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SPECIAL ECONOMIC AND DISASTER RELIEF ASSISTANCE: SPECIAL PROGRAMMES OF ECONOMIC ASSISTANCE

Summary reports on Bolivia, Ecuador and Peru; Chad, the Comoros, Djibouti,
Equatorial Guinea, the Gambia, Sierra Leone and Uganda

Report of the Secretary-General

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* A/39/150.

I. INTRODUCTION

1. The General Assembly, at its thirty-seventh and thirty-eighth sessions, adopted a number of resolutions in which the Secretary-General was requested to report to the Assembly at its thirty-ninth session on the economic situation and on the progress made in organizing and implementing special programmes of economic assistance for a number of developing countries (see table 1 below).
2. The Government of each of the countries concerned was asked whether it would wish the report to the General Assembly to be based on the findings of a review mission that would visit the country or whether it would prefer to provide information that would constitute the basis of a brief, interim report to the Assembly. The Governments of 11 of the countries concerned expressed a wish for the second form of report. As at 17 August 1984, 10 Governments had provided such information.
3. Accordingly, interim summary reports have been prepared for 10 countries for which special programmes of economic assistance are being implemented, based on information supplied by the Governments of these countries through the Resident Co-ordinator of the United Nations System's Operational Activities for Development/Resident Representative of the United Nations Development Programme. These summary reports address the main developments in the respective economies in the recent period and the status of the special programme of economic assistance.

Table 1

Countries for which interim reports on their special programmes of economic assistance are herein presented

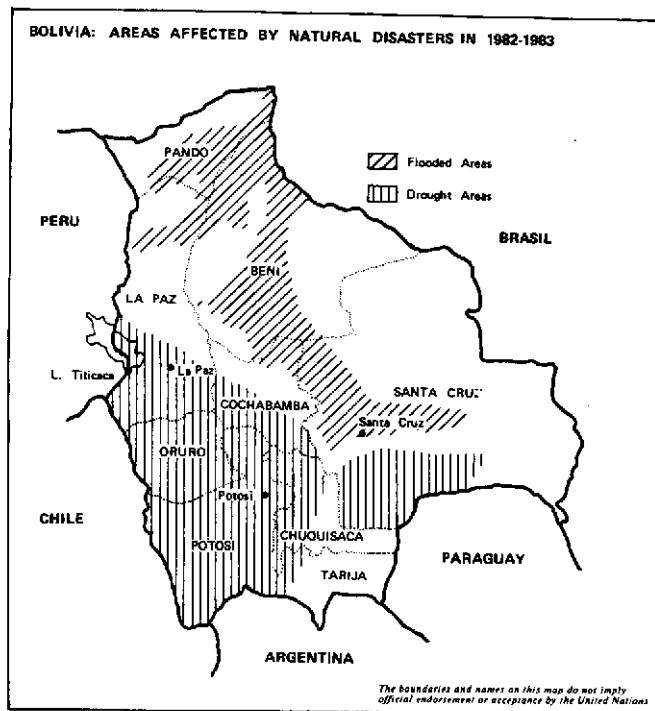
<u>Country</u>	<u>Relevant resolution adopted by the General Assembly at its thirty-eighth session</u>
Bolivia, Ecuador and Peru	38/222
Chad	38/214
The Comoros	38/209
Djibouti	38/213
Equatorial Guinea	38/224
The Gambia	38/212
Sierra Leone	38/205
Uganda	38/207

II. BOLIVIA, ECUADOR AND PERU

A. Background

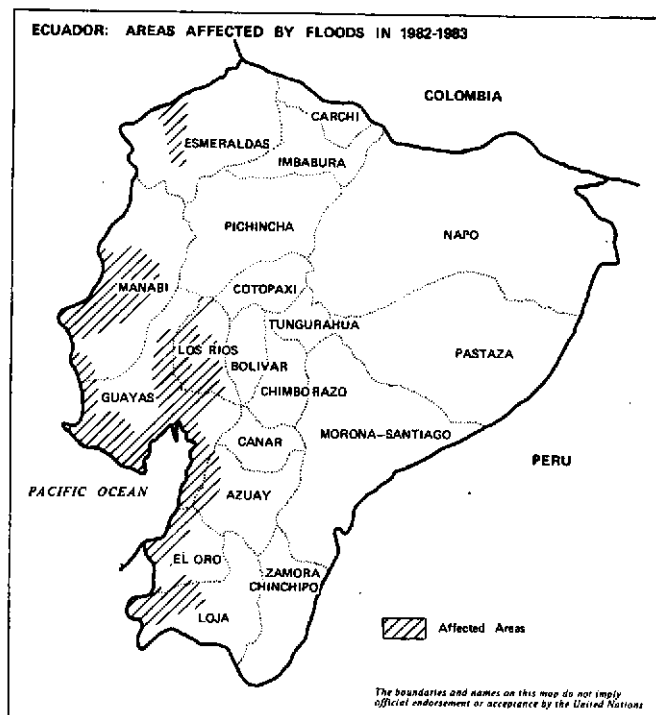
4. As a result of a widespread change of climate throughout the South Pacific in 1982-1983, known as the "El Niño" phenomenon, severe floods and extensive droughts occurred that particularly affected Bolivia, Ecuador and Peru.
5. Following the adoption by the Economic and Social Council of resolution 1983/45 on 28 July 1983, the Secretary-General dispatched an inter-agency mission, led by a representative of the Economic Commission for Latin America (ECLA), to Bolivia, Ecuador and Peru in August/September 1983. The mission's report, including descriptions of recommended projects and programmes, is contained in the document entitled The Natural Disasters of 1982-1983 in Bolivia, Ecuador and Peru (E/CEPAL/G.1274), dated 26 January 1984. A summary of that report is also available.
6. The mission found that extensive damage had occurred as a result of flooding in the coastal areas of Ecuador, in northern Peru and eastern Bolivia, while the entire Bolivian-Peruvian plateau had been affected by severe drought (see maps).
7. The total of damage by natural phenomena in the social and economic sectors of the three countries was estimated by the mission at \$3,480 million. Of this amount, \$840 million was estimated for Bolivia, \$640 million for Ecuador and \$2,000 million for Peru.
8. The damage compounded the economic difficulties being experienced by the three countries. Export earnings were reduced, while the price of imports of foodstuffs and various materials to deal with the emergency increased. Tax receipts fell, while additional public outlays were necessitated by the emergency.
9. The economic deterioration caused by the disasters is not confined to the present. The effects are expected to be felt for years to come until the infrastructure is rehabilitated and production levels restored. The mission concluded that rehabilitation will tie up the resources of Bolivia, Ecuador and Peru for a very long time and that these countries are in urgent need of international assistance if minimum conditions for social well-being and increased production are to be restored.
10. In consultation with the Governments concerned, the inter-agency mission identified projects amounting to \$425 million for international funding. Of this amount, \$129 million was for projects in Bolivia, \$97 million for projects in Ecuador, \$181 million for projects in Peru and \$17 million for subregional projects. The projects aim at re-establishing vital social services, strengthening the transport system and raising output in the affected sectors of the countries.
11. On 20 December 1983, the General Assembly adopted resolution 38/222 which reiterated the appeal of the Economic and Social Council to the international community to co-operate in the financing of programmes for the reconstruction of the infrastructure and rehabilitation of the affected areas of Bolivia, Ecuador and Peru.

Map 1



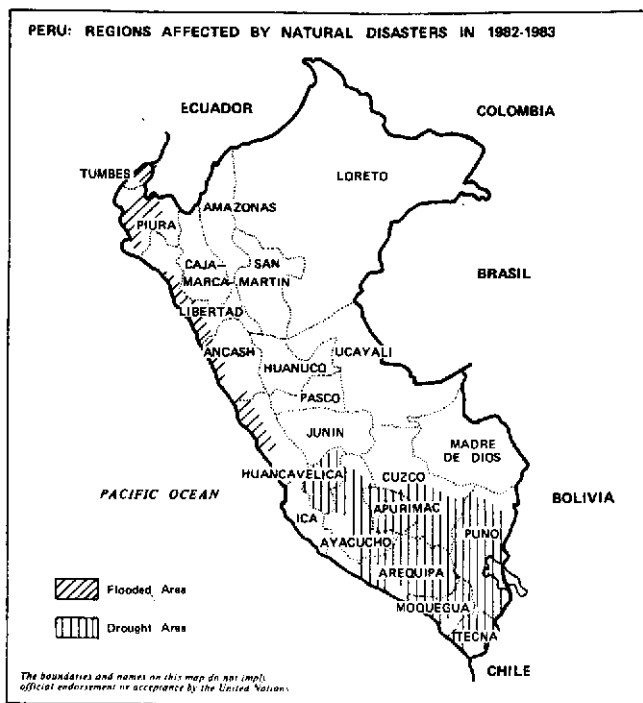
3281.1x

Map 2



3281.2x

Map 3



3281.3x

12. Although the special programme for the reconstruction and rehabilitation of the affected areas in the three countries has not yet reached its target figure, the response of the international community has been encouraging.

B. Bolivia

1. Economic situation

13. The natural disasters which affected Bolivia in 1982-1983 compounded already existing serious economic and financial difficulties. In November 1982, November 1983 and April 1984, the Government of Bolivia adopted a series of economic measures to counter the deteriorating economic situation. The November 1982 measures were aimed at introducing stability in the foreign exchange markets, reducing the fiscal deficit and providing incentives for the production of foodstuffs.

14. The main feature of the economic package implemented in November 1983 was a 60 per cent devaluation of the Bolivian peso; other measures included an increase in the prices of petroleum products and electricity.

15. In the face of continuing deterioration in the economic situation, further measures were introduced in April 1984, including a 75 per cent devaluation in the Bolivian peso, a sharp increase in the price of gasoline and an increase in official food prices. These measures imposed severe hardships on the population.

16. Moreover, in the first four months of 1984, there were heavy rainfalls that, while less severe than the floods of 1983, destroyed houses, bridges and food crops. The effect of the drought and the floods of 1983 and the heavy rains of 1984 are estimated to have reduced Bolivia's 1984 food production by about 40 per cent.

2. Nature and extent of damage resulting from the natural disasters of 1982-1983

17. During the climatic year 1982/1983, drought and floods affected different areas of Bolivia at different time periods. Drought affected 380,000 square kilometres or about 35 per cent of the total country. Nearly 1.6 million inhabitants of rural areas were affected and lost all or part of their crops and livestock.

18. On the other hand, excessive rainfall occurred during March 1983 in the eastern and northern regions of the country which caused extensive flooding in both urban and rural areas. Upland areas experienced severe erosion, while heavy silting occurred in valleys and low-lying areas. It is estimated that the floods covered more than 150,000 square kilometres to varying degrees, and affected, directly or indirectly, some 700,000 inhabitants of the areas concerned. The floods caused extensive damage to transport infrastructure, housing and some basic services.

Table 2

Bolivia: summary of losses incurred as a result of the
1982-1983 natural disasters

(Millions of dollars)

Sector	Total	Losses	
		Direct	Indirect
<u>Productive sectors</u>	<u>716.0</u>	<u>447.0</u>	<u>269.0</u>
Agriculture <u>a/</u>	493.0	261.0	232.0
Livestock	223.0	186.0	37.0
<u>Infrastructure</u>	<u>98.0</u>	<u>62.0</u>	<u>36.0</u>
Road transport	71.5	49.8	21.7
Railway transport	10.7	2.0	8.7
Airport	4.6	4.6	-
Other damage	11.2	5.6	5.6
<u>Social sectors</u>	<u>22.5</u>	<u>12.5</u>	<u>10.0</u>
Health	4.7	-	4.7
Housing	17.8	12.5	5.3
<u>Total</u>	<u>836.5</u>	<u>521.5</u>	<u>315.0</u>

Source: Estimates made by the Economic Commission for Latin America (ECLA) on the basis of official information and independent field observations.

a/ Includes production losses, imports of food and seeds, and the value of lands affected by flooding.

19. The inter-agency mission estimated total damage at \$836.5 million. The most important material damage, \$716 million, occurred in the productive sectors of agriculture and livestock. Damage to infrastructure amounted to \$98 million, while that affecting the social sectors amounted to \$22.5 million.

20. Even before the disasters struck, the agricultural sector was suffering from reduced inputs, which the devaluation of the Bolivian peso had rendered very costly, and from a reduction in the area under cultivation. The effect of the meteorological phenomena, especially the drought, aggravated existing problems. In some cases, whole harvests were lost; in other cases, crop yields were considerably diminished. As a result, some products became unavailable and consumer prices increased markedly, in some cases up to 600 per cent.

21. At the same time, export production - cotton, coffee and sugar cane - was in decline, primarily as a result of the restricted use of inputs.

22. The shortage of agricultural products was most acute in the drought-affected rural areas. On losing nearly all of their harvest, the rural population first consumed whatever food surpluses they had available from previous years; second, they sold part of their cattle stock - their only capital asset; and third, they ate the seeds that were to be used in the following sowing season.

23. Estimates made in April 1983 indicated that in the worst affected areas, about 5 million sheep and 140,000 cattle had been affected by the drought. It is calculated that 4.8 million hectares of grazing land were spoilt as a result of drought and that 40 per cent of this land will not recover even if normal rainfall occurs.

24. The greatest damage to infrastructure was caused by extensive rainfall and flooding in the eastern and northern areas of the country, as opposed to damage in the productive sectors, which was due to drought. The natural phenomena affected transport services, the road network, several bridges, the railways and some airports. Of total damage amounting to \$98 million, direct damage accounted for \$62 million. The remaining \$36 million loss was from indirect damage resulting from increased net operation costs in transport services.

25. Although material damage in the social sectors was relatively limited when compared to losses sustained by the agriculture and transport sectors, living conditions of the affected population undoubtedly worsened. Account must be taken of the fact that the people affected belonged to the most impoverished strata. Their livelihood was derived primarily from cattle raising and subsistence-level agriculture production. Moreover, real per capita income in the rural areas had already been decreasing over the previous four years.

26. According to Bolivian health officials, the inhabitants of the Bolivian highlands do not consume the minimum desirable volumes of calories and proteins, and about 45 per cent of children suffer from malnutrition. As a result of the drought, current and future food production suffered a severe setback.

27. In the flood-stricken areas, mortality increased due to proliferation of disease carriers and the consumption of polluted water. In the drought area, health levels also fell due to the consumption of polluted water or the lack of water in combination with existing low nutrition rates. In the eastern and northern regions of Bolivia, the incidence of malaria, gastro-intestinal and other diseases increased.

28. Drinking-water supplies - which are only treated by filtration - became polluted in several cities in the Departments of Santa Cruz and Beni due to contamination by dead animals carried by the floods and to the rupture and silting of the sewerage system.

29. As a result of floods, many houses were damaged or destroyed, mainly in the Santa Cruz Department. It is estimated that a total of 9,500 houses were damaged in urban areas and 5,000 more were affected in the rural areas. Of the

rehabilitation and reconstruction costs in the housing sector amounting to \$17.8 million, \$5.3 million was earmarked for the acquisition of lands for housing relocation and reconstruction of basic services for 3,000 families.

30. In the areas affected by the disasters, the employment situation had been characterized by a low open unemployment ratio and high underemployment levels. The natural disasters aggravated the situation. With the impact on agriculture production, employment opportunities in the rural areas declined sharply. This fact could explain a notable increase in open unemployment in urban areas of Bolivia during 1983.

31. Income losses to farmers of the affected areas have been estimated at \$70 million, an amount included in the estimated losses of the agriculture and livestock sector. In considering the size of this income loss, it should be borne in mind that per capita income prevailing in these areas during normal weather conditions was already very low.

3. External assistance

32. To help Bolivia meet the emergency, the inter-agency mission, in consultation with the Government, identified projects and programmes amounting to \$129.4 million for which external funding was recommended. Of this amount, \$45.8 million was for agriculture and livestock, \$38.6 million for transport and \$27.0 million for the social sectors. The sum of \$18.0 million was recommended for prevention and forecasting of disasters.

33. As of June 1984, approximately \$50 million and some items of equipment had been provided by donor countries and agencies to help the Government of Bolivia deal with the emergency phase following the natural disasters of 1982-1983. A number of projects were under discussion with bilateral donors.

34. Some of the recommended projects have been incorporated into other aid-assisted projects and a number of projects identified by the inter-agency mission have been incorporated wholly or partially into the National Rehabilitation Development Plan (1984-1987) which is under revision. The Government intends to include some of the recommended projects in the next Round Table of Development Partners.

C. Ecuador

1. Economic situation

35. In 1982, the annual GNP growth rate of Ecuador continued at the low rate of 1.4 per cent. This limited growth resulted from weakness in demand, financial difficulties, constraints on public expenditure and low investment levels.

36. A major problem for the country was the servicing of foreign debt of which the total outstanding reached \$6.3 billion in 1982, while its servicing slightly exceeded the value of Ecuador's exports of goods and services.

37. In the absence of other positive factors, the natural disasters of 1982 and 1983 could have been expected to reduce Ecuador's GNP in 1983 by 2.3 per cent as compared with the previous year. However, taking account of other factors, a reduction of 1.4 per cent in GNP is expected. Fisheries, agriculture and industry are the main sectors contributing to the reduction in GNP in 1983. Fish capture was expected to decrease by 67 per cent, agricultural production by 24.6 per cent and industrial output was estimated to decline by 1.8 per cent. A 1 per cent reduction in the value of commercial activity was expected due to the reduction in general economic activity and the lack of production for marketing. In the event, however, these production decreases occurred simultaneously with an increase in Ecuador's oil production, but for which the decrease in Ecuador's GNP and the reduction in exports would have been considerably greater.

2. Nature and extent of damage resulting from the natural disasters of 1982-1983

38. A number of coastal regions of Ecuador, as well as some inland areas were affected in 1982-1983 by intense precipitation, river flooding and mud flows affecting between 12 and 15 per cent of the country's total surface area and about 950,000 of its population. It was necessary to evacuate the inhabitants of Ecuador's coastal area.

39. The floods destroyed harvests and prevented the sowing of crops; widespread food shortages occurred; physical and social infrastructures were damaged. Strong tidal waves and changes in sea-water temperature and salinity levels caused damage to the fishery sector, destroying the infrastructure and reducing the catch.

40. On 28 December 1982 and 17 January 1983 the President of the Republic of Ecuador declared a state of emergency in Ecuador's coastal area. The inter-agency mission which visited Ecuador in September 1983 estimated the direct and indirect damages as a result of the 1982-1983 floods at a total of \$640.6 million, with a distribution among the various sectors of the economy as follows:

Table 3

Ecuador: summary of losses incurred as a result of the
1982-1983 natural disasters

(Millions of dollars)

Sector	Losses			Foreign component <u>a/</u>
	Total	Direct	Indirect	
<u>Productive sectors</u>	<u>405.6</u>	<u>351.4</u>	<u>54.2</u>	
Agriculture and livestock	233.8	224.2	9.6	98.8
Fisheries	117.2	117.2	-	2.2
Industry	54.6	10.0	44.6	23.2
<u>Infrastructure</u>	<u>211.4</u>	<u>165.8</u>	<u>45.6</u>	
Transport	209.3	164.3	45.0	100.8
Other	2.1	1.5	0.6	0.6
<u>Social sectors</u>	<u>23.6</u>	<u>16.7</u>	<u>6.9</u>	
Health	10.7	4.6	6.1	1.2
Housing	6.3	6.3	-	7.0
Education	6.6	5.8	0.8	1.1
Total	<u>640.6</u>	<u>533.9</u>	<u>106.7</u>	

Source: Estimates made by the Economic Commission for Latin America (ECLA) on the basis of official information and independent field observations.

a/ Refers to imports and/or export decreases.

41. The inter-agency mission estimated total damages at \$640.6 million, of which losses to the productive sectors amounted to \$405.6 million, while damages to the infrastructure and social sectors amounted to \$211.4 million and \$23.6 million respectively.

42. In the productive sector, rice, soya beans and cotton crops were affected: rainfall prevented the sowing of large areas; in other regions, yields were reduced or crops that were ready to harvest were washed away. The unusual weather conditions also affected export crops, especially banana, coffee and cocoa plantations, where excessive soil humidity resulted in reduced yields.

43. Agricultural infrastructure was severely affected. Flood-control and irrigation systems were damaged, especially in sugar-cane production areas. Irrigation systems and drainage ditches were eroded or silted. Fertilizers and other agricultural inputs were destroyed by floods.
44. Several hundred head of cattle drowned during the floods, while those that survived suffered weight loss due to lack of food and the need to move them to distant safer land. Large areas of drought-resistant pasture - recently introduced in the coastal areas - were lost owing to excessive humidity, rainfalls and floods.
45. The fish catch earmarked for industrial processing was reduced to one third of the previous year's level. Fish capture for direct human consumption was reduced by 60 per cent.
46. The industrial sector was affected by shortages of agricultural and fishery inputs for processing.
47. In the transport sector, severe damage affected the main highway, numerous feeder-roads, the railways, urban roads and airfields. This damage resulted in increased transport costs and impeded the transportation of products to the various consumer centres.
48. In the social sector, there was a severe effect on housing. It is estimated that 5,700 marginal-type dwellings in urban areas and 8,000 housing units in rural areas were damaged or completely destroyed. The disaster also underscored the need to relocate many housing units that had recently been built in areas too close to rivers and to the coast. Mortality increased in the flooded areas due to lack of drinking-water, and the incidence of gastro-intestinal, respiratory and skin diseases increased. Malaria reached epidemic levels in areas where it had been eradicated. Waste-water disposal systems in 17 cities were rendered useless by flooding. Buildings, equipment and medicines were damaged in 19 hospitals and health centres.
49. Hundreds of school buildings in urban and rural areas, furniture and teaching materials were destroyed or damaged. In the coastal areas, especially where production activities decreased, employment levels suffered.

3. External assistance

50. To help Ecuador meet the disastrous situation and in consultation with the Government, the inter-agency mission identified projects and programmes amounting to \$97 million, for which external funding was recommended.

51. As of 1 July 1984, the following assistance had been received. Unless otherwise indicated, the funding is on a grant basis.

Table 4

Ecuador: international assistance received

Sector	Amount		Source
	Sucres (Millions)	United States dollars <u>a/</u> (Millions)	
Agriculture	132.0	2.44	UNDP, FAO, United States Agency for International Development, Netherlands, Italy
Agro-industry	44.8	0.83	Italy
Agricultural infrastructure and flood control	-	6.0	United States of America
Social services	-	4.0	United States of America
Transport and communications	390.8	7.22	Loan, Inter-American Development Bank
	872.1	16.12	Loan, World Bank
	142.4	2.63	EEC
Total		<u>33.35</u>	

a/ Converted at the December 1983 rate of 54.1 sucres = \$US 1.00.

D. PERU

1. Economic situation

52. In 1982, when the natural disasters struck, the economy of Peru was almost stagnant, with a yearly growth of only 0.4 per cent. Unemployment was on the increase, and consumer prices were rising at an annual rate of 73 per cent. The public-sector deficit amounted to 9 per cent of GNP.

53. Although the current-account deficit remained at a level similar to previous years, foreign indebtedness increased markedly. Foreign debt service, excluding short-term debts, was equivalent in 1982 to 50 per cent of the value of exports of goods and services. In mid-1982, an agreement was concluded with the International Monetary Fund (IMF) under which a ceiling was placed on medium- and long-term foreign borrowing.

54. Before the natural disasters struck, Peruvian authorities had expected a slight improvement in the country's economic performance in 1983. In the light of the effects of the disasters and certain internal and external factors, this projection was later modified, and GNP for 1983 was expected to decline by 10 per cent. Half of this decline was estimated to stem from losses directly or indirectly caused by the disasters.

55. The trade-balance deficit was expected to increase as a result of a reduction in exports and an increase in imports required to meet the emergency situation.

56. Shortages of basic products in 1983 accelerated the rise in consumer prices, while increased public expenditure to deal with the emergency combined with reduced revenues from export and sales taxes to contribute to the budget deficit.

57. In February 1984, the Government of Peru made a request to IMF for a second-year standby agreement and presented a memorandum on economic policy.

58. With external debt amounting to \$12.7 billion, the Government of Peru met in May 1984 with official creditors in the Club of Paris to seek debt renegotiation. Prior to the negotiations, the servicing of external debt would have represented 64.4 per cent of all exports in 1984 and 54.5 per cent for 1985. Following negotiation of the debt, these ratios were reduced to 35.9 per cent in 1984 and 43.5 per cent in 1985.

59. The proclaimed economic policies of the Government of Peru are "austerity without recession", and "export to survive", to which is related the adoption of realistic exchange rates.

2. Nature and extent of damage resulting from the natural disasters of 1982-1983

60. In 1982-1983, Peru was affected by meteorological and oceanographic phenomena, which hit two different regions at different times. An extended and severe drought occurred in the southern highland region of the country. The rains that usually begin in November were very scarce in 1982; as a result, water requirements for pasture and crops were not met.

61. It is estimated that drought affected about one fifth of the country's surface area, with varying intensity. According to Government estimates, about 460,000 persons living in the areas suffered partial or total loss of their harvests and livestock.

62. Although droughts have occurred frequently in the highland areas of Peru, the drought of 1982-1983 was so exceptional that it can only be compared with those that occurred in 1878-1879 and 1941-1943. However, the impact of the most recent drought was more pronounced since the affected area now supports a much larger population.

63. On the other hand, the normally arid coastal area lying between the capital city of Lima and the border with Ecuador in the north experienced very intensive rainfall, extensive flooding and anomalies in water characteristics. The exceptional rainfall, coupled with the limited capacity of the natural and man-made drainage system, resulted in severe erosion of soils in the upper reaches of many river basins as well as in extreme flooding and sedimentation of the lower valleys. In addition, mud flows caused damage in several urban centres.

Table 5

Peru: summary of losses incurred as a result of the
1982-1983 natural disasters

(Millions of dollars)

Sector	Losses			Foreign component a/
	Total	Direct	Indirect	
<u>Productive sectors</u>	<u>1 544.6</u>	<u>895.2</u>	<u>649.4</u>	
Agriculture and livestock b/	649.0	386.0	263.0	-
Fisheries	105.9	111.3	(7.4) c/	-
Mining	310.4	310.4	-	9.7
Industry d/	479.3	85.5	393.8	244.6
<u>Infrastructure</u>	<u>324.5</u>	<u>196.8</u>	<u>127.7</u>	<u>153.6</u>
Transport	303.1	184.9	118.2	143.6
Electricity	19.7	10.2	9.5	10.0
Other	1.7	1.0	-	-
<u>Social sectors</u>	<u>132.7</u>	<u>117.6</u>	<u>15.1</u>	<u>32.3</u>
Health	57.1	55.9	1.2	16.8
Housing	70.0	56.1	13.9	14.9
Education	5.6	5.6	-	0.6
Total	<u>2 001.8</u>	<u>1 209.6</u>	<u>792.2</u>	

Source: Estimates made by the Economic Commission for Latin America (ECLA) on the basis of official information and independent field observations.

a/ Includes reductions in imports and/or exports.

b/ Includes land and pasture losses.

c/ Increased continental fish catch.

d/ Excludes the value of raw materials accounted for under other productive sectors.

64. The inter-agency mission estimated total damage at \$2,001.8 million, with damage to the productive sectors (\$1,544.6 million) accounting for over three quarters of the total, to infrastructure, primarily transport, amounting to \$324.5 million and that to social services to \$132.7 million.
65. Agriculture and livestock incurred severe damage as a result of both drought and floods, including production losses, food shortages, reduction in cattle stock, damage to grazing lands and the erosion or silting over of agricultural lands.
66. In the drought-stricken areas, floods and mud flows washed away many cultivated fields, impeded the delivery of products to consumption centres and reduced harvest yields. Products intended for local consumption and others for export were lost. Thus, the availability of basic staples for the population was greatly reduced, while loss of export crops affected the foreign-exchange position of the country.
67. The damage to the livestock sector occurred exclusively in the drought-affected highlands of the areas. This damage, which will have medium-term effects, includes deterioration or destruction of grazing lands and the reduction of cattle stocks. Owners of cattle chose to sell their animals at very low prices instead of letting them die for lack of water and food. It is estimated that recovery of the cattle stock will take four to five years, since the slaughtered animals were all of a special breed adapted to the very high altitude conditions of the drought-affected area. In addition, a reduction in the supply of wool and other agro-products is expected to affect agro-industrial productions in the coming years.
68. Irrigation infrastructure in the northern area was affected by floods and mud flows. Many intake and distribution channels were eroded or heavily silted. Their renovation is essential to restore agricultural production in this normally arid region.
69. Since the 1950s, when the fishing catch began to grow very rapidly, Peru has been one of the main fish-meal producers in the world. The phenomena of 1982-1983 increased temperature and decreased salinity in sea water and strong tidal waves caused a sizeable reduction in fish catches, as well as damage to infrastructure, the destruction of shrimp-raising ponds and the sinking of or damage to fishing ports. Although continental fishing was increased to compensate for the lack of other food products, the availability of fish for industrial processing and for direct human consumption decreased significantly.
70. Mining production was curtailed due to the heavy rains, floods and mud flows. Several oil wells and pipelines were damaged; oil extraction was reduced by 1.5 million barrels in 1983. Copper, lead, zinc and silver production was decreased by several thousand tonnes.
71. In the northern coastal area, floods and mud flows affected industrial output and infrastructure. No significant industrial damage occurred in the drought-stricken area.

72. The oil-producing industries suffered both damage to an oil refinery and a production loss of \$192.5 million as a result of decreased output in the affected refinery. Sugar, textile, agro-industry and fish-related industries were adversely affected. Losses in the sugar industry included damage to infrastructure and significant reduction in sugar yields due to the tropicalization of sugar-cane. The textile industry suffered reduction and stock losses. The iron-processing industry suffered damage to infrastructure and production losses due to the interruption of supplies of raw materials.
73. As a result of reduced output in the agriculture, fishing, mining and industrial sectors, commercial activities and revenues were reduced. Commercial income in Peru during the first half of 1983 was 15.5 per cent less than the comparable figure in the previous year. The mission estimated that at least half of that reduction was a result of the natural disaster.
74. In the northern and central areas of the country, flood and mud flows caused heavy damage to the infrastructure. In the south, energy production in hydro-power plants was reduced by the lack of water resulting from the drought. The greatest damage occurred in transport and communications.
75. Since there are virtually no alternative links between the northern region and Lima and the rest of the country, the damage to long stretches of the Pan American Highway had particularly serious effects. Although considerable efforts were made to restore circulation along the route, transport on the Highway has become excessively expensive due to the need to slow down at the numerous places where repairs have been made. Moreover, all other main, secondary and feeder roads in the northern area are in very bad condition.
76. With regard to air transport, the runways of airports in five northern cities were flooded and eroded. In spite of this damage, and to circumvent highway traffic problems, more frequent use was made of air transport during the first half of 1983.
77. In the telecommunications sector, physical lines and exchange centres were damaged by the floods, necessitating investments of \$4.4 million to rehabilitate the system. The reduction of revenues while telephone lines were down was estimated at \$2.5 million.
78. Railway transport was interrupted for a period of 80 days due to damage caused to the railways by floods and landslides. Although rail traffic was restored on a temporary basis, further rainfall could interrupt the service. The electricity service suffered various types of damage brought about by a variety of phenomena. As a result of flooding and mud flows, power-plant transmission lines and distribution grids located in several northern locations were damaged. In the south, as a direct result of the drought, hydro-power had to be sustained by electricity generated in thermo-power plants.
79. Damage occurred also to a number of public buildings and archaeological sites.

80. In the social sectors, food and nutrition levels deteriorated in both drought- and flood-affected areas. To counter food shortages, additional food was imported and the international community donated appreciable quantities of foodstuffs. Health levels, especially among children in both regions, were adversely affected. The drought-affected area suffered from lack of drinking-water and the consumption of polluted water. In the flooded area, mortality rates increased due to the proliferation of disease carriers and the consumption of polluted water. In the north, malaria became endemic in spite of preventive campaigns. It also appeared in areas where no cases had occurred in the past. The incidence of gastro-intestinal diseases rose in both disaster areas. In the flooded northern area, 101 hospitals, health centres and sanitation posts in both urban and rural areas were damaged. A total of 875 classrooms were damaged and losses of equipment and teaching materials were sustained.

81. Housing damage also occurred, the affected dwellings belonging primarily to low-income families living in marginal urban areas surrounded or traversed by rivers which overflowed their banks. It is estimated that 10,000 dwellings were destroyed and 2,100 more were damaged in urban areas. About 20,000 rural dwellings were similarly affected.

82. It is estimated that in Peru, before the disasters occurred, there existed 7 per cent open unemployment and 50 per cent underemployment rates. Mission estimates indicate that as a result of the natural disasters, 37 million workdays or their equivalent of \$65 million were lost. Although this amount is included in the productive-sector losses, it provides a measure of the unearned income and deterioration of the living conditions of the affected population. In the flood-stricken areas, infrastructure rehabilitation works have absorbed a fraction of the available labour. This is not the case for the drought-affected areas where no comparable rehabilitation works have been undertaken. The mission concluded that the main loss imposed by the disasters in Peru relates to the deterioration of the living conditions of a sizeable proportion of the population. The affected population belong to the low-income strata in the country and they can expect even lower incomes during the period of time required for rehabilitation.

3. External assistance

83. In consultation with the Government, the inter-agency mission identified projects and programmes for the rehabilitation and reconstruction of Peru amounting to \$180.8 million for which international funding was recommended. Of this total, \$72.8 million was for transport, \$51.3 million for the social sectors and \$23.7 million for the productive sector. An amount of \$33 million was for projects aimed at the prevention and forecasting of disasters.

84. In the immediate wake of the disasters, the Government of Peru addressed the rehabilitation and reconstruction of the affected areas. National resources financed 70 per cent of these efforts, while 30 per cent of the cost was met by external resources, principally grants and soft loans.

85. The mobilization of domestic resources to meet the emergency involved the widespread support of the people of Peru, who purchased reconstruction bonds to the amount of 116,265 million soles or 56 per cent of the funds utilized for rehabilitation and reconstruction. Other national resources accounted for 13 per cent and the public treasury for 1 per cent.

86. Three public enterprises - PETRO PERU, SIDERPERU and ENTEL PERU - made significant contributions to the rehabilitation through the reconstruction of the oil pipeline "Nor-Peruano", the refinery of Talara and of the iron and steel plant at Chimbote, and the carrying out of repairs at Tumbes, Piura and Lambayeque. Public treasury funds served as counterpart funds for Inter-American Development Bank (IDB) loans in the Department of Ica.

87. The main sources of external funding were the United Nations, through emergency funds, the World Food Programme, the World Bank and the Inter-American Development Bank, and some bilateral donors, including the United States Agency for International Development (USAID) and the Federal Republic of Germany (see table 6).

Table 6

Peru: international assistance received
(Millions of dollars)

Use of funding	Amount	Source
Extending the irrigation in Cieneguillo, Department of Piura	0.3	United Nations
Rehabilitation of socio-economic infrastructure and feeding of vulnerable groups	6.8	World Food Programme
Rehabilitation of irrigation infrastructure in Tumbes, Piura, Lambayeque, La Libertad and Ica	24.0	Inter-American Development Bank
Rehabilitation of surface transport in Tumbes, Piura, Lambayeque, Cajamarca, La Libertad, Ancash and Lima	30.3	Inter-American Development Bank
Rehabilitation of damaged irrigation infrastructure in Chira-Piura	6.4	International Bank for Reconstruction and Development
Infrastructure rehabilitation of surface transport in Piura	0.2	International Bank for Reconstruction and Development
Rehabilitation of transport and health infrastructure in Piura; irrigation infrastructure, support to agricultural development and agro-industrial development projects	0.6	United States Agency for International Development
Rehabilitation of Tinajones project	n.a.	Federal Republic of Germany
Total	<u>68.6</u>	

III. CHAD

A. Background

88. Pursuant to General Assembly resolution 35/92 on assistance to Chad, adopted on 5 December 1980, the Secretary-General submitted two reports to the General Assembly; the first on emergency humanitarian assistance to Chad (A/36/261) and the second on reconstruction, rehabilitation and development needs (A/36/739).

89. In its resolution 36/210 of 20 December 1983, the General Assembly requested the Secretary-General to organize a pledging conference to help Chad carry out its reconstruction programme. The conference was held at Geneva on 29 and 30 November 1982. In May 1983, a United Nations mission visited Chad. The mission's report is contained in document A/38/213.

90. On 20 December 1983, the General Assembly adopted resolution 38/214 in which it expressed concern at the worsening situation in Chad as a result of the resumption of fighting, which had prevented the States and agencies that had participated in the International Conference on Assistance to Chad from fully honouring their commitments. The Assembly renewed its request to the international community to contribute to the rehabilitation and reconstruction of Chad.

91. The reports of the Secretary-General on assistance to Chad (A/36/261 and A/36/739) describe the situation in the country in some detail. To summarize the salient characteristics of the Republic of Chad: the country, which is land-locked, borders Niger, Nigeria and the Cameroon to the west, the Central African Republic to the south, the Sudan to the east and the Libyan Arab Jamahiriya to the north. The entire northern and central parts of Chad fall within the Sahelian region while the south is characterized by higher rainfall and lush growth. The national capital, N'Djamena, is situated at the western edge of the country on the Chari river to the south of Lake Chad. Surface communications with the coast, either through Nigeria or through the Cameroon, are both costly and complicated. The domestic road network is limited and suffers from lack of maintenance.

92. Chad became independent from France in 1960 and has known sporadic fighting almost continually since 1965. After two months of serious internal conflict in November 1979, a Transitional Government of National Unity (GUNT) was formed under the Presidency of Mr. Goukouni Oueddei. Fighting broke out again in March 1980 and lasted until the autumn of that year. Renewed activity in the early summer of 1982 led to the Forces armées du Nord (FAN) taking control of the capital on 7 June 1982 and a new Government was subsequently established under the Presidency of Mr. Hissene Habré.

93. Chad is one of the least developed countries of the world: gross domestic product (GDP), which had reached 168.2 billion CFA francs in 1978, was estimated at 119 billion CFAF in 1981 at market prices. The total population was estimated at 4.7 million in 1982, with an annual growth rate of 2.1 per cent. About 85 per cent of the labour force is said to be engaged in agriculture and animal husbandry, which together account for roughly half the gross domestic product.

94. The lack of technicians and other trained persons in the country has been made even more serious by the interruption of education during the years of civil disturbance and the fact that many educated Chadians were out of the country. Recently, however, most of the refugees previously in the Cameroon and the Sudan have been repatriated. Although many of the returning refugees contribute trained manpower, their reabsorption has strained further the country's meagre resources and inadequate infrastructure. In addition, the sudden return of a substantial number of Chadian nationals from Nigeria has added to the problems which the Government has to tackle.

95. Chad is not without natural resources. Petroleum deposits are known and tungsten, uranium and other minerals also occur. In the past there has been significant production of cotton, millet and sorghum in the southern part of the country and animal husbandry has been important traditionally in the central and northern regions.

96. The Government is fully conscious that the rehabilitation and reconstruction of the country depend in large measure on creating a climate of confidence both domestically and internationally. The administration, after serious disruptions, is again functioning, and since October 1982 civil servants have been receiving regular salaries, although in most cases these still represent only half their normal pay. The ferry service across the Chari river at N'Djamena - often likened to Chad's umbilical cord - is working and the basic utilities, water and electricity, are being supplied in the capital and other major centres of population.

97. Meanwhile, it is only too apparent that nearly 18 years of unrest have taken their toll, a situation which has not been made any easier by periods of drought and irregular rainfall. An additional calamity has been the widespread outbreak recently of rinderpest among the herds of livestock. The Government is faced with obstacles on all fronts. Stability and orderly administration are essential to the resumption of economic activity, but trained, effective manpower is lacking and there are virtually no resources to pay the costs of essential education, medical and health services. Neglect of the physical infrastructure over a period of years is nearly as serious as the actual damage and destruction caused during hostilities.

98. Subsistence agriculture and animal husbandry account largely for the fact that the population as a whole has survived as well as it has. However, over the past year, the steps taken by Nigeria to restore its economy have had an impact on the economy of Chad and a number of staple commodities which Chad finds it necessary to import from Nigeria have risen in price very substantially. The task of rebuilding is daunting, and not made any easier by the lack of statistics on which to base plans for the future. The Government of Chad counts on the support of the international community, for without that it cannot hope to restore the country to its former prosperity let alone envisage further development.

B. Economic situation

99. National accounting was interrupted in 1973 and statistical services ceased to function normally. An effort has been made recently to restore these services and such data as have become available have enabled the Ministry of Planning and Reconstruction to put together provisional estimates.

1. Domestic product

100. The very slight increase in the gross domestic product between 1980 and 1984 in nominal terms indicates that no real economic growth has taken place in recent years (see table 7).

Table 7

Chad: gross domestic product by sector 1980-1984
(Billions of current CFA francs) a/

Sector	1980	1981	1982	1983	1984
Agriculture, animal husbandry, fisheries	64.3	67.5	70.9	74.4	78.1
Manufacturing	18.4	19.4	20.4	21.4	22.5
Electricity, gas	0.4	0.4	0.4	0.4	0.4
Construction	0.2	0.2	0.2	0.2	0.2
Commerce, hotels, restaurants	19.6	20.6	21.6	22.7	23.8
Transport and communications	0.8	0.9	0.9	0.9	0.9
Banking, insurance	7.0	7.6	8.0	8.4	8.8
Public administration	1.8	1.9	2.0	2.1	2.2
Indirect taxes	0.4	0.4	0.4	0.4	0.4
GDP at market prices	<u>112.9</u>	<u>118.9</u>	<u>124.8</u>	<u>131.0</u>	<u>137.3</u>

a/ Exchange rate CFA franc/US dollar annual average - 1980: 211.30
1981: 271.73
1982: 336.25
1983: 384.52
May 1984: 422.50

101. The 1982/1983 crop year was marked not only by inadequate rainfall but also by a very uneven distribution of such rains as fell. However, there was an increase in the area of cultivated land, both under food crops and cotton. As a result, production of food crops (with the exception of rice) and of cotton increased. However, food production generally fell in 1983/1984, though output of cotton showed a 50 per cent increase over the previous year (see table 8). The poor performance of the food-crop sector was due in large part to the shortage of rain and its uneven distribution over time and space, but another contributing factor was the displacement of people fleeing from combat zones to more peaceful areas.

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Table 8

Chad: agricultural production, 1980/1981-1983/1984

(Thousands of tonnes)

Crop	1980/1981	1981/1982	1982/1983	1983/1984
Ground-nuts	86.9	73.0	77.7	62.9
Sesame	11.1	11.9	13.0	7.9
Rice	46.8	43.2	23.3	18.3
Cotton	85.7	71.4	102.1	158.5

2. Balance of payments

102. The following table summarizes the balance-of-payments position of the country between 1981 and 1984.

Table 9

Chad: balance of payments, 1981-1984

(Millions of CFA francs)

	1981 <u>a/</u>	1982 <u>a/</u>	1983 <u>a/</u>	1984 <u>a/</u>
Exports, f.o.b.	22 779	18 323	26 962	37 150
Cotton	14 390	11 492	19 891	29 150
Other	8 389	6 831	n.a.	n.a.
Imports, c.i.f.	-22 708	-30 954	-50 301	-44 800
Trade balance	71	-12 631	-23 339	-7 650
Other services	-5 437	-4 668	-5 950	-11 600
Transfers	11 825	20 130	38 659	21 500
Current account balance	6 459	2 831	9 370	2 250
Long-term capital	-525	636	-9 959	-500
Short-term capital	-448	-1 653	-1 604	-1 700
Errors and omissions	455	-308	-2 415	-
Allocations of special drawing rights	338	-	-	-
Overall balance	<u>6 279</u>	<u>1 506</u>	<u>-4 608</u>	<u>50</u>

a/ Sources: 1981: United Nations Statistical Office.
1982 and 1984: Banque d'Etat de l'Afrique Centrale.
1983: European Economic Community.

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103. Chad's external sector depends heavily on the domestic production of cotton and world prices for that commodity and, to a lesser extent, the export of cattle. Import prices are directly affected by the high cost of transportation arising from the country's geographical position. The recent current-account surplus is attributable mainly to substantial unilateral transfers, both private and public, which have been large enough to generate a growth in international reserves.

104. Cotton exports, which account for two thirds of export revenue, were affected by the lack of rainfall in 1981, which delayed planting and stunted early growth. In consequence, the total area under cotton was reduced and 1981/1982 production was less than in previous years. The 1982/1983 cotton harvest was larger, due mainly to an increase in total area under cultivation, an increase in productive land, improved yield, better maintenance and abundant and timely rainfall. The improvement in the 1983/1984 cotton harvest is reflected in an increase in export earnings in 1984. This, combined with a reduced import bill, resulted in a marked reduction in the trade deficit in 1984. However, the 1984 bill for other services increased, while transfers showed a decrease. Thus, the surplus on current account was reduced considerably between 1983 and 1984. On the capital account, the outflow of long-term capital was markedly less in 1984 than in 1983. The overall balance moved from deficit in 1983 to a small surplus in 1984.

105. The public and publicly guaranteed disbursed external debt at the end of 1983 was CFAF 59,900.6 million, with arrears of CFAF 2,694.6 million (see table 10). From that amount, a total of CFAF 4,775 million should be deducted, representing the amount written off by an agreement with the Caisse Centrale de Coopération Economique of France.

Table 10

Chad: public and publicly guaranteed external debt, year-end 1983

(Millions of CFA francs)

	Disbursed	Arrears
France	11 781.3 <u>a/</u>	
Germany, Federal Republic of	904.8	389.0
Italy	1 149.2	550.2
International Development Association (IDA)		
(World Bank)	4 595.4	
Various	5 296.5	1 755.4
Guaranteed debt	28 123.0	
Domestic	8 050.4	
Total	<u>59 900.6</u>	<u>2 694.6</u>

Source: Ministry of Finance, Buildings and Equipment, Caisse Autonome d'Amortissement.

a/ Less CFAF 4,775.0 million.

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3. Public finance

106. The finances of the central Government have shown an irregular pattern in recent years. In 1981, a six-month budget was adopted but only partially executed. In 1982 no budget was formally adopted. For the 1983 calendar year, the budget was approved and implemented. The budget approved for 1984 is shown in table 11.

Table 11

Chad: Central Government budget, 1984
(Millions CFA francs)

Revenue:

Customs duties	5 718.0
Sales and stamp taxes	718.0
Direct contributions	2 116.0
Veterinary revenues	50.0
Forestry revenues	30.0
Central hospital	72.0
Other	497.0
Total revenue	9 190.0
Current expenditure	14 811.1
Deficit	5 621.1

Source: Ministry of Finance, Buildings and Equipment, Department of the Budget and Data Processing.

107. Customs duties represent by far the most important source of revenue, as they did in 1983. The Government is currently taking steps to ensure that revenues budgeted for are, in fact, collected. As part of the reconstruction drive, civil servants and wage-earners in the private sector are handing over one per cent of their monthly wages to the treasury for a one-year period.

108. Civil servants have been paid regularly since October 1982, although almost all receive only half pay. While a large number of government employees have returned to their posts, the civil service remains understaffed and lacking in the furniture and supplies that it requires to function effectively. For this reason, the Government of Chad attaches particular importance to budgetary support. The

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Government of France is giving budgetary aid to Chad in 1984 in the form of a grant of 70 million French francs (3,500 million CFA francs). In 1983, budgetary aid amounted to 74.46 million French francs (3,723 million CFA francs).

4. Banks

109. The events of recent years have affected not only trade but financial transactions generally, and brought the banking system to a virtual standstill. Only two commercial banks are active at present, the Banque Internationale pour l'Afrique au Tchad (BIAT) and the Banque Tchadienne de Crédit et de Dépôts (BTCD).

C. Assistance programme

1. Government priorities

110. A technical committee for the co-ordination of external aid has been established under the chairmanship of the Minister for Planning and Reconstruction and a directorate for external aid and programming has been created in the Ministry of Planning and Reconstruction. The Ministry's staff is being further increased so that work can be done on detailed project descriptions; the Ministry is also involved in reorganizing the statistical services, including those for national accounts.

111. As agreed upon at the pledging conference held at Geneva in November 1982, a round table of donors will take place in late 1984 or early 1985, at which fully elaborated projects will be presented as part of a comprehensive development plan. The main priority areas of the Government's long-term plan are expected to remain largely unchanged, but with more explicit emphasis on future economic growth based on the development of plant and animal production, diversification and processing of primary commodities, the participation of all population groups in the development effort, as well as in the benefits of development, the reduction of disparities, the promotion of balanced regional development, and the ending of the country's isolation, both internal and international.

112. Although there has been a significant response to the appeal for assistance to Chad in the 18 months since the Geneva conference, the results achieved are not commensurate with the country's needs. The strong donor commitment in evidence at the conference was no doubt dampened by the resumption of fighting within the country. However, Chad's needs and difficulties are enormous and the country depends on the international community to assist it in restoring conditions of life that are conducive to the revival of economic activity.

2. Food aid

113. It had been estimated that, owing to the disruption of agriculture by civil disturbances and the effects of the drought in several areas, there would be a food deficit of some 192,000 tonnes in 1983. At the Geneva conference, the Government

emphasized the particular need for approximately 50,000 tonnes for distribution before the rainy season in June, and the balance by October 1983. Table 12 summarizes the response of the international community as at 31 December 1983.

Table 12

Chad: emergency food aid pledged and received up to 31 December 1983

Type	Donor	Tonnes pledged	Tonnes received N'Djamena
Sorghum	United States CARE	9 000	6 691.851
"	WFP	6 000	5 503.326
"	WFP	1 000	980.805
"	Saudi Arabia	1 010	959
"	Sudan	5.5	5.5
Maize	Kuwait/WFP	2 410	2 072
"	WFP	3 000	2 723.787
"	Netherlands	1 000	-
Rice	Kuwait/WFP	2 270	2 182
"	Kuwait/WFP	570	-
"	Saudi Arabia	930	727
Wheat	France	2 500	2 284
"	France	2 000	1 891.800
"	Saudi Arabia	895	845
"	WFP	2 000	1 899.634
CSM/WSB	WFP	975	725.622
Wheat Flour	France	1 850	1 780
"	France	2 190	2 070.19
"	WFP	2 200	2 118
"	Canada/WFP	1 345	-
Maize meal	Yugoslavia	5	5
Millet	Federal Republic of Germany	3 000	2 962.6
"	EEC/WFP	5 000	-
"	UNHCR/League of Red Cross Societies	700	700
Oil	Saudi Arabia	1 401	1 340
Milk	Canada/WFP	755	-
"	German Red Cross/League of Red Cross Societies	60	60
"	Swiss Red Cross	100	100
Sugar	Yugoslavia	20	18
"	UNHCR/Red Cross	160	160
Canned Food	Yugoslavia	9	7.5
Miscellaneous	UNHCR/United States CARE	562	562
Total		54 922.5	41 374.615

114. The food deficit for the 1983/1984 season has been estimated at 138,000 tonnes. Accordingly, the Chad Government submitted a request to the international community for 57,000 tonnes of emergency assistance. In response to that request, 67,430 tonnes were subsequently pledged and, as at 31 May 1984, approximately 16,208 tonnes had been received, of which 1,435 tonnes were pledges from 1983.

115. In view of the schedule for the delivery of the amounts pledged, the bulk can be expected to be distributed and stored regionally before the rainy season in the most seriously affected areas. The rainy season is a factor that must be taken into account in connection with food aid, since road conditions during the rainy season make food distribution practically impossible.

116. "Food-for-work" projects are being conducted in many parts of the country in co-operation with WFP. The project under way since February 1984 entailing the sale of 1,000 tonnes of grain each month at N'Djamena is providing resources for the resumption of the National Grain Office's activities and for the payment of transport costs.

117. One key aspect of food aid relates to logistical support for storage and distribution. An emergency effort action committee, presided over by the Minister for Natural Disaster Preparedness and Relief and including government officials and representatives of donors and international agencies, has been set up. The Government has received aid in the form of transport equipment from various sources. Logistical support in the form of trucks and trailers consists of 193 vehicles donated to the Food and Agriculture Organization of the United Nations by the Italian Government. The transport capacity is considered to be satisfactory (6,000 tonnes per month at present). Considerable progress has been made in meeting the costs of domestic transport. The remaining needs are estimated at \$1.5 million. The storage capacity of a number of centres also needs to be expanded. The action committee is currently requesting a project for the establishment of two regional redistribution and logistics centres at Mongo and Mao. The cost of the project is \$750,000.

118. The operating and managing of ferries on the Chari River is still posing problems. The alternative project for building a temporary floating bridge reserved for food aid should therefore be implemented and, accordingly, has been the subject of discussions between the Governments of Chad and Cameroon.

119. The flow of people displaced by the fighting in the north and by the drought has been stabilized, thanks to a large-scale food distribution programme and medical assistance. However, a longer-term programme to ensure their permanent integration is both necessary and urgent.

120. In the field of health, the Government has appealed for aid to rebuild the currently depleted stocks of 10 basic anti-parasitic and antibiotic medicines needed to supply 5 hospitals, 18 medical centres and 20 infirmaries.

3. Emergency assistance

121. The Chad Government has provided the following information concerning some of the assistance received under the emergency programme:

Table 13

Chad: international assistance received under
the emergency programme

Type of assistance	Donor	Millions of dollars
Assistance in accelerating agricultural recovery, food aid and assistance to returnees	Italy	10.259
Rehabilitation of N'Djamena airport, road service, water and electricity supplies N'Djamena	African Development Fund	1.930
Rehabilitation of N'Djamena airport	UNDP	3.440
Repair of ferry service on Chari	UNDP	0.145
Emergency medical assistance	Fonds d'Aide et de Coopération (FAC)	0.410
Emergency assistance for Moundou	FAC	0.274
Food aid	FAC	2.425
Support to nutrition centre and distribution of food	Red Cross	Unquantified
Food aid and medical assistance	United States Agency for International Development	10.000
Medical assistance	UNICEF	0.500
Village pharmacies	Switzerland	0.200
Assistance in education	FAC	0.100
Medicines and vaccinations	WHO	1.000
Management of emergency assistance	UNDP	2.014

The Office of the United Nations Disaster Relief Co-ordinator (UNDRO) has played a crucial role in helping to co-ordinate emergency assistance to Chad. Centrally, it provides technical assistance to the Ministry for the Struggle against Natural Disaster, where a centre for co-ordination and information has been established, with additional support from the Swiss Disaster Agency. UNDRO has also provided expertise in the field.

122. The priority programme consisted of 122 projects in 10 sectors aimed at promoting the recovery of the economic and social system: 17 projects in agriculture at a cost of \$71 million, seven projects in animal husbandry at about \$9 million, four projects in forests, water, fishing and parks at \$1.829 million, 21 projects relating to mines, industry and energy at \$126.7 million, 15 projects in transport at \$43 million, three projects related to posts and telecommunications at \$1.6 million, 13 projects in urban development, public works and water at \$33.6 million, 15 projects in health at around \$23.4 million, 12 projects in education, training and information at around \$16 million and 15 projects relating to general administration, banking and commerce at \$14.5 million. The total amount of funding required was estimated at \$341 million.

123. Of 122 projects costing around \$341 million, 32 projects have received funding in the amount of \$107 million. Fifty-nine projects can be considered as in the "pipeline", the subject of more detailed formulation and discussion and negotiations with interested donors. Thirty-one projects are without response to date. Table 14 summarizes the response.

Table 14

Chad: priority programme - status of funding

Sector	Number of projects	Estimated cost a/	Number of projects funded	Amount of funding received a/	Projects under negotiation/discussion	Projects with no response
Agriculture	17	71.088	10	58.548	4	3
Animal husbandry	7	9.522	3	2.293	1	3
Forests, water, fishing and parks	4	1.829	1	0.05	1	2
Mines, industry and energy	21	126.7	-	-	14	7
Transport and communications	15	43.115	3	25.884	10	2
Posts and telecommunications	3	1.652	-	-	3	-
Urban development, public works and water supplies	13	33.588	-	-	6	7
Health	15	23.391	8	11.64	6	1
Education, training and information	12	15.829	6	7.122	3	3
General administration, banking and commerce	15	14.5	1	1.838	11	3
Total	122	341.214	32	107.375	59	31

a/ Millions of dollars.

124. In the agricultural sector, an additional \$20.186 million is expected to be forthcoming under the fifth European Development Fund (EDF) cycle. Furthermore, five projects not included in the priority programme but having a direct close bearing on it have secured appreciable financing:

<u>Type of assistance</u>	<u>Donor</u>	<u>Millions of dollars</u>
Centre for the production of seeds	UNDP	0.26
Reinforcement of agro-meteorological and hydrological services	UNDP	0.29 for 1983 and 1.35 for 1983-1986
Reinforcement of SERAPHY (rural water supply)	UNDP	0.15
Production of seeds for Sahelian zone	United Nations Capital Development Fund	1.3
	FAO	0.8
Rural development fund	International Development Association	12.0
	Fonds d'Aide et de Coopération	0.6

125. In the animal husbandry sector, an additional \$5.52 million is expected to be forthcoming from the fifth EDF and FAC is providing blanket financial assistance amounting to \$0.589 million.

126. Road-rehabilitation and road-maintenance projects are also likely to secure additional financing of \$6.21 million once the resources of the fifth EDF have been allocated. UNDP has earmarked \$1.369 million for technical assistance in the area of civil aviation, mainly for the training of basic personnel.

127. A significant amount of aid in the health sector has also been provided under the emergency assistance programme, including an amount of \$3.1 million by FAC and a major contribution from Switzerland. The World Health Organization (WHO) is implementing a programme amounting to \$1.113 million for 1982-1983 with further assistance to follow in 1984-1985.

128. Assistance is being provided in education, training and information by UNDP, the African Development Fund and the European Development Fund.

IV. THE COMOROS

A. Background

129. At its thirty-first session, the General Assembly initiated a special programme of economic assistance for the Comoros in order to enable the country to overcome the serious economic difficulties that it faced upon independence. The Comoros is classified by the United Nations as a least developed country. The latest report on assistance to the Comoros was contained in document A/38/216 of 26 September 1983.

130. In its resolution 38/209, adopted on 20 December 1983 and entitled "Assistance to the Comoros", the General Assembly renewed its appeal to the international community to provide the Comoros with assistance to enable it to cope with its difficult economic situation and pursue its development goals.

131. The Comoros archipelago is extremely poor in natural resources. Of its total surface area of 2,200 square kilometres, less than one half is considered suitable for agriculture or animal husbandry, which, given the prevailing farming techniques, fail to produce adequate food for the country's population of about 400,000. Rapid population growth (3.5 per cent per annum) exacerbates the situation. Although rainfall is generally abundant, long periods of drought occur that seriously affect agricultural production. Inshore fisheries are poor and there is no continental shelf to support sea fishing. There are no known mineral resources. The economy depends heavily on a few export crops, prices of which fluctuate widely.

132. The conditions under which the country achieved independence and the socio-political and administrative structure it inherited impose serious constraints on the development of the islands. As a result of an inadequate educational system and the lack of trained manpower in all sectors of the economy, there is a heavy reliance on expatriate staff. Health conditions are generally poor and hospital services inadequate. Malnutrition, especially protein deficiency, is widespread. Despite progress over the past five years, the physical infrastructure and basic utilities remain inadequate. Distances between the islands further complicate administration and development.

133. Notwithstanding the difficult circumstances, the Government has been making strong efforts to revitalize the economy. An interim development plan for the period 1983-1986 was drawn up and the Government presented the investment programme for this plan to the Donors' Round Table organized in Moroni in July 1984.

B. Economic situation

1. Domestic production

134. Table 15 shows that GDP at constant factor prices grew by less than 1 per cent in 1981 and by 5.8 per cent in 1982. The product from commerce and related services increased by 10 per cent in 1982 while the agricultural product grew by 3.5 per cent.

Table 15

The Comoros: gross domestic product by sector, 1980-1982,
at constant 1979 prices

(Millions of Comorian francs) a/

Sector	1980	1981 <u>b/</u>	1982 <u>c/</u>
Agriculture, animal husbandry, fishery, forestry	9 683	9 826	10 169
Manufacturing industry	1 092	1 164	1 222
Electricity and water	98	110	120
Construction and public works	2 061	2 100	2 261
Commerce, <u>d/</u> hotels, bars, restaurants	5 588	5 806	6 405
Transport and communications	346	362	379
Banking, insurance and other services to private sector	618	650	600
Public administration	3 305	3 499	3 764
Other services	174	183	197
GDP at market prices	<u>22 965</u>	<u>23 700</u>	<u>25 117</u>
Indirect taxes (net)	2 108	2 683	2 900
GDP at factor cost	<u>20 857</u>	<u>21 017</u>	<u>22 217</u>

Source: Statistics Division, Economic Commission for Africa.

a/ The Comorian franc is convertible at a rate of 50 Comorian francs =
1 French franc.

b/ Revised.

c/ Provisional.

d/ Includes import duties and taxes.

135. Agriculture in the broad sense accounts for about two-fifths of the total output. The main food crops are coconut, maize, bananas, cassava, rice, sweet potatoes, yams and taros.

136. Domestic production of rice, which has come to form part of the basic diet in the Comoros, has been increasing at an annual rate of 3 per cent and imports of milled rice have now risen to between 20,000 and 25,000 tonnes a year. The Food and Agriculture Organization of the United Nations (FAO) has been assisting the Government in carrying out what have proved to be successful pilot experiments in river cultivation of rice, with two crops a year in the Moheli region. However, since the islands offer good prospects for the cultivation of maize, the Government has been encouraging domestic production. The Comoros is the second largest producer of vanilla in the world, with an annual average production of green vanilla of around 690 tonnes. The production of cloves has been subject to strong fluctuation, reaching as low as 212 tonnes in 1977 and as much as 1,200 tonnes in 1980. As the world's largest producer of ylang-ylang perfume essence, the Comoros supplies more than 80 per cent of the world's consumption. About 2,890 hectares are under cultivation with a total annual production averaging about 61 tonnes. Efforts are now under way to improve the quality of the essence and at the same time reduce processing costs, which have a very high energy component.

137. Expenditures on GDP (see table 16) indicate that both private and public consumption rose in 1981 and 1982. Investments in gross fixed capital formation represented 24 per cent of expenditure in 1982, a proportion unchanged from 1980 but showing a slight increase as compared with the late 1970s.

Table 16

The Comoros: expenditure on gross domestic product, 1980-1982,
at constant 1979 prices

(Millions of Comorian francs)

	1980	1981 <u>a/</u>	1982 <u>b/</u>
Private consumption	15 066	15 610	16 266
Public sector consumption	4 923	5 158	5 380
Gross fixed capital formation	5 618	5 201	6 126
Change in stocks	2 114	8 441	401
Export of goods and services	2 799	5 235	5 977
Imports of goods and services	-7 555	-8 345	-9 033
GDP at market prices	<u>22 965</u>	<u>23 700</u>	<u>25 117</u>
External net factor income <u>c/</u>	-476	-518	-431
Gross national product	<u>22 489</u>	<u>23 182</u>	<u>24 636</u>

a/ Revised.

b/ Provisional.

c/ Deflated by GDP price index.

2. Balance of payments

138. The balance of payments is characterized by deficit on both the trade balance and the current account balance and a surplus on capital account. Net reserves increased by over CF 1 billion in 1981 and again in 1982 (see table 17). (Details of the volume and value of principal exports are shown in table 18.) In the capital account, direct investment and inflows of long-term capital almost doubled between 1981 and 1982.

139. The Comoros' disbursed external public debt at the end of 1981 reached CF 12,536 million, an increase of 22 per cent over the preceding year, attributable to investment in road construction, the telephone network and agriculture and education projects. Since most external public debt was contracted on concessionary terms, servicing in 1981 represented only 8.2 per cent of export revenue. However, repayment of principal is due to start in 1986. Meanwhile, the country's inadequate infrastructure, the high degree of vulnerability of the external sector and the distance from economic centres constitute real difficulties in the way of development. Increased flows in the form of grants or concessionary aid would be helpful.

Table 17
The Comoros: balance of payments, 1980-1983
(Millions of Comorian francs)

	1980	1981	1982	1983 <u>a/</u>
Imports, c.i.f.	-6 145	-8 791	-10 724	-9 274
Exports, f.o.b.	2 712	4 461	6 434	7 419
Trade balance	<u>-3 433</u>	<u>-4 330</u>	<u>-4 290</u>	<u>-1 855</u>
Other freight and transportation	-281	-498	-658	
Travel	-80	-1 163	-1 665	
Investment income	125	67	217	
Other goods, services and income	-266	-2 887	-2 569	
Private transfers	21	130	-640	
Public transfers	2 380	6 465	7 341	
Current account balance	<u>-1 534</u>	<u>-2 216</u>	<u>-2 264</u>	<u>-4 211</u>
Direct investment and other long-term capital	3 514	2 965	5 737	
Portfolio investment	-86	-85	173	
Commercial credit	1 163	811	-975	
Short-term bank credit	-241	346	468	
Other capital, including errors and omissions	-3 482	-710	-1 920	
Capital account balance	<u>868</u>	<u>3 327</u>	<u>3 483</u>	<u>5 002</u>
Overall balance	<u>-666</u>	<u>1 111</u>	<u>1 219</u>	<u>791</u>
Change in net reserves <u>b/</u>	<u>666</u>	<u>-1 111</u>	<u>-1 219</u>	<u>-791</u>

Source: Comorian Central Bank.

a/ Preliminary estimates.

b/ A minus (-) sign denotes an increase in reserves.

Table 18

The Comoros: exports of principal commodities, value
and volume, 1979-1982

(Millions of Comorian francs)

Commodity	1979	1980	1981	1982
<u>Vanilla</u>				
Value <u>a</u> /	2 272	369	2 169	4 206
Volume <u>b</u> /	180	25	160	258.9
Unit price <u>c</u> /	12 622	14 760	13 541	16 245
<u>Perfume essences and oils</u>				
Value <u>a</u> /	662	673	454	714.9
Volume <u>b</u> /	60	62	40.2	64.4
Unit price <u>c</u> /	11 033	10 855	11 289	11 100
<u>Cloves</u>				
Value <u>a</u> /	446	1 374	1 729	1 473
Volume <u>b</u> /	342	880	949.2	585.2
Unit price <u>c</u> /	1 304	1 561	1 821	2 517
<u>Copra</u>				
Value <u>a</u> /	254	138	78.4	18.9
Volume <u>b</u> /	2 291	1 266	1 021	195
Unit price <u>c</u> /	111	109	77	92
<u>Other exports</u>				
Value <u>a</u> /	67	158	31	22
Total value of exports	<u>3 701</u>	<u>2 712</u>	<u>4 461</u>	<u>6 434</u>

Source: Comorian Central Bank.

a/ Millions of Comorian francs.

b/ Tonnes.

c/ Thousands of Comorian francs per tonne.

/...

3. Public finance

140. The public sector includes the federal Government, the governorates of Grande Comore, Anjouan and Moheli and a number of public utilities and enterprises. Table 19 shows the consolidated revenue and expenditure of the federal Government and the three governorates for operations included in their respective budgets. Technical assistance in the fiscal area together with action adopted by the Government has resulted in appreciable increases in tax revenues: 20 per cent in 1981 and 29 per cent in 1982. External resources have also been increasing steadily in recent years.

141. After a sharp (30 per cent) increase in expenditure in 1980, the Government took steps in 1981 and 1982 to curtail expenditure and achieved a budget surplus in these years. Nevertheless, progress has been made in building up the country's basic infrastructure. Moreover, by placing a higher order of priority on agricultural development, the Government hopes to lessen the country's dependence on imports.

Table 19

The Comoros: public revenue and expenditure of the federal Government and the governorates, 1979-1982

(Millions of Comorian francs)

	1979	1980	1981	1982
<u>Revenue</u>	<u>3 911.7</u>	<u>4 676.5</u>	<u>5 455.9</u>	<u>6 982.9</u>
Domestic resources	2 545.2	2 717.3	3 259.0	4 207.1
Direct taxes	137.0	233.0	183.6	255.9
Indirect taxes	2 288.4	2 300.1	2 975.9	3 561.6
Foreign resources <u>a/</u>	1 366.5	1 959.2	2 196.9	2 775.8
<u>Expenditure</u>	<u>4 017</u>	<u>5 208</u>	<u>4 662 b/</u>	<u>4 830</u>
Current	3 550	4 568	3 831	4 472
Capital	467	640	431	358

Source: Ministry of Finance, Economy, Planning and Foreign Trade.

a/ Mainly grants.

b/ Expenditure figures for the governorates are provisional estimates.

C. Special programme of economic assistance

142. The difficulties confronting the Comorian Government have been compounded in recent years by a period of drought and the effects of a cyclone. If development efforts are to be sustained in the country, immediate financial and material aid is required to help the Government cope with the effects of these natural disasters. As many as 200,000 persons, mainly in the Grande Comore, were affected by drought during the first seven months of 1981. In early 1982, cyclone "Elinah" destroyed more than 80 per cent of the crops on Moheli and damaged crops on the other islands. It is estimated that these two disasters will seriously affect agricultural development over the next three to five years.

143. In the early years of independence, the Government had first embarked upon a major effort to create the basic infrastructure to sustain economic growth and development. It now feels, however, that more emphasis can be placed on directly productive activities. Development efforts are being carried out within the framework of the Action Programme for the 1980s. The six main priority areas are self-sufficiency in food, improved communications for the islands, energy production and water supply, health and population policy, training, and physical and environmental planning. The total cost of the investment programme drawn up by the Government for the 1983-1986 interim plan is \$340,600,000, of which \$108,500,000 had already been made available and \$232,100,000 is still to be found. Of the \$232,000,000 for new projects, \$80,600,000 is scheduled to be spent over the four-year period 1983-1986 (an average of \$20,000,000 per annum) and projects in the amount of the remaining \$151,500,000 will be implemented during the period 1987-1990.

144. The outlines for priority action were set out in the Comoros memorandum submitted to the United Nations Conference on the Least Developed Countries, held in Paris in September 1981. These were reflected in the programme which the Government submitted to the donors' conference convened, with the assistance of UNDP, in July 1984.

145. From the 98 projects in the investment programme, the Government of the Comoros has identified 19 priority projects for which it is seeking \$89,666,300 in international funding. These are described in the following paragraphs and summarized in table 20. The Government hopes that assistance will be provided in the form of grants or highly concessional loans.

1. Self-sufficiency in food

Project 1: Soil conservation and restoration (\$3.33 million)

146. Soil conservation is one of the Government's main concerns. Eighty per cent of the population depends on agriculture, and a widespread process of soil deterioration caused by population pressures has already reached alarming proportions in some regions. Forest cover is gradually being destroyed, causing a growing shortage of timber-based products; the cultivation of steeply sloping terrain is accelerating soil erosion, and there is a threat to the country's overall ecological balance. The Government's policy to arrest and eventually reverse this process involves action in several areas.

147. Rational development and exploitation of natural and man-made forests will require more supervisory and trained staff and equipment for nurseries and reafforestation sites. Between 6,000 and 10,000 hectares of land should be artificially replanted over the next 20 years. A technical study has been made by FAO and the estimated cost of the project itself is \$3.33 million, for which no funding has been identified yet. The World Bank and the United States Agency for International Development (USAID) have been requested to assist in strengthening the technical services needed to carry out the operation.

Project 2: Support for the commercialization of agricultural production
(\$2.441 million)

148. The distribution and storage of perishable goods constitute bottle-necks in the expansion of agricultural output. Wastage caused by the lack of a storage infrastructure, poor organization of the distribution system and the absence of a price policy are strong disincentives to increased production. The aim of this project is to provide the country, especially in rural areas and at the village level, with the material and human resources to boost production and guarantee an adequate income for peasant farmers.

Project 3: Agronomic and veterinary laboratory (\$533,300)

149. As yet, there are no laboratories in the Comoros where soil, agronomic, plant-health and veterinary analyses can be carried out. This project proposes the construction of new buildings, the training of nationals and the provision of foreign technical assistance for a two-year period.

Project 4: Development of sugar-cane production (\$2.45 million)

150. The Comoros wishes to re-establish the position that it held at the beginning of the century as an exporter of sugar. At present, the country imports almost all the sugar it consumes. However, there is the potential to produce this commodity and consequently to save foreign exchange, while at the same time diversifying the productive base. The aim of the project is initially to identify all the possibilities that can be exploited in the industry, on the basis of a pilot scheme, and then, in a second phase, to boost sugar production to a level that would enable a large part of the country's needs to be satisfied.

Project 5: Development of livestock production in agricultural areas
(\$1.14 million)

151. Insufficient meat is produced locally, and the Comoros imports more than 1,000 tonnes a year. The Government is channelling its efforts in two directions to expand meat production:

(a) Development of woodland and grazing land on some 5,000 hectares of underutilized pastures on the high plateaux. The planting of wind-breaks would help to combat erosion, ensure partial reafforestation and develop fodder plants, which could substantially increase the number of animals that the land would be capable of supporting. Livestock have also to be improved genetically. The potential for such development is to be tested on a 500-hectare experimental unit;

(b) Development of livestock production, principally small ruminants (sheep, goats) in agricultural areas. At present, animals are unproductive because they lack proper care and foodstuffs. An attempt will be made to improve the exploitation of existing herds.

Project 6: Regional development on the east coast of Grande Comore (\$3.3 million)

152. The east coast of the Grande Comore has been badly affected both by drought and by the cyclone that ravaged part of the country in early 1983. Although it is the driest region of the island, there is considerable potential for increasing agricultural production and especially for linking development of the primary sector with the various related activities in an integrated project designed to provide a better life for the 22,000 people concerned and also to halt the alarming advance of soil erosion.

2. Improvement of inter-island communications

Project 7: Ports of Moroni and Moheli (\$6.8 million)

153. With the construction of the central port at Mutsamudu, which will be finished in the next two years, port operations will be unable to reach maximum efficiency without the parallel development of similar infrastructures on the other islands. Moroni, on the Grande Comore, is by far the largest urban concentration and is also the principal centre of economic activity in the country. The city will therefore be unable to increase its catalysing effect on the entire territory unless a port is constructed for boats that will provide ferry services to Mutsamudu and intraregional transport of 1,000 to 15,000 tonnes. The island is responsible for almost 60 per cent of national production. Moheli, which is the smallest of the islands but also the most fertile, with enormous agricultural potential, requires a minimal port infrastructure in order to transport its goods, the production of which is constantly expanding in spite of the numerous natural disasters that have recently befallen the island.

154. The European Development Fund (EDF) is assisting in the financing of the studies and part of the work of constructing the two ports. A balance of \$6.8 million is sought.

Project 8: Expansion of airport facilities (\$3.1 million)

155. Up until independence, the country lacked the airport infrastructures and equipment necessary for development. The present airports lack the necessary means to enable them to carry out their role in increasing domestic and foreign trade. The Government has drawn up a sectoral investment programme designed to improve existing infrastructures (runways, terminals, control tower) and provide the country with the technical equipment to ensure the safety and development of air traffic.

Project 9: Construction of telephone exchanges (\$14.35 million)

156. An inter-island telephone link is under construction. Only the capital, Moroni, has an automatic exchange; four other districts have a rudimentary manual network. The telephone network in Moroni reached its capacity six months after it was put into operation in 1978. More than 2,000 applications for service are pending but cannot be met. The country must be equipped with a large number of telephone exchanges in order to make an inter-island telephone link by wireless beam more cost-effective.

Project 10: Earth station (\$2.78 million)

157. At present the Comoros can communicate with the outside world only through a two-way telephone line linking Paris and Moroni. This situation is an enormous obstacle to the development of trade, making it difficult and very expensive. The objective of the project is to provide the country with an earth station capable of putting it in direct communication with other countries and thereby strengthening co-operation with them.

3. Energy and water

Project 11: Voidjou power station (\$22.23 million)

158. The Voidjou power station has three generators, two with a capacity of 600 kilowatts each, and an output of 1,200 kilowatts. This situation represents a serious impediment to the diversification of the basis of production. Electricity is accessible to barely 25 per cent of the population of the Comoros. The Government has formulated a sectoral project capable of meeting the economic and social needs of the country.

Project 12: Water-supply projects on Grande Comore (\$6,708,000)

159. The first project concerns water supply for Grande Comore; this, together with the following project, would cover all the major urban centres on the island. While the islands of Anjouan and Moheli have springs and permanent surface water, Grande Comore appears to have ground-water resources which could be exploited by drilling. The Government concluded an agreement with the United Nations Development Programme (UNDP) in 1979 on the exploitation and development of water resources, and UNDP is carrying out a complete inventory of existing and potential resources. This should lead to the elaboration of a comprehensive water-development programme.

160. The various water-supply projects proposed remain partly in the planning stage and cannot be costed accurately.

Project 13: Water supply for Anjouan and Moheli (\$2.78 million)

161. On the island of Anjouan there are plans to improve the existing water-supply installations in the town of Mutsamudu and in nearby villages in order to meet the requirements of the population, currently estimated at 20,000. Surveys, which cover construction of stream catchments, water-supply conduits and storage tanks, the installation of a water-treatment system, recalibration of the distribution network and extensions, and redeployment and relocation of some existing conduits are to be financed by EDF.

162. On the island of Moheli there are plans to repair water-supply conduits and improve distribution in the town of Fomboni and nearby villages in order to meet the requirements of about 6,000 people. The existing distribution network needs both improvement and extension; the water conduits, which were damaged by floods in 1980, must be repaired. Surveys have been financed by EDF.

4. Health

Project 14: Supply of medicines (\$3,183,000)

163. Because of budgetary constraints, the Comorian Government cannot, without external aid, meet the country's public health needs, in particular the provision of essential medicines. According to estimates by the World Health Organization (WHO), approximately \$610,000 is needed annually to meet minimum requirements. Supplies for 1982 were guaranteed with assistance from Kuwait. Financing is sought for the continuation of the programme from 1983 to 1986, amounting to approximately \$3.18 million. The University of Laval (Canada) and the Swiss Red Cross are providing some assistance.

Project 15: Malaria eradication (\$4,861,000)

164. Almost the entire population is affected by malaria, with serious effects among children, in particular. Moreover, according to a WHO study, malaria is responsible for a reduction of 20 to 25 per cent in the productivity of the active population. With the assistance of the international community, the Government intends to eliminate this disease completely during the present decade.

Project 16: Improvement of hospitals (\$2.78 million)

165. The present dilapidated state of the hospitals and health centres makes it impossible to meet the growing needs of the population. Despite the Government's notable efforts during the past five years, this situation has led to the evacuation of a good number of sick people who could be treated on the spot if adequate infrastructure and equipment in this field were available. The project sets out to stop the increase in this type of expenditure, and improve the health conditions of the population.

5. Training

Project 17: Construction and equipping of a multidisciplinary technical and vocational school in Anjouan (\$2.8 million)

166. The national multidisciplinary technical school at Mutsamudu (Anjouan) has an enrolment of 110 students, an insufficient number to meet the country's need for skilled labour. Moreover, the school premises are inadequate. The Government considers it necessary to build and equip a technical school to provide multidisciplinary training for a larger number of students at more diverse levels of competence and in a wider range of trades. The provisional estimate of the cost is \$2.8 million, which would cover the construction and equipping of the building, technical assistance requirements for two years and fellowships for advanced training.

Project 18: Vocational training (\$2.1 million)

167. Among the many problems that impede the country's economic and social development is the lack of qualified personnel, particularly skilled labour. It is essential to have a training programme that will take into account the development of the economy and, above all, the structural changes that can be expected to take place in future years.

Project 19: National school of management (\$2.0 million)

168. The difficulties encountered by the public and private sectors in business management impose serious constraints on the revival of economic activity in the country. The lack of reliable accounting is a major impediment to management. There is thus a need to train management personnel and the Comorian authorities, after carrying out some pilot projects, wish to undertake a broad management training programme that would progressively supply competent managerial personnel.

Table 20
The Comoros: summary of projects
(Dollars) a/

Project	Cost
1. <u>Self-sufficiency in food</u>	
1. Soil conservation and restoration	3 330 000
2. Support for the commercialization of agricultural production	2 441 000
3. Agronomic and veterinary laboratory	533 300
4. Development of sugar-cane production	2 450 000
5. Development of livestock production in agricultural areas	1 140 000
6. Regional development on the east coast of Grande Comore	3 300 000
Subtotal	<u>13 194 300</u>
2. <u>Improvement of inter-island communications</u>	
7. Ports of Moroni and Moheli	6 800 000
8. Expansion of airport facilities	3 100 000
9. Construction of telephone exchanges	14 350 000
10. Earth station	2 780 000
Subtotal	<u>27 030 000</u>
3. <u>Energy and water</u>	
11. Voidjou power station	22 230 000
12. Water-supply projects on Grande Comore	6 708 000
13. Water supply for Anjouan and Moheli	2 780 000
Subtotal	<u>31 718 000</u>
4. <u>Health</u>	
14. Supply of medicines	3 183 000
15. Malaria eradication	4 861 000
16. Improvement of hospitals	2 780 000
Subtotal	<u>10 824 000</u>

Table 20 (continued)

Project	Cost
<u>5. Training</u>	
17. Construction and equipping of a multidisciplinary technical and vocational school in Anjouan	2 800 000
18. Vocational training	2 100 000
19. National school of management	2 000 000
Subtotal	<u>6 900 000</u>
Total	<u><u>89 666 300</u></u>

a/ Rate of exchange in 1982: 1 United States dollar = 360 Comorian francs.

V. DJIBOUTI

A. Background

169. A special programme of economic assistance for Djibouti was initiated in 1978 (see document A/33/106) in response to General Assembly resolution 32/93 of 13 December 1977 to help the country cope with its serious economic and social problems which were compounded by persistent drought.

170. A summary report on the economic situation and progress made in organizing and implementing the assistance programme for Djibouti was submitted to the General Assembly at its thirty-eighth session (see document A/38/216), following consideration of which resolution 38/213 was adopted on 20 December 1983. That resolution renewed the appeal of the General Assembly to the international community to provide assistance bilaterally and multilaterally to Djibouti to enable it to cope with its difficult economic situation and to implement its development strategies. The economic problems of Djibouti were further considered by the Economic and Social Council at its first regular session of 1984 and resolution 1984/6 was adopted requesting the Secretary-General, inter alia, to arrange for a mission to review the situation. Consultations with the Government of Djibouti are in progress for the fielding of a mission.

B. Economic situation

171. Djibouti is characterized by the fundamental constraints posed by its harsh economic geography, the almost total lack of an agricultural sector and the need to import practically all its foodstuffs.

172. It is estimated that only 6,000 hectares out of 2,300,000 hectares are arable, provided they are irrigated. In 1982, only 200 hectares were under cultivation. The obstacles to agricultural development include the arid climate, characterized by high temperatures and lack of rain, and the lack of a so-called agricultural "tradition". A substantial part of the population follows a nomadic way of life. The rural population derives subsistence mainly from livestock, estimated in 1982 at 15,182 head of cattle, 223,890 goats and 140 camels.

173. Djibouti has approximately 370 kilometres of sea coast that permit of fishing activities. A fisheries' co-operative was set up in 1980, but due to a shortage of technical means, the catch for 1982 amounted to only 400 tons.

1. Gross domestic product

174. The gross domestic product (GDP) of Djibouti amounted to 63,097 million Djibouti francs (DF) at current prices in 1982. This figure has to be seen in the light of the fact that the expatriate community accounts for a sizeable share of GDP. The economy remains dominated by the tertiary sector (77.6 per cent), followed by the secondary sector (15.4 per cent) and the primary sector (7 per cent).

175. Estimates for 1981 indicate the population at 400,000, GNP per capita at \$480 and inflation at an average annual rate of 12.6 per cent.

2. Government budget

176. The Government follows a budgetary policy of trying to meet all recurrent expenditure from regular revenue. However, since 1982 the national budget has had to assume the costs of the national army, which from 1978 to 1981 had its own separate budget. Additional revenue comes from external budgetary support, where the trend is a declining one, and from the national reserve fund. This additional revenue offsets the deficit in the recurrent budget and provides funding for capital expenditure (see table 21). Any overall surplus is credited to the reserve fund.

Table 21
Djibouti: Government budget, 1982-1984
(Millions of Djibouti francs) a/

	1982	1983 <u>b/</u>	1984 <u>b/</u>
Regular revenue	19 173	18 487	19 722
Recurrent expenditure	19 924	20 360	20 586
Balance of recurrent budget	-751	-1 873	-864
External budgetary support	3 315	2 645	1 813
Other revenue (mainly reserve fund)	10 498	7 744	-
Capital expenditure	5 594	2 320	1 318

a/ A fixed-exchange rate of 1 United States dollar = 177.7 Djibouti francs is maintained. The DF is fully convertible and is backed by dollar deposits.

b/ Estimates.

3. Balance of payments

177. The balance-of-payments situation shows clearly the role of Djibouti as a transit centre: whereas the value of exports (which consist essentially of live animals, hides and skins) has remained constant, re-exports increased by 5.7 per cent in 1981 and 10.4 per cent in 1982. Imports increased by 8.5 per cent in 1981 and 5.1 per cent in 1982. The deficit on the trade balance is compensated by the services balance, unrequited transfers and capital inflows. Overall, however, the balance of payments changed from surplus in 1980 to deficit in 1981 and showed a worsening of the deficit in 1982 (see table 22).

Table 22
Djibouti: balance of payments, 1980-1982
(Millions of Djibouti francs)

	1980	1981	1982
Exports	3 118	3 118	3 118
Re-exports	15 179	16 044	17 712
Subtotal	18 297	19 162	20 830
Imports	33 782	36 654	38 523
Services (net)	3 658	4 231	4 418
Unrequited transfers (net)	13 307	9 508	8 909
Capital account (net)	1 690	1 841	1 942
Errors and omissions	547	276	-
Overall balance	3 717	-1 636	-2 424

178. External debt amounted in 1982 to 13,597 million Djibouti francs, incurred mostly on concessional terms. Projected debt servicing charges for the current and coming two years are as follows:

<u>1984</u>	<u>1985</u>	<u>1986</u>
(Millions of Djibouti francs)		
1 200	1 300	1 500

C. Special programme of economic assistance

179. The last review of progress made in implementing the special programme of economic assistance was made in August/September 1982 (see document A/37/136). By then, 47 projects were under implementation and four projects had not received any support. Given the importance of these 51 projects, they were incorporated in the investment programme consisting of 117 projects amounting to \$570 million which the Government presented to the Round Table of Development Partners held in Djibouti in November 1983. Of 117 projects, 45 had already secured funding of some \$240 million and 72 called for external financing for an aggregate amount of \$330 million. Of these 72 projects, it was estimated that, as of mid-1984, 48 projects had been funded for a total amount of \$187 million (table 23).

Table 23

Djibouti: status of project funding, as of mid-1984

Project <u>a/</u>	Funding (Thousands of dollars)	Donor
5. Installation of solar pumps	560	France
6. Supply of drinking-water	1 700	"
7. Support to small farmers	1 000	"
8. Hydro-agricultural development	2 500	Islamic Development Bank
11. Rehabilitation of palm plantation	620	European Development Fund
12. Improvement of livestock	1 100	Italy
13. Animal feed plant	2 450	Arab Fund for Economic and Social Development
14. Slaughterhouse	5 000	"
17. Fishing quays	5 500	Islamic Development Bank
18. Geothermal energy development	16 500	World Bank, Italy, African Development Bank, Organization of Petroleum Exporting Countries Fund, UNDP
19. Study on perlites and diatomites	600	France
21. Workshop for wood	1 100	"
22. Paper-processing plant	1 600	"
23. Food-processing plant (pastas, etc.)	1 200	UNDP
24. Soap factory	3 000	France
25. Brick-manufacturing plant	2 000	"
26. Cement plant	15 000	Austria
30. Improvement of access roads	11 500	Various Arab donors
32. Access road to airport	4 350	Saudi, Kuwait and Abu Dhabi Funds
33. Telecommunications facilities	550	"
34. Aeronautical communications	2 500	"
35. Extension of airport	24 300	"
36. Development of free zone (port)	4 800	Various donors
37. Construction of Quay No. 14	15 000	"
38. Balbala telephone centre	3 850	France
39. Undersea cables	8 000	Various Arab donors
40. Telephone exchange	750	France
41. Extension of television service	300	"
43 to 51. Urban development	16 000	World Bank, France, United States of America
53. Reservoirs, "Salines Ouest"	1 500	African Development Bank

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Table 23 (continued)

Project <u>a/</u>	Funding (Thousands of dollars)	Donor
54. Water supply	850	"
55. Secondary school	12 500	"
57. Establishment of schools	5 500	World Bank
60. Balbala training centre for adults	5 800	Arab Labour Organization
61. Administrative training	700	France
63. Regional primary schools	3 800	World Bank
66. National museum	1 400	France
69. Health care, Djibouti West	450	"
70. Training centre for health personnel	850	Italy
71. Rural health centre	650	France
Total	<u>187 330</u>	

a/ Number of project as referenced in the document prepared for the Round Table held in November 1983.

180. It should be underscored that several of the above-mentioned projects have secured only partial funding and that some have been funded only in so far as the study component is concerned. Additional funding is therefore required to bring such projects to full implementation.

181. External assistance is still required for the following 24 projects, some of which are under negotiation with potential donors (see table 24).

Table 24Djibouti: projects requiring funding

Project	Estimated cost (Thousands of dollars)
1. Production of wells and equipment	1 300
2. Exploration for wells and equipment	3 600
3. Holl Holl drinking-water supply	325
4. Construction and equipping of an agricultural engineering facility	500
9. Micro-dams in the Wadis	1 200
10. Improvement of "Le Day" Forest ecosystem	1 100
15. Construction of a tannery	4 000
16. Poultry-farming centre	1 300
20. Establishment of an Institute for Higher Scientific and Technical Studies and Research	2 000
27. Construction of travellers' lodges (tourism)	1 000
28. Construction of 40 tourist camps	1 500
29. Tourist accommodation, Musha Island	600
31. Urban bus terminal	680
42. Television equipment	4 100
52. Establishment of Oued's maintenance facility	495
56. Construction of a junior high school, Balbala	7 600
58. Conversion of Djibouti High School into a comprehensive school	3 000
59. Construction of a junior high school, Obock	1 600
62. Technical training centre, Djibouti	300
64. Construction of a centre for cultural development	500
65. Construction of youth centres	1 240
67. Establishment of a sports complex, Djibouti	19 600
68. Regional sports centres	1 000
72. Public health supply pharmacy	7 900
Total	<u>66 440</u>

VI. EQUATORIAL GUINEA

A. Background

182. The special programme of economic assistance to Equatorial Guinea was launched in 1979 in response to General Assembly resolution 34/123 of 14 December 1979. The basic features of the economy of Equatorial Guinea were described in some detail in previous reports of the Secretary-General, the most recent of which was contained in document A/37/130.

183. In brief, Equatorial Guinea consists of two parts, continental Guinea or Rio Muni on the West African mainland and the two islands of Bioko and Annobon, with a total land area of over 28,000 square kilometres. The national capital, Malabo, is on the island of Bioko. The small island of Annobon lies some 600 kilometres towards the south-east. On the mainland, the Rio Muni enclave borders the Cameroon on the north and Gabon on the south and east. Distances between the various parts of the country make communications difficult and costly. However, the country has a climate and soil highly suited to food and cash-crop production. Moreover, preliminary studies point to the existence of mineral resources and there are geological indications that petroleum deposits exist offshore that are likely to be commercially exploitable.

184. Equatorial Guinea became independent from Spain in October 1968. During the period October 1968 to August 1979 there was a large exodus of both nationals and expatriates, draining the country of almost all trained manpower. The present Government, on assuming office, found that foreign-exchange resources were exhausted, productive enterprises had largely ceased to function and agricultural output as well as export crops had dropped to unprecedentedly low levels. Schools, hospitals and other basic institutions had either been closed or were functioning perfunctorily. A further problem was that of returning refugees.

185. The present Government has worked vigorously to restore confidence both internally and externally. It has pursued the democratization process and, on 15 August 1982, a draft constitution was adopted by a nation-wide referendum. In 1983, a House of Representatives was established and, at present, the basic legal documents regulating the activities of ministries and other institutions are being finalized. Although the administrative structure still requires substantial strengthening, concerted efforts are under way to reinforce public administration, planning and sector organization. Institution-building projects are to be found in practically all key ministries.

B. Economic situation

1. General

186. Efforts to improve the statistical data base have continued progressively. A demographic census was carried out in 1983 and the country has basic preliminary figures on the national population and its regional distribution. The final figures are expected to be available in 1985.

187. The total population of the country, according to the preliminary census data, is estimated at 300,000. The literacy rate is estimated at about 30 per cent. During the 1982/1983 school year, 639 primary schools had 60,231 pupils enrolled, with 730 teachers and a student-teacher ratio of about 82 to 1. The secondary school population is about 5,500, with 160 teachers. In 1983, about 150 students were studying abroad on official scholarships.

2. Domestic recovery

188. Preparation of the national accounts figures has not yet been reinstituted. Projects funded by the United Nations Development Programme (UNDP) in economic planning and statistics are currently helping to draw up GDP figures, inter alia. These should be available in 1985. Total GDP for 1982 is tentatively estimated at about \$65 million, giving a per capita figure of about \$216.

189. The long downward trend of cocoa production during the last decade seems to have come to a halt, and annual production has been stabilized at around 8,000 tonnes. The effect of several projects in this field is thus starting to be felt, although the country is still a long way from recuperating its former production capacity: in 1968, Equatorial Guinea exported 40,000 tonnes of cocoa.

190. Production of coffee, the second most important export crop until 1968, remains very low and the 1981/1982 crop was estimated at 145 tonnes. The apparently low production figures could also be due to unrecorded exports. Some 5,000 hectares of a former 15,000-hectare area under coffee production have recently been estimated as being potentially recoverable. The impact of several new projects has not been felt as yet, probably due to a slow start in implementation.

191. Several concessions to private and State companies have stimulated timber production. Exports have increased markedly, as follows (in tonnes):

<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
4 530	14 108	34 258	62 792

192. Supplies of goods in domestic markets are still very irregular, though increasing gradually. Major improvements in the situation are expected to result from the integration of Equatorial Guinea into the Union Douanière des Etats d'Afrique Centrale (UDEAC), formally achieved at the end of 1983. Integration into the Banque des Etats d'Afrique Centrale (BEAC) monetary and banking system is under way, and will probably affect all major economic policy decisions.

3. Balance of payments

193. The basic export crop, cocoa, has ensured a relatively stable annual foreign-exchange inflow in the range of \$11 million to \$13 million between 1980 and 1983. With the progress of several major cocoa rehabilitation projects, a slow but

steady rise in production and foreign exchange earnings from this source is expected. As indicated above, timber exports have increased and in 1982 and 1983 amounted to almost \$4 million. Exports of coffee and other products continue to be small in quantity, but improvements are expected in the next two years in both coffee and fisheries.

194. Table 25 contains tentative, estimated balance-of-payments figures for 1982 and 1983 prepared by the Government.

Table 25

Equatorial Guinea: balance of payments, 1982 and 1983 a/

(Millions of dollars)

	1982	1983
Exports, f.o.b.		
Cocoa	12.9	12.7
Timber	3.8	3.8
Coffee and other items	0.3	0.3
	<u>17.0</u>	<u>16.8</u>
Imports, c.i.f.	42.4	28.0
Trade balance	<u>-25.4</u>	<u>-11.2</u>
Other net services	-3.9	-7.5
Net transfers	5.3	7.3
Current account balance	<u>-24.0</u>	<u>-11.4</u>
Capital account balance	<u>8.6</u>	<u>-1.4</u>
Overall balance	<u><u>-15.4</u></u>	<u><u>-12.8</u></u>

Source: Ministry of Planning and Bank of Equatorial Guinea.

a/ Estimates.

4. External debt

195. The outstanding external public and publicly guaranteed disbursed debt is estimated to be about \$90 million (see table 26) - approximately 50 per cent more than estimated GDP, and the short-term debt is also growing rapidly. The total debt is about six times the value of exports. The debt service is under evaluation.

Table 26

Equatorial Guinea: external public and publicly guaranteed,
outstanding, disbursed debt, 1983-1984

(Millions of dollars)

	1983	1984 (March)
<u>Contracted before 3 August 1979</u>	<u>39.8</u>	<u>39.8</u>
China	31.0	31.0
Spain	5.1	5.1
Union of Soviet Socialist Republics	2.9	2.9
Organization of Petroleum Exporting Countries	0.8	0.8
<u>Contracted after 3 August 1979</u>	<u>49.7</u>	<u>50.1</u>
Argentina	0.7	0.8
Cameroon	0.6	0.6
France	-	1.4
Italy	0.3	0.6
Spain	29.3	27.9
Switzerland	6.9	6.1
Union of Soviet Socialist Republics	0.5	1.1
Uruguay	0.2	0.4
African Development Bank	5.5	5.5
IMF Trust Fund	4.2	4.2
Organization of Petroleum Exporting Countries	1.5	1.5
Total	<u><u>89.5</u></u>	<u><u>89.5</u></u>
Outstanding short-term debt	3.8	12.9
(of which private debt, guaranteed by Government)	(1.4)	(5.2)

Source: Bank of Equatorial Guinea.

5. Public finance

196. In public finance, two areas are receiving attention. One is the entrance of Equatorial Guinea into the Banque des Etats d'Afrique Centrale (BEAC) which demands a general transformation of public finance organs. The other is the five-fold difference between the official rate of exchange of the ekwele (plural bipkwele) and its unofficial rate, with growing effects of leakages in the economy. A series of measures are expected to be taken both to respond to the exigencies of the BEAC and to the necessities of economic development.

Table 27

Equatorial Guinea: Government budget
(Millions of bipkwele) a/

	1982 <u>b/</u>	1983 <u>c/</u>
<u>Revenue</u>	<u>3 468</u>	<u>3 699</u>
Import and export taxes	2 370	2 321
Other tax and non-tax revenue	761	878
Other income	337	500
<u>Expenditure</u>	<u>5 760</u>	<u>6 799</u>
Current	3 714	4 800
Capital	2 046	1 999
Overall balance	<u>-2 292</u>	<u>-3 100</u>

Source: Ministry of Economy and Finance.

a/ Rate of exchange: 1982 \$1.00 = 251 bipkwele
 1983 \$1.00 = 304 bipkwele
 May 1984 \$1.00 = 307 bipkwele.

b/ Revised.

c/ Estimate.

197. Table 27 shows that, while there was a slight increase in revenue in 1983 as compared with 1982, current expenditure increased by about 29 per cent between 1982 and 1983, whereas capital expenditure decreased slightly. The overall budgetary deficit increased by about 35 per cent between 1982 and 1983 to BK 3,100 million, met in part by credit from the Central Bank (see table 28).

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Table 28

Equatorial Guinea: assets and liabilities of the banking system,
1982-1983 (year-end)

(Millions of birkwele)

	1982	1983
External assets (net)	-2 173	-4 321
Domestic credit	17 566	18 553
To Government	(3 106)	(4 943)
To private sector	(14 460)	(13 610)
Money supply	7 924	9 158
Currency in circulation	(4 816)	(5 367)
Demand deposits	(3 108)	(3 791)
Quasi-money	1 999	3 344

Source: Bank of Equatorial Guinea.6. Food situation

198. Lack of agricultural statistics on food production makes the assessment of the food situation difficult. No large-scale food-crop production projects are in operation and food is generally cultivated on small parcels of land. Several initiatives are being undertaken in the agricultural sector with assistance from multilateral and bilateral sources and non-governmental organizations, but the results have been limited. The ratio of the population of the islands to area under food-crop cultivation indicates that food is scarcer on the islands than on the continental part of the country.

199. With regard to food aid, the Ministry of Planning and Economic Development has organized a food-aid co-ordinating committee for the better management of such assistance. In 1982-1983, food aid totalled some 8,236 tonnes, of which 3,950 tonnes, or 48 per cent, was provided by the World Food Programme (WFP). In the 1983-1984 period, donations of wheat-flour and rice totalled 5,558 tonnes, of which 3,498 tonnes, or over 63 per cent, was provided by WFP. WFP aid is expected to continue at recent levels. Details of food aid received, i.e. wheat-flour and rice, for the 1982-1983 and 1983-1984 periods are shown in table 29. As of May 1984, no bilateral food aid has been pledged for the July 1984-June 1985 period.

Table 29Equatorial Guinea: food aid received in 1982-1983 and 1983-1984

(Tonnes)

Source	Wheat-flour		Rice	
	1982-1983	1983-1984	1982-1983	1983-1984
WFP	2 381	2 938	666	560
China	-	-	100	-
Japan	-	-	1 250	600
France	200	730	-	-
Spain	360	-	191	-
Italy	-	-	2 000	-
EEC	-	730	-	-
Total	<u>2 941</u>	<u>4 398</u>	<u>4 207</u>	<u>1 160</u>

200. As stated earlier, Equatorial Guinea has a rich loam soil, particularly on its volcanic steppes. With concerted action and external assistance, the country could achieve self-sufficiency in food in the years to come. WFP policy for the future is based on food-for-work projects related to agricultural productivity aimed at self-reliance.

C. Special programme of economic assistance

201. Equatorial Guinea's capacity to absorb aid effectively has been strengthened by the strong efforts that have been made to reinforce the administrative and planning machinery.

202. The majority of the projects presented in previous reports have been funded. Many projects have been revised or included in larger programmes. Some sectors, however, have received insufficient funding. Water and sanitation, a crucial sector for the population, has received practically no funding. The Government has identified eight important projects in this sector that are ready for implementation with external assistance and at a total cost of \$6.3 million. The food production sector, which is mostly managed by women and women's associations, also needs substantial support. FAO is about to complete a study on the island of Bioko and has under preparation another study for the continental part of the country, with total value estimated at \$6.4 million. Moreover, an urgent effort is needed to stimulate fisheries for the internal market, since proteins are the main item lacking in the national diet.

203. The 1982-1984 three-year programme presented in 1982 at the International Conference of Donors for the Economic Reactivation and Development of Equatorial Guinea is presently undergoing a general evaluation organized by the Ministry of Planning. The results are expected to be available by the end of 1984.

204. A follow-up meeting to the donors' conference was held in 1983 and a follow-up mini round-table meeting is planned to take place at Malabo at the end of 1984.

VII. THE GAMBIA

A. Background

205. The special programme of economic assistance to the Gambia was launched in response to resolution 36/200 adopted by the General Assembly on 17 December 1981 to help the country meet its urgent needs for rehabilitation and reconstruction arising from the events of 30 July 1981. The basic features of the Gambian economy were described in previous reports of the Secretary-General, the most recent of which was contained in document A/38/216, section IX. In brief, the Gambia forms an enclave in Senegal and covers an area of 10,368 square kilometres. Preliminary results of the decennial population census conducted in 1983 indicate that the population now totals 696,000, a 41 per cent increase since 1941, representing an annual growth rate of 3.5 per cent. Per capita gross domestic product is estimated at about \$214 (761 dalasi). The Gambia is classified by the United Nations as a least developed country.

206. About 80 per cent of the population depends on agriculture for its livelihood. Ground-nuts are the principal source of cash income for farmers and normally account for 85 to 90 per cent of export earnings. Owing to extensive cultivation of ground-nuts, local food production normally covers only about 70 per cent of the country's food requirements and some 35,000 tonnes of cereals, mainly rice, are imported annually.

207. Tourism, livestock, fisheries and transit trade to Senegal and other neighbouring countries are important economic activities. About 25 per cent of the salaried labour force is employed by the Government, mainly in construction, education and public health. Per capita income of the urban population, estimated at \$550 annually, is about four times higher than that of the rural population. The consequent rural-urban migration has resulted in the concentration of over 21 per cent of the population in the capital, Banjul. The population of greater Banjul has almost doubled over the last 10 years, from 78,600 to 147,400.

208. The dalasi (D) is the national unit of currency and is linked to the pound sterling at the rate of 5 dalasis to 1 pound sterling following a 25 per cent devaluation in early 1984.

B. Economic situation

1. Gross domestic product

209. According to the mid-term review of the Second Five-Year Plan carried out by the Government in October 1983, GDP at current prices increased from D 464.3 million in 1981/1982 to D 525 million in 1982/1983, or by 13.1 per cent. GDP per capita increased from D 694 in 1981/1982 to D 761 in 1982/1983 or by 9.7 per cent. Real growth was substantially lower, but accurate figures on the actual rate of inflation during this period are not available. In 1982/1983 agriculture accounted for 35 per cent of GDP, trade 15.3 per cent and government services 15.5 per cent (see table 30).

Table 30

The Gambia: gross domestic product, by sector, 1982/1983

Sector	Amount (Millions of dalasis at 1980-1981 prices)	Percentage
Agriculture <u>a/</u> (of which ground-nuts)	148.9 (63.8)	35.0 (15.0)
Industry <u>b/</u>	27.2	6.4
Electricity and water	5.4	1.3
Construction, mining and quarrying	25.3	6.0
Hotels and restaurants	12.5	2.9
Transport, communications	37.2	8.7
Trade <u>c/</u>	65.1	15.3
Banking, insurance	9.6	2.3
Real estate and business services	24.0	5.6
Other services	11.2	2.6
Government services	65.7	15.5
Imported bank-service charges	<u>-6.9</u>	<u>-1.6</u>
GDP at factor cost	<u>425.2</u>	<u>100</u>
Indirect taxes minus subsidies <u>d/</u>	50.6	
GDP at market prices	<u>475.8</u>	

a/ Includes livestock, forestry and fishing.

b/ Comprises small-scale manufacturing, including handicrafts and medium- and large-scale manufacturing.

c/ Includes marketing of ground-nuts.

d/ Operating surplus in marketing and processing of ground-nuts has been treated as indirect tax.

2. Agriculture

210. Deliveries of ground-nuts to the Gambia Marketing Board (GMB) in crop year 1982/1983 totalled 127,000 tonnes as compared to 45,000 tonnes in 1980/1981. However, export prices of ground-nuts declined by 41 per cent between the two years. This, combined with high producer prices, resulted in large losses to the GMB totalling an estimated D 300,000 in 1982/1983.

3. Tourism

211. The recovery in tourism, which began in 1982/1983, has continued. Charter tourists in 1982/1983 numbered some 24,000 and the preliminary indications for 1983/1984 are for an increase of at least 10-15 per cent. The available hotel bed capacity would thus be fully utilized. However, the financial benefits from this recovery remain small, as hotel rates are very low and the Gambia has to compete effectively with other areas of beach tourism.

212. There is an urgent need to improve and increase progressively the present tourist services. Supply of electricity, telephone service and facilities at the Yundum airport need improvement. Schemes for import substitution, particularly for food and drinks consumed by tourists, and for the promotion of non-charter tourism need to be promoted. The Government allocated D 600,000 in 1981 as emergency relief grants for tourism promotion. Unfortunately, no external assistance has been received for the implementation of a comprehensive five-year tourism marketing plan, which requires an estimated \$4,870,500 in external assistance. This plan was included in the special programme of economic assistance (A/37/138/Add.1, annex, paras. 1-8).

4. Government finances

213. The Government faces a serious problem of large budget deficits. A large deficit was avoided in 1981/1982 because of emergency relief grants supplemented by STABEX (a scheme for stabilization of agricultural export prices developed by the European Economic Community (EEC) with associated member countries). Such grants and STABEX were not available in 1982/1983 and the deficit increased sharply from D 2.98 million to an estimated D 39.27 million (see table 31). There was a major increase in recurrent expenditure, in particular for security, debt service, subsidies and wage and salary increases. The devaluation of the dalasi and the declining value of the pound sterling to which it is linked significantly increased the debt-service burden, since a number of external loans, including those to the parastatals, are designated in dollars. The large losses of the parastatals are another strain on the budget and the economy. The revised estimate of public expenditure in 1982/1983 was almost 58 per cent higher than the actual expenditure in 1980/1981.

214. At the same time, revenue receipts are significantly below budget estimates due mainly to the direct and indirect effects of the fall in export prices of ground-nuts and ground-nut products which account for most of the country's export earnings. The decline in these prices reduced revenue from three principal sources: export duties, import duties and tax, and income tax.

Table 31

The Gambia: Government finances: 1980/1981 to 1982/1983

(Millions of dalasis)

	1980/1981 <u>a/</u>	1981/1982 <u>a/</u>	1982/1983 <u>b/</u>
Recurrent revenue	82.76	134.29 <u>c/</u>	104.95
Recurrent expenditure	91.3	137.27 <u>d/</u>	144.22
(of which, expenditure on security)	(5.0)	(5.63)	(10.0)
(Debt service)	<u>(4.07)</u>	<u>(8.53)</u>	<u>(24.32) e/</u>
Balance on current account	<u>-8.54</u>	<u>-2.98</u>	<u>-39.27</u>

a/ Actual.

b/ Revised estimates.

c/ Includes grants totalling D 41.5 million, of which D 28.0 million represented grants for relief and rehabilitation after the widespread rioting of 30 July 1981, and D 13.5 million STABEX assistance.

d/ Includes expenditures in the aftermath of the events of 30 July 1981, i.e. relief, rehabilitation and increased expenditure on the maintenance of law and order.

e/ Debt-service obligations have increased sixfold between 1980/1981 and 1982/1983. Some loans taken on commercial terms have largely contributed to the increase. In 1982/1983, over 60 per cent of debt service was for external loans, which was equal to some 20 per cent of export earnings.

215. The budget for 1983/1984 provides for a further increase in the recurrent expenditure to D 151.8 million, 5.3 per cent higher than the revised estimate for 1982/1983. It also provides for increases in debt service, wages and salaries, and reduction of expenditures on goods and services. The Government proposes to reduce expenditure on the maintenance of essential services and infrastructure by 10 per cent. While this is considered necessary, it will result in a further deterioration of roads, buildings, vehicles and other equipment.

216. Because of its budgetary difficulties, the Government is unable to meet adequately the recurrent costs of maintenance and operation of development projects, the counterpart costs of externally financed projects and the costs of projects wholly financed from domestic sources. This is a serious problem that threatens the whole development effort. The Government hopes that external assistance will help to overcome these difficulties.

5. Balance of payments

217. Gambia suffers from a continuing and serious deterioration in its terms of trade. With ground-nuts and ground-nut products accounting for nearly 85 to 90 per cent of the country's export earnings, the steep fall in their export prices - some 41 per cent between 1980/1981 and 1982/1983 - has contributed largely to the decline in the terms of trade. The main import items are food and live animals, mineral fuels, manufactured goods, and machinery and transport equipment. The deficit on current account amounted to D 152.89 million in 1981/1982 and D 132.23 million in 1982/1983.

218. The large deficits on current account are met mainly by inflows on capital account. Official loans and transactions, including loans and grants for development projects and technical assistance, are the largest components. The overall deficit of D 42.88 million in 1982/1983 was partly financed by drawings from IMF. Arrears on external payments amounted to D 38.76 million (see table 32).

Table 32The Gambia: balance of payments, 1981/1982-1982/1983

(Millions of dalasis)

	1981/1982	1982/1983 a/
Merchandise trade, f.o.b.	-89.02	-81.44
Exports, f.o.b. b/	122.58	147.23
(Of which: official re-exports and unrecorded border trade)	(78.23)	(72.54)
Imports, f.o.b. c/	-211.60	-228.67
Services and private transfers	-63.87	-50.79
Current account	-152.89	-132.23
Capital account d/	117.09	89.35
Overall balance	-35.80	-42.88
Financing:		
Special drawing rights	0.44	
International Monetary Fund reserve position	-	6.54
Use of IMF resources	17.25	
Foreign exchange and other items	34.20	-2.42
Balance	16.09	-38.76

Source: The Gambian authorities.

a/ Estimate.

b/ Export figures include an estimate of the unrecorded trade.

c/ Import figures are adjusted from a c.i.f. to an f.o.b. valuation by deducting 12.4 per cent for freight and 1.9 per cent for insurance.

d/ Includes technical assistance.

/...

219. Negotiations with the International Monetary Fund (IMF), which began in December 1983, culminated in an agreement for another stabilization programme and stand-by arrangement for special drawing rights of \$12.8 million. One of the measures in the programme was the devaluation of the dalasi by 25 per cent vis-à-vis the pound sterling to which it is linked.

6. Food situation

220. In 1983/1984, drought was even more severe than in previous years, with rainfall 50 per cent of the normal level. As a result, the Gambia lost about half of its cereal production. In August 1983, the Government launched an appeal for food assistance. In December 1983, a FAO/WFP mission confirmed the seriousness of the situation, and WFP immediately pledged an emergency grant of 7,200 tonnes of rice. Taking into account the other food pledges made up to May 1984, a deficit of 10,657 tonnes of cereals remains to be met.

221. Emergency assistance to deal with the effects of the drought was provided by the United Nations Development Programme (UNDP) from resources made available by the dissolution of the United Nations Emergency Operations Trust Fund. An amount of \$746,800 has been approved for three projects for supply of seeds, village food-storage facilities and crop protection.

C. Second Five-Year Plan for Economic and Social Development (1981/1982-1985/1986)

222. The Second Five-Year Plan had projected total fixed investment of D 675 million at constant 1980/1981 prices. The total public investment was projected at D 514 million and private investment at D 161 million. Development expenditure within the public investment programme was projected at D 475 million. The Government of the Gambia published a mid-term review of the Plan in October 1983. Details can be obtained from the Ministry of Economic Planning and Industrial Development, Banjul.

223. During the first two years of the Plan, the implementation rate was 81 per cent of the target. Almost 75 per cent of the total expenditure is estimated to have been financed from external resources and 25 per cent from domestic resources, which included emergency relief and STABEX grants. An effort has been made to minimize the effects of the shortfall and to achieve the objective of an annual economic growth averaging 5 per cent. All available resources are being concentrated (a) for the completion of ongoing projects, and (b) for new projects which are concerned directly with the productive sectors and others that will relieve shortages or bottle-necks.

224. As noted above, the Second Five-Year Plan had envisaged development expenditure totalling D 475 million at 1980/1981 constant prices, of which 27.6 per cent was for agriculture, 14.2 per cent for utilities and 30.3 per cent for transport and communications. The total for development expenditure has since been revised downwards and is now estimated at D 417.8 million at constant

1980/1981 prices. The priorities remain basically unchanged. It is foreseen that about 87 per cent of this expenditure will be financed from external loans and grants in the ratio of 55 to 45. The Government is hopeful that an encouraging response from the donor community will enable it to achieve its development objectives.

225. A donors' Round Table is scheduled for late November 1984 at Banjul.

D. Special programme of economic assistance

226. Six projects were recommended for assistance in 1982 as follows (for details, see A/37/138, annex, sect. VI, and A/37/138/Add.1):

	<u>Estimated cost</u> (Dollars)
(a) Rice irrigation development	4 887 800
(b) Renovation of Radio Gambia	1 333 600
(c) National Youth Programme	1 598 000
(d) Five-year tourism marketing plan	4 870 500
(e) Maintenance of urban roads	4 625 000
(f) Repair of Brumen bridge	1 175 000

227. No external funding has been received so far for these projects.

VIII. SIERRA LEONE

A. Background

228. In its resolution 37/158 adopted on 17 December 1982, the General Assembly expressed concern for the serious socio-economic problems being experienced by Sierra Leone, and requested the Secretary-General to dispatch a multi-agency mission to Sierra Leone to hold consultations with the Government on the additional assistance needed for the country's economic and social development. The report of that mission is contained in document A/38/211, dated 13 June 1983, which describes the economic and social situation of Sierra Leone as of early 1983 and presents the country's high-priority needs for external assistance.

229. The Republic of Sierra Leone, on the north-west African coast has a land area of 27,925 square miles and a population of about 3.3 million. The country is favourably endowed with natural resources - agricultural, mineral and water - and has the potential to achieve, eventually, self-sustaining growth. In recent years, however, it has experienced serious economic and financial difficulties, due partly to the adverse impact of the slow-down in global economic activity and in part to structural imbalances in its economy. Sierra Leone is classified by the United Nations as a least developed country.

B. Economic situation

230. The economy of Sierra Leone is being undermined by severe scarcities of imported raw materials and spare parts for industry, a drying-up of trade and commercial credits, large commercial payment arrears and unmitigated strains on government finances. Commercial activity and employment have fallen.

231. The two-tier exchange-rate system, which the Government had adopted in December 1982 with a view to diverting foreign resources to the official banking system and consequently reducing parallel market activities, was abolished in July 1983, and the rates unified at leones (Le) 2.50 to the dollar.

1. Measures to restore short-term economic stability and revive long-term growth

232. To overcome the present crisis and to reduce the underlying imbalances in the economy, the Government has adopted a strategy which places the highest priority on expanding domestic productive activities. A rolling plan concept has been adopted for the Second National Development Plan now being finalized. In addition, an understanding has been reached with the International Monetary Fund (IMF) that outlines a policy to restore long-term growth and stability to the country. The adjustment programme under the one-year IMF stand-by arrangement incorporates restrictive fiscal and monetary policies aimed at improving the balance of payments. The programme is also designed to relieve the upward pressure on prices while contributing to a measurable degree to overall economic recovery. It builds upon earlier policies such as producer price increases and the exchange rate adjustment implied in the unification of the official and commercial rates that became effective in July 1983. These measures, together with a proposed further increase in the producer price of rice, are intended to induce not only increased production, but also to re-divert exports of agricultural produce, diamonds and gold to official channels.

233. There are already strong indications of a substantial increase in the Sierra Leone Produce Marketing Board's purchases of coffee and palm kernels in the period July to December 1983. Similarly, preliminary evidence on both the cocoa and rice crops for 1983 suggests a large increase from the levels achieved in recent years.

234. Action has also been taken to discontinue the practice of enterprises obtaining credit from the local banking system on the strength of guarantees given by foreign institutions, except in the case of direct investment and after careful examination. The measure seems to be contributing to a dampening of parallel market activity by reducing the extent of credit to the private sector.

235. The problem of excess liquidity in the economy is receiving greater attention. In this regard, consideration is being given to allowing non-bank financial institutions to accept deposits from the private sector. This will not only facilitate the mobilization of additional domestic resources for development, but also form the basis for fostering greater specialization in the provision of financial services. It is hoped that the creation of such a financial nexus in specific sectors of the economy will contribute to a more effective utilization of available resources in the development of those sectors and promote the savings habit among a larger section of the community.

C. Special programme of economic assistance

236. An assistance programme composed of 71 priority projects, costing \$275 million, was presented in document A/38/211. Of these projects, 27, costing \$124 million, are considered especially urgent. In addition, 18 other important projects with a total cost of \$196 were identified. The projects included in the priority list were selected on the basis of meeting one or more of the following criteria:

- (a) Projects leading rapidly to increased production for the domestic or export markets;
- (b) Projects that save foreign exchange;
- (c) Projects that support the most essential parts of the economic infrastructure;
- (d) Projects that improve the very unsatisfactory national health profile;
- (e) Projects that impose the least burden on the recurrent budget.

237. As at mid-1984, less than 3 per cent of the resources required to implement the priority projects had been mobilized (see table 33). This does not include \$12 million allocated by the World Bank for the renovation of power systems throughout the country, to be applied when co-financing can be arranged.

Table 33

Sierra Leone: resource mobilization for programme of assistance,
as of mid-1984

(Millions of dollars)

Sector	Total required	Under mobilization
Agriculture	57.91	2.03
Energy	23.80	
Mining	70.90	
Industry and manufacturing	55.95	0.25
Transportation	82.21	
Health, water and sanitation	21.04	0.36
Housing	10.93	
Education and training	12.41	5.00
Social welfare	0.22	0.03
Total	<u>275.37</u>	<u>7.67</u>

238. With assistance from UNDP, the Government has initiated preparatory activities for the convening of a Round Table of Partners in Development to mobilize increased international support for the country's economic programmes.

239. Sierra Leone's considerable and varied natural resources provide a strong base for economic growth. However, the country requires a substantial amount of external assistance to ameliorate its present financial situation, permit project implementation and enable it to advance in realizing its economic potential.

IX. UGANDA

A. Background

240. Following the collapse in 1979 of the régime in power in Uganda since 1971, the General Assembly, at its thirty-fourth session, requested the Secretary-General to consult with the Government on its most urgent reconstruction, rehabilitation and development needs. Document A/37/121, of 19 March 1982, describes in detail Uganda's economic and social situation as of early 1982. The most recent report of the Secretary-General on assistance to Uganda was contained in document A/38/216 of 26 September 1983.

241. Uganda is a fertile country of 236,000 square kilometres and a population of about 13.9 million. It is classified by the United Nations as a least developed country. During the period 1972-1980 the Ugandan economy underwent a decline as a result of serious shortcomings in the economic and social policies then in effect; during the liberation war of 1979, it suffered disruptions and, during 1979 and 1981, some parts of the country experienced serious drought and famine. The critical socio-economic situation that these circumstances imposed on Uganda was compounded by the widespread drought of 1983 and 1984 that seriously affected southern Uganda and neighbouring countries.

242. In its resolution 38/207 of 20 December 1983, the General Assembly invited the international community to make available the necessary resources to implement Uganda's Recovery Programme (1982-1984) and meet the remaining needs described in document A/38/216. The Recovery Programme, containing the measures and options which the Government had adopted to meet the overall economic situation, was drawn up in April 1982 and endorsed by the donor community. In November 1983, the Government issued a Revised Recovery Programme (RRP) to cover the period 1983-85 which, in January 1984, at a meeting held in Paris, was endorsed by the Consultative Group on Uganda.

B. Economic situation

1. Gross domestic product

243. The year 1981 marked a turning-point for Uganda away from the declining trend towards positive economic growth. Since then, GDP has been rising and improvement has been registered in practically all sectors of the economy. Real GDP increased by 3.9 per cent in 1981, 8.2 per cent in 1982 and 7.3 per cent in 1983. The structure of Uganda's GDP is shown in table 34.

Table 34Uganda: gross domestic product, by sector, 1983

Sector	Percentage
<u>Monetary economy</u>	<u>60.2</u>
Agriculture	22.6
Manufacturing	3.9
Other	33.7
(of which Government)	12.3
<u>Non-monetary economy</u>	<u>39.8</u>
Agriculture	34.9
Other	<u>4.9</u>
Total	<u>100.0</u>

2. Government policies

244. Significant improvement has been effected in government budgetary operations, monetary developments and the balance of payments. Major determinants of such performance were, first, the bold and imaginative economic policies initiated in June 1981 and, above all, the material and financial support from the international community. These two broad factors have continued to influence the economy throughout 1982-1984 and will continue to do so during 1985.

245. The Government is committed to monitoring the structure of production costs and returns to farmers in order to ensure that prices provide the incentive for increased production. A further aim is to reduce or eliminate price differentials between Uganda and her neighbours so as to curb smuggling. An Agricultural Secretariat has been created to advise the Government on agricultural prices and other matters related to the evolution of appropriate policies in the agricultural sector. Producer prices of principal products have been increased very substantially (see table 35).

246. The price incentives given to farmers have elicited a substantial increase in output. Total production of coffee increased from 97.5 thousand tonnes in 1981/1982 to 166.6 thousand tonnes in 1982/1983 and to about 192 thousand tonnes in 1983/1984. Cotton production increased from 27,000 bales in 1981/1982 to 55,000 bales in 1982/1983 and to an estimated 100,000 bales in 1983/1984. Production of tea and tobacco has more than doubled since 1980.

Table 35

Uganda: export crop producer prices
(Uganda shillings per kilo)

Commodity	June 1982	May 1983	July 1983	December 1983	June 1984
Coffee (robusta)	50	60	80	100	130
Cotton	40	50	60	90	120
Tea	10	15	25	40	45
Tobacco	100	115	150	200	220

3. Monetary issues

247. The objectives of the dual exchange-rate system, introduced in August 1982 as a mechanism for the allocation of scarce foreign exchange, were largely achieved. This system improved government finances during 1982 and 1983. About 5.3 million Uganda shillings (USh) or 14.9 per cent of the total recurrent revenue was raised in 1982/1983 as foreign-exchange profits arising from foreign-exchange auctioning. For the first nine months of 1983/1984 this source accounted for USh 6.9 billion or 11.6 per cent of total recurrent revenue. In June 1984, a single floated rate, determined at a weekly auction of foreign exchange conducted by the central bank, was established under the single-rate system and the exchange rate was fixed at USh 320 to the dollar.

248. The exchange-rate adjustments have had a substantial impact on the economy through reducing premiums on smuggling of goods to neighbouring countries and thereby stopping the practice. They have also led to control of the unofficial market for foreign exchange and have hence diverted export trade from this market to official channels. With the floating of the Uganda shilling, the Government decided to dismantle price controls on consumer goods. The policy of decontrolling prices has allowed most commodity prices to fluctuate according to market conditions.

249. The Government has continued to review prices of petroleum products and public-utility charges. In order to reduce or remove the element of subsidy and to curb smuggling of petroleum products from Uganda to neighbouring countries, pump prices for petroleum were increased in 1982, 1983 and 1984. These measures have led to a reduction in oil consumption and consequently in foreign-exchange outlays on oil imports, as compared to 1980 import levels. Petroleum imports, however, continue to represent a heavy burden on the balance of payments.

4. Balance of payments

250. Uganda's trade deficit declined sharply from \$122.5 million in 1982 to an estimated \$51.6 million in 1983. The deficit is expected to be reduced still

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further in 1984 to \$25.5 million (see table 36). The estimated import bill for 1984 is less than one half that for 1982. Export earnings are expected to be reduced by 47 per cent in 1984 as compared with the previous year.

251. Net payments on non-factor services are also expected to decline sharply between 1983 and 1984. Taking account of other items in current transactions, the balance on the current account is expected to show a marked reduction in the deficit, which is expected to drop to \$16.8 million as compared with \$255.8 million in 1982.

252. On the capital account, data are not yet available on a number of items, but preliminary estimates indicate a substantial reduction in flows in 1983 and 1984. The overall balance, however, is estimated to be in surplus in 1984 by about \$23 million.

Table 36
Uganda: balance of payments, 1982-1984
(Millions of dollars)

	1982	1983 <u>a/</u>	1984 <u>a/</u>
Merchandise: exports, f.o.b.	335.0	362.6	192.3
Merchandise: imports	-457.5	-414.2	-217.8
Trade balance	<u>-122.5</u>	<u>-51.6</u>	<u>-25.5</u>
Non-factor services (net)	-96.0	-114.1	-38.8
Resource balance	<u>-218.5</u>	<u>-165.7</u>	<u>-64.3</u>
Investment income (net)	-51.1	-	-
Unrequited transfers (net)	13.8	96.5	47.5
Current account balance	<u>-255.8</u>	<u>-69.2</u>	<u>-16.8</u>
Official grants receipts	88.4	n.a.	n.a.
Public long-term loans (net)	151.1	n.a.	n.a.
Use of IMF credit	82.4	92.0	12.4
Other capital items	78.6	n.a.	n.a.
Capital account balance	<u>400.5</u>	<u>95.5</u>	<u>39.9</u>
Overall balance of payments	<u>144.7</u>	<u>26.3</u>	<u>23.1</u>
Arrears	-86.4	8.1	-18.2
Change in reserves <u>b/</u>	-58.3	-34.4	-4.9
Reserve level	73.1	107.5	112.4

a/ Estimates.

b/ A minus sign (-) denotes an increase in reserves.

5. Government budget

253. Uganda's overall budget remains in deficit (see table 37). However, estimates for 1983/1984 indicate that the recurrent budget was in surplus by US\$ 11 billion, while development expenditures, which are outstripping development revenues, produced a development deficit of US\$ 30 billion in that year.

Table 37

Uganda: Government budget, 1981/82 to 1984/85
(Billions of Uganda shillings)

	1981/82 <u>a/</u>	1982/83 <u>a/</u>	1983/84 <u>b/</u>	1984/85 <u>c/</u>
Total revenue	<u>27.9</u>	<u>36.7</u>	<u>90.5</u>	<u>193.1</u>
Recurrent revenue	24.4	35.6	84.0	134.2
Development revenue	3.5	1.1	6.5	5.0
External loans and grants	-	-	-	53.9
Total expenditure	<u>37.0</u>	<u>52.5</u>	<u>109.5</u>	<u>198.8</u>
Recurrent expenditure	(28.0)	43.7	73.0	117.2
Development expenditure	(9.0)	8.8	36.5	81.6
Overall deficit	<u>-9.1</u>	<u>-15.8</u>	<u>-19.0</u>	<u>-5.7</u>
Recurrent deficit	-3.6	-8.1	11.0	17.0
Development deficit	-5.5	-7.7	-30.0	-22.7

a/ Actual.

b/ Revised estimates.

c/ Estimates.

254. Efforts continue to be made to improve on tax administration. As a result, recurrent revenue rose from US\$ 24.4 billion in 1981/1982 to US\$ 84.0 billion in 1983/1984. In addition to the traditional major items of recurrent revenue, foreign-exchange profits arose from the operation of the dual-exchange system. With the unification of the two exchange rates, this source of revenue will cease in 1984/1985.

255. With regard to expenditure, the Government cut back severely in order to remain within the quarterly credit ceilings agreed with the IMF. However, because of the sharp nominal increases in prices caused by the depreciation of the shilling, the freeing of most commodity prices and the increases in public utility tariffs and petroleum prices, total central government expenditure increased from US\$ 37.0 billion in 1981/1982 to an estimated US\$ 109.5 billion in 1983/1984. One third of the 1983/1984 expenditure was for development.

6. Regional co-operation

256. In December 1983, the Arusha Accord was signed by the three countries of Kenya, Tanzania and Uganda. This agreement, which was reached through the mediation of the World Bank, addresses the division of the assets and liabilities of the former East African Community. The Accord provides for reimbursements to Uganda of \$145 million by Kenya and \$46 million by Tanzania. It also provides guidelines for co-operation among the three countries in the future. Overall, the Arusha Accord significantly improved the political and economic climate in the region.

C. Special programme of economic assistance

257. Although the Revised Recovery Programme retains the Recovery Programme's emphasis on short-term revival of the productive sector, the RRP aims at greater precision and tries to address directly the problem of implementation bottle-necks. More realistic cost estimates for projects have been made and expenditures have been phased in line with implementation capacity. Ministries or agencies responsible have been clearly identified for each project, and a project summary of funds secured to date from donor or government sources and the balance required for each project have been included.

258. Table 38 shows a summary of expenditure requirements for the RRP over 1982-85 and the balance required to complete ongoing projects in later years. The Government plans to spend a total of about \$800 million over 1982-1985, of which \$152.05 million was spent during 1982/1983. In addition, about \$924 million will be needed to complete ongoing projects beyond the RRP period. Government believes that these expenditure levels are appropriate in the light of the projected resource position. On a sectoral basis, resources have been reallocated from mining, energy and transport towards industry and infrastructure, partly to reflect donors' preferences as demonstrated by actual experience during 1982/1983. The problems of aid utilization and project implementation have virtually been solved. What remains is the mobilization of the required external assistance to finance the programme and the related recurrent inputs.

Table 38

Uganda: resource mobilization for investment programme, mid-1984

(Millions of dollars)

Sector	Total	1982/1983 <u>a/</u>	1983/1984	1984/1985	Balance <u>b/</u>
Agriculture	433.18	55.90	64.78	94.60	217.90
Industry and tourism	620.57	55.57	103.25	122.70	339.05
Mining and energy	104.85	1.49	12.27	13.53	77.56
Transport and communications	316.10	7.30	38.10	68.40	202.30
Social infrastructure	247.72	31.79	52.18	76.78	86.97
Total	<u>1 722.42</u>	<u>152.05</u>	<u>270.58</u>	<u>376.01</u>	<u>923.78</u>

a/ Actual.

b/ Required.

259. The achievements of Uganda are laudable when viewed against the state to which the economy had regressed by 1979. However, when they are measured against the enormity of what remains to be done in order to restore the socio-economic conditions that the country enjoyed in the 1960s and early 1970s, the prospect makes for sober reflection. It should be emphasized, therefore, that it is essential that the donor community not only maintain its level of response to the needs of this country but even augment the quantity and quality of that response for at least the duration of the Revised Recovery Programme.
