONS/KM)</u>									
ONATRA	63	198.3	194.2	194.0	258.2	126.2	94.9	167.8	90.6
S.N.C.Z. 1/	64	772.9	862.8	491.2	654.3	665.6	487.2	649.0	434.3
AIR ZAIRE	65	639.7	687.1	783.0	830.7	798.2	821.6	936.1	757.2

SOURCE: BANK OF ZAIRE.

1/ THIS COMPANY REPRESENTS THE FORMER KDL, CFL, CFMK, CFM AND CVZ.

TABLE ZAI/8M/5

Table 8.10

ZAIRE: Production and Consumption of Electricity, By Region, 1976-82
(Thousand of Mwh)

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
<u>Gross Production 1/</u>	<u>4088</u>	<u>4140</u>	<u>4056</u>	<u>4068</u>	<u>4305</u>	<u>4212</u>	<u>4456</u>
Kinshasa, Bas-Zaire and Bandundu	947	996	1084	1121	1060	943	1468
Haut-Zaire	89	90	93	95	94	52	57
Kivu	111	115	134	142	152	141	106
Kasai Oriental and Occidental	64	60	81	87	89	11	18
Equateur	14	15	15	12	10	16	12
Shaba	2863	2864	2649	2611	2900	3049	2795
<u>Net Domestic Consumption</u>	<u>3700</u>	<u>3715</u>	<u>3524</u>	<u>3643</u>	<u>3888</u>	<u>3879</u>	<u>4038</u>
Kinshasa	614	612	639	694	653	732	688
Bas-Zaire and Bandundu	143	165	168	199	213	157	536
Haut-Zaire	80	82	78	86	85	41	48
Kivu	73	73	75	62	61	25	45
Kasai Oriental and Occidental	55	54	75	80	97	16	16
Equateur	13	13	13	12	10	14	12
Shaba	2722	2716	2476	2510	2769	2894	2693
of which:							
Mining sector	2548	2544	2324	2260	2514	2539	2644
Other industrial sector	620	778	626	724	765	711	740
Domestic consumption and public lighting	457	465	506	588	531	543	564

1/ Starting with 1981, self-producers are excluded.

Source: Bank of Zaire.

TABLE 9.1
ZAIRE: CONSUMER PRICE INDEX FOR KINSHASA, 1975 Q3
(1975=100; PERIOD AVERAGES)

ITEM		1975	1976	1977	1978	1979	1980	1981	1982	1983
FOOD (60.6%)	1	100.0	198.1	350.5	550.2	1,082.9	1,313.3	1,828.2	2,494.9	4,254.2
I QUARTER	2	100.0	163.2	297.0	452.5	947.6	1,229.6	1,473.7	2,277.0	3,340.1
II QUARTER	3	100.0	190.1	353.3	483.6	1,064.5	1,325.2	1,718.7	2,370.2	3,583.0
III QUARTER	4	100.0	212.1	366.8	533.4	1,109.2	1,346.7	1,898.4	2,623.6	4,349.6
IV QUARTER	5	100.0	226.9	384.9	731.5	1,187.2	1,351.7	2,221.7	3,117.2	5,744.4
HOUSING (17.1%)	6	100.0	157.2	216.8	289.2	731.8	1,544.5	1,861.5	2,760.9	4,592.3
I QUARTER	7	100.0	121.5	205.2	239.0	586.0	963.3	1,638.1	2,238.6	3,510.1
II QUARTER	8	100.0	144.2	214.4	264.0	630.0	1,557.2	1,754.9	2,684.9	3,616.4
III QUARTER	9	100.0	172.0	224.5	308.4	768.4	1,614.1	1,962.8	3,137.9	4,507.3
IV QUARTER	10	100.0	191.1	223.2	345.5	943.3	1,642.5	2,090.1	3,419.5	6,401.9
CLOTHING (9.5%)	11	100.0	142.7	229.7	371.7	769.5	1,271.5	1,843.8	2,298.1	4,342.3
I QUARTER	12	100.0	106.8	194.3	292.1	545.4	1,058.7	1,684.5	2,134.0	2,971.3
II QUARTER	13	100.0	126.1	211.5	340.1	706.5	1,074.3	1,773.5	2,175.1	3,663.2
III QUARTER	14	100.0	159.5	233.0	396.6	793.7	1,412.1	1,983.0	2,498.6	4,764.7
IV QUARTER	15	100.0	211.7	280.1	457.9	1,015.7	1,584.0	1,934.5	2,649.3	5,970.1
MISCELLANEOUS (12.8%)	16	100.0	157.2	272.9	296.9	665.7	1,268.3	1,646.9	2,230.1	4,634.0
I QUARTER	17	100.0	114.3	275.5	265.6	499.9	1,027.8	1,412.7	2,079.8	3,047.1
II QUARTER	18	100.0	155.6	273.0	279.9	599.3	1,296.7	1,461.5	2,128.8	3,501.8
III QUARTER	19	100.0	173.3	275.1	312.6	761.8	1,348.6	1,759.6	2,297.2	4,875.6
IV QUARTER	20	100.0	185.6	268.3	330.3	968.6	1,386.1	1,953.8	2,729.5	7,111.7
CONSUMER PRICE INDEX (100.0%)	21	100.0	180.7	305.4	453.9	912.7	1,313.3	1,813.1	2,487.9	4,375.3
I QUARTER	22	100.0	145.6	266.8	358.8	791.2	1,134.3	1,518.3	2,231.6	3,296.4
II QUARTER	23	100.0	171.9	303.4	407.0	910.5	1,339.8	1,697.2	2,374.6	3,601.6
III QUARTER	24	100.0	195.2	318.5	457.5	979.4	1,399.9	1,899.6	2,657.9	4,540.4
IV QUARTER	25	100.0	210.1	338.1	590.2	1,102.8	1,427.9	2,137.4	3,075.2	6,062.7

SOURCE : NATIONAL INSTITUTE OF STATISTICS (INS)

TABLE ZAI/9P/1

TABLE 9.2
ZAIRE: INFLATION RATES FOR KINSHASA, 1976-83 ^{1/}
(PERCENTAGES)

ITEM		1976	1977	1978	1979	1980	1981	1982	1983
FOOD (60.6%)	1	98.1	76.9	57.0	96.8	21.3	39.2	36.5	70.5
I QUARTER	2	63.2	82.0	52.4	109.4	29.8	19.9	54.5	46.7
II QUARTER	3	90.1	85.8	36.9	120.1	24.5	29.7	37.9	51.2
III QUARTER	4	112.1	72.9	45.4	107.9	21.4	41.0	38.2	65.8
IV QUARTER	5	126.9	69.6	90.0	62.3	13.9	64.4	40.3	84.3
HOUSING (17.1%)	6	57.2	37.9	33.4	153.0	111.1	20.5	48.3	66.3
I QUARTER	7	21.5	68.9	16.5	145.2	64.4	70.1	36.7	56.8
II QUARTER	8	44.2	48.7	23.1	138.6	147.2	12.7	53.0	34.7
III QUARTER	9	72.0	30.5	37.4	149.2	110.1	21.6	59.9	43.6
IV QUARTER	10	91.1	16.8	54.8	173.0	74.1	27.3	63.6	87.2
CLOTHING (9.5%)	11	42.7	61.0	61.8	107.0	65.2	45.0	24.6	89.0
I QUARTER	12	6.8	81.9	50.3	86.7	94.1	59.1	26.7	39.2
II QUARTER	13	26.1	67.7	60.8	107.7	52.1	65.1	22.6	68.4
III QUARTER	14	59.5	46.1	70.2	100.1	77.9	40.4	26.0	90.7
IV QUARTER	15	111.7	32.3	63.5	121.8	56.0	22.1	37.0	125.3
MISCELLANEOUS (12.8%)	16	57.2	73.6	8.8	124.2	90.5	29.9	35.4	107.8
I QUARTER	17	14.3	141.0	-3.6	88.2	105.6	37.4	47.2	46.5
II QUARTER	18	55.6	75.4	2.5	114.1	116.4	12.7	45.7	64.5
III QUARTER	19	73.3	58.7	13.6	143.7	77.0	30.5	30.6	112.2
IV QUARTER	20	85.6	44.6	23.1	193.2	43.1	41.0	39.7	160.5
CONSUMER PRICE INDEX (100.0%)	21	80.7	69.0	48.6	101.1	43.9	38.1	37.2	75.9
I QUARTER	22	45.6	83.2	34.5	120.5	43.4	33.9	47.0	47.7
II QUARTER	23	71.9	76.5	34.1	123.7	47.1	26.7	39.9	51.7
III QUARTER	24	95.2	63.2	43.6	114.1	42.9	35.7	39.9	70.8
IV QUARTER	25	110.1	60.9	74.6	86.9	29.5	49.7	43.9	97.1

SOURCE : NATIONAL INSTITUTE OF STATISTICS (INS)

NOTE : Based on yearly averages.

TABLE 9.3
ZAIRE: MARKET PRICE INDEX OF CONSUMER GOODS - KINSHASA (IRES), 1975-83 1/
(OCT-DEC 1964=100)

ITEM		1975	1976	1977	1978	1979	1980	1981	1982	1983
FOOD	34	1,012	1,651	2,749	4,436	8,939	11,545	15,996	21,387	39,695
I HALF	35	868	1,536	2,447	3,558	7,999	10,770	14,530	18,569	29,465
II HALF	36	1,157	1,765	3,051	5,314	9,879	12,320	17,462	24,205	49,925
CLOTHING	37	588	1,321	2,255	3,354	7,564	13,685	19,536	25,119	45,410
I HALF	38	530	1,049	2,061	2,834	6,370	11,860	17,440	23,545	34,222
II HALF	39	647	1,592	2,449	3,873	8,758	15,510	21,632	26,693	56,598
MISCELLANEOUS	40	645	1,174	1,643	2,428	5,430	8,234	12,055	16,226	31,084
I HALF	41	599	1,055	1,484	2,083	4,579	7,362	10,890	14,608	23,388
II HALF	42	690	1,292	1,801	2,772	6,281	9,106	13,219	17,844	38,779
GENERAL INDEX	43	853	1,495	2,425	3,799	7,935	11,165	15,707	20,885	37,860
I HALF	44	749	1,348	2,174	3,112	6,942	10,220	14,210	18,488	28,967
II HALF	45	958	1,641	2,676	4,486	8,927	12,110	17,203	23,281	46,752

SOURCE: INSTITUT DE RECHERCHES ECONOMIQUES ET SOCIALES (IRES)

1/ INCLUDES 61 ITEMS.

TABLE ZAI/9P/2

Table 9.4

ZAIRE: Market Prices of Selected Food Products in Selected Cities,
July, December 1983 and February 1984
 (zaire/kg)

	Matadi			Mbuji-Mayi			Kinshasa		
	July '83	Dec. '83	Feb. '84	July '83	Dec. '83	Feb. '84	July '83	Dec. '83	Feb. '84
Maize	8.1	7.0	4.0	13.0	17.0	9.0	6.0	14.5	13.9
Maize flour	11.8	25.0	37.0	3.0	23.5	12.5	7.0	30.4	30.4
Local rice	15.5	22.0	18.0	9.5	..	..	..	26.8	20.5
Imported rice	18.5	24.0	28.0	-	..	..	..	50.0	23.0
Manioc	8.3	30.0	11.0	4.0	10.0	9.0	4.0	14.7	18.9
Manioc flour	9.5	21.0	8.0	4.0	13.0	13.5	5.0	17.2	19.9
Plantains	7.4	10.0	2.0	-	..	..	..	9.0	10.2
Sweet potato	11.1	-	3.0	2.5	..	..	..	18.4	17.6
Beans, white	25.3	31.0	32.0	6.0	26.5	18.0	13.5	41.2	34.2
Manioc leaves	10.2	2.0	2.0	2.0	..	..	..	5.6	8.0
Bananas	8.2	8.0	9.0	5.5	..	..	..	10.8	9.8
Peanuts	20.1	20.0	16.0	6.0	32.0	27.0	4.5	29.3	25.8

Source: INS and Ministry of Agriculture.

.. = Not available.

Table 9.5

ZAIRE - Market Prices of Selected Consumer Goods in Kinshasa,
December 1983 - April 1984
 (zaire/unit)

	<u>Unit</u>	<u>December</u> <u>1983</u>	<u>February</u> <u>1984</u>	<u>April</u> <u>1984</u>
Beer (Primus & Skol)	bottle	13.9	13.5	13.4
Peanut oil	bottle	55.7	52.1	61.9
Palm oil	bottle	21.0	19.4	23.0
Salt	kg.	12.2	11.0	10.1
Sugar	kg.	38.1	33.6	30.0
Milk, fresh	bottle	30.4	27.4	27.2
Charcoal	kg.	5.0	4.9	5.7
Soap	piece	6.5	6.4	7.0
Cement	50 kg.	165.0	165.0	165.0
Trousers	50 kg.	250.0	250.0	280.0
Cloth-wax	6 yds.	418.8	413.4	432.4
Plastic sandals	pair	37.6	43.1	42.6
Cigarettes (Zairian)	pack	13.6	12.6	12.4
Gasoline	liter	35.0	35.0	33.0

Source: INS.

Table 9.6

ZAIRE - Retail Prices of Petroleum Products, 1974-84

	Premium Gasoline		Kerosene		Diesel Oil		Fuel Oil		Premium/ Kerosene	Premium/ Diesel
	Z/liter	(US\$/l)	Z/liter	(US\$/l)	Z/liter	(US\$/l)	Z/ton	(US\$/ton)		
May 1974	0.21	(0.41)	0.10	(0.20)	0.12	(0.25)	n.a.	n.a.	2.1	1.7
May 1976	0.36	(0.45)	0.14	(0.17)	0.17	(0.21)	n.a.	n.a.	2.6	2.1
Aug. 1977	0.55	(0.64)	0.14	(0.16)	0.17	(0.20)	n.a.	n.a.	3.9	3.2
Dec. 1978	0.58	(0.69)	0.14	(0.17)	0.17	(0.20)	n.a.	n.a.	4.1	3.4
Jan. 1979	1.47	(0.85)	0.20	(0.12)	0.24	(0.14)	147.00	85.0	7.4	6.1
Sept. 1979	2.50	(1.44)	0.70	(0.40)	0.71	(0.41)	300.00	173.5	3.6	3.5
Mar. 1980	4.00	(1.43)	1.20	(0.43)	1.00	(0.36)	500.00	178.6	3.3	4.0
Oct. 1980	4.00	(1.43)	1.40	(0.50)	1.15	(0.41)	774.20	276.4	2.9	3.5
Jul. 1981	5.50	(1.00)	2.50	(0.45)	2.80	(0.51)	2,500.00	454.5	2.2	2.0
Dec. 1982	12.50	(2.18)	3.50	(0.60)	3.00	(0.52)	2,500.00	435.1	3.6	4.2
Sept. 1983	35.00	(1.69)	15.00	(0.50)	15.50	(0.52)	12,500.00	603.0	2.3	2.3
Nov. 1983	35.00	(1.19)	10.00	(0.34)	10.00	(0.34)	7,000.00	93.9	3.5	3.5
Mar. 1984	33.00	(0.95)	15.00	(0.43)	12.50	(0.36)	7,500.00	85.1	2.2	2.6
Aug. 1984	30.00	(0.82)	16.00	(0.44)	15.00	(0.41)	9,500.00	(259.6)	1.9	2.0
Jan. 1985	30.00	(0.86)	18.00	(0.51)	18.50	(0.53)	12.50 ^{a/}	(35.7)	1.7	1.6

Source: Ministry of Economy and Industry.

a/ Z/liter.

Table 9.7

ZAIRE: Evolution of Water and Electricity Rates, 1976-83

	<u>Water Rates (zares per m³ per month)</u>		
	<u>Standpipe</u>	<u>Small Users</u>	<u>Large Users</u>
1976 (July 1)	0.02	0.07	0.39
1977	0.02	0.07	0.39
1978	0.02	0.37	0.39
1979 (October 20)	0.40	0.56	1.32
1981 (January 29)	0.40	0.6-1.2	2.21
1982 (February)	0.60	0.90-3.78	5.06
1983 (October 1)	1.78	2.21-12.97	16.22-20.86

	<u>Electricity Rates (zares per Kwh)</u>	
	<u>Tariff A</u>	<u>Tariff B</u>
1976	1.12	1.92
1977	1.12	1.92
1978	1.12	1.92
1979 (October 1) <u>1/</u>	3.14 <u>2/</u>	9.93 <u>3/</u>
1980 (January 1) <u>1/</u>	10.03 <u>2/</u>	17.75 <u>3/</u>
1982 (March 7) <u>1/</u>		80.50 <u>3/</u>
1983 (November) <u>1/</u>		126.11 <u>3/</u>

1/ Low voltage (1-1501 Kwh and plus).

2/ Household use.

3/ Industrial and commercial use.

Sources: REGIDESO and SNEL.

Table 9.8

ZAIRE: Zaire - Evolution of Transport Tariffs Structure, 1978-84
(zaire/traffic unit)

** <u>ONATRA</u> **									
	<u>12/78</u>	<u>3/79</u>	<u>10/79</u>	<u>1/80</u>	<u>9/80</u>	<u>11/80</u>	<u>11/81</u>	<u>11/83</u>	<u>4/84</u>
<u>Matadi Port</u>									
Imports, gen. cargo	4.4	5.7	11.5	15.0	21.8	25.2	45.4	96.8	154.8
Exports									
- agr. products	5.4	7.0	14.0	18.3	26.8	30.8	55.5	118.2	189.1
- copper products ^{1/}	9.0	12.1	14.8	21.6	21.6	21.6	21.6	26.4 (3/83)	29.5
<u>SNCZ (Matadi-Kinshasa)</u>									
Imports, gen. cargo	24.7	44.5	89.0	116.5	169.0	196.0	352.8	751.5	1202.4
Exports									
- agr. products	15.5	27.9	55.9	73.2	106.2	123.2	221.7	472.3	755.7
- copper products ^{1/}	28.0	37.8	46.0	67.2	67.2	67.2	67.2	82.0 (3/83)	91.9
Local, gen. cargo	12.0	21.6	43.2	56.6	82.1	95.2	171.3	365.0	583.9
Passengers	3.6	6.5	13.0	17.0	24.6	28.6	51.4	109.5	175.2
<u>River Transport</u>									
Eastbound									
- General cargo	42.5	55.2	110.5	144.7	209.9	243.4	438.2	933.3	1493.2
- Petroleum	32.9	42.7	85.5	112.0	162.4	188.4	339.1	722.2	1155.5
Passengers	12.3	16.0	32.0	42.0	60.8	70.6	127.0	270.6	433.0
** <u>SNCZ</u> **									
	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983 2/</u>	<u>1984</u>	<u>1984</u>	
	<u>Av. Rate</u>	<u>Percentage Increase</u>						<u>Av. Rate</u>	
Mineral Exports	0.052	120	46	40	-	561	-	2.08	
Mineral ore	0.024	180	184	41	32	280	-	2.09	
General cargo	0.043	180	51	51	68	116	60	2.58	
Passengers	0.048	180	51	51	30	50	60	1.52	
** <u>SOTRAZ</u> **									
		<u>Rate (Z)</u>		<u>% Increase</u>					
August 1982		2.50		66					
September 1983		5.00		100					
August 1984		7.00		40					

^{1/} Tariff increases as a consequence of 1983 devaluation.

^{2/} Tariff includes all transport from Ilebo (link with SNCZ) to Matadi.

Table 9.9

ZAIRE - Evolution of Exchange Rate, 1975-84
(Period average)

	<u>Z/US\$</u>	<u>Z/SDR</u>
1975	0.50	0.59
1976	0.81	1.00
1977	0.86	1.00
1978	0.84	1.31
1979	1.73	2.67
1980	2.80	3.81
1981	4.38	6.35
1982	5.75	6.35
1983	12.89	31.53
Jan-Aug.	5.87	6.35
September	29.92	30.00
October	28.21	29.97
November	29.30	30.82
December	29.31	30.78
1984		
January	32.00	32.72
February	31.54	33.00
March	34.62	36.84
April	34.92	37.00
May	35.37	36.84
June	35.86	37.11
July	36.74	37.53
August	36.88	37.50
September	37.68	37.89

Source: IMF.

Table 9.10

ZAIRE: World Average Annual Prices for Zaire's Major Exports, 1975-84
(US\$/lb, unless indicated)

	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u> ^{1/}
	<u>Actual Prices</u>									
Copper (LME)	56.1	63.5	59.4	62.0	90.0	99.0	79.0	67.1	72.2	68.0
Cobalt	398	444	558	1153	2500	2500	1938	1250	1250	1250
Diamonds (US\$/carat)										
Boart & Powder	2.10	2.11	2.08	2.20	2.04	1.99	1.91			
Stones	6.54	6.59	6.20	7.78	10.39	12.84	13.93			
Zinc (LME)	33.7	32.3	26.8	26.9	33.7	34.5	38.4	33.8	34.7	43.0
Tin	312	344	488	586	701	761	642	582	589	572
Coffee										
Arabica	65	143	241	166	174	156	128	140	132	149
Robusta	58	96	224	148	166	148	103	111		
Rubber (New York spot)	30	40	42	50	65	74	57	45	56	58
	<u>Price Index: 1972-74 = 100</u>									
Copper	75.5	85.5	79.9	83.4	121.1	133.2	106.3	90.3	97.2	91.5
Cobalt ^{2/} Diamonds	123.2	137.5	172.8	357.0	774.0	774.0	600.0	387.0	387.0	387.0
Zinc	90.3	86.6	71.8	72.1	90.3	92.5	102.9	90.6	93.0	115.3
Tin	122.8	135.4	192.1	230.7	276.0	299.6	252.8	229.1	231.9	225.2
Coffee										
Arabica	109.4	240.7	405.7	279.5	292.9	262.6	215.5	235.7	222.2	250.8
Robusta	113.1	187.2	437.4	288.7	323.8	288.7	200.9			
Rubber	96.5	128.6	135.0	160.8	209.0	237.9	183.3	144.7	180.0	186.5

^{1/} Projected as of July.

^{2/} 1973-74 = 100.

Sources: World Bank, U.S. Bureau of Mines.

