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ATTENTION**

MASTER FILES

ROOM C-120

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EBD/83/332

December 22, 1983

To: Members of the Executive Board
From: The Acting Secretary
Subject: Somalia - Extension of Approval of Multiple Currency Practice

It is not proposed to bring the attached memorandum to the agenda of the Executive Board for discussion unless an Executive Director so requests by noon on Thursday, December 29, 1983. In the absence of such a request, the draft decision will be deemed approved by the Executive Board and it will be so recorded in the minutes of the next meeting thereafter.

Att: (1)

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Department Heads

INTERNATIONAL MONETARY FUND

Somalia--Extension of Approval of Multiple Currency Practice

Prepared by the African Department and the
Exchange and Trade Relations Department

(In consultation with the Legal Department)

Approved by Oumar B. Makalou and W.A. Beveridge

December 21, 1983

Somalia maintains a bonus scheme for workers' remittances and certain capital inflows, as described in EBS/83/15, which gives rise to a multiple currency practice. At the conclusion of the 1982 Article IV consultation discussions with Somalia and the review under the stand-by arrangement the Fund granted approval for the retention of the multiple currency practice until December 31, 1983 (Decision No. 73351-(83/34), adopted February 22, 1983).

A staff team is presently in Mogadishu conducting discussions for the 1983 Article IV consultation and for a possible use of Fund resources, and the staff report on these discussions is expected to be placed on the agenda of the Executive Board for discussion in the second quarter of 1984. In the meantime, the staff recommends that the Executive Board grant an extension of approval of the multiple currency practice arising from this bonus scheme until June 31, 1984, or the completion of the 1983 Article IV consultation with Somalia, whichever is the earlier.

The following decision is proposed for adoption by the Executive Board:

The approval by Decision No. 7331-(83/34), adopted February 22, 1983, of Somalia's multiple currency practice arising from a bonus scheme described in EBS/83/15 is extended until June 30, 1984 or the completion of the 1983 Article IV consultation with Somalia, whichever is the earlier.