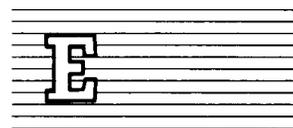


UNITED NATIONS
ECONOMIC
AND
SOCIAL COUNCIL



Distr.
LIMITED
E/CEPAL/L.286/Add.29
January 1984
ORIGINAL: ENGLISH

ECLA

Economic Commission for Latin America

ECONOMIC SURVEY
OF LATIN AMERICA

1982

DOMINICA

This preliminary version of the *Economic Survey of Latin America*, 1982 is being distributed in the form of a general introduction, under the symbol E/CEPAL/L.286, and a number of addenda, each containing a study of the economic evolution of a country of the region. The complete Survey will be published later.

Notes and explanation of symbols

The following symbols have been used in the tables in this Survey:

Three dots (...) indicate that data are not available or are not separately reported.

A dash (—) indicates that the amounts is nil or negligible.

A blank space in a table means that the item in question is not applicable.

A minus sign (-) indicates a deficit or decrease, unless otherwise indicated.

A full stop (.) is used to indicate decimals.

A slash (/) indicates a crop year or fiscal year, e.g., 1969/1970.

Use of a hyphen (-) between years, e.g., 1960-1970, signifies an annual average for the calendar years involved, including the beginning and the end years.

References to "tons" mean metric tons, and to "dollars" United States dollars, unless otherwise stated.

Unless otherwise stated, references to annual growth rates or rates of variation mean cumulative annual rates.

Figures and percentages in tables may not necessarily add up to the corresponding totals, because of rounding.

DOMINICA

1. Recent economic trends: Introduction and summary

In 1982 work continued on the reconstruction of the economy after the devastation caused by severe hurricanes in 1979-1980. The gross domestic product (GDP) rose moderately (3%), following the high recovery growth rates of 16% and 8% registered in 1980 and 1981, respectively (see table 1),¹ but per capita income fell slightly because of a surge in the population on account of the return of people who had migrated from the island after the storms.

The country's gross income, for its part, rose at a faster pace than the product (5.6%), reflecting a favourable shift in the terms of trade in 1982.

Although the 1982 value of the GDP in real terms exceeded pre-hurricane levels (1978) by some 8%, the economy's recovery was still not complete. Agricultural output remained below 1978 levels and the volume of banana production —the principal cash crop— was still 23% below to that recorded prior to the storms. The tourist industry, too, still had not regained its pre-hurricane level of activity, since the number of visitors in 1982 was nearly 36% below arrivals registered in 1978. Additionally, rehabilitation of the country's road network lagged behind schedule. On the other hand, the restoration of the nation's electrical system progressed in 1982 and service approached pre-hurricane levels. Telephone hookups also were restored to normal levels.

In 1982 the country's small manufacturing sector continued to show dynamism and several new and important industries came on stream, some of them dedicated to exports. Also, a new airport was opened up near the nation's capital, giving an important boost to the tourist industry and business in general.

The external sector continued to grow stronger in 1982. Export growth was vigorous (28%), while imports fell slightly (4%), causing the trade deficit to fall by nearly 25%. The trade performance led to a marked improvement in the current account position, and the overall balance of payments recorded a deficit of US\$ 3 million in 1982, compared to nearly US\$ 7 million the year before.

In 1982 diminishing world inflation contributed to a sharp fall in the rate of domestic price increases, which averaged a little over 4%, compared to 13% the year before.

Fiscal developments have been conditioned by the targets laid down in an IMF extended adjustment programme. Specifically, policy has aimed at tightening Government finances and eliminating deficits on the budget current account by fiscal year 1983/1984. Much progress has been made in this regard as revenue measures and economic recovery, coupled with restraint on the expenditure side, have brought the current deficit down by 86% between fiscal years 1979/1980 and 1982/1983. Meanwhile, capital outlays —financed mostly by grants and concessionary loans— rose by nearly 20% in 1982/1983 as the Government continued its efforts to improve infrastructure and provide incentives for private investment and job creation.

2. Trends in economic activity

As an emerging mini-State in the Lesser Antilles (Independence was attained in 1978), Dominica faces serious challenges in its process of development. The domestic market is very small, with a population of about 80 000 in a land mass of 750 square kilometres. Thus, goods produced locally are highly reliant on export markets, while the commodities marketed in the economy tend to be

¹National accounts data are given in East Caribbean dollars. Since 1976 the E.C. dollar has been pegged to the US dollar at a rate of EC\$ 2.70 = US\$ 1.00.

imported. Services are the main item which is both produced and consumed within the economy.² These characteristics are reflected in the fact that 40% of Dominica's current-value GDP is purchased by foreigners, and the respective shares of imports and domestically produced services in the GDP are 78% and 53%.

The extreme openness of the economy complicates economic management, as the authorities have only limited ability to control important aspects of the development process such as output, inflation and the balance of payments. This situation is made more difficult by the fact that Dominica's terrain is extremely mountainous and densely forested, placing obstacles to the development and maintenance of infrastructure for transport and communications, as well as the cultivation of crops. Furthermore, the country's ability to exploit tourism is restricted by a scarcity of beaches, particularly the white sand variety.

In addition to these more or less natural obstacles to development, Dominica found its economic activity curtailed in the late 1970s by social unrest; this was then followed by the devastating effects of hurricanes David and Allen in 1979 and 1980.

Table 1
DOMINICA: MAIN ECONOMIC INDICATORS

	1980	1981	1982 ^a
A. Basic economic indicators			
GDP at factor cost (EC\$ million at 1977 prices)	92.0	99.5	102.8
Population (thousands)	83.5	78.0	80.9
Per capita GDP (EC\$ at 1977 prices)	1 102	1 277	1 271
Growth rates			
B. Short-run economic indicators			
Gross domestic product	15.6	8.2	3.3
Per capita domestic product	14.4	15.9	-0.5
Gross income ^b	14.3	5.8	5.6
Terms of trade (goods)	-6.6	-3.2	7.3
Current value of exports (goods)	3.2	97.9	27.6
Current value of imports (goods)	114.8 ^c	4.2	-4.4
Consumer prices			
December - December	21.4	8.1	4.0
Variation between annual averages	29.8	13.3	4.4
Money ^d	-10.9	-2.6	-3.8
Rate of unemployment ^e	23.0	23.0	15.0
Current income of government ^f	52.4	18.1	1.9
Total expenditure of government ^f	22.3	-2.9	4.3
Fiscal deficit/total expenditure of government ^f	45.2	33.4	34.9
C. External sector			
Trade balance (goods)	-38.0	-30.5	-23.0
Balance on current account	-27.0	-21.5	-15.1
Balance on capital account	27.2	14.9	12.3
Overall balance	0.2	-6.6	-2.8
External public debt	17.5	23.5	32.9

Source: ECLA, on the basis of official data.

^aIminary figures.

^bGDP adjusted for the effect of the terms of trade.

^cRegistered imports only; excludes relief imports.

^dCurrency and demand deposits (M₁).

^ePercentage.

^fFiscal year basis, July 1 - June 30.

²For a general discussion of the problems of a mini-State see D. Khatakate and B. Short, "Monetary and Central Banking Problems of Mini-States", *World Development*, Vol. 8, 1980, pp. 1017-1025.

Table 2

DOMINICA: TOTAL SUPPLY AND DEMAND

	Millions of 1977 EC\$		Percentage breakdown		Growth rates	
	1981 ^a	1982 ^b	1978	1982 ^b	1981 ^a	1982 ^b
Global supply	199.6	198.1	167.5	163.4	4.7	-0.8
GDP at market prices	116.3	121.2	100.0	100.0	16.1	4.2
Imports of goods and services	83.3	76.9	67.5	63.4	-8.0	-7.7
Global demand	199.6	198.1	167.5	163.4	4.7	-0.8
Internal demand	158.9	151.2	125.9	124.7	-5.5	-4.8
Gross investment	37.2	32.2	24.7	26.6	-29.0	-13.4
Public	23.6	22.8	12.1	18.8	65.0	-3.4
Private	13.6	9.4	12.6	7.8	-59.8	-30.9
Consumption	121.7	119.0	101.1	98.2	5.2	-2.2
Public	29.6	31.5	22.3	26.0	4.6	6.4
Private	92.1	87.5	78.8	72.2	5.4	-5.0
Exports of goods and services	40.7	46.9	41.6	38.7	80.1	15.2

Source: ECLA estimates on the basis of data provided by the Ministry of Finance of Dominica.

^aPreliminary figures.

^bEstimates.

The Government elected in 1980 has had as its main task the rebuilding and recovery of the economy. The authorities have formulated a clear development strategy in this regard which consists of using the public sector to develop infrastructure and providing incentives conducive to private investment, with the objective of making the latter the prime motor of growth and employment. To this end, investment is being promoted in labour-intensive, export-oriented manufacturing and foreign investors are welcome, particularly in joint ventures.

It is also worth mentioning that since 1981 Government policy-making has been done in the context of an IMF extended adjustment programme which is scheduled to be in force until early 1984. The goals of the programme are, among other things, to restore financial discipline to Government finances and to promote a viable balance-of-payments situation for the country.

a) *Global supply and demand trends*

After growing by nearly 5% in 1981, global supply contracted slightly in 1982 on account of an absolute reduction in the real value of imports (see table 2). On the demand side, exports of goods and services continued to be the most dynamic element, expanding by 16% after the 80% recovery growth rate registered in 1981 so that the real value of exports has finally been pushed above the levels predating the hurricane crisis of 1979-1980. Internal demand, on the other hand, remained sluggish in 1982, falling in absolute terms for the second consecutive year.

The main factor behind the flagging internal demand trends was a marked fall-off in investment activity. One reason for this was that much of the investment related to the reconstruction effort had reached completion. Another was that Government investment activity in 1982 was curtailed by supply and administrative bottlenecks. At the same time, the private sector did not pick up the slack either, as its investment activity declined sharply for the second consecutive year (see table 2).

Another element behind the sluggish internal demand is the fact that aggregate consumption fell off by 2% in 1982 after a 5% rise in 1981, reflecting a reduced level of private consumption which more than offset a modest rise in the consumption of the consolidated public sector.

b) *Growth of the main sectors*

Overall, the GDP at factor cost rose by 6% in nominal terms and 3% in real terms in 1982 (see tables 3 and 4).

The real growth of the product in 1982 represented a marked slowdown from the recovery growth rates of 16% and 8% experienced in 1980 and 1981, respectively. The overall performance was considerably affected by the fact that the recovery of agriculture lost much of its earlier momentum, while budgetary restrictions, related to the IMF agreement, put constraints on the growth of Government activities. The sluggish expansion of the product also reflected the effects of an absolute decline in the value of construction following completion of many aspects of the reconstruction effort. The only major economic sectors to display vigorous expansion in 1982 were basic services and manufacturing.

i) *Agriculture*. Agriculture is the mainstay of the economy and contributed nearly 40% of GDP and employed more than a third of the work force before the hurricane damage of 1979. In 1982, the sector continued its recovery —albeit sluggishly— from the hurricane damage, growing by nearly 4% in real terms. Output, nevertheless, was still only 89% of the level achieved in 1978 and the sector's share of the product came to a relatively depressed 31%.

Banana production is the dominant agricultural activity. As may be seen from table 5, the subsector is made up mainly of small farmers and overall yields are quite low, about 3 tons per acre. The low yields reflect the fact that most growers do not farm high-quality stands: the scarcity of flat land necessitates cultivation on steep slopes, and deficiencies exist in the application of fertilizers and pesticides as well as in the harvesting of the fruit.

Farmers are organized through the Dominica Banana Grower's Association (DBGA), which is responsible for the production, packing and marketing of the crop. The Association in turn is a member of the Windward Islands Banana Grower's Association, which represents the countries of the area in negotiations for the export of the fruit. Practically the entire export crop is sold to the United Kingdom under the preferential arrangements of the Lomé Convention.

Table 3
DOMINICA: GROSS DOMESTIC PRODUCT, BY KIND OF
ECONOMIC ACTIVITY, AT FACTOR COST

(Current prices)

	Millions of current EC dollars		Percentage breakdown		Growth rates	
	1981 ^a	1982 ^b	1978	1982 ^b	1981 ^a	1982 ^b
Gross domestic product	155.4	164.9	100.0	100.0	8.1	6.1
Goods	77.0	77.9	50.8	47.3	10.3	1.2
Agriculture	50.9	50.7	39.1	30.8	15.6	-0.4
Mining	1.3	1.4	1.0	0.8	11.1	7.7
Manufacturing	10.2	11.8	5.7	7.2	47.6	15.7
Construction	14.6	14.0	5.0	8.5	-21.2	-4.1
Basic services	16.3	18.2	8.3	11.0	16.8	11.7
Electricity, gas and water	4.9	5.0	2.3	3.0	40.6	2.0
Transport, storage and communication	11.4	13.2	6.0	8.0	8.4	15.8
Other services	62.1	68.8	40.9	41.7	5.0	10.8
Commerce, restaurants and hotels	14.7	15.6	13.5	9.5	2.2	6.1
Financial institutions and insurance	9.2	9.7	4.8	5.9	2.6	5.4
Real estate and ownership of dwellings	8.1	8.6	6.2	5.2	12.1	6.2
Government services	35.4	40.0	18.3	24.3	5.0	13.0
Other services ^c	-5.3	-5.1	-1.9	-3.2	...	...

Source: Statistical Division, Ministry of finance of Dominica.

^aPreliminary figures.

^bEstimates.

^cIncludes adjustment for imputed banking service charges.

Table 4

DOMINICA: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC ACTIVITY, AT FACTOR COST

(Constant 1977 prices)

	Millions of current EC dollars		Percentage breakdown		Growth rates	
	1981 ^a	1982 ^b	1978	1982 ^b	1981 ^a	1982 ^b
Gross domestic product	99.6	102.9	100.0	100.0	8.2	3.3
Goods	48.4	49.9	50.2	48.5	14.2	3.1
Agriculture	30.4	31.5	37.3	30.6	28.8	3.6
Mining	0.7	0.8	1.2	0.8	-	14.3
Manufacturing	7.3	8.0	6.2	7.8	17.7	9.6
Construction	10.0	9.6	5.5	9.3	-16.0	-4.0
Basic services	7.3	8.3	8.2	8.1	-4.0	13.7
Electricity, gas and water	1.8	2.0	2.0	1.9	5.9	11.1
Transport, storage and communication	5.5	6.3	6.2	6.2	-6.8	14.6
Other services	43.9	44.7	41.6	43.4	4.1	1.8
Commerce, restaurants and hotels	12.9	13.1	13.5	12.6	5.7	1.6
Financial institutions and insurance	5.8	5.8	4.7	5.6	3.6	-
Real estate and ownership of dwellings	5.6	5.7	5.3	5.6	1.8	1.8
Government services	22.1	22.6	20.4	22.0	4.7	2.3
Other services ^c	-2.5	-2.5	-2.3	-2.4	...	-

Source: *Statistical Division*, Ministry of finance of Dominica.^aPreliminary figures.^bEstimates.^cIncludes adjustment for imputed banking service charges.

Table 5

DOMINICA: 1982 BANANA PRODUCTION FOR EXPORT, BY SIZE OF GROWERS' OUTPUT

Range of output (tons)	Growers		Output ^a		Acreage	Yield per acre (tons)
	Number	Percentage	Tons	Percentage		
Total	5 818	100.0	27 067	100.0	13 546	2.0
0 - 5	4 301	73.9	6 811	25.2	8 225	0.83
6 - 20	1 294	22.2	12 059	44.6	3 854	3.13
21 and over	223	3.9	8 197	30.2	1 467	5.59

Source: Dominica Banana Growers' Association.

^aIncludes only output for export that was sold through the Banana Growers' Association; this represents roughly 99% of total export production.

The subsector was devastated by the two hurricanes already mentioned and also suffered from an outbreak of leaf-spot disease. Output plummeted from 48 000 tons in 1978 to 14 000 tons in 1980. In order to promote recovery, a United Kingdom/EEC/USAID-financed banana rehabilitation programme was initiated after the hurricanes.

In 1981 output did in fact show a partial recovery and in 1982 it rose by a further 7% (see table 6). Nevertheless, the production of 37 000 tons was still well below the 48 000 tons achieved in 1978. The volume destined for export rose slightly (1.5%) in 1982, but remained 26% below the 37 000 tons exported in 1978.

Aside from the problems already mentioned, the 1982 results may have been hampered by price disincentives. The farmgate price for bananas paid by the DBGA averaged 18.5 East Carribean cents per pound in 1982. Although data on production costs are not readily available, profit margins on banana sales could not have compared favourably with those recorded for other important crops (see table 7). In spite of relatively favourable export quotations, the price that DBGA has been able to transmit to growers has been limited by high overheads related to management problems and debts accrued in the aftermath of the hurricane damage. Depreciation of the pound sterling (the currency in which export prices are quoted) with respect to the US dollar (the currency to which the East Caribbean dollar is pegged) also aggravated the situation. Nevertheless, the partial recovery of banana output, renegotiation of the Association's debt and changes in management practices contributed to a marked improvement in the DBGA's financial position in 1982.

Table 6

DOMINICA: INDICATORS OF AGRICULTURAL PRODUCTION

(Thousands of tons)

	1980	1981	1982 ^a	Growth rates		
				1980	1981	1982 ^a
Production of main crops						
Bananas	13.7	34.8	37.2	-43.6	154.0	6.9
Total of which bananas for export	8.1	27.1	27.5	-49.4	234.6	1.5
Coconuts	5.7	6.3	7.4	-52.1	10.5	17.5
Plantains	1.2	1.3	1.4	-42.9	8.3	7.7
Root crops						
Sweet potatoes	1.5	1.4	1.4	15.4	-6.4	-
Yams	4.1	4.4	4.4	46.4	7.3	-
Tannia	6.5	6.8	7.0	25.0	4.6	2.9
Dasheen	10.4	10.6	10.7	-	2.0	1.0
Vegetables						
Cabbage	1.0	1.0	1.0	25.0	-	-
Cucumbers	2.1	2.3	2.4	23.5	9.5	4.4
Citrus fruit						
Limes	5.1	5.3	5.4	1.5	3.9	1.9
Grapefruit	6.4	6.9	7.4	6.7	7.8	7.2
Oranges	1.9	2.0	2.0	-	5.3	-
Other crops						
Cocoa	0.4	0.4	0.5	-	-	25.0
Coffee	0.1	0.2	0.2	-50.0	100.0	-
Indicators of livestock production (tons)						
Beef	163.0	204.0	208.0	0.6	25.1	2.0
Pork	191.0	227.0	267.0	16.5	18.8	17.6
Mutton ^b	53.0	55.0	56.0	-	3.8	1.8
Chicken ^b	18.1	20.0	21.9	...	10.5	9.5

Source: Statistical Division, Ministry of Finance of Dominica.

^aPreliminary figures.

^bThousands of head.

Table 7

**DOMINICA: ESTIMATED FARMGATE PRICES AND PRODUCTION COSTS
FOR SELECTED AGRICULTURAL PRODUCTS IN 1982**

(East Caribbean cents per pound)

	Farmgate price ^a	Production costs	Margin
Main crops			
Bananas	18.5 ^b	...	...
Coconuts	20 ^c	...	...
Plantains	32	16	16
Root crops			
Sweet potatoes	52	13	39
Yams	65	13	52
Tannia	62	18	44
Dasheen	27	11	16
Vegetables			
Cabbage	109	16	93
Cucumbers	44	12	32
Citrus fruit			
Limes	49	...	...

Source: Market Intelligence Unit, Ministry of Agriculture of Dominica, and Dominica Banana, Growers' Association.

^a Estimates are based on retail prices in Roseau less estimated transport costs.

^b Price paid to farmers by the Dominica Banana Growers' Association. The price includes a fertilizer subsidy of 6 EC cents per pound.

^c Per nut.

The Government initiated steps in 1982 to reorganize the banana industry. The plan is to transfer more of DBGA's production operations to the growers themselves for the purpose of improving incentives and productivity; the Board itself would be converted into a small efficient marketing agency operated in line with strict commercial criteria. In any event, the DBGA has recently been encouraging greater participation of farmers in the processing of bananas for export. About 17% of the fruit for export is now packed in the field, and another 8% is processed by co-operatives. Field packing has helped to reduce wastage, as rejected fruit declined to 20-25% of total output in 1982 from levels that had been as high as 35-40%.

As in the case of other agricultural activities, coconut production continued its recovery from hurricane damage in 1982, and output rose by nearly 18%, although it was still 40% below pre-hurricane levels (see table 6). A Canadian-financed rehabilitation programme has focussed on the supply of fertilizers, the rehabilitation of 3 000 acres and the planting of 2 500 new acres. The first two components were nearly completed in 1982 and efforts began to be focussed on the expansion of acreage and access roads.

Citrus fruit production also showed some recovery in 1982, although output remained well below pre-hurricane levels. The grapefruit harvest rose by some 7% and that of limes by 2%; production of oranges, on the other hand, stagnated. At the same time, the Government completed its purchase of a lime juice estate that was formerly privately owned. A partially European-financed lime rehabilitation programme was placed underway and 200 acres of the estate were refurbished. Rehabilitation did not reach projected levels, however, partly due to a shortage of available finance.

In 1982 the Government entered the third phase of a partially United Kingdom-financed Tree-Crop Diversification Programme. This aims to broaden the productive base away from bananas by expanding acreage for avocados, mangoes, etc.

Other projects of interest underway in this subsector in 1982 included a pilot project for prawn farming for export; a programme for the production and export of ornamental plants, and initiation of a reforestation plan.

ii) *Manufacturing*. Manufacturing activity in Dominica is of limited scope and labour-intensive. Nevertheless, from its small base, the sector has been a dynamic element of growth as its share of the product has risen from 6% to 8% over the last five years.

In 1982 output expanded by nearly 10% in real terms, with almost all the major manufacturing items displaying significant expansion. Growth in certain products, however —for example, copra and coconut oils— represented continued partial recovery from the effects of hurricanes David and Allen. On the other hand, there was a sharp gain in the production of animal feeds and the relatively new activity of soap production continued its expansion, although growth rates were sluggish as compared to 1980 and 1981 (see table 8).

The Government is actively promoting investments in labour-intensive, export-oriented manufacturing activities. Two specialized agencies work hand-in-hand in this regard. The Industrial Development Corporation (IDC) promotes new investments, while the Dominica Agricultural, Industrial and Development Bank (AID Bank) provides financing for certain aspects of the projects through lines of credit established with official agencies such as the Caribbean Development Bank (CDB), the Venezuelan Investment Fund, USAID, etc.

One important activity in industrial promotion is the financing and construction of factory shells for rental to new manufacturing firms. In 1982 the AID Bank completed 20 000 square feet of industrial space. In the same year an industrial shell was occupied by a garment company which is a subsidiary of a Trinidadian conglomerate. The plant employs 60 people (expected to rise to 150) in the production of garments for export to Trinidad and Tobago. Other new industrial activities initiated in 1982 were a factory employing 24 people on the fabrication of garments for local consumption; a tyre retreading factory (employing 5); a candle-making establishment (employing 12); and a noodle factory directing its output to the local market.

The citrus processing plant purchased by the Government processed 900 tons of fruit in 1982. While this was well below plant capacity, it does mark an important reactivation of this industry and the beginning of efforts to intensify the processing of citrus and diversification into oils and canning operations.

Finally, in 1982, the IDC laid the groundwork for several new projects in the manufacturing sector. These included an EC\$ 3.15 million German-owned brewery to produce beer for local consumption and export; a clay brick factory; a spring water bottling operation, and the manufacture of industrial gloves and sporting goods for export to the United States.

Table 8

DOMINICA: INDICATORS OF MANUFACTURING PRODUCTION

	1980	1981	1982 ^a	Growth rates		
				1980	1981	1982 ^a
Production of some important manufactures (tons)						
Laundry soap	3 962	5 210	5 304	102.1	31.5	1.8
Toilet soap	1 085	2 020	2 107	128.9	86.2	4.3
Animal feed	222	221	1 055	-74.3	-0.5	377.4
Copra	847	744	1 626	-69.2	-12.2	118.6
Cigarettes	25	25	...	-16.7	-	...
Pipe tobacco	3	4	4	-40.0	33.3	-
Preserves	336	354	347	60.0	5.5	-2.0
Crude coconut oil ^b	555	532	1 168	-71.5	4.1	119.6
Edible coconut oil ^b	127	90	682	-71.8	-29.1	657.8
Rum ^b	527	...	...	30.5	...	...
Soft drinks ^c	262	...	197	9.2	...	...
Electricity ^d	6 701	12 614	15 723	-44.8	88.2	24.6

Source: Ministry of Finance of Dominica.

^aPreliminary figures.

^bThousands of litres.

^cThousands of cases.

^dThousands of kWh.

Table 9

DOMINICA: SELECTED TOURISM INDICATORS

	1979	1980	1981	1982 ^a	Growth rates		
					1980	1981	1982 ^a
Total visitors (thousands)	28.1	24.8	22.9	22.8	-11.7	-7.7	-0.4
Stopover visitors	15.5	14.3	15.2	18.9	-7.7	6.3	24.3
Cruise-ship visitors	7.8	7.4	5.5	2.4	-5.1	-25.7	-56.4
Excursionists	4.8	3.1	2.2	1.5	-35.4	-29.0	-31.8
Average length of stay of stop over visitors ^b	10.2	7.8	8.2	8.2	-23.5	5.1	
Hotel and guest house beds ^c	410.0	315.0	353.0	358.0	23.2	12.1	1.4
Estimated visitor expenditure ^d	2.6	2.9	3.2	4.0	11.5	10.3	25.0

Source: Statistical Division of the Ministry of Finance of Dominica, Quarterly Bulletin of Tourism Statistics, (various numbers) and data provided to ECLA by the Dominica Tourist Board.

^aPreliminary figures.

^bDays.

^cExcludes the Portsmouth Beach Hotel which began operation in 1982 but is under contract for the housing of Ross University medical students.

^dMillions of US dollars.

Table 10

DOMINICA: MAIN FOREIGN TRADE INDICATORS

	1978	1979	1980	1981	1982 ^a
Growth rates					
Exports of goods ^b					
Value	34.1	-41.7	2.0	100.6	21.6
Volume	22.9	-48.1	-17.4	97.2	12.0
Unit value	8.9	11.2	24.4	-1.9	11.4
Imports of goods					
Value	30.0	-22.1 ^c	114.8 ^c	4.2	-4.4
Volume	14.8	-27.3 ^c	71.6 ^c	3.4	-8.0
Unit value	8.2	12.5	33.4	1.3	3.8
Terms of trade	0.6	-1.1	-6.6	-3.2	7.3
Indexes (1977 = 100)					
Terms of trade	100.6	99.5	92.9	89.9	96.5
Purchasing power of exports ^d	123.6	63.5	49.0	93.4	120.0

Source: Statistical Division, Ministry of Finance of Dominica, and ECLA.

^aEstimate.

^bExcludes re-exports.

^cRegistered imports only; excludes relief imports.

^dVolume of exports of goods adjusted with respect to the effect of the terms of trade.

iii) *Basic services.* There was relatively strong growth in this sector. In 1982, work continued on the rehabilitation of the country's electricity network, and service was nearly brought up to the pre-hurricane levels (see table 8). The Water Authority also pursued its project for the provision of potable water to rural areas, although progress was slowed down by funding problems.

In the area of transport, a major event in 1982 was the inauguration of the United Kingdom-financed Canefield Airport. This 2 500 foot facility lies just outside the capital city of Roseau; it provides an alternative to Melville Hall Airport on the eastern side of the island with its 1 1/2-2 hour automobile drive to the city over a rough cross-island road. Even though the new airport suffers from a short landing strip, lack of equipment and lighting, as well as cross winds, it has proved to be a successful venture, and by the last quarter of 1982 more than two-thirds of all air passenger traffic was passing through it.

Dominica's roads were severely damaged in the 1979-1980 hurricanes. A 4-year multidonor road project got underway in 1982, but work proceeded much more slowly than expected due to administrative bottlenecks.

iv) *Tourism*. The development of tourism in Dominica is handicapped by the scarcity of beaches. There is, however, some limited potential for development of the industry on the basis of the island's rugged unspoiled natural scenery. Hotels and tour operations are at present largely under the control of nationals.

Overall, the number of tourist visitors fell slightly in 1982, continuing the declining trend of the last few years. However, the most important component of tourist visitors —stopovers— showed a substantial gain of 24%, while there was also a parallel expansion of tourist expenditures (see table 9). Given the international recession, this represents a rather favourable performance. Even so, the industry still has not regained the stopover visitors lost following hurricanes David and Allen, as the 19 000 arrivals in this category represented only 90% of the stopover visitors recorded in 1978.

The opening of Canefield Airport gave a boost to the tourist industry as it provided potential visitors with easy access to the main hotels and tour agencies in Roseau. Also, CDB financing reportedly became available to rebuild the Fort Young Hotel, a tourist facility in Roseau constructed on the ruins of an old fort, but destroyed by the hurricanes of 1979-1980.

3. The external sector

a) *Foreign trade*

In 1982 there was vigorous growth in the value of exports on the basis of significant gains in both the quantum and unit value of goods sold abroad. This marks the second consecutive year in which exports have performed well (see table 10).

Export trends are even more notable when it is taken into account that bananas, the traditional mainstay of the export sector, have still not recovered their place lost due to the damage inflicted by hurricanes David and Allen; table 11 shows that while these exports grew in value of 200% and 10% in 1981 and 1982, respectively, their share of total export earnings is only 41%, compared to nearly 60% in 1978.

Worthy of notice is the relatively strong performance of non-traditional exports, which grew in value by 24% in 1982, compared to 14% for more traditional items. The value of soap exports continued to show vigorous expansion, while two new exports —galvanized sheets and garments— gave added impetus to growth in earnings (see table 11). In 1982 non-traditional exports accounted

Table 11
DOMINICA: EXPORTS OF GOODS, FOB

	Millions of US dollars			Percentage breakdown		Growth rate	
	1978	1981	1982 ^a	1978	1982 ^a	1981	1982 ^a
Total	15.9	19.2	24.5	100.0	100.0	97.9	27.6
Main traditional exports	12.0	10.4	11.8	75.5	48.2	160.0	13.5
Bananas	9.2	9.1	10.0	57.9	40.8	203.3	9.9
Citrus fruits	1.0	0.5	0.9	6.3	3.7	-	80.0
Coconut oil	0.8	0.2	0.3	5.0	1.2	-50.0	50.0
Lime oil and juice	0.5	0.3	0.2	3.1	0.8	...	-33.3
Bay oil	0.5	0.3	0.4	3.1	1.6	200.0	33.3
Main non-traditional exports	1.9	7.6	9.4	11.9	38.4	55.1	23.7
Soap	1.9	7.6	8.7	11.9	35.5	55.1	14.5
Galvanized sheets	-	-	0.5	-	2.0	-	...
Garments	-	-	0.2	-	0.8	-	...
Other exports	1.8	0.8	1.6	11.3	6.5	-55.6	100
Re-exports	0.2	0.4	1.7	1.3	6.9	-	325.0

Source: Statistical Division, Ministry of Finance of Dominica.

^aPreliminary figures.

for nearly 40% of all earnings, compared to only 12% in 1978. While some of this displacement reflects the still incomplete recovery of agricultural exports, it does not diminish the fact that Dominica's newer export products have shown promising dynamism in recent years. It is also worth mentioning that there was a considerable rise in re-exporting activity in 1982.

Simultaneously, imports slackened, falling in value by 4.4% after a 4.2% rise in 1981 (see table 10). The reduced value of imports reflected lower volume, stemming generally from the already mentioned sluggish trends in internal demand, both in terms of investment and consumption. It can be seen from table 12 that most of the main categories of imports contracted in value in 1982, with the strongest reductions being recorded in animal and vegetable oils and machinery and equipment.

Comparing export and import prices, the terms of trade rose by about 7% in 1982. The improvement was, however, not sufficient to offset unfavourable trends in the three preceding years, so that the terms of trade index in 1982 remained below the levels recorded in 1977 and 1978 (see table 12).

As for the exchange rate, this remained fixed in 1982 at EC\$ 2.70 per US dollar, a rate that has prevailed since 1976. The regional currency, which is managed by the East Caribbean Currency Authority (ECCA) in Saint Christopher/Nevis,³ must legally be backed by a 60% cover in foreign convertible currency; at the end of 1982 the balance of cover was considerably more (77%), permitting the East Caribbean dollar to continue to be one of the most stable currencies in Latin America and the Caribbean.

Dominica's trading patterns followed traditional lines in 1982 with the United Kingdom and CARICOM countries the main export markets, and the United States and CARICOM countries the main source of imports (see table 13). It has already been mentioned that the split in the trade pattern between US dollar and pound sterling currency areas has created some problems as an appreciating US dollar has put downward pressure on the EC dollar value of agricultural exports to the country's principal market, the United Kingdom. Moreover, the effect has been asymmetric, since imports are largely from dollar-denominated currency areas, with the United States alone accounting for nearly 30% of the total.

Table 12

DOMINICA: IMPORTS OF GOODS, CIF

	Millions of US dollars		Percentage breakdown		Growth rates	
	1981	1982 ^a	1978	1982	1981	1982 ^a
Total	49.7	47.5	100.0	100.0	4.2	-4.4
Consumer goods	23.6	24.0	54.4	50.5	11.9	1.7
Food and live animals	10.9	11.1	29.1	23.4	14.7	1.8
Beverages and tobacco	1.6	1.5	4.2	3.1	-15.8	-6.2
Manufactures, includes durables	11.1	11.4	21.1	24.0	14.4	2.7
Intermediate goods	13.9	12.9	22.1	27.2	0.7	-7.2
Crude materials	1.1	1.4	1.7	3.0	-54.2	27.3
Mineral fuels	4.3	3.9	6.0	8.2	2.4	-9.3
Chemicals	5.7	5.3	12.6	11.2	1.8	-7.0
Animal and vegetable oils	2.8	2.3	1.8	4.8	75.0	-17.9
Capital goods	12.2	10.6	23.5	22.3	-4.7	-13.1
Machinery and transport equipment	8.7	7.0	16.1	14.7	-9.4	-19.5
Miscellaneous items	3.5	3.6	7.4	7.6	9.4	2.9

Source: Statistical Division, Ministry of Finance of Dominica.

^aPreliminary figures.

³Other member countries are Antigua and Barbuda, Grenada, Saint Christopher/Nevis, St. Lucia, St. Vincent and the Grenadines, and Montserrat.

Table 13

DOMINICA: DIRECTION OF TRADE

(As percentages of total)

	1978	1979	1980	1981	1982 ^a
Total exports	100.0	100.0	100.0	100.0	100.0
United Kingdom	67.3	55.5	34.5	52.1	44.1
United States	2.7	3.9	0.6	1.6	1.3
CARICOM	22.3	31.8	60.5	43.4	44.6
Other Caribbean	5.2	5.9	2.7	2.9	2.7
Others	7.7	2.9	1.7	-	7.1
Total imports	100.0	100.1^b	100.0^b	100.0	100.0
United Kingdom	27.0	25.0	23.1	19.2	16.6
United States	14.8	14.1	22.4	24.8	27.9
Canada	5.2	5.0	4.1	4.8	4.3
CARICOM	28.7	27.8	26.8	26.9	27.3
Other Caribbean	8.3	9.5	7.5	9.9	10.6
Other	24.3	18.6	16.1	14.4	13.3

Source: Statistical Division, Ministry of Finance of Dominica.

^aPreliminary figures.^bRefers to recorded imports and includes imports related to hurricane relief.

Table 14

DOMINICA: BALANCE OF PAYMENTS

(Millions of US dollars)

	1979	1980	1981	1982 ^a
Current account balance	2.5	-27.0	-21.5	-15.1
Trade balance	-12.8	-38.0	-30.5	-23.0
Exports FOB	9.4	9.7	19.2	24.5
Imports CIF	22.2 ^b	47.7 ^b	49.7	47.5
Services (net)	1.6	2.0	2.8	2.7
Private transfers (net)	6.8	6.3	5.8	5.2
Insurance receipts	6.9	2.7	0.4	-
Capital account	-6.0	27.2	14.9	12.3
Official transfers (net)	20.6	17.2	8.7	5.8
Public sector borrowing (net)	0.7	1.4	5.5	5.9
Other capital flows	-10.1	14.1	0.8	0.6
Errors and omissions	-17.2	-5.5	-0.1	-
Global balance	-3.5	0.2	-6.6	-2.8
Total variation of reserves (- sign indicates an increase)	3.5	-0.2	6.6	2.8
IMF reserve position	2.9	-0.3	5.5	3.1
Net foreign assets	0.3	-0.2	0.6	-0.3
Special Drawing Rights allocations	0.3	0.3	0.3	-
Other	-	-	0.2	-

Source: Ministry of Finance of Dominica.

^aPreliminary figures.^bIncludes only registered imports; excludes relief imports.

b) *The current account and capital movements*

Dominica does not publish official balance-of-payments statistics, but estimates are available. According to these, the country continued to progress in its efforts to stabilize the external accounts. Vigorous growth of exports, coupled with contracting imports, helped to shrink the traditional trade deficit to US\$ 23 million, compared to US\$ 38 million and US\$ 31 million in 1980 and 1981, respectively (see table 14). The same trend was reflected in the current account, as the US\$ 15 million deficit of 1982 was only a little more than half of the negative balance recorded in 1980. These deficits, while much attenuated, still remained high relative to pre-hurricane levels, however, as the trade and current deficits as a percentage of GDP were 38% and 25%, respectively, in 1982, compared to 32% and 18% in 1978.

The 1982 current account deficit was financed from three main sources: grants from foreign governments; public sector borrowing, largely from governments and international development agencies; and drawdowns under the IMF extended adjustment programme (see table 14).

c) *External indebtedness*

Reflecting reconstruction efforts, public debt has nearly doubled since 1980; it amounted to US\$ 33 million in 1982 (see table 15). Loans are largely from concessionary sources and this is reflected in indicators suggesting that the debt is not unduly burdensome: while external obligations as a percentage of the product were 46%, debt service as a percentage of exports and tourism came to a relatively low 9%.

The low absolute level of the traditional debt service coefficient in 1982 may, however, provide an incomplete picture of the situation. On the one hand, the coefficient itself more than doubled in 1982; this change in the midst of an austere fiscal environment was in itself sufficient to make debt service take on greater weight for public officials. On the other hand, the bulk of the increased debt service burden was derived from a sharp rise in average interest rates; unlike payments of capital, which are usually automatically refinanced by new loans, interest payments carry less assurance of automatic rollover. Thus, while Dominica relies on "soft" credit windows, in relative terms it too has suffered from escalating world commercial interest rates, which have put upward pressure on the terms of concessionary loans.

Table 15

DOMINICA: INDICATORS OF EXTERNAL INDEBTEDNESS^a

	1980	1981	1982 ^b
Thousands of US dollars			
External public debt (end of year)	17 496	23 528	32 941
Debt service	650	883	2 597
Capital	243	425	628
Interest	407	458	1 969
Percentage			
Coefficients			
Outstanding external public debt as a percentage of GDP at market prices	30.2	34.9	45.7
Debt service payments as a percentage of exports of goods and tourism	5.2	3.9	9.1
Interest payments as a percentage of exports of goods and tourism	3.2	2.0	6.9
Average interest payments ^c	2.8	2.6	8.0

Source: Ministry of Finance of Dominica.

^aIncludes obligations with the IMF.

^bPreliminary figures.

^cInterest payments as a percentage of debt outstanding at the beginning of period.

4. Employment, wages and prices

a) *Employment*

Dominica does not have official statistics on unemployment, so that the available information is of necessity only a very rough approximation. In any event, immediately following the hurricane, local estimates put unemployment at around 23%, a figure that undoubtedly was aided by outward migration of part of the work force to neighbouring islands. In 1982 some improvement was perceived in the unemployment situation despite the return of many workers who had migrated after the storms; local estimates put unemployment at around 15% that year.

b) *Wages*

In 1979-1980 Dominica experienced considerable upward pressure on wages. This mainly resulted from the 82% wage increase won in 1979 by civil service workers, which rippled through to settlements in other sectors. As part of its stabilization efforts the Government sought to contain future trends in wage adjustments; this is reflected in a wage settlement with its civil service that calls for a 10% annual adjustment in the period 1982-1984. This civil service agreement was meant to set guidelines for the private sector. Compliance has not been together generalized, however, as some settlements have been in excess of this figure.

Government officials are committed to restraining wage adjustments in order to improve the State finances, to provide a stimulus for productive activities in traditional export areas, and to create incentives for private investment in non-traditional products. To this end, the Government has pursued a dialogue with labour unions (which have about 60% of the labour force as members) to encourage compliance with official wage policies, and it has required public agencies to use "ability to pay" as a criterion for wage settlements.

c) *Prices*

Given the extreme openness of Dominica's economy, international inflation is a main determinant of domestic price trends. An exception to this rule was in 1979-1980, when local supply shortages greatly aggravated the upward pressure on domestic prices exerted by the then escalating world inflation and resulted in unusually sharp rises in the consumer price index (see table 16). Stabilization efforts, coupled with substantially reduced world inflation, subsequently ameliorated the situation, and in 1982 the consumer price index rose by only 4%. This performance was greatly aided by relatively stable food prices (up only 2% on an annual average basis), a component of the index which carries a weight of nearly 60%.

5. Monetary and fiscal policies

a) *Monetary policy*

Dominica has only very limited control over its money supply. While the ECCA is scheduled, eventually to become a central bank for member countries, in 1982 it remained basically a clearing facility. Thus, monetary flows in Dominica continued to be largely determined by the evolution of the balance of payments. Under these circumstances the Government could influence monetary aggregates only in an indirect and very limited way, via policies affecting exports, imports and capital flows.

In 1982 the nominal supply of money continued the contraction witnessed in the last few years, declining by some 4% (see table 17). Domestic credit rose by some 11%, representing a marked deceleration of growth as compared with previous years. Net credit to the public sector displayed the buoyancy of the recent past, expanding by some 25%. The private sector, on the other hand, experienced a marked reduction in the rate of expansion of its liabilities to the banking system, as credit grew by only 11%, compared to 35% and 22% in 1980 and 1981 respectively.

The expansion of credit was accompanied by very strong growth in savings and time deposits (see table 17). This growth could not be explained by trends in interest rates, since these have remained remarkably stable over the years. The major source of deposit growth seems to have been placements made by the social security system and, to a lesser extent, government deposits linked to unused portions of loans for development projects.

Table 16

DOMINICA: EVOLUTION OF DOMESTIC PRICES

	1978	1979 ^a	1980	1981	1982 ^b
Variation December to December					
Consumer price index	9.3	34.1	21.4	8.1	4.0
Food	5.7	45.4	24.6	6.6	-
Alcohol and tobacco	7.9	9.2	12.3	2.3	13.7
Housing	12.5	27.3	13.9	1.3	14.6
Fuel and light	26.6	36.9	36.8	9.1	3.8
Household and miscellaneous items	18.3	21.6	19.6	16.2	9.8
Clothing and footwear	20.3	18.4	12.4	14.7	4.4
Services	3.7	21.9	17.5	16.6	12.5
Variation between annual averages					
Consumer price index	7.7	19.9	29.8	13.3	4.4
Food	5.1	23.4	34.7	15.8	1.9
Alcohol and tobacco	4.4	7.4	15.7	2.8	9.0
Housing	9.0	12.0	33.0	2.8	7.4
Fuel and light	22.3	26.9	38.7	6.9	4.2
Household and miscellaneous items	41.0	17.7	25.0	15.9	11.6
Clothing and footwear	17.3	20.9	15.6	14.8	6.5
Services	4.4	13.9	24.5	14.4	9.4

Source: Statistical Division, Ministry of Finance of Dominica.

^a Due to devastation caused by hurricane David it was not possible to compile the index for September and October 1979; thus the index is based on estimates excluding these two months.

^b Preliminary figures.

Table 17

DOMINICA: MONETARY BALANCE

	1980	1981	1982	1980	1981	1982
Money^a	27.1	26.4	25.4	-10.9	-2.6	-3.8
Factors of expansion	82.6	87.7	101.6	-	6.2	15.9
Foreign assets (net)	-1.2	-23.5	-22.3	...	...	...
Domestic credit	83.8	111.2	123.9	26.0	32.7	11.4
Government (net)	31.2	40.8	50.8	23.3	30.8	24.5
Private sector	50.3	61.4	68.1	34.5	22.1	10.9
Other	2.3	9.0	5.0	-39.5	291.3	-44.4
Factors of absorption	55.5	61.2	76.3	6.3	10.3	24.7
Quasi-money ^b	52.4	54.8	70.9	11.0	4.6	29.4
Other items (net)	3.1	6.4	5.4	-38.0	106.5	-15.6

Source: International Monetary Fund, *International Financial Statistics*, June 1983, pp. 144-145.

^a Currency and demand deposits (M₁).

^b Savings and time deposits (M₂).

In 1982 government policy was to encourage the private banking system to tighten credit for motor cars and consumer durables, and expand credit for productive activities. It appears that these efforts met with mixed success. On the one hand, there was considerable expansion of private credit for tourism and building, but credit to agriculture and manufacturing—two key productive sectors—actually declined in 1982 (see table 18). On the other hand, credit for the distributive sector and personal loans, both with a significant component of consumption, expanded in 1982. It should be mentioned, however, that while growth of credit for personal loans was relatively buoyant, that for the distributive sector was marginal in real terms and represented a considerable slowdown with respect to rates recorded in previous years.

Table 18

DOMINICA: SECTORAL DISTRIBUTION OF COMMERCIAL BANK CREDIT

	Millions of EC dollars			Growth rates		
	1980	1981	1982 ^a	1980	1981	1982 ^a
Agriculture	11.0	11.4	10.9	-9.1	3.6	-4.5
Manufacturing	4.8	4.3	3.8	60.0	-10.4	-11.6
Distributive trade	10.3	14.5	15.3	24.1	40.8	5.5
Tourism	2.3	1.9	2.7	-11.5	-17.4	42.1
Transportation	5.6	6.7	6.1	93.1	19.6	-9.0
Public utilities (gas, electricity and telephone)	0.2	0.3	-	100.0	50.0	...
Government and other statutory bodies	13.8	19.1	17.1	48.4	38.4	-10.5
Building and construction	1.5	1.7	3.4	87.5	13.3	100.0
Personal loans	14.3	16.5	19.5	50.5	15.4	18.2
Other advances	4.3	2.8	2.3	65.4	-34.9	-17.9
Memorandum item						
Long-term loans as a percentage of total loans	49.7	47.8	48.5	48.4	-3.8	1.5

Source: East Caribbean Currency Authority, Saint Christopher/Nevis, *Commercial - Banking Statistics*, period ended March 1983; and data supplied to ECLA.

^aPreliminary figures.

Table 19

DOMINICA: CENTRAL GOVERNMENT INCOME AND EXPENDITURE

	Millions of EC dollars			Growth rates		
	1980/ 1981	1981/ 1982	1982/ ^a 1983	1980/ 1981	1981/ 1982	1982/ ^a 1983
1. Current revenue	48.0	56.7	57.8	52.4	18.1	1.9
Direct taxes	14.8	16.0	17.3	...	8.1	8.1
Indirect taxes	29.0	33.1	33.1	...	18.2	...
Non-tax revenue	5.2	7.6	7.4	26.8	46.2	2.6
2. Current expenditure	65.1	62.1	61.3	16.0	-4.6	-1.3
Wages and salaries	36.3	38.2	35.7	40.2	5.2	-6.6
Interest	4.4	3.7	4.8	100.0	-15.9	29.7
Other	24.4	20.2	20.9	-12.9	-17.2	3.0
3. Savings on current account (1 - 2)	-17.1	-5.4	-3.5	...	...	...
4. Capital expenditure	22.5	23.0	27.5	45.2	2.2	19.6
5. Total expenditure (2 + 4)	87.6	85.1	88.8	22.3	-2.9	4.3
6. Fiscal deficit (surplus)	39.6	28.4	31.0	-1.3	-28.3	9.2

Source: Ministry of Finance of Dominica.

^aPreliminary figures.

b) Fiscal policy

The overall conduct of fiscal policy was heavily conditioned by the Government's efforts to strengthen public finance. These efforts, in turn, were couched in terms of traditional IMF programme targets for adjustment. Thus, a major goal in the adjustment effort is to reduce the central government's deficit on current transactions, and finally eliminate it by fiscal year 1983/1984.

In 1982 there were clear signs of progress in this regard. The deficit on current account, which had reached 18% of GDP in the fiscal year 1979/1980, was reduced to 5.4 million East Caribbean dollars, or 3% of GDP, by fiscal year 1981/1982. A further reduction in the deficit to 3.5 million East Caribbean dollars (2% of GDP) was achieved in the 1982/1983 budgetary balance (see table 19).

The stronger fiscal performance reflects efforts to contain expenditure and raise revenue. Revenues have increased by more than 80% since 1979/1980 because of, *inter alia*, recovery of economic activity and more careful screening of tariff exemptions. Meanwhile, moderation of civil service wage demands and adjustments aimed at reducing central government transfers have helped to keep the growth of expenditure down to 9% over the same period. It should be noted that even with recent restraint in collective bargaining, wages and salaries represent a considerable burden on the budget, accounting for nearly 60% of all current outlays.

The deficit on current account in 1982/1983 exceeded targeted levels. This occurred largely because of shortfalls in planned revenue stemming from sluggish imports (and hence lower-than-expected tax revenue) and delays in implementing new hospital fees. Although a sharp rise (30%) in interest payments on public debt put pressure on expenditures, this was offset by cutbacks in outlays for other areas.

In 1981/1982 capital expenditures by the Government were well below expectations, expanding by only 2%. Investment activity was hindered by delays in disbursement of foreign loans. Capital outlays were much more buoyant during the following fiscal year, rising by nearly 20%; nevertheless, investment lagged behind targeted levels because of delays in finalizing a major road rehabilitation project.

The overall fiscal deficit has fallen from 30% of GDP in 1979/1980 to 15% of GDP in 1982/1983. Most of the deficit is financed by grants and concessionary loans. Under the IMF programme, non-concessionary finance of the budget deficit is to be reduced from roughly a third in 1980/1981 to zero by fiscal year 1983/1984. In fiscal year 1981/1982 non-concessionary sources covered about a quarter of the deficit.

