

SUR/83/47

CONFIDENTIAL

December 16, 1983

The Chairman's Summing Up at the Conclusion of the
1983 Article IV Consultation with Mali
Executive Board Meeting 83/170 - December 9, 1983

Executive Directors generally concurred with the thrust of the staff appraisal for the 1983 Article IV consultation with Mali and supported Mali's request for a stand-by arrangement.

Directors expressed satisfaction that, during 1982 and 1983, substantial progress had been made toward restructuring and rehabilitating the economy and that the authorities had implemented most of the measures contained in the stand-by arrangement that had expired in May. They cited the strengthening of fiscal management, the restrained income and credit policy, and the reduction in payments arrears; they also noted that the resumption of growth in agriculture had been stimulated by improved price incentives and the liberalization in marketing arrangements.

Directors welcomed the measures that had recently been taken to reduce excessive public consumption; in particular, they commended the authorities' efforts to contain personnel expenditures--including the termination of automatic hiring policies--which had in the past absorbed an excessive part of budgetary resources. They urged the authorities to implement those courageous reforms fully and rapidly so as to provide room in the budget for needed maintenance costs and investment outlays.

Directors viewed with concern the lagging pace of policy implementation toward reform of public enterprises and stressed that the rehabilitation of those enterprises--in particular, Air Mali and SOMIEX--and the widening of the role of the private sector were crucial for the strengthening of the Malian economy. While welcoming the steps already taken in the area of public enterprise reform, Directors believed that a determined, concrete, and comprehensive effort would be required in future; and the envisaged reviews would have to concentrate on the precise follow-up actions to be taken by the authorities toward that end. The pace of adjustment should be increased under the new stand-by arrangement if Mali was to promote a sustainable rate of growth over the medium term. Directors also emphasized the importance of continued progress toward the elimination of domestic and external arrears.

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Directors welcomed the improvement in the balance of payments for 1983 and noted that prospects for the years ahead appeared relatively favorable. They observed that Mali had been successful in attracting substantial external support on concessional terms and considered that the burden of external debt should be manageable over the medium term, assuming a satisfactory completion of the bilateral debt renegotiations currently underway and the realization of a number of basic assumptions, particularly those regarding the weather. They stressed, however, that there was no room for complacency, in view of Mali's need to strengthen its external reserves position and to eliminate arrears. They also pointed to the need to strengthen debt management policy and administration.

The recent decision of the Heads of State of the West African Monetary Union to integrate Mali into the Union was noted and commended.

Finally, Directors looked forward to monitoring Mali's progress under the reviews of the stand-by arrangement and observed that the next Article IV consultation with Mali is expected to be held on the standard 12-month cycle.