

MASTER FILES

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04

INTERNATIONAL MONETARY FUND

Minutes of Executive Board Meeting 84/63

3:00 p.m., April 23, 1984

J. de Larosière, Chairman
W. B. Dale, Deputy Managing Director

Executive Directors

A. Alfidja

J. E. Ismael

A. Kafka
G. Laske

R. N. Malhotra

Alternate Executive Directors

w. B. Tshishimbi
G. Ercel, Temporary
X. Blandin
M. A. Weitz, Temporary
J. C. Williams, Temporary
S. R. Abiad, Temporary
T. Yamashita

D. I. S. Shaw, Temporary

G. Grosche
C. P. Caranicas

J. E. Suraisry
T. de Vries
K. G. Morrell
A. Yasseri, Temporary
M. Camara, Temporary
J. L. Feito
A. K. Juusela, Temporary
T. A. Clark
Wang E.

L. Van Houtven, Secretary
B. J. Owen, Assistant

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Also Present

African Department: O. B. Makalou, Deputy Director; A. Basu, C. J. Hoban, M. Sidibé. Exchange and Trade Relations Department: S. Kanesa-Thasan. Legal Department: A. O. Liuksila. Personal Assistant to the Managing Director: S. P. Collions. Advisors to Executive Directors: H. A. Arias, S. El-Khoury, G. E. L. Nguyen, J.-C. Obame, Y. Okubo. Assistants to Executive Directors: I. Angeloni, D. Hammann, V. Govindarajan, M. Rasyid, A. A. Scholten, S. Sornyanontr.

1. NIGER - 1984 ARTICLE IV CONSULTATION, AND STAND-BY ARRANGEMENT -
REVIEW AND MODIFICATION

The Executive Directors resumed from the previous meeting (EBM/84/62, 4/23/84) their consideration of the staff report for the 1984 Article IV consultation with Niger and review and modification of the stand-by arrangement for Niger (EBS/84/66, 3/26/84; Cor. 1, 4/17/84; and Sup. 1, 4/20/84). They also had before them a report on recent economic developments in Niger (SM/84/73, 4/9/84; and Cor. 1, 4/17/84).

The Chairman made the following summing up:

Executive Directors generally concurred with the thrust of the appraisal in the staff report for the 1984 Article IV consultation and review of stand-by arrangement, and supported Niger's request for a modification of the criteria for borrowing under the current program.

Directors commended the Nigerien authorities for keeping the current program on track, and for the strong efforts that they have been making under the program to rehabilitate the parastatal sector and to reduce the severe imbalances in government finances and the external current account. Nevertheless, they stressed the urgent need to implement a comprehensive reform of the parastatal sector now that the related financial studies had been completed.

The Directors also urged continued efforts to reduce the imbalance in government finance operations through completion of the ongoing tax reform program, improved tax collection, tight restraints on future expenditure increases, and improvements in the present system of monitoring and controlling expenditures. The projected reductions in the public sector deficit, and in the external current account deficit in 1984, were welcomed. While urging a continuation of restrained financial policies, and of structural reforms of the parastatal enterprises, Directors emphasized that it was also important to press ahead with carefully selected investments that are well designed both to diversify production and exports and to achieve a continued reduction in the country's internal and external imbalances.

At the same time, in view of the external debt service burden, they urged the authorities to continue a prudent policy of cautious restraint with regard to foreign borrowing, and Niger's need for concessional assistance and grants from abroad was stressed.

The Fund's technical assistance to Niger was welcomed. The World Bank's involvement in Niger was also considered crucial, but several Directors urged the Bank to accelerate the processing of the requested structural adjustment loan.

Finally, Directors welcomed Niger's interest in further collaboration with the Fund and with the World Bank in order to achieve a meaningful adjustment effort over the medium term.

It was proposed that the next Article IV consultation with Niger be held on the standard 12-month cycle.

The Executive Board then took the following decisions:

Decision Concluding Article XIV Consultation

1. The Fund takes this decision in concluding the 1984 Article IV consultation with Niger in the light of the 1984 Article XIV consultation with Niger conducted under Decision No. 5392-(77/63), adopted April 29, 1977 ("Surveillance over Exchange Rate Policies.")

2. The Fund notes with satisfaction that Niger continues to maintain an exchange system which is free of restrictions on payments and transfers for current international transactions.

Decision No. 7675-(84/63), adopted
April 23, 1984

Stand-By Arrangement - Review and Modification

1. Niger has consulted with the Fund in accordance with paragraph 3(b) of the stand-by arrangement for Niger (EBS/83/194, Supplement 1, 10/6/83) and paragraph 30(g) of the Memorandum on Economic and Financial Policy annexed to the letter dated July 27, 1983 from the Prime Minister, in order to review progress made by Niger in implementing its program and reach understandings with the Fund regarding policies, measures, and performance clauses for the periods ending March 31, June 30, and September 30, 1984.

2. The letter of January 20, 1984, from the Prime Minister, together with the annexed memorandum, shall be attached to the stand-by arrangement, and the letter dated July 27, 1983, together with the annexed memorandum, shall be read as modified and supplemented by these communications.

3. Niger will not make purchases under the stand-by arrangement for Niger that would increase the Fund's holdings of Niger's currency in the credit tranches beyond 25 percent of quota, during any period in which the data at the end of the preceding period indicate that any of the performance criteria set out in paragraph 20(a), (b), or (c) of the memorandum annexed to the letter dated January 20, 1984, is not observed, or if at any time the performance criteria set out in paragraph 20(d) or (e) of that memorandum are not observed.

4. Paragraph 3(d) of the stand-by arrangement for Niger shall be amended by inserting the following text before the words "if Niger": "(d) during the entire period of this stand-by arrangement, while Niger has any overdue financial obligation to the Fund, or...."

Decision No. 7676-(84/63), adopted
April 23, 1984

2. MOZAMBIQUE - MEMBERSHIP - EXPRESSION OF INTEREST

The Chairman informed the Executive Board that a communication had been received from Mozambique, indicating the Government's intention to make an early application for membership in the Fund and the World Bank. Executive Directors would be kept informed of further developments.

The Executive Directors took note of the statement by the Chairman.

DECISION TAKEN SINCE PREVIOUS BOARD MEETING

The following decision was adopted by the Executive Board without meeting in the period between EBM/84/62 (4/23/84) and EBM/84/63 (4/23/84).

3. FOOD AND AGRICULTURE ORGANIZATION (FAO) - RELEASE OF INFORMATION

The Executive Board approves the proposal to release reports on recent economic developments in Cameroon, Jamaica, and the Yemen Arab Republic to the Food and Agriculture Organization, as set forth in EBD/84/89, Supplement 1 (4/17/84).

Adopted April 23, 1984

APPROVED: October 1, 1984

LEO VAN HOUTVEN
Secretary

