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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

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THE ECONOMY OF THE  
PEOPLE'S REPUBLIC OF CONGO  
RECENT EVOLUTION AND PROSPECTS

November 18, 1971

### CONVERSION TABLE

US\$ 1	=	CFAF	277.71
CFAF 1	=	US\$	0.0036
CFAF 1	=	FF	0.02
FF 1	=	CFAF	50.00

This report was prepared after a mission to the People's Republic of Congo in June 1970. The mission consisted of Messrs. Byl and Leduc of the Bank and Lazarev of FAO. Messrs. Delapierre and Schulte made a later visit to Congo in preparation of the transport section of the report.



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BASIC DATA

<u>Area:</u>	342,000 sq. km.
<u>Population (1970):</u>	936,000 of which 398,000 urbanized
Growth rate	2.2 percent a year
Density	2.7 inhabitants per sq. km.

Gross Domestic Product

(at current market prices)

Total in 1967	CFAF 59 billion
Per capita in 1970 (estimate)	US\$ 255
Growth rate 1968-1970	4% at current prices
Investment as % of GDP in 1964-1969 period:	18%
Domestic public saving as % of GDP:	3%
Government revenue as % of GDP in 1969	24%

Money, Credit, Prices : Congo (B) is a member of the BCEAEC and uses the CFAF  
(in billions of CFAF)

	1965 Dec.	1967 Dec.	1969 Dec.	1970 June
Money supply	7.4	9.5	10.6	11.7
Domestic credit	8.6	12.2	13.0	14.6
Retail Price index	107	117	121	n.a

Government Budget (actual revenue and expenditures in billions of CFAF)

	1967	1968	1969	1970 budget
Total revenue	<u>13.1</u>	<u>14.0</u>	<u>15.7</u>	<u>17.7</u>
Total expenditure	<u>14.2</u>	<u>13.6</u>	<u>16.2</u>	<u>18.3</u>
of which Budgetary Investment	<u>1.6</u>	<u>1.4</u>	<u>1.2</u>	<u>2.2</u>
<u>Total Public Investment</u>	9.2	9.2	13.1	n.a

External Public Debt

Total debt, including undisbursed, Dec. 31, 1969	US\$ 100 million
Debt service in 1971	US\$ 12 million
Ratio in % of 1969 exports of goods	30%
1969 exports of goods and services (net)	22.4%

Balance of Payments

(in billions of CFAF)

	1965	1967	1968	1969
Exports f.o.b.	8.7	10.4	10.6	11.0
Imports c.i.f.	15.5	20.4	20.9	20.4
Foreign exchange reserves (dec.31)	0.5	-0.6	0.5	0.1

Commodity Concentration of Exports

	1965	1967	1968	1969
Wood	53%	46%	57%	57%

IMF Position

June 30, 1970

Quota: US\$ 10 million

Drawings: none



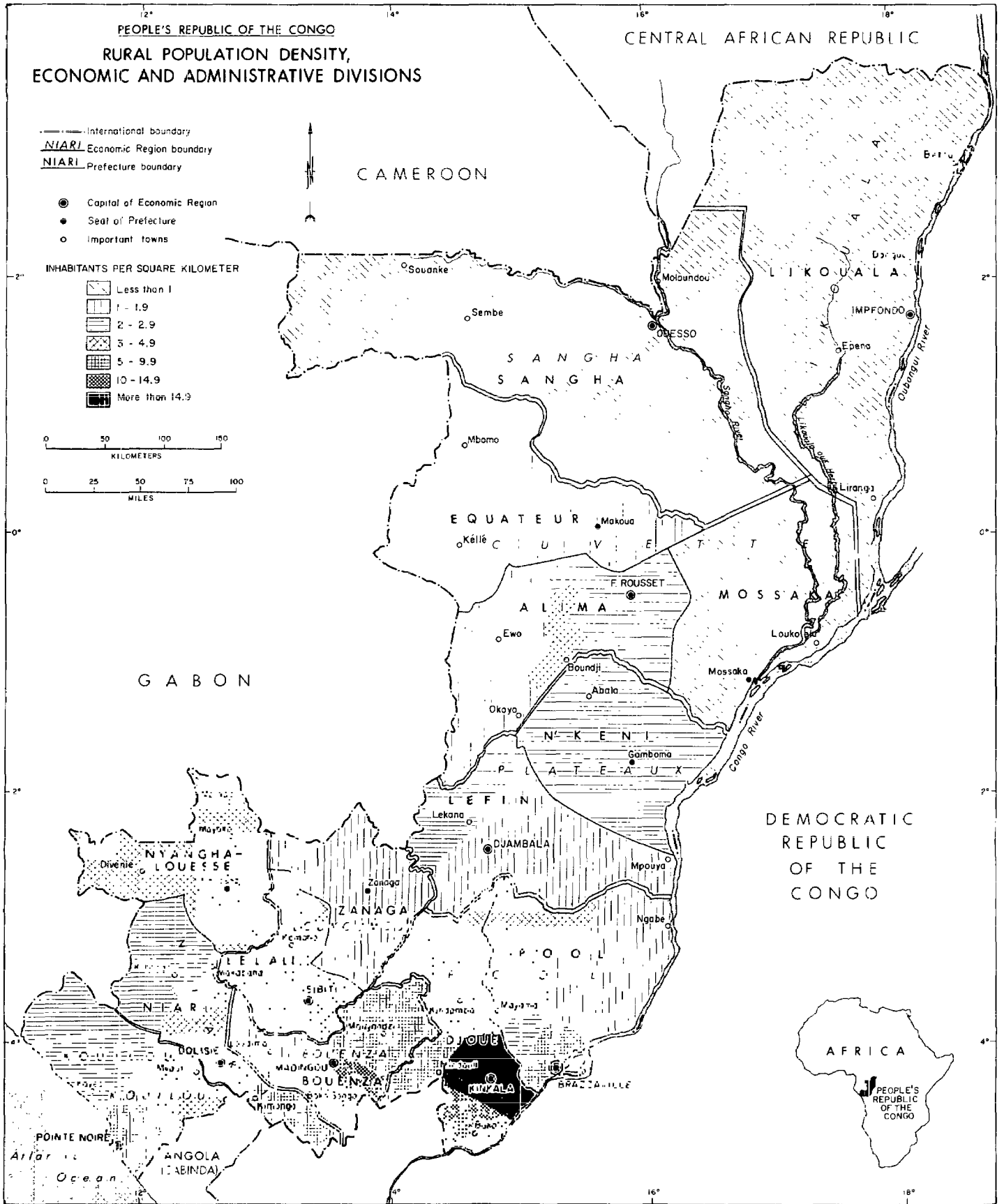
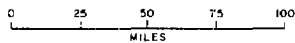
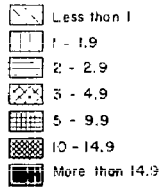
PEOPLE'S REPUBLIC OF THE CONGO  
 RURAL POPULATION DENSITY,  
 ECONOMIC AND ADMINISTRATIVE DIVISIONS

CENTRAL AFRICAN REPUBLIC

— International boundary  
 NIARI Economic Region boundary  
 NIARI Prefecture boundary

- Capital of Economic Region
- Seat of Prefecture
- Important towns

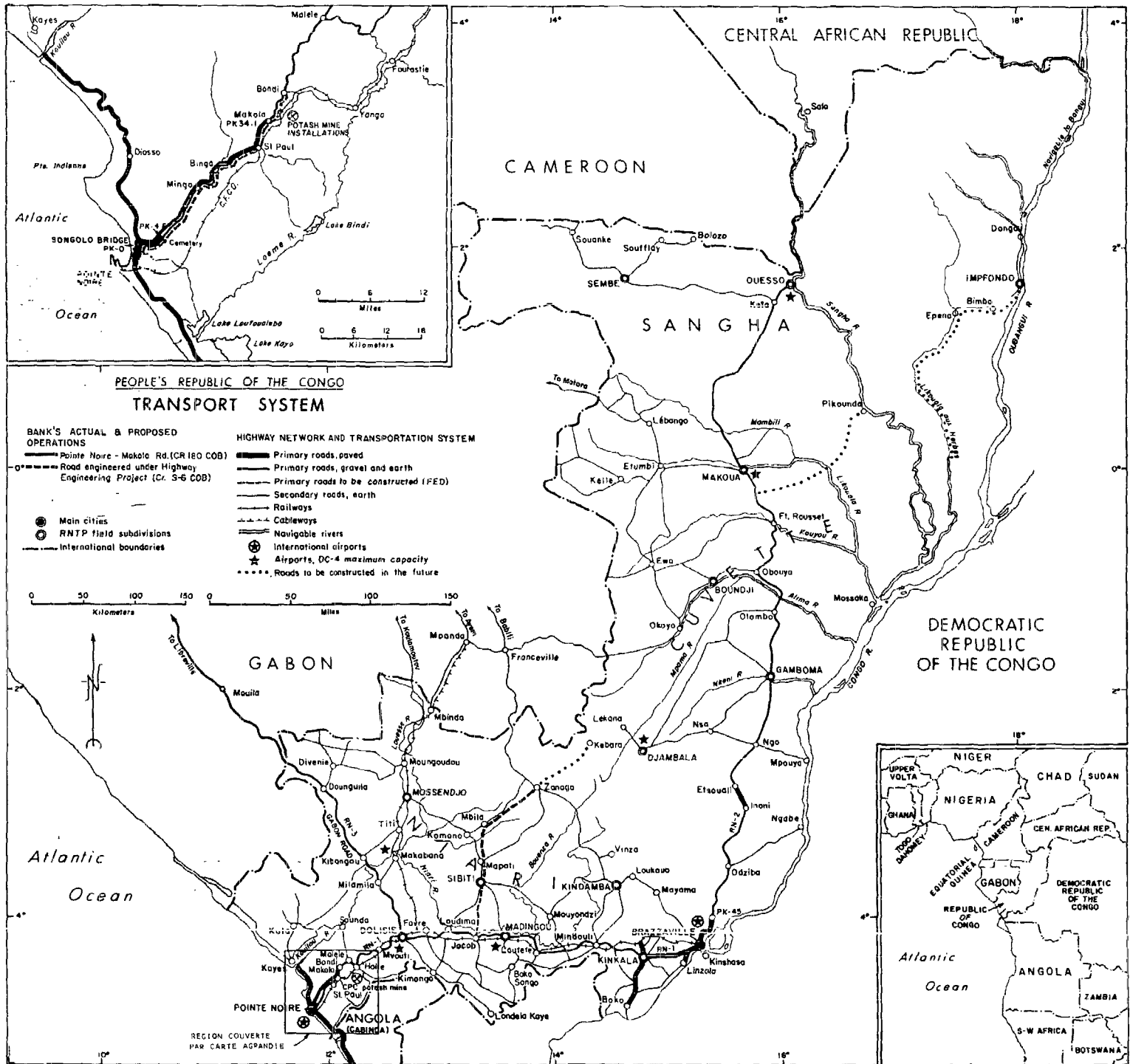
INHABITANTS PER SQUARE KILOMETER



DEMOCRATIC  
 REPUBLIC  
 OF THE  
 CONGO

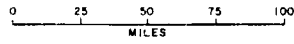




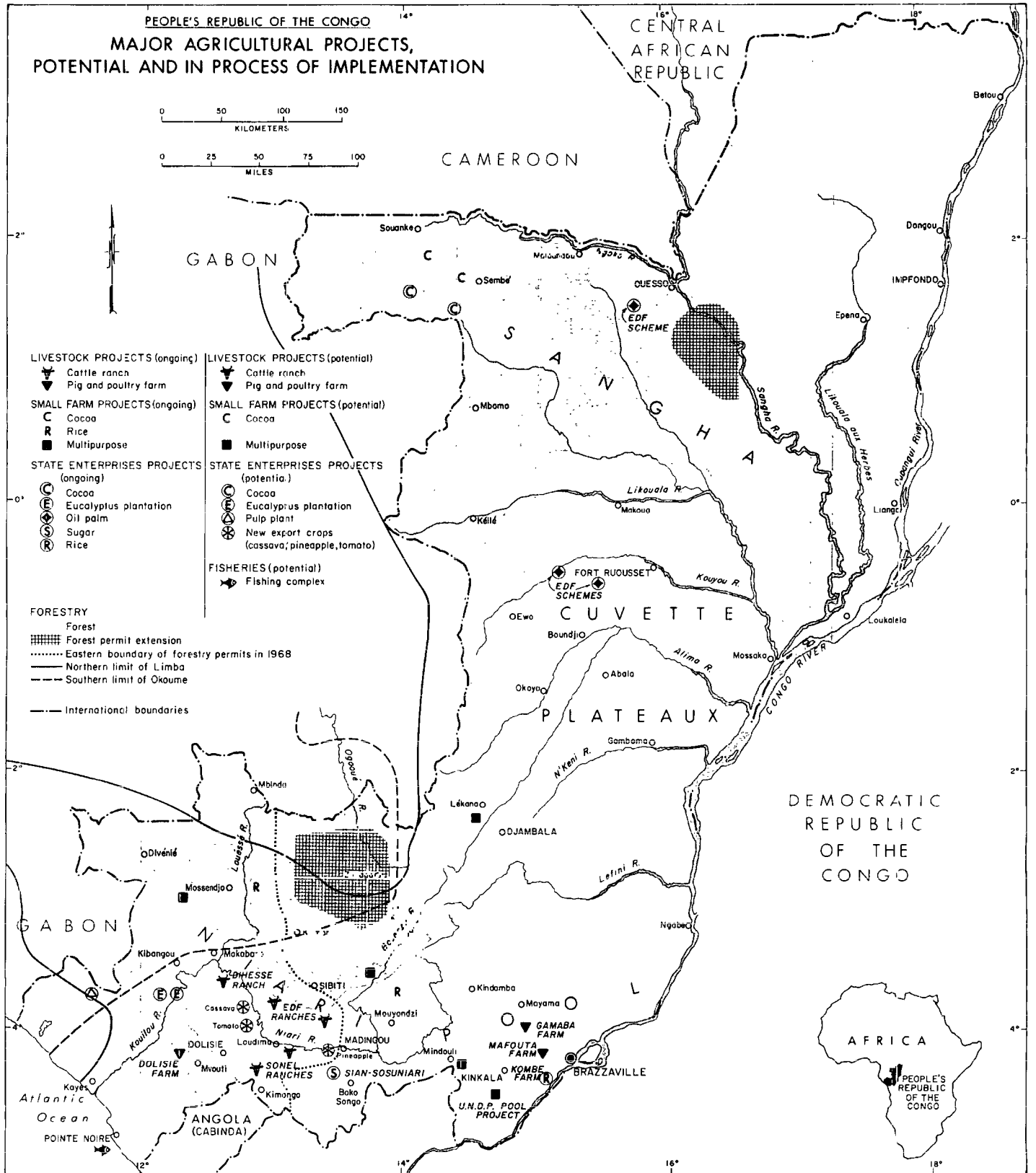




PEOPLE'S REPUBLIC OF THE CONGO  
**MAJOR AGRICULTURAL PROJECTS,  
 POTENTIAL AND IN PROCESS OF IMPLEMENTATION**



- |  |   |
|--|---|
| <b>LIVESTOCK PROJECTS (ongoing)</b>            | <b>LIVESTOCK PROJECTS (potential)</b>           |
| ▼ Cattle ranch                                 | ▼ Cattle ranch                                  |
| ▼ Pig and poultry farm                         | ▼ Pig and poultry farm                          |
| <b>SMALL FARM PROJECTS (ongoing)</b>           | <b>SMALL FARM PROJECTS (potential)</b>          |
| C Cocoa  | C Cocoa   |
| R Rice   | R Rice  |
| ■ Multipurpose                                 | ■ Multipurpose                                  |
| <b>STATE ENTERPRISES PROJECTS (ongoing)</b>    | <b>STATE ENTERPRISES PROJECTS (potential)</b>   |
| ⊙ Cocoa  | ⊙ Cocoa   |
| ⊕ Eucalyptus plantation                        | ⊕ Eucalyptus plantation                         |
| ⊖ Oil palm                                     | ⊖ Pulp plant                                    |
| ⊗ Sugar  | ⊗ New export crops (cassava, pineapple, tomato) |
| ⊘ Rice   |   |
|  | <b>FISHERIES (potential)</b>                    |
|  | ➤ Fishing complex                               |
| <b>FORESTRY</b>                                |   |
| ▨ Forest                                       |   |
| ▨ Forest permit extension                      |   |
| ⋯ Eastern boundary of forestry permits in 1968 |   |
| — Northern limit of Limba                      |   |
| — Southern limit of Okoume                     |   |
| — International boundaries                     |   |







ABBREVIATIONS USED

ACCF	Agence Centrafricaine des Communications Fluviales
ASECNA	Agence pour la Sécurité de la Navigation Aérienne en Afrique et à Madagascar
ATC	Agence Transcongolaise des Communications/Transcongolaise Communications Agency
ATEC	Agence Transéquatoriale des Communications/Transequatorial Communications Agency
BCCO	Bureau pour la Création, le Contrôle et l'Orientation des Entreprises et Exploitations d'Etat
BCEAEC	Banque Centrale des Etats de l'Afrique Equatoriale et du Cameroun/Central Bank of Equatorial African States and Cameroon
BNDC	Banque Nationale de Développement du Congo/Congolaise Development Bank
CFCO	Chemin de Fer Congo-Océan/Congo-Ocean Railway
CESB	Centre d'Etudes Supérieurs de Brazzaville/Brazzaville Center for Higher Studies
CIDOLOU	Cimenterie Domaniale de Loutété (cement factory)
COMILOG	Compagnie Minière de l'Ogooué
CONGOBRIC	Briquetterie de Brazzaville
CPC	Compagnie des Potasses du Congo
INSEE	Institut National de la Statistique et des Etudes Economiques
EdF	Electricité de France
LINA-CONGO	Société Nationale de Navigation Aérienne/National Airline Society
OBAE	Office des Bois de l'Afrique Equatoriale/E.A. Timber Office
OCH	Office Congolais de l'Habitat/Congolaise Housing Office
OFNACOM	Office Nationale du Commerce/National Trading Office
ONAF	Office Nationale des Forêts/National Forestry Office
ONCPA	Office Nationale de Commercialisation des Produits Agricoles/ National Agricultural Produce Marketing Organization
ONLP	Office National des Librairies Populaires/National Public Libraries Office
ONPT	Office National des Postes et Télécommunications/ National Post and Telecommunications Office
ORD	Office Régional de Développement/Regional Development Office
PCT	Parti Congolais du Travail/Congolaise Workers Party
RNPC	Régie Nationale des Palmerais du Congo
RNTP	Régie Nationale des Travaux Publics et des Transports/National Agency for Public Works and Transport
SEDES	Société d'Etudes pour le Développement Economique et Social (France)
SEEE	Société Equatoriale d'Energie Electrique/Equatorial Electric Energy Company.
SMAG	Salaire Minimum Agricole Garanti/Guaranteed Agricultural Minimum Wage
SMIG	Salaire Minimum Interprofessionnel Garanti/Guaranteed Interprofessional Minimum Wage
SNE	Société Nationale d'Energie/National Power Company
SNDE	Société Nationale de Distribution d'Eau/National Water Distribution Co.
SONEL	Société Nationale d'Elevage/National Livestock Agency
SOTEXCO	Société des Textiles Congolais/Congolaise Textile Company
UDE	Union Douanière Equatoriale/Equatorial Customs Union
UDEAC	Union Douanière et Economique de l'Afrique Centrale/Central African Customs and Economic Union
UNC	Usine Nationale des Cahiers/National Copybook Factory
UNELCO	Union Electrique Coloniale/Colonial Electric Union
UNICONGO	Union Patronale et Interprofessionnelle du Congo/Employer Organization



## SUMMARY AND CONCLUSIONS

- i. The territory of the People's Republic of the Congo, similar in shape and size to Italy, stretches for almost 1,600 km along the right bank of the Congo River and its tributary, the Oubangui. The population of the Congo, almost 1 million, is 40 percent urban. Per capita income has been estimated at about \$255 in 1970, but is unevenly distributed.
  
- ii. More than 60 percent of the 324,000 sq. km. surface is covered with tropical forest, but the country is poor in other agricultural resources. Forestry products constitute a major and growing source of export earnings. Brazzaville, Congo's capital, was the administrative center for the whole of former French Equatorial Africa, and is still an important trade center for goods coming from the Central African Republic, Cameroon and Chad, destined for Pointe Nore, the seaport at the end of the Transequatorial Route. <sup>1/</sup> Point Noire also handles manganese and timber traffic for Gabon. The service sector of Congo's economy, including Government, is, therefore, very large and accounts for about 48 percent of GDP. Manufacturing is also relatively well developed, although some enterprises have recently encountered difficulties because of the loss of markets in other Equatorial African countries.
  
- iii. The new Government, which has a marked socialist orientation, has assumed a greater role in the economy. Adopting a pragmatic approach to international borrowing and exhibiting a policy of non-alignment, the Government is maintaining its relations with former sources of finance as well as with the USSR and the People's Republic of China.
  
- iv. The Congo's relations with neighbouring countries are subject to certain political tensions. Following a period of uncertainty caused by the dissolution of the Transequatorial Communications Agency (ATEC), relations have been restored following agreements between the Congo and its former partners in the ATEC.
  
- v. The regional role of Congo, especially in the field of transport, remains the major feature of its economy. Transit traffic accounts for an estimated 80 percent of the movement through the river port of Brazzaville, and about 64 percent of the traffic through the port of Pointe Noire, Congo's only seaport; more than 50 percent of total rail traffic is also transit. Since no important shifts in traffic flows are foreseen in the medium-run, ATC's transport problems have to be considered in light of their longer-term

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<sup>1/</sup> The Transequatorial Route is a more than 2,000 km long road-river-rail network from Chad through the CAR to Pointe Noire in Congo, managed until 1969 by the multinational Transequatorial Communications Agency (ATEC). Since October 1969 the Congolese portion of this route has been managed by the Transcongolesse Communications Agency (ATC), a national institution.

implications for Equatorial Africa. Therefore, in order to maintain and strengthen Congo's role as a major transit country, and to permit at the same time greater timber exports from Congo itself, large investments to increase the capacity of the ATC system are of high priority.

vi. Since ATC's river-rail network also serves Congo's internal transport needs, roads parallel to this route tend to be of secondary importance. This is especially significant in view of the size of the investment program and the population distribution of the country. On the other hand, internal air transport deserves higher priority than it has received; the Government has requested assistance from the UNDP for studies in this area. The Government might also give some thought to the need for feeder roads into the major arteries in support of a program for developing small-scale agriculture.

vii. Agriculture is relatively less important in Congo than in other African countries. The available data show that the rural sector, excluding forestry, contributes only 10 percent of GDP at current market prices, and only 6 percent of exports. Agriculture and forestry together nevertheless provide a living for about 60 percent of the population. The poorly equipped traditional sector is mainly devoted to the production of food and some cash crops (cocoa, coffee and groundnuts) while the modern sector, mainly concentrated in the Niari Valley, produces the bulk of the cash crops (mainly sugarcane) and some meat.

viii. In the past, the Government set up rather ambitious targets for agriculture, mainly aiming at increased export production and import-substitution. However, since the traditional sector was unable to meet these targets, the Government felt that consolidation and expansion of a modern farming sector deserved higher priority. The Government would like to reduce the regional disparity between North and South by setting up cocoa and palm-oil programs in the Northern regions. Since individual Congolese lack the capital and skills to undertake modern agriculture, the Government has encouraged the development of a number of State enterprises.

ix. The staffing and organization of the State enterprises has proved to be a difficult task. All of the projects included in the provisional list of the new development plan are highly capital-intensive and will require a considerable inflow of costly expatriate staff. Judging that transport investment deserves a higher priority at present, however, public investments in agriculture in the short-run should have a capital-saving orientation. This does not exclude the possibility of private investment in large-scale projects such as the pineapple and the paper and pulp projects. Moreover, in the longer run, it should be possible to apply more modern methods to agricultural development, provided the necessary research has been done.

x. Although several extension schemes in the past have been costly and without significant result, renewed emphasis might well be given to the "traditional sector". This can be done through extension programs, price

incentives, and the encouragement of small farms. These measures could help eliminate food shortages in local markets. Efforts should also be made to improve the existing State farms, but caution should be exercised with expanding production programs in large units. Improvements in the existing State ranches deserve priority over large new investments.

xi. The Government's forestry policy has centered on two objectives: increasing African participation in wood exploitation, and encouraging the establishment of wood-processing industries. This policy has been relatively successful and should be continued. Public (ONAF) and private African participation in wood production increased from 13 percent of total volume in 1964 to 26 percent in 1968, and the local share of wood processing increased from 11 percent in 1962 to 22 percent in 1968.

xii. The 1969 growth rate of wood production was about 12 percent and the projected growth rate until 1975 is about 6.5 percent per year. If this rate of increase continues, with an annual production of up to five million tons, forest reserves in Congo, which can be roughly estimated at 75 million tons, will be depleted in the beginning of the next century. Even if wood exports are stabilized at the projected level of 1 million tons after 1975, present reserves will still be depleted within about 65 years. Consequently, increased resources will have to be directed towards improved forestry administration in order to assure better exploitation control and a better reforestation and forest conservation program for hardwoods. The Government should soon appraise the optimum growth of timber production, taking into consideration the forestry depletion issue as well as the transport capacity problem.

xiii. The prospects for wood production, while good, depend upon the expansion of transport facilities. This is especially apparent since forestry exploitation is penetrating untapped forest areas. Whether the forest trunk roads should be financed by the Government or by the logging companies is a yet unresolved question. And, given the relatively low contribution of forestry taxes to total government revenue (5 percent), means of increasing this revenue should be explored.

xiv. Mining of gold, copper, lead, zinc and petroleum has only made a marginal contribution to the value of Congo's exports (an average of \$1 million annually over the past five years, or somewhat less than 5 percent of total exports). Large investments (\$100 million) were made in a potash mine recently, but the company is now faced with serious geological difficulties. Production in 1970 is not expected to exceed 30 percent of the planned production for that year, and the gross contribution to foreign earnings will not amount to more than US\$3-8 million in the period 1970-72, compared with the originally forecasted US\$24 million. New petroleum exploration off-shore has been promising, and certain technical problems which had seemed to impair commercial exploitation have been solved. As a result, petroleum exports are expected to increase to 4 million tons by 1974 and the value of petroleum exports may therefore reach about US\$24 million. With a potential increase in production to 5 million tons and a favorable outlook for new discoveries, petroleum has brightened Congo's export picture considerably.

xv. Manufacturing, which had assumed new importance, contributed about 14 percent of GDP in 1967, approximately the same amount as agriculture. However, it appears that the rate of growth of production and the amount of new investments slowed down considerably in 1970. This occurred primarily because major public and private investments had been completed and the private investment climate tended to deteriorate due to the political instability and the expected loss of preferential markets in the Central African Customs and Economic Union (UDEAC). The major effort to build a public manufacturing industry has not yet produced results, in part because of inefficient management and some questionable investment choices (e.g. factories for phonograph records and bottles), but also because of competition from plants in other UDEAC countries, e.g. for textiles and cement. The establishment of more public enterprises should be carefully scrutinized until more financial and managerial talent can be obtained. In the immediate future the Government should concentrate on making the existing enterprises viable. If necessary, cooperation with the private sector through co-ownership or management contracts should be sought.

xvi. The need for expatriate management can only be eliminated in the long-run through an increase in trained manpower which in turn requires reform of the education system. The Congolese education system is one of the more advanced in Africa, but improvements should be made in the utilization of both financial and human resources. About 70% of the age group 7-16 are enrolled in school; however, with the prevailing drop-out rate, there will be no more than 210 university students graduating annually. In 1969, general secondary school enrollment encompassed almost 22,000 students compared with only 2,600 students in technical schools and 600 students in normal schools. This is an unbalanced distribution of students in a country where there are shortages of skilled manpower. There is a definite need for increased technical and vocational education and for teacher training; 60 percent of the elementary school teachers are not fully qualified. A study of the possibility of converting existing secondary schools into normal, technical and vocational schools may also be worthwhile; such conversion would save on construction costs. In addition, more flexibility should be introduced in the curricula of existing vocational schools to avoid excesses in some fields (e.g. carpenters) and shortages in others (electricians). Another problem which decreases the efficiency of the educational system is the large percentage of repeaters (as high as 32 percent in elementary and 20 percent in junior secondary schools). Improved teacher training and increased vocational training opportunities should gradually alleviate these problems.

xvii. Although the human resource constraint is considerable, Congo offers many opportunities for investment and development. Many of the limitations discussed in this report are temporary and of a financial nature. In making its plan public the Government will clarify the role it intends to give to the private sector. This together with the necessary encouragement could permit the realization of important projects which would otherwise have to be deferred, given the limited public savings and external financial resources in relation to the very substantial claims against them in other sectors.

xviii. In preparation of a new development plan, a team of French experts has made a comprehensive inventory of all projects that might be implemented. The inventory includes projects which would require investments of about CFAF 90 billion (\$325 million) which would amount to an average annual investment of about 25 percent of GDP. This target appears to be too high. For example more than half of the CFAF 90 billion investment target is directed towards the transport sector. However, the transport chapter suggests that at most CFAF 29 billion should be retained for immediate mobilization, with the remainder postponed to the next five-year period or eliminated. Cuts were especially suggested in the road-building program, because it included an expensive north-south road which would duplicate the existing river-rail link. The latter should be able to handle all heavy traffic once the river investment program under study is implemented. For fast traffic, air transport solutions may prove more economic in the near future (see para. vi).

xix. Arranging investment priorities in the transport sector is only one of the problems faced by the Congolese authorities. Other sectors such as industry and agriculture need expansion, reorganization, and selective elimination of overly ambitious programs given the financial constraints explained below. Thus, immediate decisions must be made concerning sectoral priorities. Consultants have completed the preparatory work for the economic development plan, and its completion and final approval by the Government are matters of high priority.

xx. In the absence of a clearly defined development plan, this report tentatively projects investment for the five-year period 1971-75 at about CFAF 72 billion (\$260 million), or annual investments of about 20 percent of the project GDP. Of this CFAF 72 billion, a maximum of CFAF 30 billion could conceivably be undertaken by the private sector if the necessary guarantees are offered and if the petroleum industry does in fact invest the planned CFAF 20 billion. A further CFAF 16 billion can be expected from the Congo's public sector, mainly the Government's investment budget and CFAF 7 to 8 billion of self-financing by ATC. On this basis, external financing will have to provide some CFAF 26 billion (\$100 million) which is almost in line with the amounts of aid received by Congo in recent years.

xxi. For the past several years, Congo has managed to produce substantial current surpluses and thus has been able to participate in the investment effort with its own funds. However public savings decreased from CFAF 1.5 billion in 1968 to CFAF 0.9 billion in 1969, despite the Government's efforts. Budgetary performance deteriorated considerably in 1970 and in 1971. The actual deficit in 1970 amounted to CFAF 2.1 billion on current account, or 14.5 percent of total revenue, and CFAF 3.6 billion overall or 25 percent of total revenue. Increasing recurrent expenditures for large public investments, the inherited problem of an inflated bureaucracy and large capital expenditures on state enterprises were the major reasons for the budgetary deficit. Serious financing problems necessitated

the use of all available treasury resources, including maximum drawings on the Central Bank. Declining imports of capital goods and import-substitution resulting from the Government's industrial investment effort (which has now slowed down) have also had a considerable effect on import tax revenues, one of the Government's most important sources of revenue. Actual budget revenues which increased from CFAF 14.0 billion in 1968 to CFAF 16.4 billion in 1969 decreased again to CFAF 14.5 billion in 1970. Expenditures rose to CFAF 16.7 billion in 1969 and CFAF 18.1 billion in 1970.

xxii. There are three fundamental measures required to improve the financial situation: drastic reorganization of the Ministry of Finance, tapping new sources of taxation such as oil and forests, and a sharp reduction in subsidies to public enterprises. The latter can be achieved only if technical assistance is obtained.

xxiii. Balance of payments projections over the next five years must necessarily allow for the prevailing uncertainties surrounding exports of potash and petroleum and inflows of foreign aid and private capital. In view of the favorable petroleum and timber export prospects, and assuming an inflow of public external capital at current levels, the balance of payments in the near future will be manageable if the level of imports continues to be kept under control. Moreover, Congo's past trade deficits have been offset by payments for transport services and inflows of foreign capital. There was only a small decline in the net foreign assets of the banking system of CFAF 0.4 billion in 1969 compared with a surplus of CFAF 2.1 billion in 1968. The 1970 increase of CFAF 1.3 billion was exclusively due to the use of CFAF 1.65 billion in Special Drawing Rights.

xxiv. The major portion of public investment has been financed from external aid, but the grant portion of this aid has declined considerably in recent years. The larger loan component increased the foreign debt service to over US\$12 million by 1971. At this level the debt service is equivalent to as much as 22 percent of merchandise exports and net service receipts and represents an impediment to Congo's creditworthiness. However, more than half of the Congo's outstanding foreign debt will not involve payments on the part of the Congolese Government budget, and the service of the foreign debt by the budget is estimated to amount to only 12 percent.

xxv. Management of the external debt can be improved in several respects. For example, a more suitable recording system and more central control of new loans should be initiated. This could be achieved if information on all new loans was channeled through the Director of External Financial Relations who is in charge of keeping external debt records.

xxvi. Substantial increases in petroleum exports, should improve the debt service ratio in the future. However, at present, Congo's creditworthiness is severely constrained by the existing high debt burden, and by declining public savings. In these circumstances, the Government should refrain



from contracting new supplier credits and external assistance should preferably be obtained on concessionary terms. While per capita GDP was about \$255 in 1970, the case for concessionary lending to the Congo is strengthened by the fact that 60% of the population lives in rural conditions which are probably worse than in other African countries.



## I. RECENT POLITICAL AND ECONOMIC DEVELOPMENTS

### A. Political Development and Regional Association

#### a. Political developments

1. Since the overthrow of the first President, Abbe Youlou, in 1963, the Republic of Congo has tried to pursue a policy of non-alignment in foreign affairs. In domestic matters, Congo's leaders have often expressed their preference for socialist policies that include a role for the private sector. After the overthrow of the second President, Massemba-Debat, in September 1968, the country, although still officially non-aligned, drew nearer to the Soviet Union and Mainland China. Commandant N'Gouabi became President in December 1968 and Commandant Raoul Vice-President. Commandant Raoul earlier briefly headed the National Council of the Revolution, which has been abolished.

2. In December 1969, the 1963 constitution was abolished and a new constitution, making the country a People's Republic, was proclaimed. The Congolese Workers' Party (Parti Congolais du Travail, PCT) and the State Council (Conseil d'Etat) became the major political institutions. The Party is directed by the Political Bureau (10 members) and the Central Committee (34 members). The President, who is automatically the head of the Party, pledges, when he is sworn in, to be guided by "Marxist-Leninist principles". In March 1970, the Political Bureau was reorganized and Mr. Ambroise Noumazalaye, formerly a Prime Minister under President Massemba-Debat, became Second Secretary in charge of Planning in the Central Committee, a function formerly held by the Vice President. Although the whole Central Committee of the Party continues to make planning policy, Mr. Noumazalaye, as Coordinator General of the Plan, is responsible for implementation.

#### b. Regional association

3. During the colonial period, Congo was part of French Equatorial Africa (AEF). Brazzaville, now Congo's capital, was then the capital of the whole region. When Congo attained independence in 1960, it became a member of the Equatorial Customs Union (UDE). Later it joined the Central African Customs and Economic Union (UDEAC) which was set up to expand the functions of the Equatorial Customs Union as of January 1, 1966. Membership of UDEAC included Cameroon, the Central African Republic (CAR), Chad, Congo (B), and Gabon. However Chad, disappointed with UDEAC's industrial policy, left the Union as of January 1, 1969. This had an adverse effect on Congo's manufacturing industry, which had enjoyed a protected market in Chad and CAR. The value of exports to Chad dropped from CFAF 1.1 billion in 1967 to CFAF 0.2 billion in 1969.

4. Congo's transport network constituted the backbone of the Trans-equatorial route, a more than 2,000 km long route from Chad through the CAR to the seaport of Pointe Noire. This route was managed until 1969 by ATEC. Although Congo decided, at the end of 1969, to replace ATEC by ATC, the importance of Congo (B) for the whole region, especially in the field of transportation, remains a major feature of its economy. Transit traffic is estimated at 80 percent of the traffic through the riverport of Brazzaville and over the railroad, and about 60 percent of traffic through Pointe Noire.

B. Population, GDP, Prices, Wages and Employment

a. Population

5. Congo is one of the least densely populated countries of Africa. While average population density is about 2.7 inhabitants per square km, the North is less densely populated, and the area Southwest of Brazzaville has as much as three-quarters of the population on less than one-third of the land area. (See map). Based on a 1960/61 census and a growth rate of between 1 and 1.6 percent between 1961 and 1964 and 2.2 percent per year since 1965, its population is estimated by the Population Division of the United Nations <sup>1/</sup> at about 936,000 in the middle of 1970 (Appendix Table I). This estimate may be too low because it was based on a growth rate for 1961-1964 which is assumed too low by the Population Division which is now using 1.9 percent. The Congolese Planning Office is still using the 1.6 percent growth rate in its projections (1.7 percent for the 1970-80 period instead of about 2.4 percent by the Population Division for the same period). The United Nations Population Division has based its higher rates on those in neighbouring countries such as Congo (K) (2.3 percent). Also, a 1969 survey found a rural population of 637,000 or almost 100,000 more than the figure arrived at on the basis of the growth rate of the 1960/61 census, even if adjusted to 2.2 percent since 1965. Again this may indicate that the Congolese population is larger than projected above.

6. Urbanization is also very pronounced by African standards. More than 40 percent of the people live in urban areas of more than 12,000 inhabitants (37 percent in the four largest towns). The annual rate of growth in the four major cities was about 6.5 percent in the past ten years. Brazzaville alone has 170,000 inhabitants and Pointe Noire, 100,000. This excessive urbanization is, and will continue to be, the main social and economic problem. In some cases the standard of living of the cities' unemployed and underemployed is lower than that of people living in rural areas.

7. Although the Government is attempting to solve this problem by creating employment in urban areas, this policy may have the opposite effect. By raising job expectations, it may attract potential migrants and raise the

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<sup>1/</sup> United Nations, Population Division, Working Paper No. 30, December 1969.

level of unemployment in the cities. A major task facing Congolese economic policy makers in the years ahead is searching for financially rewarding economic activities which could retain people in the economically viable agricultural areas of the country. This report, especially in its section on agriculture, tries to suggest some ways to help in the formulation of such policies. Policies aimed at relieving urban congestion could also include a program of population control in the major urban areas. So far only a limited family planning program exists, oriented towards the solution of individual social cases.

b. Gross domestic product (GDP) and prices

8. Accurate information on the composition or even the size of Congo's GDP does not exist at present. Although attempts at establishing national accounts data were made in 1958 and in 1967, the data are unreliable and difficult to compare. In spite of these imperfections, Appendix Table II indicates that GDP at current market prices has increased considerably (from CFAF 23 billion in 1958 to CFAF 59 billion in 1967, or at an annual rate of 11 percent). During the five years 1963-67 GDP at current market prices expanded at an estimated annual rate of about 8 percent. Since prices increased by about 4 percent per year and population by about 1.6 percent, the annual real increase in GDP per capita may therefore have been somewhere around 2.4 percent. Applying a growth rate of about 4 percent for 1968 and 1969 and 3 percent for 1970 this would mean a per capita GDP at current market prices of about \$255 in 1970.

9. The composition of GDP indicates clearly the decreasing importance of agriculture notwithstanding the relatively rapid expansion of the forestry sector. The contribution of agriculture, including forestry, to GDP decreased from 31 percent in 1958 to 13 percent in 1967. Intense investment activity during the past 9 years resulted in a considerable increase in the production of manufactured products and a rising importance of this sector in the economy. Services, especially transport, also grew rapidly, and continue to account for about 30 percent of GDP.

10. The available price indices indicate that wholesale prices rose by about 3 percent per year and retail prices by about 4 percent during the period 1964-1968 (Appendix Table III). The wholesale price index has virtually not changed since 1967, but it is not reliable. The retail price index is not very significant either, since it is based on the consumption pattern of European families in Brazzaville. In a country with a relatively large number of African wage earners, an African consumer price index would be a useful tool for economic analysis and the intended introduction of such an index should take place as soon as possible.

c. Employment and Wages

11. Out of an active population of 507,000 in 1968, 71 percent was engaged in subsistence agriculture, and 16 percent were wage earners; liberal professions accounted for the remaining 13 percent. Out of 80,000 wage earners, at the end of 1968, Government employment accounted for 19,000 or almost 24 percent, with the rest mostly in manufacturing and transport and communication (31 percent). (Appendix Table IV).

12. In the absence of information on actual wages, the level of minimum wages in urban centers and in the rest of the country (Zones I and II) gives some idea of the evolution of wage levels (Appendix Table V). They have increased by 15 percent since December 1964 and minimum wages in the major towns have been about CFAF 46 (\$17 cents) per hour since August 1968.

13. The total wage fund at current prices decreased from 48 percent of GDP in 1958 to 40 percent in 1967, but Congolese wage earners were getting a higher percentage of GDP (28 percent) in 1967 than in 1958 (21 percent). The share of expatriates in the CFAF 10.9 billion wage fund decreased from 57 percent to 30 percent. They continue to account for only about 5 percent of all employment. (Appendix Table IV).

C. Investment Level

14. Investment activity, which had been very intense during the Five-Year Intermediate Development Plan period (CFAF 9.2 billion annually), increased even more in 1969 (CFAF 13.6 billion). Investments for a total amount of CFAF 54.3 billion were foreseen for the 1964-1968 period (Appendix Table VI). Actually about 85 percent of the planned investment during the five-year period was achieved, or an average of 18 percent of GDP at current market prices per year (Table 1). However, more than CFAF 12 billion was invested in an ill-fated potash project (total cost more than CFAF 20 billion) which has so far produced little. Exclusion of this project from the overall investment figures reduces the average yearly investment flow from CFAF 9 billion to CFAF 7 billion, or an average of 14 percent of GDP.

Table 1: INVESTMENT, PUBLIC AND PRIVATE, 1960-1969

(in billions of CFAF)

	1964-68			
	1960-63	Intermediate Plan		1969
		Planned Investment	Actual Investment	
Industry and mining	23.7	25.1	23.5	9.1
Infrastructure + Services	7.1	14.0	14.4	3.3
Agriculture and forestry	3.0	4.9	2.3	0.7
Education, health	1.5	2.8	2.5	0.4
Urbanization	<u>2.7</u>	<u>7.5</u>	<u>3.3</u>	<u>0.1</u>
Total	<u>38.0</u>	<u>54.3</u>	<u>46.0</u>	<u>13.6</u>
Annual average	9.5	10.8	9.2	13.6

Source: Appendix Table VI.

15. The share of public investments, including investments financed by foreign aid, has been very large. It averaged about CFAF 4.5 billion per annum in the 1964-68 period or 66 percent of local investment, compared with an average of less than CFAF 3 billion per year in the preceding 5 years. A large part of the increase took place in state enterprises and was financed to a large extent from domestic sources (CFAF 8.5 billion (18 percent) over the whole 5 year period). Other public investments were mainly financed from foreign sources, including CFAF 5.5 billion from the EDF (Appendix Table VII).

16. Included in the CFAF 46 billion investment during the Intermediate Plan period were about CFAF 9 billion of cost overruns, so that in reality only about 65 percent of the projects included in the original plan were completed by the end of 1968. No new plan has been introduced yet and investment in 1969 and 1970 was mainly for the unfinished projects of the Intermediate Plan.

17. The 1959 investment of CFAF 13.6 billion was considerably above the average for the previous five years because of CFAF 7.4 billion investment mainly for potash mining. Public investment remained at the previous five-year level (CFAF 4.8 billion) but only about CFAF 1.3 billion was invested by the private sector (not including potash) (Appendix Table VIII).

18. The original Intermediate Plan emphasized industry, mining, infrastructure and services (72 percent). In implementation the emphasis shifted even more in that direction (82 percent). Agriculture and forestry on the other hand had been allocated 9 percent of the investment but only received 5 percent (Appendix Table VI bis). This lack of balance among sectors in Congo is rather unique and difficult to understand without further explanation. The report will, therefore, describe the major sectors before dealing with public finance, foreign trade, aid and the balance of payments.



## II. SECTOR DEVELOPMENTS

### A. Transport

19. Congo's transport system is characterized by two features: the existence of a national transport agency, the Agence Transcongolaise des Communications (ATC), which manages the country's ports, railway and river transport, and the preponderance of transit traffic in overall traffic flows. In 1969 transit traffic accounted for almost 64 percent of the traffic through the Port of Pointe Noire, over 50 percent of the traffic of the Congo-Ocean Railway (CFO) and about 80 percent of traffic through the Port of Brazzaville.

#### a. The ATC system

20. The Agence Transcongolaise des Communications was created in October 1969, following the nationalization of the Congolese assets of the Agence Transequatoriale des Communications (ATEC). The ATEC had been established in 1958 by Congo, Gabon, CAR and Chad to manage the Transequatorial Route from Fort Lamy (Chad), through Bangui (CAR), to the seaport of Pointe Noire in Congo, as well as a road connection between Congo and Gabon. Although ATC is now run as a national agency, it actually performs almost the same role as the former ATEC and appears to be at least as efficiently operated.

21. The following countries utilize Congo's transport facilities for the transit of their exports and imports: Gabon (exports of manganese and, more recently, timber); CAR (practically all of its exports and imports); Chad (most of the exports and imports of the Southern part of the country); and Cameroon (some exports of timber). The large and increasing volume of transit traffic implies that Congo will have to take account of national and regional requirements in adopting transport policies.

22. ATC has complete financial autonomy. It is run on a commercial basis and is held by its statutes to achieve financial viability. Within ATC, the different sections (ports, railway, river transport) are run as independent entities with separate accounts and management. The Director General, as well as the directors of the various sections, are Congolese assisted by qualified expatriate personnel.

23. The ATC system includes the seaport of Pointe Noire, the CFO Railway (Chemin de Fer Congo-Ocean) from Brazzaville to Pointe Noire <sup>1/</sup>, the Port of Brazzaville and a number of small river ports on the Congolese tributaries of the Congo-Oubangui river system. It also handles river trans-

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<sup>1/</sup> The CFO Railway is connected with the Comilog (Compagnie Miniere de l'Ogoue) manganese mines in Gabon by the Comilog Railway line from Mt. Belo to M'Binda on the Congo-Gabon border, from where a cableway links with the mine at Moanda. The branch line is owned and maintained by Comilog, which operates its own trains, also between Mt. Belo and Pointe Noire. In return the CFO runs a limited number of passenger and freight trains on the Comilog branch.

port services between Brazzaville and the Northern part of the country and parts of Southeast Cameroon and the CAR. Thus ATC system forms the backbone of the Congolese transport system, serving most of Congo's internal transport needs and carrying practically all of the country's transit traffic at least part of the way. Roads and internal air transport play a secondary role, complementing the ATC system.

24. The seaport of Pointe Noire has experienced rapidly growing traffic volumes in recent years, but improvements have been made or are in progress. Thus, except for its petroleum installations, no further expansion of port facilities is foreseen in the next five years. Approximately 2.8 million tons passed through the port in 1969. Manganese ore exports from Gabon (1.5 million tons) and timber exports (about 600,000 tons) are the main commodities handled. The port is well managed and financial operations are satisfactory.

25. The CFCO Railway between Pointe Noire and Brazzaville (510 km), a single-line track constructed in the 1930's, today represents the major bottleneck in the ATC transport chain. Built with the limited technical means available at that time, the railway no longer meets present-day traffic requirements. In 1969, the CFCO carried 2.9 million tons of traffic which, under present circumstances, is beyond the system's optimum capacity. Forest exploitations in Congo and neighbouring countries have therefore been forced to produce at a level much below their potential capacity. Sharp curves, steep grades and short crossing stations limit the number of daily train passes and train tonnage, particularly on the mountainous 80-km section between Holle, some 45 km from Point Noire, and Dolisie.

26. A UNDP-financed study of the feasibility of improving this Holle-Dolisie section, for which the Bank is Executing Agency, started in June 1970. The study will take one year and, providing its results are positive, at least another four years will be needed for detailed engineering and construction. The CFCO will, therefore, continue to be in a difficult situation until at least 1975. In view of the steadily increasing transport demand, in particular by logging companies in Congo and neighbouring countries, and apart from the need for urgent investments in rolling stock, other short-term measures are urgently required to eliminate the line-capacity gap. The consultants who carried out the above study were asked to submit recommendations for interim measures by early 1971. FAC will finance a major portion of the rolling stock purchases, but the Bank could contribute also in this matter.

27. The Port of Brazzaville (at the end of the navigable part of the Congo river and at the head of the CFCO), handled 365,000 tons of goods in 1969. These were mainly general imports for Brazzaville and Northern Congo, the CAR and Southern Chad, and cotton exports from the latter two countries, as well as over 100,000 tons of timber coming from Northern Congo, Southeast

Cameroon and CAR. Present port installations are inadequate to handle the forecasted future traffic volume, but an important investment program to increase the capacity of the port is underway.

28. River transport on the Congo-Oubangui river system and its tributaries is assured jointly by the ATC department for navigable waterways, ports and river transport, and the ACCF (Agence Centrafricaine des Communications Fluviales), the Government-owned Central African shipping company. The two agencies have a joint freight forwarding office, they share the cost of river maintenance, buoying, and so on, and they have concluded agreements on the distribution of traffic between their respective fleets. ATC carries all traffic between Brazzaville and the five small river ports in Northern Congo (which are also managed by ATC), and 20 percent of the traffic between the CAR and Brazzaville. Both the ATC river transport services and the ACCF were created in late 1969 when a private company, which had so far assured the major part of the transport services on the Congo-Oubangui system, was dissolved and its assets taken over by the two agencies. A financial settlement between this company and ATC/ACCF is still outstanding.

b. Roads

29. Road transport is of secondary importance in Congo. There was an estimated fleet of 7,500 vehicles in the country in 1968, of which 5,000 were private passenger cars. The road network consists of some 2,000 km of national roads (330 km are paved), 3,600 km of prefectoral roads, and 2,700 km of local roads, and 2,500 km of unclassified seasonal tracks.

30. Only some 1,500 km of roads provide reliable all-weather service. Traffic volumes are generally very low, except on short road sections close to the cities of Brazzaville and Pointe Noire and on some roads in Southern Congo, which carry heavy timber traffic. The share of road transport in total transport volumes is roughly estimated at no more than 10-20 percent.

31. Road maintenance is ineffective, mainly due to poor organization, inadequate training of staff and inefficient use of existing equipment. A recent study, financed under an IDA credit made on May 16, 1969, has recommended a major reorganization of road maintenance operations and a maintenance program covering some 4,000 km of main roads. This proposal has been approved by the Government and would be implemented with the financial assistance which the Government is seeking from IDA.

c. Aviation

32. The airport of Brazzaville provides regular international jet flight service to other African capitals and to Europe. A Government-owned national air transport company, Linacongo, assures internal air transport but until recently had only two planes. Linacongo has now seven planes. It is felt

that air transport could play a greater role in Congo, given the size of the country and the distribution of population centers, which make it difficult to justify major road links. The Government is awaiting arrival of a group of U.N. experts who will make recommendations on the organization of internal air transport.

d. Transport planning

3. Until recently, there has been little central planning and coordination of transportation investments and policies in Congo, because the major transport infrastructure belonged to a multinational agency (ATEC), responsible to four member Governments. With the creation of the ATC, all transport modes now come under the jurisdiction of the Congolese Government. The central planning office, attached to the Presidency, will ensure overall coordination of all investment and development policies in the transport sector, among others.

34. A team of consultants, financed under French bilateral aid, has assisted the Government in preparing a general five-year development plan for 1970-74 as part of a larger program covering the decade 1970-1979. While the plan still must be made final and approved by the Government, it contains investment targets for the transport sector as a whole (Table 2) of CFAF 60 billion (\$215 million) and CFAF 46 billion for the first five-year period (1970-1974). During the preceding five-year period (1965-69) transport investments amounted to only CFAF 10 billion (CFAF 6.8 billion in the Congolese section of ATEC and CFAF 3 billion in roads and road transport equipment).

35. Large investments in transport are justified by increased traffic projections (see Appendix Table IX) and by the large benefits that can accrue to the Congolese economy from these investments. However, the envisaged CFAF 60 billion program appears to be too large. The mission suggests that it be cut to CFAF 40 billion, and that some investments be shifted from the 1970-74 to the 1975-79 period.

Table 2: INVESTMENT PROGRAM FOR THE TRANSPORT SECTOR, 1970-1979

(in billions of CFAF)

	1970-74		1975-79		1970-79	
	Govt. estim.	Mission's suggestion	Govt. estim.	Mission's suggestion	Govt. estim.	Mission's suggestion
ATC	<u>28.1</u>	<u>19.0</u>	<u>4.3</u>	<u>7.2</u>	<u>32.4</u>	<u>26.2</u>
of which						
Railway	16.3	9.8	1.8	7.2	18.1	17.0
Ports	7.4	5.2	2.5	-	9.9	5.2
Waterways	3.5	3.7	-	-	3.5	3.7
<u>Roads</u>	<u>17.4</u>	<u>8.0</u>	<u>9.3</u>	<u>3.0</u>	<u>26.7</u>	<u>11.0</u>
<u>Civil Aviation</u>	<u>0.9</u>	<u>2.0</u>	<u>-</u>	<u>1.0</u>	<u>0.9</u>	<u>3.0</u>
TOTAL	<u>46.3</u>	<u>29.0</u>	<u>13.7</u>	<u>11.2</u>	<u>60.0</u>	<u>40.2</u>

Source: Congo, Travaux Preparatoires a l'elaboration du Plan, Secteur Transport and Travaux Preparatoires a l'elaboration du Deuxieme Plan National 1970-74, and mission estimates.

36. ATC's share in this CFAF 40 billion would be CFAF 26 billion. This means that the mission has accepted the Government's investment program for the railway and the waterways almost entirely, except for a temporary postponement of track renewal on the Dolisie-Brazzaville section. However this is clearly less urgent than improvements on the Holle-Dolisie section, because there is considerably less traffic on the upper section of the CFCO. The mission also suggests a considerable reduction of the ports program because, in its opinion, no substantial improvements in the Port of Pointe Noire will be necessary once ongoing investments, including the new petroleum port and refinery, have been completed.

37. ATC has not undertaken an analysis of the overall financial justification of its investment program. Economic benefits will, however, be substantial. For example, the improvements in transport facilities will make possible an increase in timber production. Assuming that the program will permit an increase in total timber production of 1 million tons per year, this would amount to total economic benefits of CFAF 5 billion per year, or about US\$18 million for timber only.

38. ATEC has never financed with its own resources more than CFAF 1.5 billion annually for the Congolese portion of its system. This was not a major problem since the investment programs were rather modest in the past. The benefits of those investments accrued to four former French territories. ATC will now carry the investment burden alone but benefits will continue to accrue to the four countries. Consideration will therefore have to be given to the extent to which transportation charges and contributions to investment are in line with the benefits received by the various countries.

39. More than half of the above mentioned increase in traffic is expected to result from the growth in wood exports. This raises an unresolved question concerning the optimum capacity of the transport system. Since there is a given volume of exploitable forestry resources, production can run either at a high level for a relatively short period of time or at a lower level for many more years. A rough calculation shows that, if wood exports from Congo continue to grow at the projected speed beyond 1975, they would attain an annual level of 1.8 million tons by 1985 and of 5 million tons by the end of this century, by which time most of the Congolese reserves would be exhausted. Although it is clear that the Government does not intend to let forestry production grow at that rate indefinitely, a separate study of the rate and timing of timber production increase is warranted.

40. It is impossible to know correctly what the available transport capacity will be before feasibility studies on the improvement of the existing line have been completed, but it is clear that the existing single-line track will not be able to carry much more than a total of 6 million tons annually. However, with the intended construction of a new Southern route through the mountains, 8-10 million tons should not be a problem. Traffic forecasts established by the Planning office show that total traffic over the CFCO may reach about 5.8 million tons annually by 1975, assuming 2.1 million tons of manganese and 1.8 tons of timber, including nearly 1 million tons from Congo. The new line will therefore make possible a more rapid expansion in timber production.

41. Road transport is of secondary importance in Congo, especially on roads such as the Pointe-Noire-Brazzaville-Ouesso road, which runs parallel to the railway and river. The major cut suggested by the mission in the Congo's transport investment program is, therefore, a cut in the highway construction program of almost CFAF 16 billion out of a total of almost CFAF 27 billion. The economic justification of this program appears to be highly questionable and the financial arrangements made with an Italian group appear to be highly unfavorable. More information on this project is needed. The Government would be well advised to avoid further low priority commitments until the alternative solutions have been studied.

42. Air transport as a complement to the heavy and slow river and rail transport and as an alternative to expensive road construction, has received insufficient emphasis so far. The mission, therefore, supports the Government's request to UNDP for financing of the services of transport experts to

assist in the elaboration of recommendations for internal air transport. In the meantime, and subject to revision when those recommendations have been finalized, the mission suggests increased air transport investments in the form of plane purchases, airport improvement and studies.

B. Agriculture, Forestry, Fishing

43. The rural sector accounts for only 13 percent of GDP, though it provides a living for about 60 percent of the sparsely distributed population and accounts on the average for 62 percent of the country's total exports (85 percent of exports outside UDEAC). Wood alone, accounted on the average for 87 percent of the agricultural exports and for 54 percent of all exports in the 1965-1969 period (Table 3). The poorly equipped traditional sector is devoted to the cultivation of food and some cash crops (cocoa, coffee, groundnuts); the modern sector, concentrated primarily in the Niari valley, produces the bulk of the cash crops (mainly sugar cane) and some meat.

Table 3: VALUE OF AGRICULTURAL AND FORESTRY EXPORTS OUTSIDE UDEAC, 1965-1969  
/1  
(in billions of CFAF)

	1965	1966	1967	1968	1969	
					Value	%
(1) <u>Wood</u>	<u>5.1</u>	<u>5.5</u>	<u>5.0</u>	<u>6.4</u>	<u>7.3</u>	<u>74.5</u>
Logs	4.4	4.7	4.1	5.0	5.7	58.0
Veneer	0.6	0.7	0.8	1.2	1.3	13.3
Lumber	0.1	0.1	0.1	0.2	0.3	3.1
(2) <u>Sugar</u>	<u>-</u>	<u>0.1</u>	<u>1.5</u>	<u>0.3</u>	<u>2.0</u>	<u>20.4</u>
(3) <u>Other products</u> /2	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>5.1</u>
of which:						
Cocoa	0.1	0.1	0.1	0.2	0.2	2.0
Coffee	0.1	0.1	0.1	0.2	0.2	2.0
(4) <u>TOTAL</u>	<u>5.6</u>	<u>6.1</u>	<u>7.0</u>	<u>7.2</u>	<u>9.8</u>	<u>100.0</u>
(5) (1) as % of (4)	91.1	90.2	71.4	88.9	74.5	
(6) (4) as % of total exports	58.3	58.7	64.2	64.9	77.2	
(7) (1) as % of total exports	53.6	53.3	45.5	56.8	56.5	

/1 Slight difference between Table 3 and Table XXV due to rounding.

/2 Sugar data are incomplete.

Source: UDEAC and UDE Statistics and Table XXV.

a. Forestry

44. Forestry is the main rural activity in Congo. In the period 1965-1969, it provided on the average 85 percent of the country's agricultural exports outside the UDEAC zone and 53 percent of total exports. Production in 1968 amounted to 620,000 tons and the projected growth rate until 1975 averages about 9 percent (Table 4). An inventory of forestry reserves is underway in an area of Northern Congo and preparations are in progress for a similar inventory in presently unexploited areas of the South. The results of these inventories will give us a clearer picture of the remaining reserves which, on the basis of an average production of 600 tons per sq. km, have been conservatively estimated at 75 million tons. If the 9 percent per annum growth rate continues indefinitely beyond 1975, Congo's annual production would reach 6 million tons by the end of this century. Thus, these resources could be exhausted before the end of this century, although this would require the construction of a second track for the railroad and a considerable number of forest access roads. Without constructing a second track it would be difficult to assume that more than 2 million tons of timber could be exported annually. However, even if timber exports would be stabilized at 1.1 million tons after 1975, the reserves will still be depleted within about 60 years.

Table 4: VOLUME OF WOOD EXPORTS, 1968-1970, AND PROJECTED EXPORTS FOR 1975

(in thousands of tons)

	1968	1969	1970	1975
Southern Congo	580	605	522	723
Northern Congo	<u>40</u>	<u>89</u>	<u>124</u>	<u>240</u>
TOTAL	<u>620</u>	<u>694</u>	<u>646</u>	<u>963</u>

Source: Congo, People's Republic, Travaux Preparatoires du Plan 1970-74 UDEAC, Etudes Statistiques, data supplied by the Services des Eaux et Forets, and mission estimates.

45. It is clear, therefore, that the Government urgently needs a clearly defined forestry policy which should include a position on:

- (1) how much to produce annually, taking into account that forests are a semi-wasting resource, especially if not properly managed;



- (ii) how many and which incentives are necessary to reach the chosen production level for each species exported;
- (iii) how much net Government revenue can be drawn from forestry exploitation;
- (iv) how African participation in forestry exploitation can be fostered further;
- (v) how much wood processing can be done in the country and how to encourage it;
- (vi) how much reforestation and forest management will be necessary and where to get it;
- (vii) how to create a more efficient forestry service, capable of planning the efficient utilization of forestry resources and the on-the-spot control of exploitation practices.

46. Incentives can be given in the form of generous forestry services (good railway and railway access roads, etc.) or in the form of low taxation (cheap permits, low export duty, low company taxes) or a combination of both. Related to this question is the permit distribution policy, and decisions on how much taxation should be charged as fixed costs and how much as variable costs. Under the present system it seems customary for large expatriate firms to leave the area they developed to small African producers once the first sweep has been made through the permit area. Higher fixed taxes may keep the original permit-holder longer in the same area, and thus increase efficiency for instance through a system of more appropriate timespan for permits, through a system of controls which would assure cutting of more wood per unit of surface, and by more differentiated taxes according to wood species. However this initiative may be damaging to small African producers who now benefit from the road infrastructure left behind by the expatriate firm, and hence need less heavy equipment.

47. At present not enough Government revenue is drawn from forestry. When a new policy is formulated, the global amount of this revenue should be taken net; in other words the amount spent on forestry services (a main policy variable) should be deducted. In this context the general problem arises, who should build and maintain access roads, the Government or the private companies? This problem comes up anew every time new areas are to be opened up. Logging companies are normally well-equipped to build quite inexpensive extensive road networks in their concessions, but the roads they construct are less durable than those constructed by the Government.

48. The African share (including ONAF, the National Forestry Office) in forestry exploitation has increased from 13 percent of total volume in 1964 to 26 percent in 1968 and the local share of wood processing has increased from 11 percent of total log output to 22 percent in 1968. In its

efforts to develop the national forestry exploitation and processing industry, the Government, with the assistance of UNDP, has created a partly self-financed forestry training center. Through this center people are being trained to supervise the rational exploitation of forestry permits and to manage the processing plants. Fostering African participation in these matters may also include decisions on discriminatory tax incentives and permit allocation.

49. Finally, the review of reforestation and forest management policy will be influenced considerably by the outcome of a UNDP feasibility study of a large paper pulp industry. Preliminary investments in eucalyptus and pine afforestation have been made, and further investments of CFAF 2.5 billion are under consideration (EDF). If a large pulp industry proves unfeasible, resources may have to be shifted from pine and eucalyptus to the management and reforestation of exportable hard-wood varieties.

50. The two main conclusions to be derived from this brief analysis of the forestry sector are the following:

- (a) Emphasis should be maintained on timber production, since it provides the main export commodities and is a potential supplier of substantial public receipts. Forestry taxation, which contributes only 5 percent to total Government revenue at present, can be considered the only substantial insufficiently tapped budget resource. Careful attention should therefore be given to a study of the potential increase in forestry taxation in relation to expenditures for forestry services.
- (b) The projected rate of growth of timber production in Congo and neighbouring countries using Congo's transport infrastructure (9 percent) cannot continue past 1980 without a substantial increase in the road and railway investment program as described above. This would be difficult to justify however, because depletion of all reserves is then estimated to occur around the end of this century. Forestry policy may therefore have to be directed at stabilizing production at the projected 1975 or 1980 level.

b. Crop production

51. This is the weak sector of the Congolese economy and the present Government program reflects the disappointing experience of the past as well as the lack of clear solutions for the future. As a result the Government is experimenting with various programs. The pronounced urban migration has resulted in rural labor-shortages which are hampering the development of agriculture, and which necessitate the employment of seasonal workers from the Democratic Republic of Congo. Moreover, transport links are in poor condition and lack the capacity to meet the demand for evacuation of wood and export crops. The internal trade network is weak and does not stimulate the

production of food crops. As a result, there are increasing food shortages and high prices in the towns.

52. In the past, the Government set up rather ambitious targets for agriculture, which aimed mainly at an increase in production of export crops and at import-substitution. However, since the traditional sector was unable to meet these targets, the Government felt that priority should be given to the expansion of the modern farming sector. This decision was also in line with the Government's desire to increase the number of wage-earners, since they could more easily be incorporated into the modern sector. The Government also sought to encourage Congolese ownership but individual Congolese lacked the capital and know-how to implement modern agriculture. The Government consequently encouraged the development of a considerable number of state enterprises. More recently, following labor disputes, the Government nationalized the two existing agro-industrial sugar companies and their affiliates (oil and flour mills, etc.). In addition, it tried to reduce the regional disparity between North and South by setting up cocoa and palm oil programs in the northern regions. However, the bulk of investments remained concentrated in the promising Niari valley.

53. Mainly because of staff and organizational difficulties, management of the relatively large State Enterprise Sector proved to be a difficult task, and the small-farm sector was neglected in the process. As a result, successful extension programs were not renewed nor adequate follow-up provided, and, more generally, there was insufficient production of the staple food commodities.

54. The Government continues to give priority to large-scale modern agriculture. Projects on the preparatory list for a new development plan include the creation of agro-industrial cocoa plantations in the North, the extension of the modern palm-oil plantations, the planting of forests to supply a pulp plant, the creation of mechanized farm units to produce dry cassava and tomatoes, a new cattle ranch, pineapple plantations and a modern fishing complex. All of these projects are highly capital-intensive and will require a considerable inflow of competent and costly expatriate staff. By contrast, very few proposals have been made for developing food crop production, which could increase the income of the small farmer. He still represents the bulk of the Congolese population and is still the most efficient producer of African staple foods.

55. As explained earlier in this report, the development of Congo's economy in the immediate future will require considerable investments in the transport sector. As a result, investments in agriculture will have to be, as much as possible, of a capital-saving nature. In the short run, a smallholder food-crop extension program would not only increase the income of the people in rural areas, but would also help prevent an excessively rapid urban drift. In the longer-run, however, agricultural development could be implemented more and more through agro-industrial units. Indeed, such action would remedy the rural labor shortages, satisfy the preference for wage-earning jobs, and substitute for the declining traditional sector.

56. The main conclusions resulting from the analysis of the agricultural sector are the following:

- (a) The existing programs for the production of export crops (sugar, cocoa, palm oil, groundnuts) should be strengthened and a new impulse should be given to the surviving portions of the traditional sector (see (e) below);
- (b) the new programs for the production of export commodities such as pineapple, tomatoes, cassava, which are highly capital-intensive, should not, for the time being, receive priority attention, except where the project is mainly financed by non-public funds;
- (c) capital-saving small farm schemes should be promoted, especially to meet the local demand for foodstuffs; consequently, emphasis should be put on extension services, improved seeds, plant protection, and production incentives through pricing, and credit;
- (d) the intended shift in emphasis from heavy mechanization to mechanization with small implements may be suitably adapted to food crop projects around the major cities;
- (e) meat production should be increased, but improvements in the existing livestock sector are required before new investments are justified.

57. To successfully implement an agricultural development program, the following measures could be considered.

- (a) reorganize the state enterprises and the services in charge of agriculture; set up a single authority for implementation of agricultural policy; create a Ministry of Agriculture or expand the responsibility of the State Secretary for Development in charge of Agriculture to include also the Directorates for Rural Renewal and for Water and Forestry Resources as well as the National Forestry Office;
- (b) abandon plans for the creation of Regional Development Agencies (ORDs) which would hamper improvements in the state enterprise sector and in the centralization of decision-making concerning agriculture in the Ministry of Development;
- (c) set up an extension service which could concentrate on specific operations and work with foreign assistance in implementing small-farm programs;
- (d) improve marketing facilities by concentrating on ONCPA, rather than by creating more specialized marketing boards;

- (e) make provisions for appropriate follow-up when foreign assistance ends;
- (f) reorganize agricultural credit by better channelling, especially through the creation of intermediaries between the Congolese National Development Bank (BNDC) and the farmers; ensure that the credit to the State enterprises is used for medium-term financing requirements rather than for campaign financing.

c. Fishing

58. Fish has an important place in the diet of the Congolese, although they have little fishing tradition. The country is very dependent upon imports of salted and smoked fish from CAR and Chad. Offshore fishing is mainly in the hands of foreign companies. The fishing sector shows interesting prospects. Preliminary results of a FAO survey indicate sizeable resources of sardinella and tuna fish. The Government is trying to capitalize on this finding and is looking for financing of a tuna and sardinella canning plant. It has also been decided to set up a fish smoking plant in Pointe Noire. It would be wise to rely on foreign participation for this investment. In order to obtain the necessary know how and avoid the costly failures which have occurred in other countries.

C. Manufacturing and Transformation Industry

59. Excluding Cameroon, Congo is the most industrialized of the UDEAC countries. This is the result of a large investment program in this sector; in fact almost CFAF 11 billion have been invested since 1964 (Table 5). The public sector accounted for more than half of this investment. The result has been a sharp increase in production, which is estimated at more than 20 percent per year between 1964 and 1968. Consequently, the share of manufacturing in GDP in 1967 almost equalled that of agriculture. The growth rate seems to have slowed down considerably since 1969, however. The amount of investments which reached its peak in 1964/65 has stagnated since then. Investments are expected to decline in the 1970's because major public investments have been completed and the private investment climate has become unfavorable due to the loss of UDEAC markets and political uncertainty. Given a satisfactory investment climate there are further opportunities for industrial development such as the expansion of the capacity of the Loutete cement factory in the near future in order to satisfy the demand from the CAR and Congo (K).

60. The public sector has become more important since 1965 when the BCCO was created. Between 1965 and 1970 more than CFAF 6.5 billion was invested in the public sector of which CFAF 4.5 billion was directly for manufacturing (not including operating capital). This great effort to build a publicly-owned manufacturing industry has had rather disappointing results. This is mainly due to inefficient management, to the lack of coordination

among UDEAC countries, and to some questionable investment choices (phonographic record and bottle factories). Several investments were made without a satisfactory study of the potential market, and therefore the financial situation of several state enterprises is precarious (Chapter III, Section C, below).

Table 5: INVESTMENTS IN INDUSTRY, 1964-1969

(in billions of CFAF)

	1964	1965	1966	1967	1968	1969	Total 1964-1969
Agro- and food industry	1.0	1.0	0.6	0.3	-	0.2	3.1
Construction materials	0.6	0.9	-	-	-	-	1.5
Wood industry	0.5	0.1	0.3	0.2	0.1	0.1	1.3
Fish industry	-	-	-	0.3	0.3	-	0.6
Transformation industry	0.1	0.1	0.1	0.3	0.8	1.0	2.4
Buildings and public works	<u>0.2</u>	<u>0.2</u>	<u>0.3</u>	<u>0.4</u>	<u>0.5</u>	<u>0.3</u>	<u>1.9</u>
TOTAL	<u>2.4</u>	<u>2.4</u>	<u>1.3</u>	<u>1.4</u>	<u>1.7</u>	<u>1.6</u>	<u>10.8</u>

Source: Republique du Congo, Ministere du Plan, Travaux Preparatoires a l'Elaboration du Deuxieme Plan National 1970-74: Perspectives Industrielles.

61. The Congolese authorities are aware that not all investments in the manufacturing and transformation industry are a blessing. They have noticed that Government revenue from import duties declined considerably when import substitution took place and that the saturation point for import substitution is reached very quickly. Therefore, they are now looking for possible expansion in the field of export-oriented industries, for which a comprehensive industrial sector study is necessary.

62. The major handicap facing the manufacturing sector is the lack of qualified personnel at all levels, including management. The Government should be able to overcome this handicap at the lower levels through adequate training programs, since the Congolese population is rather well-educate

and has some familiarity with modern techniques. At the management level, however, foreign assistance and especially the creation of a new mentality towards economic efficiency is required if management training schemes are to bear fruit.

63. The total investment cost of all projects identified for possible implementation during the 1970-74 period amounts to CFAF 14 billion, or CFAF 4 billion more than in the 1964-69 period. These projects include a cardboard processing project (CFAF 4 billion), a pineapple processing plant (CFAF 2 billion), a wood processing project (CFAF 1 billion), an industrial fishery complex (CFAF 0.7 billion) and a silico-manganese project (CFAF 0.4 billion). In view of the difficulties encountered so far by state enterprises the Government should only start implementation of these projects if the private sector can be attracted to them.

64. Since wood is one of the major export products of Congo, the authorities should concentrate their efforts on the wood-processing industry, which can add considerable value to Congo's exports. There are at present four important production centers for veneer. These four centers can easily supply the local market. The creation of a new center is therefore dependent on a preliminary market study to evaluate the export possibilities. The same is true for existing sawmills; they almost all have excess capacity. A rather inexpensive small project for the construction of window frames for export is being implemented. Similar possibilities should be further explored.

#### D. Mining

65. The mining sector was expected to become significant in May 1969 due to a US\$100 million investment program of the Compagnie des Potasses du Congo (CPC) which was scheduled to start production. The Bank contributed a loan of US\$30 million for this investment (1967). The company is mainly privately-owned, while the Government has a 15 percent participation. So far, potash production has remained far below expectations, because of technical difficulties due to the structure and the composition of the deposits. Exports were expected to be about 840,000 tons of marketable potassium per year with a value of CFAF 5 billion. The Government had expected an annual fiscal revenue of about CFAF 325 million in the early years of the operation. In 1969, exports amounted to 45,000 tons and the 1970 production will not be higher than 200 tons. This means that 1970 gross export earnings will not be more than CFAF 1 billion. The company is now expected to pay a maximum CFAF 80 million in taxes, and financial returns will almost surely be negative.

66. Other minerals produced in Congo include petroleum and natural gas, gold, copper, lead, zinc, and even a few diamonds, but all in very small quantities. The total value of these minerals averaged about CFAF 350 million per year over the last five years (Appendix Table XII) and no spectacular changes in this pattern are expected in the near future. Previously discovered petroleum deposits have been gradually depleted. However, two large petroleum companies, Elf-Congo and AGIP, are analysing off-shore deposits near Pointe

Noire which are estimated at 1 billion cubic meters. Technical difficulties, which seemed to impair commercial exploitation because of the prohibitive costs, have been solved. Production has been projected at 4 million tons by 1974 with a total value of about US\$24 million. A five-year investment program of CFAF 20 to 25 billion is required.

67. Additional mineral prospecting is in process but has not led to spectacular strikes. The iron ore deposits discovered around Zanaga seem to be so shallow that their exploitation is doubtful.

#### E. Education

68. Congo's educational system is among the most advanced in Africa (Appendix Table XIII) having about 70% of the age group 7-16 enrolled in school. <sup>1/</sup> Total enrollment increased by almost 45 percent during the period 1965-70 and has now reached almost 250,000, or about one-quarter of the population. The rapid growth of the education sector has not, however, been related to the specific needs for qualified manpower in the various sectors of the economy. In particular, vocational education and training have not received adequate attention, leading to surpluses in some fields, e.g., construction trades, and shortages in others, such as the electrical and mechanical trades. Furthermore, the efficiency of the educational system is low due to the large number of drop-outs and repeaters and to the considerable number of underqualified teachers. Drop-out rates are about 50 percent in elementary education and 20 percent in secondary education, and out of all pupils enrolled in elementary school in 1969/70, 32 percent were repeaters; worse, of the pupils in sixth grade, only 12 percent had never repeated a class. Sixty percent of the elementary school teachers are not fully qualified and almost 30 percent of junior secondary and more than 80 percent of senior secondary teachers are foreigners.

69. The educational system comprises 6 years of elementary, 4 years of junior secondary, 3 years of senior secondary and 4 years of higher education (Appendix Table XIV). Education has been compulsory and free for children between the ages 7 and 16 since 1965. In order to provide the necessary number of places at the junior secondary level (grades 7-10), pre-vocational schools and elementary training centers have been opened. Brazzaville has its own Center for Higher Studies (CESB), which supplies university level education.

70. Educational policy, if it is to make a greater contribution to economic development, should be considered as a part of the overall economic resource allocation problem. Therefore, investment in education should be scrutinized with the same rigor as other investments. The introduction of universal free education beyond the age of 14 has proven to be a heavy burden for the Congolese Government, and the results are questionable. Educational

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<sup>1/</sup> Comparable figures are: Cameroon 75%, Gabon 65%, Ivory Coast 40%, Chad 24%.



expenditure already accounts for about one fifth of Government current expenditures. In the future, improvement of the quality of the existing educational structure, rather than further expansion, should be the major goal of the Government. Efforts towards that goal should be concentrated on the elimination of shortages of skilled craftsmen and qualified teachers, and on the gradual replacement of the large number of expatriate teachers by Congolese, without sacrificing quality in that process. The low emphasis on construction of new buildings should be maintained.

71. Given the excess supply of junior secondary school graduates, a study of the possibility of converting existing junior secondary schools into normal, vocational and technical schools may be worthwhile. Such a conversion would also save on construction costs. In addition, more flexibility should be introduced in the curricula of existing vocational and technical schools in order to satisfy the changing needs of the labor market.

72. All senior general secondary school teachers in the Congolese system are qualified and have had at least four years of university education, but only 20 percent are Congolese. The great majority of the 1,100 students at the Brazzaville Center for Higher Studies (CESB) are studying law, with little hope for related employment later. The creation of a system of selective scholarships to direct students towards those subjects for which shortages exist and towards teacher training (aggregation) courses could help considerably. Such incentives should not only eliminate these shortages, but also diminish the potential for future social and political unrest.

73. A study of recurrent education expenditures indicates a shift in emphasis towards technical and vocational education and an increase in the share of primary teacher training in the total of expenditures for senior secondary education. In view of the principles defined above these are positive trends. On the other hand, expenditures on salaries increased to 90 percent of total educational expenditures. In view of the continued serious under-qualification of local teachers, salary increases should be linked with improved qualifications.

#### F. Public Utilities: Electricity and Water Supply

##### a. Electricity

74. The power sector in the Congo is characterized by private producers having a greater total installed capacity (29 MW) than the National Power Company (SNE) (26 MW). As a result, SNE's share in the industrial load (23 percent) is small when compared with its total load and is even smaller than the amount of its power utilized by the administration (29 percent).

75. SNE is aware of this problem and has in the past attempted to persuade industrial consumers to purchase power from SNE-operated plants. This failed in the case of CPC, who considered its own thermal generation more economic than purchases from SNE, and also in the case of the Loutete cement factory, which could not wait for SNE power to become available.

76. One of the major factors that made industrial consumers hesitate to purchase SNE power was that the nationalization of the Equatorial Electric Energy Company (SEEE) and the Overseas Electric Union (UNELCO). They thought the nationalization and the resulting Congolization of personnel would lead to a deterioration of service. SNE, however, has demonstrated that it is able to provide reasonable service and to maintain its equipment in good working condition.

77. SNE was able to negotiate with a private industrial producer for the purchase of its installations at Jacob and thus assured to itself the future electricity supply of the sugar factory in this locality. If a reliable and acceptably-priced power source were available to serve the Niari region, other industries might be attracted and other industries may be persuaded to purchase SNE power. Thus the Moukoulou hydro-scheme on the Bouenza River, with an initial capacity of 11 MW increasing to 22 MW and 33 MW in subsequent phases, might be of interest to the Congolese Government and SNE. This scheme was studied by Electricite de France (EdF) and subsequently by a group of Chinese engineers.

78. The basic problems of the SNE, which are mainly of a managerial and financial nature, are the following:

- (i) SNE lacks autonomy;
- (ii) there is a considerable amount of outstanding claims on customers and the principal debtors are Government departments; we understand that the Government really never paid since independence, but has loaned money to the company to finance investments;
- (iii) the tax burden is very heavy (25 percent of gross revenues);
- (iv) overinvestment, indicated by the high ratio of installed capacity to maximum demand served, results in higher than normal depreciation and interest components;
- (v) although UNELCO was nationalized in 1967, still no agreement has been reached between the Government and UNELCO on the value of ex-UNELCO assets taken over and utilized by SNE.

b. Water supply

79. In 1967, the Government nationalized the water supply sector and created the Societe Nationale de Distribution d'Eau (SNDE). SNDE is now responsible for production and distribution of water on Congolese territory. The company is efficiently run. There is an annual surplus of revenue over expenditures, notwithstanding the fact that SNDE's financial situation is greatly affected by arrears from the public services. These arrears amounted to about CFAF 200 million by 1969. Investments amounted to about CFAF 61 million in 1969 and 1970 or an average of 14 percent of total expenditures.

80. During the forthcoming years, water consumption will double in Brazzaville, and investments should amount to CFAF 300 million. At Pointe Noire, present facilities are already inadequate and the investments required have been estimated at CFAF 53 million. If Government arrears continue to increase, SNDE will have to look for financing outside its own budget.

G. Investment Priorities among Sectors

81. The period for the implementation of the Intermediate Development Plan 1964-1968 has expired and preparatory work for the establishment of a new development plan has been completed by a French team of consultants. The preceding sector studies have shown that the list of projects available for evaluation is rather impressive. It is therefore necessary to select those projects that can be implemented in the next five years and to make decisions regarding the elimination of some and the inclusion of others in a longer run plan. However, these vital decisions have been delayed unduly and quick action appears highly desirable.

82. In the absence of a development plan in which intersectoral comparisons have already been made and selection criteria have already been applied, the mission has attempted to evaluate the projects included in each sector and at the same time make rudimentary intersectoral comparisons. The potential maximum program that can be derived from the preliminary inventory includes projects requiring a total investment of about CFAF 90 billion or \$325 million (Table 6). Over a five-year period this would amount to an annual investment of about 25 percent of average projected GDP at current market prices; the mission doubts that Congo will be able to attain such a high level.

83. Included in the Government's CFAF 90 billion provisional investment target are more than CFAF 46 billion for the transport sector. The mission suggests that a maximum of about CFAF 29 billion be retained for immediate implementation and that the rest be postponed until the next five-year period or cut out entirely. Cuts are suggested in the road building program because it includes an expensive road which would run parallel to the existing river-rail link. The latter should be able to handle all heavy traffic efficiently, once the river-rail investment program under study is implemented. Light traffic can be handled much more efficiently by air. Therefore, an increase in spending on air transport from the planned level of CFAF 0.9 billion, to CFAF 2.0 billion appears justified.

Table 6: PROVISIONAL PROGRAM OF INVESTMENTS 1970-1974  
AND MISSION ESTIMATES 1971-1975

(in billions of CFAF)

Sector	Amount		In percent	
	Government estimate 1970-74	Mission estimate 1971-75	Government estimate 1970-74	Mission estimate 1971-75
1. Transport	46.4	29.0	51.2	40.3
a. ATC	(28.1)	(19.0)	(31.0)	(26.4)
b. Roads	(17.4)	( 8.0)	(19.2)	(11.1)
c. Aviation	( 0.9)	( 2.0)	( 1.0)	( 2.8)
2. Mining	-	20.0	-	27.8
3. Rural sector	12.1	8.0	13.4	11.1
4. Industry	14.1	4.0	15.6	5.6
5. Education	5.0	2.5	5.5	3.5
6. Urbanization	3.0	1.5	3.3	2.1
7. Telecommunications	1.5	1.0	1.7	1.4
8. Other	<u>8.4</u>	<u>6.0</u>	<u>9.3</u>	<u>8.3</u>
Total	90.5	72.0	100.0	100.0

Source: Appendix Table XVI.

84. More than half of the projected increase in traffic over the ATC route is expected to result from the growth of timber exports, mainly from the south-east of Cameroon, the CAR and Congo (B) itself. This shows clearly the link between transport and forestry. The latter sector, which accounts for about 54 percent of total exports requires very little capital outlay (CFAF 1.5 billion).

85. The mission made substantial cuts in the sums allocated to industry, education and urbanization. Reorganization of the existing industrial sector will take some time, but must be seen as a pre-condition for further industrial investment. In addition, the emphasis on education should be on conversion and training rather than on new construction which would be more expensive. Eliminating bottlenecks in the transport sector and creating more remunerative employment in the rural sector are urgent tasks under a policy of deemphasizing the cities and rebuilding the countryside.

86. The mission's adjustments would result in a CFAF 72 billion investment program for the five-year period 1971-1975 (Table 6.) On this basis annual investment would amount to about CFAF 14 billion or 20 percent of projected GDP. This is still considerably above the 1964-1968 level of investments, especially when the large investments for the COMILOG railroad and the potash mine, which took place in that period, are excluded.

### III. PUBLIC FINANCE AND MONETARY POLICY

#### A. Budget and Tax Policy

87. Public finance in Congo encompasses a variety of operations which are not all channelled through the Government budget. For instance, the revenue and expenditures of such financially autonomous public institutions as ONCPA, OFNACOM, BCCO <sup>1/</sup> and the state enterprises, as well as investment-oriented foreign aid are not channelled through the budget. The extraordinary revenue and expenditures of the Government, as recorded in Appendix Table XVII, are net of foreign aid, but do contain, apart from the so-called investment budget, a certain amount of capital expenditures which the Government records in the ordinary budget.

88. The Government's budget performance has been satisfactory in the past. Current revenues increased from CFAF 8 billion in 1962 to almost CFAF 16 billion in 1969 or an annual increase of 10 percent, and current expenditures grew at the same annual rate. Between 1964 and 1969 there has been a current surplus every year except one and this surplus reached CFAF 1.5 billion in 1968 and CFAF 0.9 billion in 1969; however, a large amount of unpaid bills remained to be settled at the end of 1969. While there was an overall budget surplus of CFAF 0.4 billion in 1968, the pressure of rapidly rising Government wages and salaries and large Government outlays on State enterprises turned this surplus into a 0.3 billion deficit in 1969. This occurred even with a more than 17 percent (CFAF 2.4 billion) increase in current revenue in that year. The revenue increase was mainly due to increased direct taxation and increases in the rates of taxes on imports (Table 7).

89. In 1970 the budgetary situation deteriorated considerably. The actual 1970 deficit was considerably larger than the budgeted deficit of CFAF 0.6 billion (Appendix Table XVII), because, for the first time revenue estimates were rather unrealistic and the overall performance of the Ministry of Finance was poor. After a revenue increase of more than 15 percent was attained in 1969, a new increase of about 12.5 percent was budgeted for 1970. Whereas the 1969 increase was derived from increased direct and indirect taxation, the 1970 increase was almost exclusively expected to result from increased import duties. As recorded on February 28, 1971 actual revenues in 1970 decreased almost to the 1968 level, and current expenditures increased by 10 percent, which led to a CFAF 2.1 billion current deficit (14.5 percent of total revenue). The overall deficit amounted to CFAF 3.6 billion or 25 percent of total revenue. The 1971 budgetary performance is not expected to be good either, although it should be better than 1970 since the Ministry of Finance has been reorganized in a manner which should improve tax administration and expenditure control.

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<sup>1/</sup> See list of abbreviations after Summary and Conclusions.

Table 7: ACTUAL BUDGET REVENUES AND EXPENDITURES 1967-1969  
AND 1970 BUDGET

(in billions of CFAF)

	1967	1968	1969	1970 /a
I. <u>Total revenue</u>	<u>13.1</u>	<u>14.0</u>	<u>16.4</u>	<u>14.5</u>
of which				
<u>Current revenue</u>	<u>12.7</u>	<u>13.6</u>	<u>16.0</u>	<u>14.5</u>
Direct taxes	2.7	2.8	3.9	3.5
Indirect taxes	9.2	10.0	11.0	10.5
Non-Tax revenue	0.8	0.8	1.1	0.5
II. <u>Total expenditures</u>	<u>14.2</u>	<u>13.6</u>	<u>16.7</u>	<u>18.1</u>
of which				
<u>Current expenditures</u>	<u>12.6</u>	<u>12.1</u>	<u>15.2</u>	<u>16.6</u>
Wages and salaries	6.8	6.7	8.1	9.1
Transfers	2.8	2.0	2.4	2.8
Other	3.0	3.4	4.7	4.7
III. <u>Deficit (-) or Surplus</u>	<u>-1.1</u>	<u>0.4</u>	<u>-0.3</u>	<u>-3.6</u>
of which				
<u>Current surplus</u>	<u>0.1</u>	<u>1.5</u>	<u>0.8</u>	<u>-2.1</u>

/a Situation on Feb. 28, 1971.

Source: Appendix Table XVII.

90. Government revenue in 1969 amounted to about 25 percent of GDP at current market prices. Although some increase in revenue from forestry is still possible, efforts to improve the financial situation of the Government should concentrate mainly on curtailing expenditures. A careful study should be made of the outlays of certain autonomous agencies such as RNTP, <sup>1/</sup> which are financed by earmarked taxes. Although some savings may be possible on these accounts, it is clear that in the long-run a more basic effort to cut expenditures will be required. These efforts should extend to Government employment and subsidies to public enterprises. Efforts to diminish the number of Government employees have been unsuccessful because of the reactions of labor unions. The Government has asked for UNDP assistance in reorganizing the State enterprises; in this area recourse to foreign management assistance on an enterprise by enterprise basis may well be necessary.

<sup>1/</sup> Regie Nationale des Travaux Publics et des Transports (Directorate of Public Works and Transport).

91. The last largely untapped revenue source seems to be the forestry sector. While it contributes about 5 percent of total Government revenue, wood exports account for 54 percent of all exports. The Government revenue from forestry comprises direct revenue (15 percent), including permits and other direct taxes, and indirect revenue levied on exports (85 percent). The profit margins realized on wood exports seem to justify some further increases in permit costs and export duties. The forestry inventories which are underway should facilitate a scientifically-based new and more remunerative forestry taxation policy.

92. Government expenditures classified by use or by sector have shown a remarkable stability since 1967 (Appendix Tables XVII bis and XVIII), but the slight trends that can be noticed are often misdirected from an economic development point of view. Expenditures for wages and salaries increased from 48 percent of total expenditures in 1967 to 50 percent in 1969 and defense expenditures increased from 14 percent of current expenditures in 1968 to a budgeted 20 percent in 1970.

#### B. Monetary Developments

93. As a member of the Central Bank of Equatorial African States and Cameroon (BCEAEC), Congo's monetary situation is influenced by decisions reached on a supra-national level. The monetary survey, which is summarized in Table 8, indicates a considerable improvement in Congo's foreign exchange situation since 1967 when a 25 percent increase in domestic credit during the year resulted in a decline in net foreign assets (net of foreign liabilities) to a negative amount of CFAF 600 million. During the latter year Congo used its automatic drawing rights on the "Operations Accounts" with the French Treasury, in which the BCEAEC keeps its foreign reserves. At the end of 1967, a series of measures were introduced which kept the growth of domestic credit at about 0.7 percent over the next two years, and as a result foreign assets started rising again. In 1970 domestic credit rose again considerably, but without a negative impact on foreign assets because of the use of CFAF 1.65 billion in Special Drawing Rights.

94. The short-term discount rate of the central bank amounts to 3.5 percent for Government paper, cash crops, and export financing and 4.25 to 4.5 percent for commercial bills. The commercial banks charge interest rates which are usually 2 to 3 percent above the rediscount rate. Deposit rates are correspondingly low and as a result there is little attraction for the general public in saving accounts. On the whole, banks have found it profitable to concentrate on low risk, rediscountable credit to large customers. On the other hand, financially strong enterprises and individuals are encouraged by the low deposit rates to maintain liquid resources outside Congo to the extent compatible with their eligibility for rediscounting and to borrow as much as possible from the banks in Congo. This situation has become more acute in recent years, in view of the rise in interest rates elsewhere. During most of the period since 1956 the discount rate has been at the same

level or only slightly below the discount rate in France, but at present, the discrepancy is very wide. Generally speaking, the present interest rate structure does not appear conducive to the maximum mobilization of domestic resources. Moreover, there is a serious danger of misallocation of resources since the opportunity cost of capital in Congo is obviously higher than the very low official interest rates. This would tend to encourage the privileged enterprises who receive bank credit to engage in more capital intensive production than is warranted by the relative scarcity of factors of production in Congo.

Table 8: MONETARY SURVEY, 1965-1970

(in billions of CFA francs)

End of	1965 Dec.	1966 Dec.	1967 Dec.	1968 Dec.	1969 Dec.	1970 Dec.
<u>Assets</u>						
Foreign assets (net)	0.5	0.1	-0.6	0.5	0.1	1.4
Domestic credit	8.6	9.9	12.2	12.3	13.0	14.6
<u>Liabilities</u>						
Money	7.4	7.9	9.5	10.1	10.6	12.8
Quasi-money	0.4	0.6	0.6	0.9	0.7	0.9
Other items (net)	1.2	1.5	1.5	1.8	1.8	2.4

Source: Appendix Table XIX.

C. State Enterprises

95. Most of the 23 state enterprises in Congo have been created since 1964, and the global impact on the economy has become rather important. They provide 10 percent of total value added and about 10,000 jobs (1/8 of total wage earning employment). There are four main groups of state enterprises and a few special cases that are difficult to classify:

- (a) Public service enterprises which are often the continuation of pre-existing private or semi-public companies. To this group belong the National Power Company (SNE), the Water Distribution Company (SNDE) and ATC (see above). Those enterprises have inherited solid management structures and some expatriate staff from their predecessors, and are financially independent of the budget;



- (b) Enterprises which are the continuation of previously existing administrative organs e.g. the National Forestry Office (ONAF), the Post and Telecommunications Office (ONTP) and the Directorate for Public Works and Transport (RNTP). Those institutions are getting their revenue from Government subsidies or from the exploitation of a monopoly position. In general these enterprises do not present very serious public finance problems. This does not mean, however, that their expenditures should not be scrutinized more carefully. ONAF's revenue should be seen in the larger framework of increasing forestry revenue through new forestry taxation, and ONAF's capital outlay may have to be redirected. The road maintenance project which is under study in the Bank will involve a reorganization of RNTP, but it should also consider the broader question of whether RNTP is receiving too large a proportion of these scarce funds;
- (c) Enterprises created by BCCO which are more specifically of an industrial or a commercial nature, and which cannot rely on previous experience acquired in Congo. This group includes a copybook factory, a carpenters' shop, a brick factory, a textile factory (SOTEXCO), the Cosmos Hotel, a record factory, a glasswork, a match factory, and a factory to dry and smoke fish. (Appendix Table XX). The latter are only just starting production or are still under construction. The creation of most of these enterprises has been financed partly from abroad (Soviet Union, Mainland China, Japan, North Korea), but some also required substantial Government contributions. The copybook factory was financed by an extraordinary levy on the salaries of Congolese workers. Most of the donors have also trained the labor force and put the firms in operation, but good management has not been assured. The economic and financial situation of most of these firms is poor. They all have incurred considerable deficits and have been accumulating debts towards the different public institutions (CFAF 1 billion at the end of 1968). Some have such a difficult financial situation that they cannot meet their payroll obligations without borrowing or subsidy;
- (d) State enterprises created to alleviate deficiencies in the service-oriented private sector. This group includes a retail and a purchasing organization (OFNACOM and ONCPA), a construction firm (OCH), a cattle ranch (SONEL) and an integrated firm for the production and transformation of palm products (RNPC). The creation of these firms was financed directly by the Government and all of them are having serious difficulties. OFNACOM alone accounts for more than 50 percent of the group's debt towards the public sector (mainly in the form of unpaid customs duties).

96. The Government might best concentrate on making the existing enterprises viable and, if necessary, seek the cooperation of the private sector through co-ownership or management contracts, until the lack of financial and managerial talent can be overcome. As long as this is not the case, offering jobs to former Government employees in state enterprises is only an expensive short-run solution. Employment creation should not be the main criterion for the establishment of state enterprises, and nominations to managerial positions should be made on the basis of technical and managerial abilities of the candidates.

D. The National Development Bank of Congo (BNDC)

97. The BNDC is the main public development credit institution. It gives short, medium or long-term credit, or may participate in existing or newly-created firms. Its subscription capital amounts to CFAF 462 million of which 58.4 percent is held by the Congolese Government and 8.3 percent by the Central Bank (BCEAEC). The remaining 33.3 percent is held by French institutions. BNDC's holdings consist of CFAF 2.4 billion in loans and CFAF 53 million in participations. Due to the low level of local savings, the base of BNDC's operational capital originates from foreign aid.

98. The amount of credit extended annually by the Development Bank has decreased from CFAF 1.8 billion in 1967, when the Niari valley sugar industry received a large loan, to less than 1 billion in 1968 and 1969 (Appendix Table XXI). Most credit in 1969 was short-term crop financing through the National Agricultural Produce Marketing Organization (ONCPA). Due to the poor financial condition of ONCPA since 1968, BNDC severely restricted such credits and, as a result, the share of the agricultural sector in total credit declined from 53 percent in 1966 to 36 percent in 1969. Studies are needed to improve crop financing and to create the necessary intermediaries for the financing of medium- and long-term investments by small farmers. Loans for the construction of housing and for the purchase of durables (included in Table XXI, line Other) have increased in recent years (from 25 percent of total credits in 1966 to 36 percent in 1969).

#### IV. BALANCE OF PAYMENTS AND EXTERNAL AID

##### A. Balance of Payments

99. No official balance of payments figures were prepared before 1968, and the 1968 and 1969 data are not yet complete. Data on monetary movements have been used to approximate the balance of payments situation. Foreign assets net showed an increase of CFAF 1.1 billion in 1968 and a small decrease of CFAF 0.4 billion in 1969. The 1970 increase was exclusively due to the use of Special Drawing Rights (see para. 93 above). This constitutes a considerable improvement over 1966 and 1967 when there was a decline in the net foreign assets of the banking system of CFAF 0.4 billion and CFAF 0.7 billion respectively (Appendix, Table XIX). Starting from the monetary data, and using the available trade, foreign aid and public debt data, the mission constructed a balance of payments which seems to reveal a considerable and increasing outflow of private funds (Appendix Table XXII).

100. The revenue from transit services and the inflow of public foreign aid as well as private capital (CPC, Comilog, etc.) have been so considerable that the constant large trade deficit has so far not constituted a serious problem. However, Congo has had to resort increasingly to loans instead of grants to finance its imports. This was less alarming as long as the prospects for large potash exports were good (CFAF 5 billion annually were expected), but the expected exports of potassium have not materialized. Fortunately, increased exports of petroleum and wood and import-substitution will improve the trade balance considerably in the coming years (see Tables 14 and 15).

##### B. Foreign Trade

101. Between 1965 and 1969, Congo's exports, net of diamonds, <sup>1/</sup> increased at an average rate of 8.6 percent per year, mainly because of rapid increases in wood exports. Imports also increased significantly in 1966 and 1967 (14.5 percent annually), mainly due to increased imports of consumer goods. Since 1968, imports have remained virtually unchanged, although there has been a continued increase in imports of consumer goods. The total adjusted trade deficit which averaged CFAF 10 billion, or about 95 percent of total exports in 1967 and 1968, decreased to CFAF 8.3 billion in 1969 (Table 9). It is significant, however, that the overall improvement of the trade balance was due, more to a large, unexplained decrease in imports of intermediary products, than to a real strengthening of exports. In the next few years it is likely that imports will again increase.

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<sup>1/</sup> Diamonds, which are smuggled into Congo, are included in official export data. The trade is entirely of a transit nature and has been decreasing considerably due to the temporary closing of the border between the two Congos and police action taken since the partial reopenings in 1970.

Table 9: TRADE BALANCE AND BALANCE OF GOODS AND SERVICES, 1965-1969

(in billions of CFAF)

	1965	1966	1967	1968	1969
Exports f.o.b.	<u>8.7</u>	<u>10.0</u>	<u>10.4</u>	<u>10.6</u>	<u>12.1</u>
of which inside UDEAC /b	<u>2.1</u>	<u>3.1</u>	<u>2.6</u>	<u>2.2</u>	<u>1.3</u>
Imports c.i.f.	<u>15.5</u>	<u>17.3</u>	<u>20.4</u>	<u>20.9</u>	<u>20.4</u>
of which from UDEAC	<u>0.4</u>	<u>0.5</u>	<u>0.6</u>	<u>0.7</u>	<u>0.7</u>
TRADE BALANCE	- 6.8	- 7.3	-10.0	-10.3	- 8.3
UDEAC TRADE BALANCE /b	<u>1.7</u>	<u>2.6</u>	<u>2.0</u>	<u>1.5</u>	<u>0.6</u>
SERVICES BALANCE	<u>4.5</u>	<u>3.5</u>	<u>4.0</u>	<u>4.1</u>	<u>4.1</u>
BALANCE OF GOODS AND SERVICES	<u>-2.3</u>	<u>-3.8</u>	<u>-6.0</u>	<u>-6.2</u>	<u>-4.2</u>

/a Slight differences between Text table and Appendix tables due to rounding.

/b Adjusted for re-exports.

Source: Appendix Tables XXII-XXIV

102. Trade with the EEC and with France has been rather stable and the losses of trade with UDEAC have been compensated by increased trade with other African countries and the rest of the world (Appendix Tables XXIV and XXIV bis).

### C. External Aid

103. Congo receives external aid from various sources. Total disbursements during the period 1964-1969 were about CFAF 36 billion, CFAF 15 billion in the form of grants and the remaining 60 percent in the form of loans. The European Development Fund (EDF) contributed almost CFAF 5 billion and the French FAC CFAF 3 billion in grants (Table 10). Other French sources also contributed almost CFAF 5 billion, but part of this was for current expenditures of institutions like Radio Brazzaville, ASECNA, 1/ etc. Approximately half of the loans were made by the IBRD, FAC and European Investment Bank for a potash project (CFAF 10 billion); the rest were interest-free loans from Mainland China (CFAF 4 billion) and the Soviet Union (CFAF 2 billion).

1/ Agence pour la Securite de la Navigation Aerienne en Afrique et a Madagascar.

104. Disbursements of the loans from China are linked to the purchase of Chinese products. This requirement has caused considerable difficulties for the National Trading Office (OFNACOM), and has slowed down disbursements. Some products had to be sold below cost, so the real net disbursements may be somewhat below the recorded disbursement figures.

Table 10: EXTERNAL AID, 1964-1969

(in billions of CFAF)

	1964	1965	1966	1967	1968	1969	Total 1964-69
<u>Grants</u>	<u>3.3</u>	<u>2.9</u>	<u>2.5</u>	<u>2.6</u>	<u>1.9</u>	<u>1.7</u>	<u>14.8</u>
of which EDF	1.3	0.8	0.6	0.9	0.6	0.4	4.6
FAC	0.8	0.7	0.6	0.3	0.2	0.5	3.0
<u>Loans</u>	<u>0.2</u>	<u>1.4</u>	<u>1.9</u>	<u>2.5</u>	<u>8.9</u>	<u>6.6</u>	<u>21.5</u>
of which IBRD/IDA	-	-	-	0.9	4.2	3.3	8.3
<u>TOTAL AID</u>	<u>3.5</u>	<u>4.3</u>	<u>4.4</u>	<u>5.1</u>	<u>10.8</u>	<u>8.2</u>	<u>36.3</u>

Source: Appendix Table XXVII.

D. External Public Debt

105. The major portion of public investment in Congo is financed by foreign aid. Since aid is increasingly given in the form of loans rather than grants, foreign debt has increased rapidly. The total estimated external public debt, including the undisbursed portion, reached more than US\$100 million or about CFAF 28 billion by the end of 1969. (Appendix Table XXX). So far the Congolese authorities have limited suppliers' credits to less than 8 percent of the total debt. The service of the total debt will reach more than US\$12 million by 1971 (Table 11), or 22 percent of 1969 exports of goods and net receipts from services.

PRELIMINARY

Table 11: ESTIMATED FUTURE SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT  
OUTSTANDING INCLUDING UNDISBURSED AS OF DECEMBER 31, 1969 /a

Debt Repayable in Foreign Currency

(in thousands of US dollars)

Year	Debt outstanding (begin. of period) including undisbursed	Payments during period		
		Amortization	Interest	Total
1970	100,027	8,576	2,801	11,378
1971	91,450	9,538	2,555	12,093
1972	81,912	7,051	2,294	9,345
1973	74,861	6,177	2,056	8,233
1974	68,684	5,241	1,854	7,095
1975	63,444	4,554	1,664	6,218

/a Includes service on all debt listed in Appendix Table XXI prepared September 8, 1970.

Source: IBRD, Statistical Services Division, Economics Department.

106. More than half of Congo's outstanding debt on December 31, 1969 was only guaranteed by the Government and will not involve payments on the part of the Congolese Government budget. The service of the foreign debt by the Government will amount to US\$7.2 million in 1971 (Table 12), or 12.4 percent of 1969 exports of goods and net receipts from services.

Table 12: ESTIMATED FUTURE SERVICE PAYMENTS ON  
BUDGET FINANCED EXTERNAL PUBLIC DEBT  
OUTSTANDING AS OF DECEMBER 31, 1969

Debt Repayable in Foreign Currency

(in thousands of US dollars)

Year	Debt Outstanding (beginning of period)		Payments during period		
	disbursed only	including undisbursed	Amortization	Interest	Total
1970	58,685	59,033	6,937	651	7,049
1971	52,520	52,636	6,705	543	7,248
1972	45,930	45,930	4,422	436	4,859
1973	41,508	41,508	3,634	349	3,983
1974	37,874	37,874	2,686	278	2,963
1975	35,188	35,188	1,950	218	2,168

Source: IBRD, Economic Program Department.

107. If investments in the 1971-1975 period would occur as projected by the Mission (CFAF 72 billion), future service payments on external debt would evolve as shown in Table 13. It has been assumed that 55% of external finance will be provided on a grant basis and the balance on average terms of 2% interest, 4 years grace and 20 year maturity. This would mean that, given the export projection, the debt service ratio would reach 15 percent in 1975 but stay below the level of 1969. However, whereas in the previous period considerable amounts had to be paid by the private sector (Comilog, CPC), now most of the incremental servicing burden will be projected to ATC, an agency which should be able to service debt at commercial rates.

Table 13: ESTIMATED FUTURE SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT INCLUDING PROJECTED NEW DEBT, 1971-1975

Debt Repayable in Foreign Currency

(in thousands of US dollars)

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Year	Debt outstanding (begin. of period) including undisbursed	Payments during period		
		Amortization	Interest	Total
1971	97,910	9,500	2,600	12,100
1972	111,400	7,550	2,486	10,036
1973	127,296	7,244	2,687	9,931
1974	142,898	6,838	2,950	9,788
1975	158,536	7,102	3,058	10,160

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Source: IBRD, Economics and Economic Program Department.

108. The management of the external debt can be improved in several respects. At present, individual ministries or Government agencies sign new external loan agreements without passing on the information to the Director of External Financial Relations. In the future, all new loan agreements might best be subject to central approval, made on the basis of a policy restricting new loans to high priority projects and on appropriate terms. Data on new loans should be collected and recorded by the Director under a suitable data recording system.



V. PROSPECTS AND MAIN PROBLEMS FOR GROWTH

A. Trade Prospects

109. Table 14 projects wood exports outside UDEAC to increase by an average of 9 percent annually. Other agricultural exports are projected to grow at a slower rate (cocoa, sugar) or to stagnate (coffee). As to petroleum exports, shown on a gross basis in the table, even if a decision were made on planned construction of an oil refinery in Pointe Noire, it will take a few years before this will start influencing Congo's trade figures. The presently exploited potash mine is expected to be exhausted by 1975, which would result in declining exports in that year.

Table 14: EXPORT PROJECTIONS, 1970-1975

(in billions of CFAF)

	1969 Actual	1970	1971	1972	1973	1974	1975
Total Exports	<u>12.1</u>	<u>14.3</u>	<u>17.5</u>	<u>22.0</u>	<u>26.5</u>	<u>27.5</u>	<u>26.8</u>
of which outside UDEAC	<u>10.9</u>	<u>12.3</u>	<u>15.4</u>	<u>19.9</u>	<u>24.3</u>	<u>25.4</u>	<u>24.3</u>
Wood	7.2 <sup>/a</sup>	7.9	8.6	9.3	10.2	11.1	12.1
Sugar	2.0	1.7	1.8	1.8	1.9	1.9	2.0
Coffee	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Cocoa	0.2	0.3	0.3	0.4	0.5	0.5	0.6
Potash	0.3	1.0	2.0	2.5	2.5	2.5	-
Petroleum	0.1	0.2	1.4	4.5	7.7	7.8	7.9
Other	0.9	1.0	1.1	1.2	1.3	1.4	1.5

<sup>/a</sup> Assuming an FOB price of CFAF 130,000 per ton (In 1969 there was an exceptionally high price of CFAF 15,213).

Source: Mission estimates.

110. The projected growth rate of merchandise exports is between 14 and 14.5 percent per year during the next five years. Assuming an average annual increase in imports by five percent and receipts from transport services of about CFAF 4-5 billion, considerable surpluses, in the goods and services account, could be expected from 1973 onward. However, these surpluses would be offset by large increases in transfers abroad mainly in payments to petroleum companies.

Table 15: PROJECTED TRADE BALANCE, 1969-1975

(in billions of CFAF)

	1969 Actual	1970	1971	1972	1973	1974	1975
Exports f.o.b.	12.1	14.3	17.5	22.0	26.5	27.5	26.8
Imports c.i.f.	<u>-20.4</u>	<u>-20.8</u>	<u>-22.0</u>	<u>-23.5</u>	<u>-24.8</u>	<u>-25.5</u>	<u>-27.4</u>
Trade Balance	- 8.3	- 6.5	- 4.5	- 1.5	1.7	2.0	- 0.6

Source: Table 14 and Appendix Table XXIII.

B. External Capital

111. If Congo tries to implement an investment plan of about CFAF 72 billion in the five-year period 1971-75, and if it can count on CFAF 30 billion in private investment (about CFAF 20 billion can be assumed to be invested in the petroleum industry by the private sector) and CFAF 16 billion in public savings, it will still need about CFAF 26 billion or about \$100 million in foreign aid.

112. The tentative projections of disbursements of CFAF 5 billion from China and CFAF 3 billion from Russia are based on estimated disbursements of CFAF 6 billion during the period 1965-69 and on the size of already committed, partially undisbursed loans. However, they may not want to spend so much on the projects whose implementation was recommended by the mission and disbursements in kind, practiced by China, may not be possible when they have to be linked to projects not chosen according to actual availability of capital goods in China. UNDP has already committed a considerable amount for studies based on past levels of aid, on what is known as the intention of various donors, and on the availability of projects it is not unrealistic to expect that such financing could be obtained. If considerably more than what we foresee can be obtained and disbursed in the period under consideration from the public or from the private sector, Congo should not feel limited to a CFAF 72 billion investment program, because we have determined the limits mainly as financial.

C. Terms of Aid

113. Congo's creditworthiness is severely constrained by the present high debt burden, and the decline in public savings. In these circumstances, the Government should refrain from contracting new credits on supplier terms,

and external assistance should be predominantly on concessionary terms. Although per capita GDP was about \$255 in 1970 the case for concessionary lending to the Congo is strengthened by the fact that 60 percent of the population lives in rural conditions which are extremely low.

114. Over the longer term, Congo's prospects will depend heavily on the development of its forest and mineral resources and improvements in the productivity of public expenditures. The Government's financial position could be strengthened over the next few years by the projected forestry exploitation, improvements in forestry policy and an increase in tax revenues from this sector and from petroleum.



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Table I: CONGO, PEOPLE'S REPUBLIC - RURAL AND URBAN POPULATION PROJECTIONS  
MID-YEAR 1970, 1975, 1980

	1970	1975	1980
(in thousands)			
Total population	<u>936</u>	<u>1,055</u>	<u>1,202</u>
Urban population <u>1/</u> of which in 4 major towns	<u>398</u> <u>343</u>	<u>554</u> <u>472</u>	<u>715</u> <u>650</u>
Rural population <u>2/</u>	<u>538</u>	<u>501</u>	<u>487</u>
(in percent)			
Total population	<u>100</u>	<u>100</u>	<u>100</u>
Urban population of which in 4 major towns	<u>43</u> <u>37</u>	<u>53</u> <u>45</u>	<u>59</u> <u>54</u>
Rural population	<u>57</u>	<u>47</u>	<u>41</u>
(Growth rate) <u>3/</u>			
Total population	<u>2.2</u>	<u>2.4</u>	<u>2.6</u>
Urban population of which in 4 major towns	<u>6.0</u> <u>6.5</u>	<u>6.8</u> <u>6.6</u>	<u>5.2</u> <u>6.6</u>
Rural population	<u>n.a.</u>	<u>-1.4</u>	<u>-0.6</u>

1/ In centers of more than 12,000 inhabitants.

2/ Residual. A 1967 agricultural survey found a rural population of 637,000 people (see République Populaire du Congo, Ministère du Plan, Enquête rurale 1966-1969).

3/ Five-year period ending 1970, 1975, 1980.

Source: UN, Population Division, Working Paper No. 30, December 1969, and data supplied by the authorities (INSEE-SEDES).

**Table II: CONGO, PEOPLE'S REPUBLIC - ESTIMATED GROSS DOMESTIC PRODUCT  
AT CURRENT MARKET PRICES, 1958, 1967**

(in billions of CFAF and in percent of total)

	1958		1967	
	Amount	Percent	Amount	Percent
Agriculture, fishing, hunting	6.4	28.1	5.9	10.0
Forestry	0.6	2.6	2.0	3.4
Mining <sup>1/</sup>	0.2	0.9	0.4	0.7
Manufacturing	1.8	7.9	8.4	14.2
Construction and housing	1.3 <sup>2/</sup>	5.7	8.3	14.1
Services	7.1	31.1	16.9	28.6
of which: transport	(2.1)	(9.2)	(7.6)	(12.9)
Government	5.4	23.7	11.5	19.5
Import taxes	- <sup>3/</sup>	-	5.6	9.5
<b>TOTAL</b>	<u>22.8</u>	<u>100.0</u>	<u>59.0</u>	<u>100.0</u>

<sup>1/</sup> Petroleum is included with energy in Services.

<sup>2/</sup> Excluding housing, which was not available.

<sup>3/</sup> Included above.

Sources: République du Congo, Plan intérimaire de développement économique et social, 1964-68, March 1964, and data supplied by the Congolese authorities and the FAO.



Table III: CONGO, PEOPLE'S REPUBLIC - PRICE INDICES FOR BRAZZAVILLE, 1964-1969

(Annual averages)

	1964	1965	1966	1967	1968	1969
<u>Wholesale prices</u>						
					(February 1964 = 100)	
Foodstuff	102	109	114	115	116	113
Manufactured products	102	109	113	118	114	114
Fuel and electricity	100	101	104	106	112	113
General wholesale price index	<u>102</u>	<u>108</u>	<u>112</u>	<u>115</u>	<u>114</u>	<u>114</u>
<u>Retail prices</u> <sup>1/</sup>						
					(January 1964 = 100)	
Foodstuff	105	109	116	120	124	121
Clothing	100	106	105	108	117	113
Utilities	100	101	101	102	103	110
Household services	100	108	109	111	117	126
Other	101	104	110	115	117	126
General cost of living index	<u>103</u>	<u>107</u>	<u>113</u>	<u>117</u>	<u>121</u>	<u>121</u>

<sup>1/</sup> The retail price index is based on the consumption pattern of an average expatriate family in Brazzaville and represents monthly prices of 139 items of which 74 are foodstuffs with a total weight of 51.6 per cent.

Source: République Populaire du Congo, Bulletin Mensuel des Statistiques.

Table IV: CONGO, PEOPLE'S REPUBLIC - ESTIMATED EMPLOYMENT BY SECTOR AT THE END OF 1968

	Congolese	Other African	Non-African	Total	% of Total
A. <u>Private</u> <sup>1/</sup>	<u>57 319</u>	<u>1 256</u>	<u>2 453</u>	<u>61 028</u>	<u>76</u>
1. Manufacturing	12 379	196	315	12 890	16
2. Transport and communications	11 709	314	314	12 337	15
3. Agriculture, forestry and fishing	7 607	245	265	8 117	10
4. Construction and public works	6 737	60	187	6 984	9
5. Household services	6 000	-	-	6 000	7
6. Commerce	5 816	230	752	6 798	8
7. Services	3 082	63	311	3 456	4
8. Mining and quarrying	2 555	94	159	2 808	4
9. Electricity and water	823	32	43	898	1
10. Bank and insurance	611	22	107	740	1
B. <u>Government services</u>	<u>19 150</u>	<u>n.a.</u>	<u>n.a.</u>	<u>19 150</u>	<u>24</u>
1. Central Government	17 000	n.a.	n.a.	17 000	21
2. Local Government	2 150	n.a.	n.a.	2 150	3
C. <u>Total</u>	<u>76 469</u> <sup>2/</sup>	<u>1 256</u>	<u>2 453</u>	<u>80 178</u>	<u>100</u>
D. <u>% of total</u>	95	2	3	100	

<sup>1/</sup> Including state enterprises.

<sup>2/</sup> Includes small number of non-Congolese authorities.

Source: Data supplied by the Congolese authorities.

Table V: CONGO, PEOPLE'S REPUBLIC - CHANGES IN HOURLY MINIMUM WAGE RATES, 1964-1970, AND BREAKDOWN BY CATEGORY, 1970

(in CFA francs)

	December 1964		August 1968	
	Zone I 1/	Zone II 2/	Zone I 1/	Zone II 2/
Non-agricultural workers (SMIG)	39.90	31.92	45.88	36.70
Agricultural workers (SMAG)	34.56	27.64	39.74	31.78
Category and Levels	Zone I		Zone II	
	Non-Agricultural Workers	Agricultural Workers	Non-Agricultural Workers	Agricultural Workers
<u>Category I</u>				
Lowest level	45.88	39.74	36.70	31.78
Highest level	48.25	41.81	38.59	33.44
<u>Category II</u>				
Lowest level	48.86	42.34	39.08	33.86
Highest level	49.50	42.89	39.60	34.31
<u>Category III</u>				
Lowest level	53.07	45.98	42.45	36.78
Highest level	75.03	65.02	60.03	52.01
<u>Category IV</u>				
Lowest level	87.23	75.60	69.78	60.47
Highest level	114.48	99.21	91.58	79.36
<u>Category V</u>	126.32	109.48	101.06	87.58

1/ Zone I includes the cities of Brazzaville, Pointe-Noire and Dolisie.

2/ Zone II includes the rest of the country.

Source: République du Congo, Travaux Préparatoires à l'élaboration du deuxième plan national 1970-1974 - Perspectives Industrielles, 1969.



TABLE VI: CONGO, PEOPLE'S REPUBLIC - ACTUAL PUBLIC AND PRIVATE INVESTMENT BY SECTOR, 1960-1969 AND PLANNED INVESTMENT, 1964-1968

(in billions of CFAF)

	1960-1963	1964-1968		1969
		Intermediate Plan Planned Investment	Actual Investment <sup>4/</sup>	
1. Industry and Mining	<u>23.7</u> <sup>1/</sup>	<u>25.1</u>	<u>23.4</u>	<u>9.1</u>
a. Mining & Quarrying	n.a.	13.6	12.5	8.0
b. Food processing	n.a.	7.0	6.3	0.2
c. Textile Factory	n.a.	-	1.4	0.3
d. Wood processing	n.a.	1.3	1.3	0.1
e. Energy	n.a.	1.6	0.4	0.1
f. Fishing	n.a.	1.2	0.2	n.a.
g. Other industries	n.a.	0.4	1.3	0.4
2. Infrastructure	<u>6.3</u> <sup>2/</sup>	<u>8.5</u>	<u>8.5</u>	<u>2.8</u>
3. Services	<u>0.8</u> <sup>3/</sup>	<u>5.5</u>	<u>6.6</u> <sup>5/</sup>	<u>0.5</u>
4. Agriculture and forestry	<u>3.0</u>	<u>4.9</u>	<u>2.3</u>	<u>0.7</u>
5. Education	)	<u>1.9</u>	<u>1.8</u>	)
6. Health	{ <u>1.5</u>	<u>0.9</u>	<u>0.7</u>	{ <u>0.4</u>
7. Urbanization	<u>2.7</u>	<u>7.5</u>	<u>3.3</u>	<u>0.1</u>
TOTAL	<u>38.0</u>	<u>54.3</u>	<u>46.6</u>	<u>13.6</u>

<sup>1/</sup> Includes CFAF 21.0 billion of investments for CPC and COMILOG.

<sup>2/</sup> Includes telecommunications, commerce and general services.

<sup>3/</sup> Government services only.

<sup>4/</sup> Includes CFAF 11.3 billion of cost overruns.

<sup>5/</sup> Includes general studies.

Source: République du Congo, Plan intérimaire de développement économique et social, 1964-1968; March 1964; Bilan d'exécution du plan intérimaire 1964-68; July 1969, and data supplied by the Congolese authorities.

Table VIbis: CONGO, PEOPLE'S REPUBLIC - ACTUAL PUBLIC AND PRIVATE INVESTMENT,  
BY SECTOR, 1960-1969, AND PLANNED INVESTMENT, 1964-1968

(in percent)

	1960/1963	1964-1968		1969
		Intermediate Plan		
		Planned Investment	Actual Investment	
1. Industry and Mining	<u>62.4</u>	<u>46.2</u>	<u>50.2</u>	<u>66.9<sup>a/</sup></u>
a. Mining & Quarrying	n.a.	25.1	26.8	58.8
b. Food processing	n.a.	12.9	13.5	1.5
c. Textile Factory	n.a.	-	3.0	2.2
d. Wood processing	n.a.	2.4	2.8	0.7
e. Energy	n.a.	3.0	0.9	0.7
f. Fishing	n.a.	2.7	0.4	n.a.
g. Other industries	n.a.	0.7	2.8	2.9
2. Infrastructure	<u>16.6</u>	<u>15.7</u>	<u>18.2</u>	<u>20.6</u>
3. Services	<u>2.1</u>	<u>10.1</u>	<u>14.2</u>	<u>3.7</u>
4. Agriculture and Forestry	<u>7.9</u>	<u>9.0</u>	<u>4.9</u>	<u>5.1</u>
5. Education	) <u>3.9</u>	<u>3.5</u>	<u>3.9</u>	) <u>2.9</u>
6. Health	) <u>3.9</u>	<u>1.7</u>	<u>1.5</u>	) <u>2.9</u>
7. Urbanization	<u>7.1</u>	<u>13.8</u>	<u>7.2</u>	<u>0.7</u>
TOTAL	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0<sup>a/</sup></u>

<sup>a/</sup> Difference due to rounding.

Source: See Table VI.

Table VII: CONGO, PEOPLE'S REPUBLIC - FINANCING OF ACTUAL INVESTMENT BY SECTOR DURING THE PERIOD OF THE INTERMEDIATE DEVELOPMENT PLAN 1964-1968

(in millions of CFA francs)

	Industry and Mining	Infra- struc- ture <u>1/</u>	Services	Urbani- zation	Education	Agricul- ture and Fishing	Forestry	Health	Total Amount	%
<u>PUBLIC SECTOR</u>	<u>5 916</u>	<u>8 497</u>	<u>839</u>	<u>3 290</u>	<u>1 842</u>	<u>1 392</u>	<u>338</u>	<u>703</u>	<u>22 817</u>	<u>49</u>
<u>Domestic Sources</u>	<u>1 083</u>	<u>4 302</u>	<u>19</u>	<u>2 330</u>	<u>163</u>	<u>224</u>	<u>265</u>	<u>107</u>	<u>8 493</u>	<u>18</u>
Budget	1 083	934	19	893	163	224	265	107	3 688	8
Local and muni- cipal budget	--	522	--	1 437	--	--	--	--	1 959	4
ATEC autofinancing	--	2 846	--	--	--	--	--	--	2 846	6
<u>Foreign Sources</u>	<u>4 833</u>	<u>4 195</u>	<u>820</u>	<u>960</u>	<u>1 679</u>	<u>1 168</u>	<u>73</u>	<u>596</u>	<u>14 324</u>	<u>31</u>
FAC	413	660	89	207	458	925	73	96	2 921 <sup>2/</sup>	6
EDF	16	3 490	--	753	1 085	197	--	--	5 541	12
Other	4 404 <sup>3/</sup>	45	731	--	136	46	--	500	5 862	13
<u>PRIVATE SECTOR</u>	<u>17 526</u>	<u>--</u>	<u>5 780</u>	<u>--</u>	<u>--</u>	<u>66</u>	<u>461</u>	<u>--</u>	<u>23 833<sup>4/</sup></u>	<u>51</u>
TOTAL	<u>23 442</u>	<u>8 497</u>	<u>6 619</u>	<u>3 290</u>	<u>1 842</u>	<u>1 458</u>	<u>799</u>	<u>703</u>	<u>46 650</u>	<u>100</u>
% of total	50.2	19.0	13.0	7.2	4.0	3.2	2.1	1.6	100	<sup>5/</sup>

1/ Includes transport services and general studies (CFAF 89 million).

2/ There is a difference of CFAF 270 million between this figure and the corresponding figure in Table XXIX, most probably because some expenditures which occurred in early 1969 have still been counted as occurring under the 1964-68 plan.

3/ Of which CFAF 1596 millions from West Germany and CFAF 1363 million from Mainland China.

4/ Includes an IBRD disbursement of CFAF 5 billion for a potash project.

5/ Difference due to rounding

Source: République du Congo, Bilan d'exécution du plan intérimaire 1964-1968, July 1969.

Table VIII: CONGO, PEOPLE'S REPUBLIC - ACTUAL INVESTMENT BY SECTOR AND SOURCE OF FINANCING IN 1969

(in millions of CFAF)

	Infrastructure	Industry Services Studies	Mining	Urbanization Health Education	Agriculture Fishing Forestry	Total	
						Amount	%
<u>PUBLIC SECTOR</u>	<u>2 829</u>	<u>762</u>	<u>104</u>	<u>483</u>	<u>641</u>	<u>4 819</u>	<u>35</u>
<u>Domestic Sources</u>	<u>1 140</u>	<u>280</u>	<u>85</u>	<u>327</u>	<u>271</u>	<u>2 103</u>	<u>15</u>
Budget	29	166	85	173	144	597	4
Others	1 111	114	-	154	127	1 506	11
<u>Foreign Sources</u>	<u>1 689</u>	<u>482</u>	<u>19</u>	<u>156</u>	<u>370</u>	<u>2 716</u>	<u>20</u>
FAC	239	-	-	50	92	381 <sup>a/</sup>	3
EDF	432	-	-	39	196	667 <sup>b/</sup>	4
Others	1 018	482	19	67	82	1 668 <sup>b/</sup>	13
<u>PRIVATE SECTOR</u>	<u>-</u>	<u>761</u>	<u>7 898</u>	<u>-</u>	<u>75</u>	<u>8 734<sup>c/</sup></u>	<u>65</u>
<u>TOTAL</u>	<u>2 829</u>	<u>1 523</u>	<u>8 002</u>	<u>483</u>	<u>716</u>	<u>13 553</u>	<u>100</u>
Percent of total	19.7	11.9	58.9	3.8	5.7	100.0	

<sup>a/</sup> This figure is CFAF 139 million lower than the corresponding figure in Table XXIX, most probably because some expenditures which occurred in early 1969 have still been counted as occurring under the 1964-68 plan.

<sup>b/</sup> May be a low estimate. CFAF 2 billion has been used in Table XXVII.

<sup>c/</sup> Includes also that part of CPC's investment which was obtained through IBRD and CCCE (CFAF 3.7 billion in 1969).

Source: République Populaire du Congo, Situation Economique Sociale et Financière et Investissements en 1969, Juin 1970.



Table IX: CONGO, PEOPLE'S REPUBLIC - PROJECTED FREIGHT TRANSPORT VOLUMES  
TOWARDS POINTE NOIRE, 1970,1972,1975

(in thousands of tons)

	1970	1972	1975
I. DOWN TRAFFIC (To Pointe Noire)	<u>2,895</u>	<u>3,867</u>	<u>4,866</u>
a.) Wood - from Brazzaville	124	503	840
from South Congo	522	594	723
Cotton	56	66	85
Sugar and molasses	54	75	123
Cement	17	23	35
Other (including local)	74	92	125
Paper pulp	-	-	-
b) C. P. C. (Potash)	214	400	400
c) COMILOG (manganese)	1,501	1,894	2,200
II. UP TRAFFIC (to Brazzaville)	<u>551</u>	<u>620</u>	<u>735</u>
Oil Products	200	229	277
Sugar and molasses	26	26	27
Cement	79	85	98
Other (including local)	246	280	333
TOTAL I and II	<u>3,113</u>	<u>4,267</u>	<u>5,266</u>

Source: ATC and Mission estimates.

TABLE X: CONGO, PEOPLE'S REPUBLIC - VOLUME AND VALUE OF WOOD EXPORTS, 1963-1969

(In thousands of m<sup>3</sup> and in millions of CFAF)

	1963	1964	1965	1966	1967	1968	1969
<u>Log exports</u>	<u>436</u>	<u>537</u>	<u>526</u>	<u>499</u>	<u>555</u>	<u>555</u>	<u>608</u>
Okume	130	161	195	237	284	269	274
Limba	249	284	245	170	199	161	132
Other	57	92	86	92	72	125	202
<u>Lumber and Veneer</u>	<u>18</u>	<u>23</u>	<u>46</u>	<u>45</u>	<u>58</u>	<u>73</u>	<u>77</u>
Lumber	8	6	8	9	9	8	14
Veneer	10	17	38	36	49	65	63
<u>Total volume of wood exports</u>	<u>454</u>	<u>560</u>	<u>572</u>	<u>544</u>	<u>613</u>	<u>628</u>	<u>685</u>
Total value of wood exports	3,651	5,017	5,124	5,520	4,954	6,286	7,193

Source: Congo, People's Republic, Services des Eaux et Forêts, Rapports annuels. Documents of the customs in Pointe-Noire.

Table XI: CONGO, PEOPLE'S REPUBLIC - INDUSTRIAL PRODUCTION OF  
SELECTED GOODS, 1964-1969

Products	Units in thousands	1964	1965	1966	1967	1968	1969
Lumber	m <sup>3</sup>	28.9	33.6	31.6	39.3	42.3	n.a.
Veneer	"	21.9	39.0	37.7	53.8	59.6	n.a.
Smoked fish	T	9.5	10.1	10.4	10.1	13.2	n.a.
Flour	T	9.5	11.9	13.3	15.3	17.7	n.a.
Unrefined sugar	T	28.1	31.0	56.8	95.2	92.3	95.5
Refined sugar	T	n.a.	(26.7)	(33.4)	(51.5)	(49.3)	(55.0)
Groundnut oil	T	1.2	2.6	2.6	1.8	1.8	1.8
Palm oil	T	4.4	4.0	4.3	3.1	2.7	2.8
Beer	hl	34.0	55.0	77.0	107.0	141.0	151.0
Soft drinks	hl	11.0	15.0	27.0	32.0	42.0	45.0
Tobacco	T	n.a.	1.0	1.0	.9	1.1	1.0
Cigarettes	T	n.a.	.9	.9	.9	1.0	.9
Soap	T	1.9	2.1	2.6	2.3	3.6	2.7
Cement	T	-	-	-	-	58.1	66.3
Shoes	pairs	-	122.6	519.7	845.7	1,045.0	966.0
Oxygen	m <sup>3</sup>	148.4	157.0	139.0	151.7	187.0	164.2
Acetylen	m <sup>3</sup>	37.6	43.0	40.0	43.8	53.7	48.8
Polyester	m <sup>2</sup>	-	-	4.5	5.0	6.2	9.3
Textiles	m	-	-	-	-	-	175.0
Metal products	t	-	-	-	-	-	3.5

Source: OBAE, Rapports annuels; UNICONGO, Situation économique, fiscal et sociale de la République du Congo and data supplied by the Service des Eaux et Forêts.

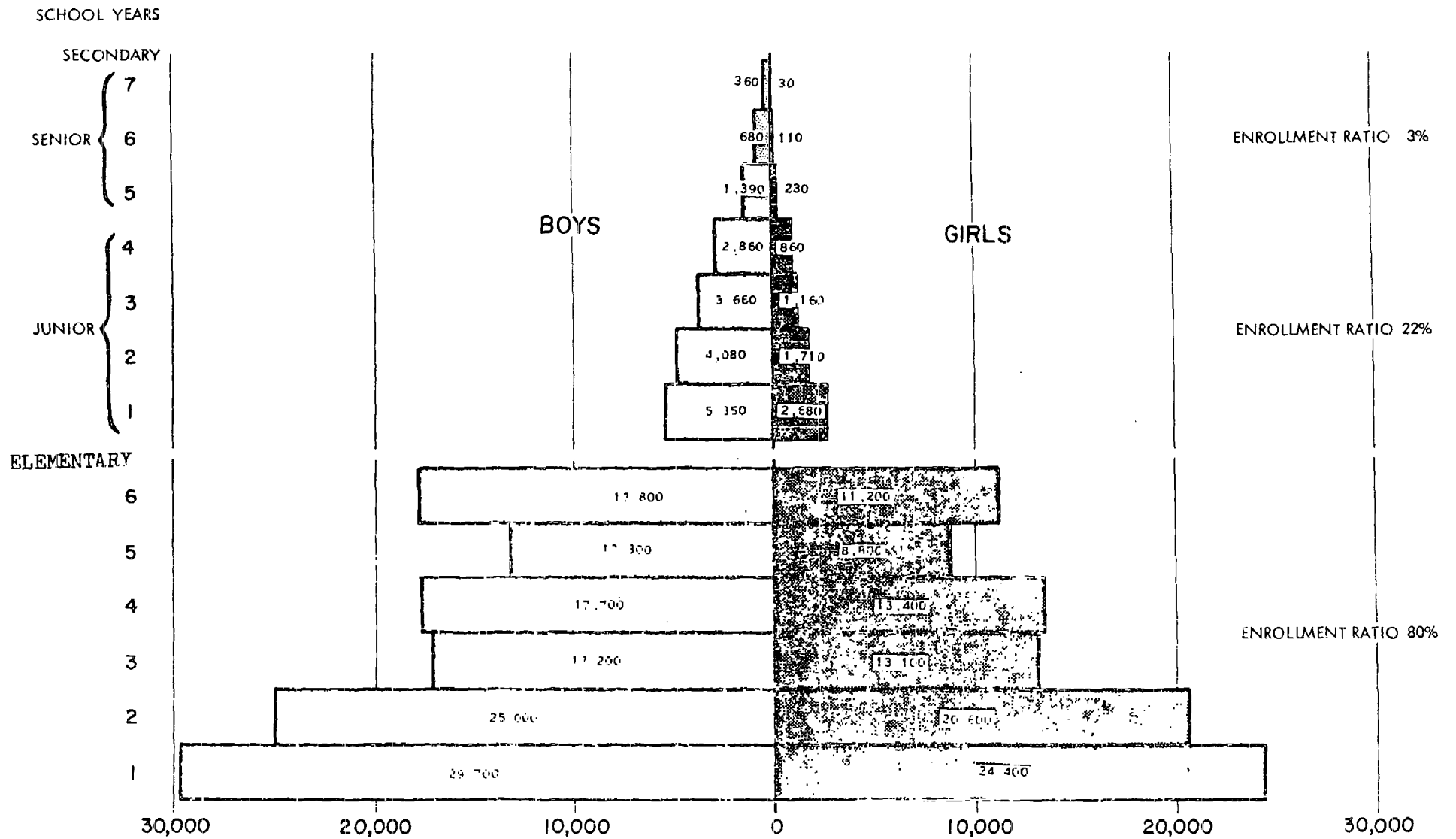
Table XII: CONGO, PEOPLE'S REPUBLIC - MINERAL PRODUCTION, 1964-1969

	1964	1965	1966	1967	1968	1969
( in millions of CFAF )						
Total production	421	436	376	312	272	316
(in thousands of metric tons)						
Crude petroleum	83	71	62	50	43	24
Lead and zinc ore	14	20	18	6	4	2
Potash	-	-	-	-	-	45 <u>a/</u>
(in metric tons)						
Copper ore	-	169	910	2,263	2,612	39
Tin ore	47	60	60	72	24	-
(in millions of cubic meters)						
Gas	-	-	-	-	-	3
(in kilograms)						
Gold	116	127	158	148	148	127

a/ Exports only.

Source: République Populaire du Congo, Direction des Mines et de la Géologie, Service des Mines, Aperçu de l'Activité Minière en 1969, and data provided by the Congolese authorities and Compagnie des Potasses du Congo.

Table XIII CONGO (BRAZZAVILLE)  
**EDUCATIONAL PYRAMID 1968-69**



**Table XIV CONGO (BRAZZAVILLE)  
STRUCTURE OF EDUCATION SYSTEM**

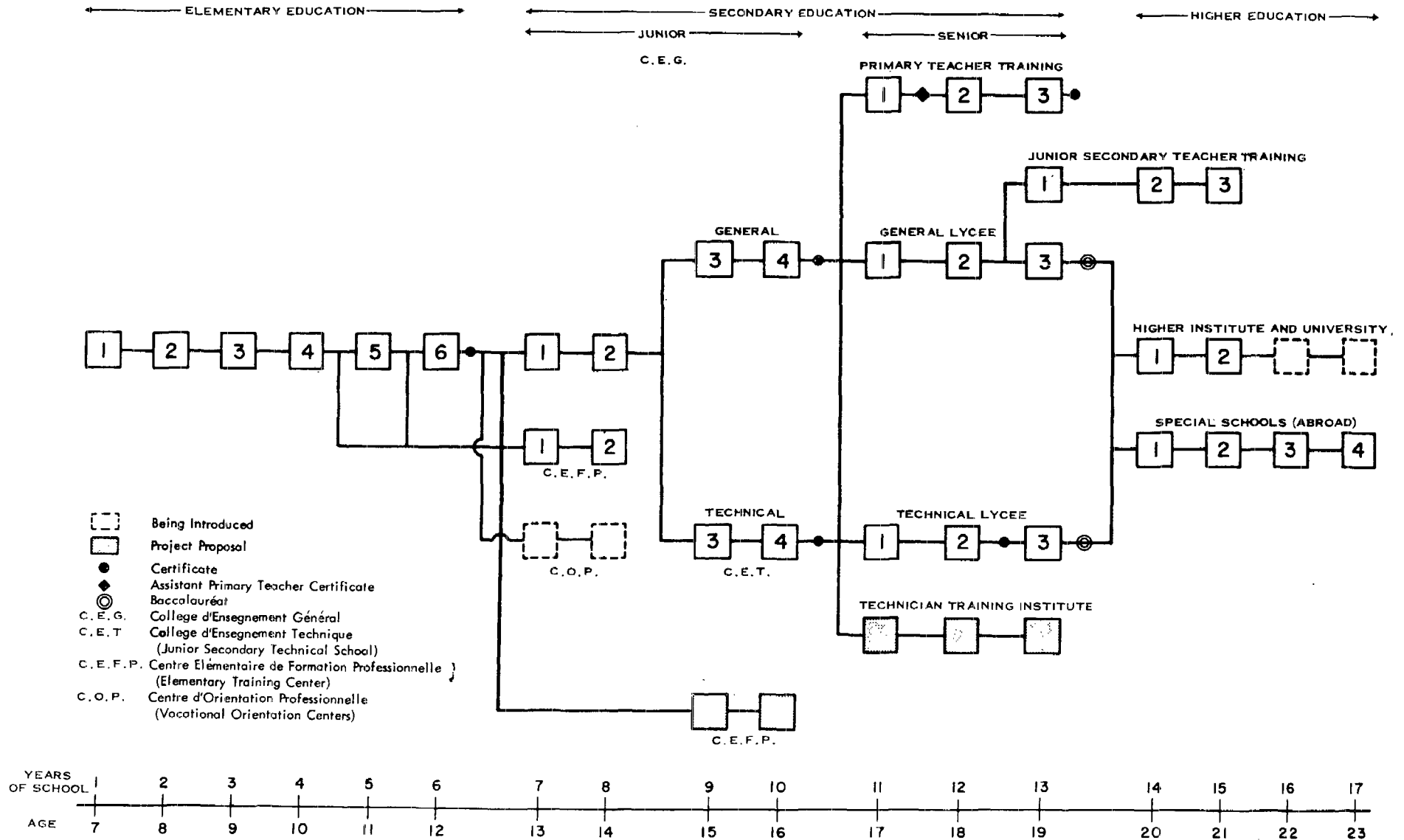


Table XV: CONGO, PEOPLE'S REPUBLIC - POWER AND WATER SUPPLY BY THE PUBLIC SECTOR, 1965-1969

	1965	1966	1967	1968	1969
	(in millions of Kwh)				
I. <u>POWER</u>	<u>41.9</u>	<u>45.4</u>	<u>50.0</u>	<u>55.4</u>	<u>64.8</u>
<u>Brazzaville</u>	<u>26.8</u>	<u>27.9</u>	<u>30.7</u>	<u>33.6</u>	<u>38.1</u>
of which:					
Hydro electric)	26.6	27.9	30.6	33.5	n.a.
Plant of Djoue)					
<u>Pointe Noire</u>	<u>14.0</u>	<u>16.0</u>	<u>17.6</u>	<u>19.8</u>	<u>24.0</u>
<u>Dolisie</u>	<u>1.1</u>	<u>1.5</u>	<u>1.7</u>	<u>2.0</u>	<u>2.5</u>
<u>Jacob</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>.2</u>
	(in thousands of cubic meters)				
II. <u>WATER</u>	<u>n.a.</u>	<u>4898</u>	<u>5056</u>	<u>5453</u>	<u>n.a.</u>
<u>Brazzaville</u>	<u>3066</u>	<u>3138</u>	<u>3245</u>	<u>3534</u>	<u>n.a.</u>
<u>Pointe Noire</u>	<u>n.a.</u>	<u>1760</u>	<u>1811</u>	<u>1919</u>	<u>n.a.</u>

Source: République du Congo, Société Nationale d'Énergie, Production et Vente d'énergie, 1968 and 1969; Société Nationale de Distribution d'eau, Rapport d'activité 1967-1968.

Table XVI: CONGO, PEOPLE'S REPUBLIC - PROVISIONAL PROGRAM OF INVESTMENTS,  
1970-1974, AND MISSION ESTIMATES OF POSSIBLE INVESTMENTS, 1971-1975

(in millions of CFAF)

	Amount		In Percent	
	Government estimate	Mission estimate	Government estimate	Mission estimate
1. <u>Transport</u>	<u>46,348</u>	<u>28,980</u>	<u>51.2</u>	<u>40.3</u>
a. ATC	28,089	18,980	31.0	26.4
b. Roads	17,392	8,000	19.2	11.1
c. Aviation	867	2,000	1.0	2.8
2. <u>Mining</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>27.8</u>
3. <u>Rural Sector</u>	<u>12,100</u>	<u>8,000</u>	<u>13.4</u>	<u>11.1</u> <sup>a/</sup>
a. Agricultural	4,300	3,500	4.8	4.8
b. Livestock	1,800	1,000	2.0	1.4
c. Forestry	3,200	1,500	3.5	2.1
d. Fishery	2,800	2,000	3.1	2.8
4. <u>Industry</u>	<u>14,110</u>	<u>4,000</u>	<u>15.6</u>	<u>5.6</u>
5. <u>Education</u>	<u>5,000</u>	<u>2,500</u>	<u>5.5</u>	<u>3.5</u>
6. <u>Urbanization</u>	<u>3,000</u>	<u>1,500</u>	<u>3.3</u>	<u>2.1</u>
7. <u>Telecommunications</u>	<u>1,510</u>	<u>1,000</u>	<u>1.7</u>	<u>1.4</u>
8. <u>Other</u> b/	<u>8,400</u>	<u>6,000</u>	<u>9.3</u>	<u>8.3</u>
TOTAL	<u>90,468</u>	<u>71,980</u>	<u>100.0</u>	<u>100.0</u> <sup>a/</sup>

a/ Difference due to rounding.

b/ Rough estimate by the mission for commerce, energy, administrative buildings, health, etc.

Source: Data supplied by the Government and mission estimates.



Table XVII: CONGO, PEOPLES REPUBLIC: ACTUAL BUDGET REVENUE AND EXPENDITURE IN FISCAL YEARS 1967-70

(in millions of CFAF)

REVENUE	1967	1968	1969	1970 <sup>1/</sup> Actual	1970 Budget
<b>I. TOTAL REVENUE</b>	<u>13053</u>	<u>13982</u>	<u>16430</u>	<u>14504</u>	<u>17700</u>
1. Ordinary Revenue	<u>12697</u>	<u>13620</u>	<u>15968</u>	<u>14504</u>	<u>17700</u>
a. Direct Taxes	<u>2731</u>	<u>2810</u>	<u>3884</u>	<u>3510</u>	<u>3780</u>
1. Corporation taxes	1038	1182	1666	n.a.	1645
2. Individual income taxes	817	785	1082	n.a.	1050
3. Investment taxes	330	296	397	n.a.	350
4. Other direct taxes	546	547	739	n.a.	735
b. Single tax	668	818	913	1042	1018
c. Taxes on imports	<u>6179</u>	<u>6327</u>	<u>7165</u>	<u>6936</u>	<u>8345</u>
1. Fiscal duties	<u>3685</u>	<u>3777</u>	<u>4544</u>	n.a.	<u>4750</u>
2. Customs duties	318	347	415	n.a.	480
3. Import turnover tax	1441	1676	1721	n.a.	1800
4. Excise and complement. tax	735	527	485	n.a.	1315
d. Taxes on exports	600	791	812	812	1093
e. Internal turnover taxes	<u>1337</u>	<u>1645</u>	<u>1624</u>	<u>1312</u>	<u>1650</u>
f. Registration and stamps	<u>348</u>	<u>388</u>	<u>400</u>	<u>409</u>	<u>438</u>
g. Non-tax revenue	<u>835</u>	<u>842</u>	<u>1110</u>	<u>151</u>	<u>1376</u>
2. Extra-ordinary revenue	<u>356</u>	<u>361</u>	<u>462</u>	-	-
a. Earmarked taxes	<u>356</u>	<u>61</u>	<u>462</u>	-	-
b. Other	-	<u>300</u>	-	-	-
<b>II. TOTAL BUDGET EXPENDITURE</b>	<u>14194</u>	<u>13562</u>	<u>16733</u>	<u>18124</u>	<u>18330</u>
1. Ordinary expenditures	<u>12628</u>	<u>12127</u>	<u>15115</u>	<u>16648</u>	<u>16089</u>
a. Wages and salaries	<u>6764</u>	<u>6698</u>	<u>8077</u>	<u>9121</u>	<u>8478</u>
b. Material	1252	1333	1837	2028	1980
c. General expenditures for maintenance, travel, etc.	1262	1381	2266	2049	2112
d. Public debt service	575	724	585	618	635
e. Fellowships and transfers to local govts., to special accounts, to public enterprises	2775	1991	2380	2832	2884
2. Extraordinary expenditures	<u>1566</u>	<u>1435</u>	<u>1588</u>	<u>1476</u>	<u>2241</u>
a. Capital expenditures ordinary budget	<u>637</u>	<u>337</u>	<u>605</u>	<u>457</u>	<u>511</u>
b. Investment budget	<u>929</u>	<u>1098</u>	<u>983</u>	<u>1019</u>	<u>1730</u>
i. Economic services (net of reimbursement equipment bonds)	883	908	433	n.a.	1070
ii. Social services	31	155	116	n.a.	330
iii. General services	15	35	40	n.a.	120
iv. Unidentified	-	-	-	n.a.	210
<b>III. DEFICIT ( - ) or SURPLUS ( + )</b>	<u>-1141</u>	<u>420</u>	<u>-303</u>	<u>-3620</u>	<u>-630</u>
1. Ordinary	69	1494	823	-2144	1611
2. Extra-ordinary	-1210	-1074	-1126	-1476	-2241
<b>IV. FINANCING THE DEFICIT</b>	<u>1141</u>	<u>-420</u>	<u>303</u>	<u>3620</u>	<u>n.a.</u>
1. Foreign borrowing (net)	<u>-599</u>	<u>-505</u>	<u>-201</u>	<u>600</u>	<u>n.a.</u>
2. Internal debt amortization (net)	-9	14	76	n.a.	n.a.
3. Other Treasury operations	<u>1749</u>	<u>71</u>	<u>428</u>	<u>620</u>	<u>n.a.</u>
a. Custom duty bills	627	23	-68	n.a.	n.a.
b. Changes in other accounts	585	731	81	n.a.	n.a.
c. Cash balances	537	-683	415	n.a.	n.a.
4. Advances ECEAEC	-	-	-	600	n.a.
5. Unpaid debts	-	-	-	1800	n.a.

Source: Data supplied by the Ministry of Finance and the Treasury, and budgets for 1969 and 1970.

<sup>1/</sup> As of February 28, 1971.

**Table XVIIbis: CONGO, PEOPLE'S REPUBLIC - ACTUAL BUDGET REVENUE AND EXPENDITURE IN FISCAL YEARS 1967-1970**

(in percent)

REVENUE	1967	1968	1969	Actual 1970	Budget 1970
<b>I. TOTAL REVENUE</b>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
1. <u>Ordinary Revenue</u>	<u>97.3</u>	<u>97.4</u>	<u>99.9</u>	<u>100.0</u>	<u>100.0</u>
a. <u>Direct taxes</u>	<u>20.9</u>	<u>20.1</u>	<u>23.6</u>	<u>24.2</u>	<u>21.3</u>
1. Corporation taxes	8.0	8.5	9.1	n.a.	9.3
2. Individual income taxes	6.3	5.6	7.2	n.a.	5.9
3. Investment taxes	2.5	2.1	2.5	n.a.	2.0
4. Other direct taxes	4.2	3.9	4.8	n.a.	4.1
b. Single tax	5.1	5.9	5.4	7.2	5.7
c. <u>Taxes on imports</u>	<u>47.3</u>	<u>45.3</u>	<u>46.4</u>	<u>47.8</u>	<u>47.0</u>
1. Fiscal duties	28.2	27.0	27.5	n.a.	26.7
2. Customs duties	2.4	2.5	2.3	n.a.	2.7
3. Import turnover tax	11.0	12.0	11.4	n.a.	10.1
4. Excise and complement. tax	5.6	3.8	5.2	n.a.	7.4
d. Taxes on exports	4.6	5.7	4.9	5.8	6.2
e. Internal turnover taxes	10.2	11.8	10.3	9.1	9.3
f. Registration and stamps	2.7	2.3	2.4	2.8	2.5
g. Non-tax revenue	6.4	6.0	6.9	3.1	7.7
2. <u>Extra-ordinary revenue</u>	<u>2.7</u>	<u>2.6</u>	<u>0.1</u>	-	-
a. Earmarked taxes	2.7	0.4	0.1	-	-
b. Other	-	0.2	-	-	-
<b>II. TOTAL BUDGET EXPENDITURE</b>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u> <sup>a/</sup>	<u>100.0</u>
1. <u>Ordinary expenditures</u>	<u>89.0</u>	<u>89.4</u>	<u>92.7</u>	<u>91.8</u>	<u>87.8</u>
a. Wages and salaries	47.7	49.4	49.8	50.3	46.3
b. Material	8.8	9.8	10.6	11.2	10.8
c. General expenditures for maintenance, travel, etc.	8.9	10.2	14.0	11.3	11.5
d. Public debt service	4.1	5.3	3.6	3.4	3.5
e. Fellowships and transfers to local govts., to special accounts to public enterprises	19.0	14.7	14.7	15.6	15.7
2. <u>Extraordinary expenditures</u>	<u>11.0</u>	<u>10.6</u>	<u>7.3</u>	<u>8.1</u>	<u>12.2</u>
a. Capital expenditures ordinary budget	4.5	2.5	3.6	2.5	2.8
b. <u>Investment budget</u>	<u>6.5</u>	<u>8.1</u>	<u>3.6</u>	<u>5.6</u>	<u>9.4</u>
1. Economic services (net of reimbursement equipment bonds)	6.2	6.7	2.7	n.a.	5.8
2. Social services	0.2	1.1	0.7	n.a.	1.8
3. General services	0.1	0.3	0.3	n.a.	0.7
4. Unidentified	-	-	-	n.a.	1.1

a/ Difference due to rounding.

Source: Table XVII.

Table XVIII: CONGO, PEOPLE'S REPUBLIC - ACTUAL CURRENT GOVERNMENT EXPENDITURES BY SECTOR, 1967-1969, AND BUDGET EXPENDITURES, 1970

	1967	1968	1969	Budget 1970
	( in billions of CFAF )			
Defense	2.0	1.7	2.6	3.3
Education	2.0	2.5	2.8	2.9
Health	1.1	1.1	1.3	1.3
General administration <u>1/</u>	1.7	1.8	2.0	1.7
Economic Affairs <u>2/</u>	2.5	2.7	3.4	3.5
Transfers	2.7	1.5	2.4	2.9
Debt Service	0.6	0.8	0.6	0.6
TOTAL	<u>12.6</u>	<u>12.1</u>	<u>15.1</u>	<u>16.1</u> <u>3/</u>
	( in percent )			
Defense	16	14	17	20
Education	16	21	19	18
Health	9	9	9	8
General administration	13	15	13	10
Economic Affairs	20	22	23	22
Transfers	21	12	16	18
Debt Service	5	7	3	4
TOTAL	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

1/ Includes National Assembly, Secretariat PCT, Presidency, Vice Presidency and the Office of the Prime Minister, Foreign Affairs, Interior, Justice, Information, Youth and Sports.

2/ Includes Finance and Budget, Labor, Commerce, Industry and Mines, National Reconstruction, and common expenditures.

3/ Difference due to rounding.

Source: Data supplied by the Ministry of Finance and 1970 Budget.



Table XIX: CONGO, PEOPLE'S REPUBLIC - MONETARY SURVEY, 1965-1970

( in billions of CFA francs )

	<u>1965</u>	1966	1967	1968	1969	1970
End of	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.
<u>Assets</u>	<u>9.03</u>	<u>10.04</u>	<u>11.61</u>	<u>12.84</u>	<u>13.19</u>	<u>15.99</u>
Foreign assets (net)	<u>.46</u>	<u>.10</u>	<u>-.60</u>	<u>.51</u>	<u>.14</u>	<u>1.37</u>
Domestic credit	<u>8.57</u>	<u>9.94</u>	<u>12.21</u>	<u>12.33</u>	<u>13.05</u>	<u>14.62</u>
Claims on Government (net)	-2.87	-2.15	-.74	-.67	-.46	-.30
Claims on private sector	11.44	12.09	12.95	13.00	13.51	14.32
<u>Liabilities</u>	<u>9.04</u>	<u>10.03</u>	<u>11.59</u>	<u>12.84</u>	<u>13.19</u>	<u>15.99</u>
Money	7.41	7.94	9.48	10.13	10.62	12.75
Quasi-money	.44	.61	.62	.87	.74	.88
Other items (net)	1.19	1.48	1.49	1.84	1.83	2.36

a/ Small differences between assets and liabilities are due to rounding

Source: IMF, International Financial Statistics

Table XX: CONGO, PEOPLE'S REPUBLIC - INVESTMENTS SPONSORED BY THE BCCO, 1965 - 1969

(in millions of CFAF)

	1965	1966	1967	1968	1969	TOTAL
1. <u>COSMOS HOTEL</u>	<u>34</u>	<u>226</u>	<u>348</u>	<u>142</u>	-	<u>750</u>
Imports	28	134	131	-	-	293
Supplier's credit	6	73	217	142	-	438
Gov't's contribution	-	19	-	-	-	19
2. <u>MPAMA DAM (studies)</u>	<u>74</u>	<u>131</u>	<u>12</u>	<u>3</u>	-	<u>220</u>
Imports	57	65	8	-	-	130
Supplier's credit	17	51	4	3	-	75
Gov't's contribution	-	15	-	-	-	15
3. <u>CEMENT FACTORY</u>	<u>210</u>	<u>772</u>	<u>897</u>	<u>156</u>	-	<u>2035</u>
Loan	-	662	787	156	-	1605
Gov't's contribution	210	110	110	-	-	430
4. <u>TEXTILE FACTORY</u>	-	<u>254</u>	<u>656</u>	<u>453</u>	<u>279</u>	<u>1642</u>
Cash payment	-	50	105	132	7	294
Imports	-	109	325	62	187	683
Supplier's credit	-	95	226	259	85	665
5. <u>MATCH FACTORY</u>	-	-	<u>32</u>	<u>272</u>	<u>50</u>	<u>354</u>
Imports	-	-	30	230 <sup>1/</sup>	-	260
Govt contribution	-	-	2	42	50	94
6. <u>GLASS FACTORY</u>	-	-	<u>93</u>	<u>416</u>	-	<u>509</u>
Loan	-	-	-	404	-	404
Govt contribution	-	-	93	12	-	105
7. <u>RECORD FACTORY</u>	-	-	-	<u>110</u>	<u>162</u>	<u>272</u>
Supplier's credit	-	-	-	105	157	262
Govt contribution	-	-	-	5	5	10
8. <u>SCHOOL BOOKS FACTORY</u> (Govt contribution)	-	-	-	<u>61</u>	-	<u>61</u>
9. <u>FISH SMOKEHOUSE</u> (Govt. contrib.)	-	-	<u>5</u>	<u>34</u>	<u>43</u>	<u>82</u>
10. <u>WOOD PROCESSING FAC-</u> <u>TORY (Gov't. contri-</u> <u>bution)</u>	-	-	-	<u>20</u>	-	<u>20</u>
TOTAL IMPORTS	85	308	494	292	187	1366
TOTAL SUPPLIERS CREDIT <sup>2/</sup>	23	937	1339	1201	249	3743
TOTAL GOVT. CONTRIBUTION	210	144	210	174	98	836
<u>GRAND TOTAL</u>	<u>318</u>	<u>1389</u>	<u>2043</u>	<u>1667</u>	<u>534</u>	<u>5945</u>

1/ Estimate

2/ Includes loans and cash payments

Source: République du Congo, Bilan d'exécution du plan intérimaire 1964-68, July 1969

Table XXI: CONGO, PEOPLE'S REPUBLIC - NATIONAL DEVELOPMENT BANK - LOANS GRANTED,  
1966 - 1969

(in millions of CFAF)

	1966	1967	1968	1969			Total 1966-69	
				Short Term	Medium Term	Long Term		
Agriculture	648	1,264	246	345	3	-	348	2,506
Industry	28	69	140	21	61	-	82	319
Construction	305	277	293	5	231	111	347	1,222
Forestry	76	34	61	-	54	-	54	225
Other	<u>160</u>	<u>146</u>	<u>98</u>	<u>122</u>	<u>9</u>	<u>-</u>	<u>131</u>	<u>535</u>
TOTAL	<u>1,217</u>	<u>1,790</u>	<u>838</u>	<u>493</u>	<u>358</u>	<u>111</u>	<u>962</u>	<u>4,807</u>

(in percent)

Agriculture	53.2	70.6	29.3	70.0	.8	-	36.2	52.1
Industry	2.3	3.9	16.7	4.3	17.0	-	8.5	6.7
Construction	25.1	15.5	35.0	1.0	64.6	100.0	36.1	25.4
Forestry	6.2	1.9	7.3	-	15.1	-	5.6	4.7
Other	<u>13.2</u>	<u>8.1</u>	<u>11.7</u>	<u>24.7</u>	<u>2.5</u>	<u>-</u>	<u>13.6</u>	<u>11.1</u>
TOTAL	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Source: République du Congo, BNDC, Rapports Annuels 1967 and 1968

Table XXII: CONGO, PEOPLE'S REPUBLIC - ESTIMATED BALANCE OF PAYMENTS, 1965-1969

(in billions of CFAF)

	1965	1966	1967	1968	1969
<u>Exports</u>	<u>8.7</u>	<u>10.0</u>	<u>10.4</u>	<u>10.6</u>	<u>12.1</u>
<u>Imports</u>	<u>-15.5</u>	<u>-17.3</u>	<u>-20.4</u>	<u>-20.9</u>	<u>-20.4</u>
Trade balance a/	- 6.9	- 7.3	-10.0	-19.3	- 8.3
<u>Services (excl. investment income)</u>	<u>4.5</u>	<u>3.5</u>	<u>4.0</u>	<u>4.1</u>	<u>4.1</u>
Transit services b/	3.2	3.5	4.1	4.5	4.9
Public debt service c/	- 0.8	- 1.2	- 1.3	- 1.6	- 2.0
French military expenditures	1.0	-	-	-	-
Other d/	1.1	1.2	1.2	1.2	1.2
<u>Public Transfers</u>	<u>3.3</u>	<u>3.2</u>	<u>2.6</u>	<u>2.8</u>	<u>2.6</u>
Solidarity Fund e/	- 0.6	- 0.4	- 0.5	- 0.5	- 0.5
Official grants f/	3.9	3.6	3.1	3.3	3.1
<u>Capital Transactions</u>	<u>7.5</u>	<u>6.4</u>	<u>7.5</u>	<u>15.0</u>	<u>12.8</u>
Official Loans and credits g/	1.4	1.9	2.2	7.8	5.7
Foreign private investment, plus suppliers' credits to public companies h/	5.0	5.4	5.7	6.0	6.0
Short-term Treasury financing by France i/	1.1	- 0.9	- 0.4	1.2	1.1
<u>Change in Foreign Assets k/</u>	<u>- 1.4</u>	<u>0.4</u>	<u>0.7</u>	<u>- 1.1</u>	<u>0.4</u>
<u>Residual j/</u>	<u>- 7.0</u>	<u>- 6.2</u>	<u>- 4.8</u>	<u>-10.5</u>	<u>- 9.2</u>

(plus sign = decline)

a/ See Table XXIII, line III, (1). Small differences due to rounding.

b/ Receipts of ATEC and COMILOG for international transportation.

c/ See Table 19 in Report No. AW-7a (April 21, 1969)

d/ Includes diplomatic expenditures, pensions paid by France to the Congo, and profit margins on the diamond trade.

e/ Net payment to UDE and UDEAC solidarity funds.

f/ As in Table XXVII but less FED disbursements in Europe and plus technical assistance.

g/ As in Table XXVII.

h/ Estimates of investment by all foreign companies operating in the Congo and suppliers' credits to public companies, but excluding investments financed from official sources e.g. IBRD financing of CPC.

i/ Drawing on Congo's current account at the French Treasury and liabilities of Congolese Post Office system.

j/ This includes investment income (including undistributed profits), private transfers and private capital transactions and errors and omissions.

k/ See Table XIX (Monetary Survey).

Source: Mission estimates.



Table XXIII: CONGO, PEOPLE'S REPUBLIC - FOREIGN TRADE 1965-1969

(in millions of CFA francs)

	1965	1966	1967	1968	1969
<b>I. EXPORTS f.o.b.</b>					
(1) Total exports net of diamonds and re-exports (2) + (3) - (4)	<u>8 680</u>	<u>10 033</u>	<u>10 424</u>	<u>10 559</u>	<u>12 117</u>
(2) Exports outside UDEAC net of diamonds	<u>6 627</u>	<u>6 914</u>	<u>7 786</u>	<u>8 355</u>	<u>10 859</u>
a. Total exports to non-UDEAC countries	11 553	10 659	11 730	12 189	12 540
b. Diamonds	-4 926	-3 745	-3 944	-3 834	-1 681
(3) Exports to UDEAC countries	<u>2 933</u>	<u>3 449<sup>a</sup></u>	<u>3 096</u>	<u>2 714</u>	<u>1 880</u>
(4) Re-exports <sup>b</sup>	<u>- 880</u>	<u>- 330</u>	<u>- 458</u>	<u>- 510</u>	<u>- 622</u>
<b>II. IMPORTS c.i.f.</b>					
(1) Total imports net of diamonds and re-exports (2) + (3)	<u>15 535</u>	<u>17 332</u>	<u>20 396</u>	<u>20 881</u>	<u>20 445</u>
(2) Imports from non-UDEAC countries net of diamonds	<u>15 094</u>	<u>16 859</u>	<u>19 833</u>	<u>20 198</u>	<u>19 749</u>
a. Direct imports from non-UDEAC countries	15 974	17 189	20 239	20 614	20 292
b. Indirect imports from non-UDEAC countries <sup>c</sup>	n.a.	n.a.	52	94	79
c. Less re-exports	880	330	458	510	622
(3) Imports from UDEAC countries excluding diamonds	<u>441</u>	<u>473</u>	<u>563</u>	<u>683</u>	<u>696</u>
<b>III. TRADE BALANCE</b>					
(1) Total adjusted trade balance	<u>-6 855</u>	<u>-7 299</u>	<u>-9 972</u>	<u>-10 322</u>	<u>-8 329</u>
(2) Balance of non-UDEAC trade net of re-exports	-8 467	-9 945	-12 047	-11 843	-8 890
(3) Unadjusted balance of UDEAC trade	2 492	2 976	2 533	2 031	1 183
(4) Balance of UDEAC trade net of re-exports	1 612	2 646	2 075	1 521	561

a/ Products subject to the single tax system only.

b/ Goods first imported from outside UDEAC then re-exported almost exclusively to UDEAC countries.

c/ Imports of goods from non-UDEAC origin which have first been imported in another UDEAC country.

Source: UDEAC, Commerce Extérieur, Statistiques Générales and République Populaire du Congo, Bulletin mensuel des statistiques.



Table XXIV: CONGO PEOPLE'S REPUBLIC - COUNTRY COMPOSITION OF FOREIGN TRADE  
1965-1969

(in millions of CFA francs)

	1965	1966	1967	1968	1969
I. <u>EXPORTS</u> adjusted a/	<u>8,680</u>	<u>10,033</u>	<u>10,424</u>	<u>10,559</u>	<u>12,116</u>
Unadjusted exports b/	<u>9,560</u>	<u>10,363</u>	<u>10,882</u>	<u>11,069</u>	<u>12,739</u>
1. E.E.C.	<u>3,388</u>	<u>5,381</u>	<u>5,082</u>	<u>5,288</u>	<u>5,531</u>
of which					
France	(1,118)	(1,104)	(1,737)	(1,286)	(1,575)
2. UDEAC countries c/	2,933	3,449 <sup>d/</sup>	3,096	2,714	1,879
3. Other Africa	644	442	1,082	1,102	2,835
4. Rest of the WORLD	2,595	1,091 <sup>c/</sup>	1,622	1,965	2,493
II. <u>IMPORTS</u> adjusted e/	<u>15,535</u>	<u>17,332</u>	<u>20,396</u>	<u>20,881</u>	<u>20,445</u>
Unadjusted imports f/	<u>16,415</u>	<u>17,662</u>	<u>20,802</u>	<u>21,297</u>	<u>20,989</u>
1. E.E.C.	<u>12,022</u>	<u>13,175</u>	<u>15,260</u>	<u>15,650</u>	<u>15,098</u>
of which					
France	(9,720)	(10,735)	(10,935)	(11,955)	(11,574)
2. UDEAC countries c/	441	473	563	683	696
3. Other Africa	1,143	1,084	1,299	1,179	1,515
4. Rest of the WORLD	2,803	2,930	3,680	3,785	3,680
III. <u>TRADE BALANCE</u> adjusted	<u>-6,855</u>	<u>-7,299</u>	<u>-9,972</u>	<u>-10,322</u>	<u>-8,329</u>
Unadjusted trade balance	<u>-6,855</u>	<u>-7,299</u>	<u>-9,920</u>	<u>-10,228</u>	<u>-8,251</u>
1. E.E.C.	<u>-8,634</u>	<u>-7,794</u>	<u>-10,178</u>	<u>-10,362</u>	<u>-9,567</u>
of which					
France	(-8,602)	(-9,431)	(-9,198)	(-10,669)	(-9,999)
2. UDEAC countries c/	2,492	2,976	2,533	2,031	1,163
3. Other Africa	-505	-642	-217	-77	1,320
4. Rest of the WORLD	-208	1,839	-2,058	-1,820	-1,167

a/ Adjusted for re-exports and diamonds

b/ Net of diamonds

c/ See Table XXVI for detail

d/ Products subject to the single tax system only

e/ Net of diamonds and re-exports

f/ Including re-exports and excluding indirect imports from non-UDEAC countries (see Table XXIII).

Source: UDEAC Commerce Extérieur, Statistiques Générales; and République Populaire du Congo, Bulletin mensuel des statistiques.

Table XXIV bis: CONGO PEOPLE'S REPUBLIC - COUNTRY COMPOSITION OF FOREIGN TRADE, 1965 - 1969

(in percent)

	1965	1966	1967	1968	1969
I. Unadjusted exports <u>a/</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
1. E.E.C.	35.4	51.9	46.7	47.8	43.4
of which					
France	(11.7)	(10.7)	(16.0)	(11.6)	(12.4)
2. UDEAC countries <u>a/</u>	30.7	33.3	28.5	24.5	14.7
3. Other Africa	6.7	4.3	9.9	10.0	22.2
4. Rest of the WORLD	27.1	10.5	14.9	17.7	19.6
II. Unadjusted imports <u>a/</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
1. E.E.C.	73.2	74.6	73.4	73.5	71.9
of which					
France	(59.2)	(59.7)	(52.6)	(56.2)	(55.1)
2. UDEAC countries <u>a/</u>	2.7	2.7	2.7	3.2	3.3
3. Other Africa	7.0	6.1	6.2	5.5	7.2
4. Rest of the World	17.1	16.6	17.7	17.8	17.6

a/ See Table XXIV.

Source: Table XXIV

Table XXV: CONGO PEOPLE'S REPUBLIC - COMMODITY COMPOSITION OF TRADE, 1965-1969

(Volume in thousand tons - Value in millions of CFA francs)

	1965		1966	1967	1968	1969	
	VOLUME	VALUE	VALUE	VALUE	VALUE	VOLUME	VALUE
I. <u>Exports outside UDEAC</u>	<u>467.2</u>	<u>6,627</u>	<u>6,914</u>	<u>7,786</u>	<u>8,355</u>	<u>661.6</u>	<u>10,859</u>
1. Wood	407.6	5,125	5,521	4,956	6,290	473.0	7,196
a. Logs	(383.0)	(4,398)	(4,732)	(4,083)	(4,960)	(441.0)	(5,650)
b. Sawn timber	(5.3)	(83)	(75)	(86)	(171)	(9.0)	(257)
c. Veneer	(19.3)	(644)	(714)	(787)	(1,157)	(23.0)	(1,286)
d. Wood products	(-)	(-) <sup>a/</sup>	(-) <sup>a/</sup>	(-)	(2)	(-)	(3)
2. Sugar	-	45 <sup>a/</sup>	51 <sup>a/</sup>	1,473	335 <sup>a/</sup>	77.3	2,012
3. Palm kernels	5.6	184	145	159	151	2.9	93
4. Coffee	.5	73	97	138	143	1.2	165
5. Cocoa	.7	69	120	133	205	1.2	240
6. Petroleum	50.7	240	213	89	152	32.0	99
7. Palm oil	2.1	114	30	23	-	-	-
8. Other products	n.a	117	737	815	1,079	74.0	1,054
II. <u>Exports inside UDEAC</u>	<u>n.a</u>	<u>2,933</u>	<u>3,449</u>	<u>3,096</u>	<u>2,714</u>	<u>25.1</u>	<u>1,880</u>
1. Sugar	n.a	n.a	1,455	1,326	871	6.5	309
2. Cigarettes	n.a	n.a	1,268	893	832	.5	494
3. Beer	n.a	n.a	71	106	225	3.0	272
4. Other commodities	n.a	n.a	655	770	785	15.1	805
III. <u>TOTAL unadjusted exports</u> <sup>b/</sup>	<u>n.a</u>	<u>9,560</u>	<u>10,363</u>	<u>10,882</u>	<u>11,069</u>	<u>686.7</u>	<u>12,739</u>
IV. <u>Imports from outside UDEAC</u> <sup>c/</sup>	<u>250.2</u>	<u>15,974</u>	<u>17,189</u>	<u>20,239</u>	<u>20,614</u>	<u>179.7</u>	<u>20,292</u>
1. Consumer goods	67.0	6,793	7,079	8,988	9,402	69.8	10,404
a. Foodstuffs	(46.2)	(2,458)	(2,493)	(2,902)	(3,163)	(55.6)	(3,588)
b. Other non-durables	(10.4)	(2,649)	(2,762)	(3,598)	(3,517)	(7.4)	(3,772)
c. Durable goods	(10.4)	(1,686)	(1,824)	(2,488)	(2,722)	(6.8)	(3,044)
2. Raw Material	7.5	213	278	258	226	10.7	190
3. Intermediary products	74.1	2,745	2,791	3,894	3,989	34.7	2,500
4. Fuel and lubricants	90.0	915	1,037	1,210	619	50.6	643
5. Equipment goods	11.6	5,308	6,004	5,889	6,378	13.9	6,555
V. <u>Imports from inside UDEAC</u> (mainly...)	<u>n.a</u>	<u>441</u>	<u>473</u>	<u>563</u>	<u>683</u>	<u>n.a</u>	<u>696</u>
VI. <u>TOTAL UNADJUSTED IMPORTS</u> <sup>d/</sup>	<u>n.a</u>	<u>16,415</u>	<u>17,662</u>	<u>20,802</u>	<u>21,297</u>	<u>n.a</u>	<u>20,989</u>

a/ Sugar figures are definitely incomplete in these years.

b/ Includes re-exports (see table XXIII)

c/ Direct imports from non-UDEAC countries (see Table XXIII, line II, (2), a).

d/ Including re-exports and excluding indirect imports from non-UDEAC countries.

Source: UDEAC Commerce Extérieur, Statistiques Générales; and République Populaire du Congo, Bulletin mensuel des statistiques.

Table XXV bis: CONGO PEOPLE'S REPUBLIC - COMMODITY COMPOSITION OF TRADE, 1965-1969

(Value in percent)

	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
I. <u>Exports outside UDEAC</u>	<u>69.3</u>	<u>66.7</u>	<u>71.5</u>	<u>75.5</u>	<u>85.2</u>
1. Wood	53.6	53.3	45.5	56.8	56.5
a. Logs	(46.0)	(45.7)	(37.5)	(44.8)	(44.3)
b. Sawn Timber	( 0.9)	( 0.7)	( 0.8)	( 1.5)	( 2.0)
c. Veneer	( 6.7)	( 6.9)	( 7.2)	(10.5)	(10.1)
d. Wood products	( - )	( - )	( - )	( - )	( - )
2. Sugar	0.5	0.5	13.5	3.0	15.8
3. Palm kernels	1.9	1.4	1.5	1.4	0.7
4. Coffee	0.8	0.9	1.3	1.3	1.3
5. Cocoa	0.7	1.2	1.2	1.9	1.9
6. Petroleum	2.5	2.1	0.8	1.4	0.8
7. Palm oil	1.2	0.3	0.2	-	-
8. Other products	1.2	7.1	7.5	9.7	8.3
II. <u>Exports inside UDEAC</u>	<u>30.7</u>	<u>33.3</u>	<u>28.5</u>	<u>24.5</u>	<u>14.8</u>
1. Sugar	n.a	14.0	12.2	7.9	2.4
2. Cigarettes	n.a	12.2	8.2	7.5	3.9
3. Beer	n.a.	0.7	1.0	2.0	2.1
4. Other commodities	n.a	6.3	7.1	7.1	6.3
III. <u>TOTAL unadjusted exports</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
IV. <u>Imports from outside UDEAC</u>	<u>97.3</u>	<u>97.4</u>	<u>97.3</u>	<u>96.8</u>	<u>96.7</u>
1. Consumer goods	41.4	40.1	43.3	44.2	49.6
a. Foodstuffs	(15.0)	(14.1)	(14.0)	(14.9)	(17.1)
b. Other non-durables	(16.1)	(15.7)	(17.3)	(16.5)	(18.0)
c. Durable goods	(10.3)	(10.3)	(12.0)	(12.8)	(14.5)
2. Raw material	1.3	1.6	1.2	1.1	0.9
3. Intermediary products	16.7	15.8	18.7	18.7	11.9
4. Fuel and lubricants	5.6	5.9	5.8	2.9	3.1
5. Equipment goods	32.3	34.0	28.3	29.9	31.2
V. <u>Imports from inside UDEAC</u> (mainly...)	<u>2.7</u>	<u>2.6</u>	<u>2.7</u>	<u>3.2</u>	<u>3.3</u>
VI. <u>TOTAL UNADJUSTED IMPORTS</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Source: Table XXV.

Table XXVI: CONGO, PEOPLE'S REPUBLIC - TRADE WITH MEMBER COUNTRIES  
OF UDEAC, 1966 - 1969

(In millions of CFA francs)

	1966	1967	1968	1969
1. <u>Exports f.c.b. by destination :</u>	<u>3,449</u>	<u>3,096</u>	<u>2,734</u>	<u>1,879</u>
Cameroon	62	451	312	207
of which:				
Sugar	8	358	241	59
Petroleum	-	-	-	-
Central African Republic	<u>1,130</u>	<u>806</u>	<u>741</u>	<u>836</u>
of which:				
Cigarettes	493	338	287	315
Sugar	343	218	168	184
Chad	<u>1,556</u>	<u>1,110</u>	<u>796</u>	- 1/
of which:				
Sugar	1,000	674	379	-
Cigarettes	433	320	310	-
Gabon	<u>701</u>	<u>728</u>	<u>864</u>	<u>836</u>
of which:				
Cigarettes	342	235	235	179
Beer	71	106	225	251
Groundnut oil	110	80	61	42
Sugar	104	76	83	66
2. <u>Imports, c.i.f. by origin</u>	<u>473</u>	<u>563</u>	<u>683</u>	<u>696</u>
Cameroon	155	248	287	407
Central African Republic	34	61	146	191
Chad	181	182	201	-
Gabon	37	72	48	98
Unclassified	66	-	-	-
3. <u>Trade balance (1-2)</u>	<u>3,042</u>	<u>2,532</u>	<u>2,031</u>	<u>1,183</u>
with Cameroon	-93	203	25	- 200
with CAR	1,096	745	595	645
with Chad	1,375	928	595	-
with Gabon	664	656	816	738

1/ Effective January 1, 1969, Chad left UDEAC.

Source: UDEAC, Secrétariat Général, Bulletin des Statistiques Générales de l'UDEAC, and data provided by UDEAC Statistical Services.





Table XXVII: CONGO PEOPLE'S REPUBLIC - FOREIGN AID DISBURSEMENTS, 1964-1969

( in millions of CFAF )

	1964	1965	1966	1967	1968	1969	Total 1964-69
GRANTS	<u>3,280</u>	<u>2,865</u>	<u>2,489</u>	<u>2,618</u>	<u>1,902</u>	<u>1,672</u>	<u>14,826</u>
EDF	<u>1,310</u>	<u>840</u>	<u>646</u>	<u>909</u>	<u>575</u>	<u>362</u>	<u>4,642</u>
France 1/	<u>1,562</u>	<u>1,567</u>	<u>1,493</u>	<u>1,309</u>	<u>698</u>	<u>1,010</u>	<u>7,639</u>
FAC	<u>762</u>	<u>667</u>	<u>593</u>	<u>309</u>	<u>198</u>	<u>510</u> 2/	<u>3,039</u>
Other 3/	<u>800</u>	<u>900</u>	<u>900</u>	<u>1,000</u>	<u>500</u> 4/	<u>500</u> 4/	<u>4,600</u>
United Nations	<u>158</u>	<u>158</u>	<u>200</u>	<u>250</u>	<u>300</u> 4/	<u>300</u> 4/	<u>1,366</u>
Other 5/	<u>250</u>	<u>300</u>	<u>150</u>	<u>150</u>	<u>329</u>	<u>n.a.</u>	<u>1,179</u>
LOANS	<u>247</u>	<u>1,386</u>	<u>1,884</u>	<u>2,506</u>	<u>8,909</u>	<u>6,577</u>	<u>21,509</u>
France	247	250	564	99	2,550	470	4,180
West Germany	-	-	320	300	-	-	620
China	-	1,136 6/	400	400	680 4/	1,000 4/	3,616
USSR	-	-	500	400	400 4/	1,000 4/	2,300
North Korea	-	-	100	100	n.a.	n.a.	200
IBRD/IDA	-	-	-	882 7/	4,168 7/	3,260 8/	8,310
EIB	-	-	-	325	1,111	847	2,283
GRANTS AND LOANS	<u>3,527</u>	<u>4,251</u>	<u>4,373</u>	<u>5,124</u>	<u>10,811</u>	<u>8,249</u>	<u>36,335</u>

- 1/ Does not include technical assistance (more than CFAF 1 billion a year).  
2/ First nine months only.  
3/ Various French agencies for Radio Brazza, ASECNA, etc.  
4/ Estimates.  
5/ Includes US AID for about CFAF 200 million per year 1964-65 and an IBRD technical assistance grant of CFAF 44 million in 1968.  
6/ Budgetary Support.  
7/ Potash project.  
8/ Of which CFAF 3,182 million for the Potash project.

Source: Data provided by the Congolese authorities and major donors.

Table XXVIII: CONGO, PEOPLES REPUBLIC - AID DISBURSEMENTS 1/ BY THE EDF, 1964 - 1969

Sector	1964	1965	1966	1967	1968	1969	Total 1964/69
	(in millions of CFAF)						
<u>Transport:</u>	<u>1,251</u>	<u>675</u>	<u>146</u>	<u>42</u>	<u>165</u>	<u>118</u>	<u>2,397</u>
Roads and bridges	658	365	102	41	165	28	1,359
Railroad	-	88	42	1	-	-	131
Ports and rivers	593	222	2	-	-	90	907
<u>Education</u>	<u>41</u>	<u>164</u>	<u>409</u>	<u>382</u>	<u>52</u>	<u>27</u>	<u>1,075</u>
<u>Urbanization</u>	<u>-</u>	<u>-</u>	<u>86</u>	<u>412</u>	<u>208</u>	<u>10</u>	<u>716</u>
<u>Agriculture</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>61</u>	<u>150</u>	<u>204</u>	<u>419</u>
<u>Health</u>	<u>16</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16</u>
<u>Studies and other</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>12</u>	<u>1</u>	<u>1</u>	<u>18</u>
<u>Total</u>	<u>1,310<sup>2/</sup></u>	<u>840<sup>2/</sup></u>	<u>646<sup>2/</sup></u>	<u>909</u>	<u>575<sup>2/</sup></u>	<u>362<sup>2/</sup></u>	<u>4,642<sup>2/</sup></u>
	(in percent)						
<u>Transport:</u>	<u>95</u>	<u>80</u>	<u>22</u>	<u>5</u>	<u>29</u>	<u>33</u>	<u>52</u>
Roads and bridges	50	43	16	5	29	8	29
Railroad	-	10	6	-	-	-	3
Ports and rivers	45	27	-	-	-	25	20
<u>Education</u>	<u>3</u>	<u>20</u>	<u>63</u>	<u>42</u>	<u>9</u>	<u>7</u>	<u>23</u>
<u>Urbanization</u>	<u>-</u>	<u>-</u>	<u>13</u>	<u>45</u>	<u>36</u>	<u>3</u>	<u>15</u>
<u>Agriculture</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>7</u>	<u>26</u>	<u>57</u>	<u>9</u>
<u>Health</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Studies and other</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total</u>	<u>100<sup>2/</sup></u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100<sup>2/</sup></u>

1/ The figures do not include payments made directly by the EDF in Brussels. This omission, however, is most probably not enough to explain the difference of CFAF 1.6 billion between the total here and the corresponding figures in Tables VII and VIII. The major differences occur under infrastructure and agriculture.

2/ Difference due to rounding.

Source: Data provided by the EDF representative in Brazzaville

**TABLE XXIX: CONGO, PEOPLE'S REPUBLIC - DISBURSEMENTS AND COMMITMENTS OF FAC AID<sup>a/</sup>  
1964 - 1969**

(in millions of CFAF)

	1964	1965	1966	1967	1968	1969	Total 1964-69
<u>Disbursements:</u>	<u>814</u>	<u>313</u>	<u>512</u>	<u>311</u>	<u>209</u>	<u>521<sup>b/</sup></u>	<u>3,180<sup>c/</sup></u>
Production	399	282	232	138	102	227	1,380
Infrastructure	189	243	71	12	26	101	642
Social Equipment	154	197	65	15	56	117	604
Loans	7	-	-	34	4	8	53
Expenditures	65	91	144	112	21	68	501
<u>Commitments</u>	<u>1,682</u>	<u>339</u>	<u>365</u>	<u>288</u>	<u>1,237</u>	<u>544</u>	<u>4,455</u>

( in percent )

<u>Disbursements:</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Production	49.0	34.7	45.3	44.4	48.8	43.6	43.4
Infrastructure	23.2	29.9	13.9	3.9	12.4	19.4	20.2
Social Equipment	18.9	24.2	12.7	4.8	26.8	22.5	19.0
Loans	0.9	-	-	10.9	1.9	1.5	1.7
Expenditures	8.0	11.2	28.1	36.0	10.1	13.0	15.7

a/ Figures do not include an average of about CFAF 1.2 billion annually representing the net cost of FAC technical assistance.

b/ This figure is CFAF 139 million bigger than the figure in Table VIII, most probably because of the preliminary nature of the data in Table VIII.

c/ This figure is CFAF 131 million lower than the total of corresponding figures in Tables VII and VIII. This difference is explained in footnote b/ above.

Source: Data provided by FAC and CCCE.

PRELIMINARY

Table XXX: CONGO, PEOPLE'S REPUBLIC - ESTIMATED EXTERNAL PUBLIC DEBT OUTSTANDING  
AT DECEMBER 31, 1969 1/ 2/

Debt Repayable in Foreign Currency

(In thousands of U.S. dollars)

Source	Estimated Debt Outstanding at December 31, 1969 Including Undisbursed	
		%
TOTAL ESTIMATED EXTERNAL PUBLIC DEBT	<u>100,027</u>	<u>100.0</u>
Loans from governments	<u>57,632</u>	<u>57.6</u>
France	22,479	22.5
China	22,452	22.4
U.S.S.R.	9,869	9.9
Germany (Fed. Rep. of)	2,732	2.7
United States	100	0.1
Loans from international organizations	<u>30,630</u>	<u>30.6</u>
IBRD	30,000	30.0
IDA	630	0.6
Privately held debt	<u>11,765</u>	<u>11.8</u>
Suppliers	<u>7,894</u>	<u>7.9</u>
Germany (Fed. Rep. of)	3,062	3.1
Italy	2,881	2.9
United Kingdom	1,694	1.7
France	138	0.1
Japan	78	0.1
Belgium	41	0.0
Financial institutions - Germany (Fed. Rep. of)	<u>3,871</u>	<u>3.9</u>

1/ Debt with an original or extended maturity of over one year.

2/ In the absence of an adequate statement on debt outstanding as of December 31, 1969, estimates were based on original repayment schedules and documents provided by Congo Brazzaville. It was assumed that all payments due prior to December 31, 1969 have been made on schedule.

Source: IBRD, Statistical Services Division, Economics Department.