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AGENDA**

EBS/84/71
Correction 1

CONFIDENTIAL

March 30, 1984

To: Members of the Executive Board
From: The Secretary
Subject: Morocco - Staff Report for Review Under Stand-By Arrangement

The following correction has been made in EBS/84/71 (3/28/84):

Page 2: revised Table 2

A corrected page is attached.

Att: (1)

CONFIDENTIAL

INTERNATIONAL MONETARY FUND

MOROCCO

Staff Report for Review under Stand-by Arrangement

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

(In consultation with Fiscal Affairs, Legal,
and Treasurer's Departments)

Approved by J. B. Zulu and S. Kanesa-Thasan

March 28, 1984

I. Introduction

On September 16, 1983 the Executive Board approved an 18-month stand-by arrangement (EBS/83/178) for an amount equivalent to SDR 300 million (98 percent of quota). 1/ To date Morocco has purchased the first installment of SDR 30 million under the arrangement (Table 1). Further purchases were made conditional upon the completion of the first review of the program and subject to the availability of adequate financing of the estimated external gap for the years 1983-84, the satisfaction of the performance criteria for end-December 1983, as well as the reaching of understandings relating to policies, in particular budgetary policies, and the performance clauses for 1984. As indicated in the relevant sections below, all these elements with the exception of one performance criterion, have now been satisfied, the envisaged measures for 1983 have been carried out, and understandings have been reached on the 1984 program.

Discussions that provided the basis for the program review were held in Rabat during the period November 30-December 17, 1983 at the same time as the 1983 Article IV consultation discussions, 2/ and were completed in Washington in March 1984. A letter from the Minister of Finance summarizing the conclusions of the review discussions and proposing economic policies and performance clauses for 1984 is attached.

1/ Summaries of Morocco's relations with the Fund and the World Bank Group are contained in the attached Appendices I and II.

2/ Staff members participating in the mission were Mr. R. J. Bhatia (head-AFR), Mr. A. Tahari (AFR), Mr. R. Franco (AFR), Mr. J. Clement (ETR), and Ms. C. Elwell (Secretary-AFR). Mr. Kanesa-Thasan (ETR) joined the mission during the last two days. Mr. O. Kabbaj, Alternate Executive Director, participated in most of the discussions.

Table 1. Morocco: Fund Position During Period of Arrangement

	Outstanding at beginning of arrangement 1/ Aug. 31, 1983							
	1983 Sept.- Dec.	January- March	April	1984			1985	
				May- June	July- Sept.	Oct.- Dec.	Jan.- March	
(In millions of SDRs)								
Transactions under tranche policies (net) 7/	—	30.00	—	100.00	23.78	29.24	29.51	29.24
Purchases	—	30.00	—	100.00 2/	40.00 3/	40.00 4/	50.00 5/	40.00 6/
Ordinary resources	—	(13.64)	(—)	(40.03)	(—)	(—)	(—)	(—)
Enlarged access resources	—	(16.36)	(—)	(59.97)	(40.03)	(40.00)	(50.00)	(40.00)
Repurchases	—	—	—	—	-16.22	-10.76	-20.49	-10.76
Ordinary resources	—	(—)	(—)	(—)	(-7.03)	(-7.03)	(-7.03)	(-7.03)
Enlarged access resources	(—)	(—)	(—)	(—)	(-9.19)	(-3.73)	(-13.46)	(-3.73)
Transactions under special facilities (net) 8/	—	—	—	—	—	—	—	—
Purchases	—	—	—	—	—	—	—	—
Repurchases	—	—	—	—	—	—	—	—
Total Fund credit outstanding (end of period)	848.82	878.82	878.82	978.82	1,002.60	1,031.84	1,061.35	1,090.59
Under tranche policies 7/	612.42	642.42	642.42	742.42	766.20	795.44	824.95	854.19
Special facilities 8/	236.40	236.40	236.40	236.40	236.40	236.40	236.40	236.40
(In percent of new quota)								
Total Fund credit outstanding (end of period)	276.8	286.6	286.6	319.2	327.0	336.5	346.2	355.7
Under tranche policies 7/	199.7	209.5	209.5	242.1	249.9	259.4	269.1	278.6
Special facilities 8/	77.1	77.1	77.1	77.1	77.1	77.1	77.1	77.1

Source: International Monetary Fund.

1/ End of the calendar month in which the staff paper was issued.

2/ Based on end-September 1983 and end-December 1983 performance criteria; and completion of current review.

3/ Based on end-April 1984 performance criteria.

4/ Based on end-June 1984 performance criteria and completion of second review before end-June 1984.

5/ Based on end-September 1983 performance criteria and completion of third review before end-November 1984.

6/ Based on end-December 1984 performance criteria.

7/ Ordinary and enlarged access resources.

8/ Compensatory Financing Facility.