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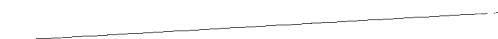
SECRETARY'S CIRCULAR NO. 84/65

To: Members of the Executive Board  
From: The Acting Secretary  
Subject: Report on Seminar for Non-Officials in West Africa

There is attached for the information of the Executive Directors a report on a seminar for non-officials co-sponsored by the Fund, the Senegalese Ministry of Economy and Finance, and the Central Bank of West African States (BCEAO), held in Dakar, Senegal, April 24-27, 1984.

Att: (1)

Other Distribution:  
Department Heads



INTERNATIONAL MONETARY FUND

Report on Seminar for Non-Officials in West Africa  
Dakar, Senegal, April 24-27, 1984

Prepared by the External Relations Department

Approved by A. F. Mohammed

July 3, 1984

1. Introduction

Since its inception in October 1981, the seminar program for non-officials has served to foster a better understanding of the role of the Fund, to evoke interest on the part of academics and other professionals in the Fund's work, and to provide opportunities for Fund staff to exchange ideas in areas of Fund competence with a wide circle of non-officials. In practice, the balance among the objectives has varied, but the seminar format has been effective in dealing with misinformation about the Fund among academics and others, as well as in developing with them a constructive dialogue on issues of mutual interest.

The first seminar for non-officials in West Africa was held in Dakar, Senegal, April 24-27, 1984, on the general theme "Adjustment Programs and Economic Growth." The seminar was the eighth in the EXR series worldwide, the second in Africa, and the second conducted in French (Table 1). It was co-sponsored by the Fund, the Senegalese Ministry of Economy and Finance, and the Central Bank of West African States (BCEAO). Mr. Mamoudou Touré, the Senegalese Minister of Economy and Finance, and Mr. Abdoulaye Fadiga, Governor of the BCEAO, addressed the opening session and attended the closing luncheon hosted by the Fund. Mr. Alfidja, who attended all sessions, made brief opening and closing statements. The opening session was covered by national TV, radio, and the press.

2. Selection and composition of participants

The seminar was attended by 44 participants and 28 observers from nine West African countries and four international and regional organizations. They were selected by the seminar co-sponsors in consultation with the Executive Directors representing the participating countries (Benin, Guinea, Ivory Coast, Mali, Mauritania, Niger, Senegal, Togo, and Upper Volta). The 44 participants included ten academics, 16 officials from central banks and other institutions, ten private bankers and businessmen, four journalists, and representatives of the African Development Bank, the

African Center for Monetary Studies, the African Institute for Economic Development and Planning, and the International Labour Organization. In addition, Mr. Alfidja, his Advisor Mr. Doe, and three Fund staff members <sup>1/</sup> attended, as well as two participants and one observer from the World Bank (for a list of participants and observers, see Attachment I). The seminar moderator was Professor Patrick Guillaumont, Director of the Center for Studies and Research on International Development of the University of Clermont I, France.

### 3. Organization and proceedings

Five working sessions, three hours each, considered papers from outside authors (3), Fund staff (2) and a presentation by a staff member of the World Bank (for the seminar program, see Attachment II). Each session consisted of a 15- to 20-minute presentation by the author, a commentary by a pre-designated discussant, a general discussion, and a concluding statement by the author.

The first and second sessions were devoted to an examination of recent economic developments in member countries of the West African Monetary Union (UMOA) and developments and prospects affecting primary commodity markets. Papers were presented by Mr. Damiba, UNDP Assistant Administrator and Regional Director for Africa, and Mr. Nana-Sinkam, Professor at Paris Dauphine and former Executive Director in the Fund.

The third session dealt with the general features of adjustment programs in Africa, based on a paper prepared by Mr. Calamitsis (AFR). The fourth session was based on a paper by Mr. Goreux (AFR), dealing with the experience of adjustment in the nine participating countries, followed by a presentation on the World Bank's structural adjustment assistance in the region by Mr. de Azcarate (IBRD). A final paper, by Mr. Mentré, former Executive Director in the Fund, dealt with problems of external indebtedness and options for dealing with them. The concluding session was devoted to a brief summing up by the moderator, followed by closing remarks by Mr. Ouattara, Vice Governor of the BCEAO, and Mr. Alfidja.

Minister Touré set the tone of the seminar in his opening address by speaking of "the inevitable need for countries to adjust, with or without the Fund, and the Fund's role in easing the burden of adjustment." Although a broad consensus emerged among the participants, including academics, that adjustment was necessary in West Africa, there was a tendency to attribute the causes of the problems to external rather than domestic factors. In this regard, the Fund was urged to spend more time studying the deeper causes of countries' economic difficulties. Also, while recognizing the need to adjust, some participants expressed serious reservations about what they perceived to be "shock treatment" prescribed by the Fund. In this context,

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<sup>1/</sup> Messrs. Goreux, Calamitsis (both AFR), and Abushadi (EXR).

some academics argued that the Fund was insensitive to social conditions in their countries and that Fund programs usually try to cut subsidies on essentials while neglecting fat in other areas. Fund programs were accused of overly focusing on the liquidation of external arrears and the repayment of debts with little regard to a country's economic conditions and long-term prospects. While proposals, some drastic, were made regarding external debt in particular, participants did not offer any alternatives or specific suggestions to change the substance of Fund programs.

In their views on adjustment policies, the participants could be divided into three groups: one group understood the concept of stabilization through control of aggregate demand and accepted that demand restraint was necessary in the short run. There was a degree of agreement among these participants over the merits of real positive interest rates, although several continued to regard them as adverse in their effects because they "increase costs and discourage investment."

A second group, comprised mainly of the academics, expressed the view that the Fund's "classical model of adjustment" is inappropriate for Africa; that aid in the past, particularly technical assistance, has been inefficient, too conditional, and insufficient in volume; that falling terms of trade, interest rates that were too high, and excessively volatile exchange rates are to blame for external difficulties; that government policies have exploited the rural areas and not helped the urban poor; and, more generally, that "fundamental revisions" were needed in many respects.

They were strongly opposed to exchange rate action in principle, the arguments being that it did not help exports because the countries have no control over external prices, that it increases the weight of the external debt and that it tended to reduce real wages.

The third group--principally civil servants, bankers, and private sector representatives--provided a variety of comments on the impact of adjustment programs on private enterprises. A concern was expressed that the private sector did not experience much direct financial benefit from Fund or Bank programs: everything seems to go to government or public enterprises. Another comment was that Bank and Fund programs should be more closely coordinated.

#### 4. Evaluation

Although criticism of the Fund and its prescriptions was occasionally pointed, particularly on the part of some academics, the seminar provided an opportunity for participants to hear reasoned responses, not only from Fund staff but also from other academics and non-officials who stressed the Fund's role in easing the burden of adjustment. Participants expressed appreciation for the opportunity to discuss issues, particularly within a group so diverse, but which nonetheless shared a common concern over the economic situation in their respective countries. Mr. Ouattara and

Mr. Diabate, BCEAO National Director for the Ivory Coast, both made the observation that perhaps the BCEAO should seek occasions for dialogue with the local academics and others in an endeavour to clarify mutual thinking on economic issues facing the region.

It is planned to publish the seminar papers and summary proceedings in French in the seminar volume series.

Table 1: Seminar for Non-Officials, 1981-84

Date	Location	Theme	Languages
1. Oct. 16-18, 1981	London	Adjustment and Financing-- The Role of the International Monetary Fund	English
2. Nov. 23-25, 1981	Paris	<i>Le systeme monétaire inter- national face aux déséquilibres</i>	French
3. Mar. 3-5, 1982	Nairobi	The International Monetary Fund and Development Countries	English
4. Aug. 31, 1982	Wash. DC	Exchange Rate Regimes and Policy Interdependence	English
5. Oct. 20-28, 1982	Beijing	The Fund and China in the International Monetary System	Chinese/English
6. Apr. 5-8, 1983	Vina del Mar	The Role of the International Monetary Fund in the Adjustment Process	Spanish
7. Oct. 11-14, 1983	Baden, Austria	Monetary Stability and Economic Growth	German
8. Apr. 24-27, 1984	Dakar, Senegal	Programmes d'ajustement et croissance économiques	French

PROGRAMMES D'AJUSTEMENT ET CROISSANCE ECONOMIQUE

Séminaire organisé conjointement par le ministère de l'Economie  
et des Finances du Sénégal, la Banque Centrale des Etats de  
l'Afrique de l'Ouest et le Fonds Monétaire International

BCEAO Siège, Dakar (Sénégal)

24-27 Avril 1984

LISTE DES PARTICIPANTS

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2. Idrissa Thiam  
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ADJUSTMENT PROGRAMS AND ECONOMIC GROWTH

Seminar Sponsored Jointly by the International Monetary Fund,  
the Ministry of Economy and Finance of Senegal, and the  
Central Bank of West African States

BCEAO Headquarters, Dakar, Senegal - April 24-27, 1984

Moderator: Prof. Patrick Guillaumont

Tuesday, April 24, 1984

5:30 p.m.

Opening ceremonies followed by a welcoming reception for seminar participants and other invited guests, hosted by the Senegalese Ministry of Economy and Finance

Wednesday, April 25, 1984

9:30 a.m. - 1:00 p.m.

1. The world economic situation and recent developments in West Africa (countries of the West African Monetary Union)

Speaker: Mr. P.C. Damiba (Upper Volta)

Discussant: Mr. Adama Diallo (Senegal)

3:00 p.m. - 6:00 p.m.

2. Developments and prospects in commodity markets and implications for West African states

Speaker: Mr. Nana-Sinkam (Cameroon)

Discussant: Mr. Louis M. Goreux (IMF)

Thursday, April 26, 1984

9:30 a.m. - 1:00 p.m.

3. Fund policies for economic adjustment

Speaker: Mr. Evangelos A. Calamitsis (IMF)

Discussant: Mr. A. Ouattara, Vice-Governor (BCEAO)

3:00 p.m. - 6:00 p.m.

4. Fund stabilization programs in practice: the case of West Africa

Speaker: Mr. Louis M. Goreux (IMF)

Discussant: Mr. Lamine Diabate, National Director, BCEAO (Ivory Coast)

5. Programs of adjustment of the World Bank and its Coordination with the IMF

Speaker: Luis de Azcarate (World Bank)

Friday, April 27, 1984

9:30 a.m. - 12:00 noon

6. Options for dealing with the problem of external indebtedness

Speaker: Mr. Mentré de Loye

Discussant: Mr. Matar Seye, Director-general of Finance (Senegal)

12:00 noon

Concluding session and summing-up:  
Prof. Patrick Guillaumont, Seminar Moderator  
(Director of Center for Studies and Research  
of International Development, Clermont I  
University)

1:00 p.m.

Farewell luncheon hosted by the IMF