

INTERNATIONAL MONETARY FUND

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The International Monetary Fund has approved a stand-by arrangement for the Government of Mali, authorizing purchases up to the equivalent of SDR 40.5 million over a period ending May 1985, in support of the Government's economic and financial program.

In 1982 and the first half of 1983, Mali made significant progress in correcting structural imbalances and reducing disequilibria in public finances and the balance of payments and in reducing domestic and external arrears. Under a stand-by arrangement with the Fund, public finance management and monitoring was strengthened, and important structural reforms were introduced. Agricultural production was increased and price distortions were reduced while steps were taken to rehabilitate the public enterprise sector. After two years of stagnation real gross domestic product (GDP) started to grow again and the rate of inflation declined.

The economic and financial program for 1983 and 1984, which the present stand-by arrangement supports, aims at making further progress in reducing domestic and external financial imbalances. This is to be achieved by accelerating a reform of public finances and the public enterprise sector; new measures to stimulate agricultural production and reduce price and marketing distortions; an increase in the scope of activity by the private sector; and by improving investment policy. Because of the significant potential for growth in agriculture and related industrial activities, these policies are expected to promote sustained growth of GDP in the 1984-86 period of about 4.5 percent per year. The program also provides for the elimination of external and domestic arrears of the public sector by the end of the stand-by period.

Mali's quota in the Fund is SDR 50.8 million, and its outstanding financial obligations to the Fund resulting from past operations and transactions, but excluding Trust Fund loans, currently total the equivalent of SDR 34.2 million.