

MASTER FILES
ROOM C-525

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December 7, 1995

To: Members of the Executive Board

From: The Secretary

Subject: Report on Delayed Completion of Article IV Consultations
and Extension of Approval of Exchange Measures

Following is the monthly report for December 1995 notifying Executive Directors of delays in completing Article IV consultations beyond the cycles specified (including grace periods, where applicable) and proposing extensions of Executive Board approval of exchange measures previously approved under Article VIII, Section 2(a) and 3. There is no proposed decision on the three-month period between the date of conclusion of consultation discussions and Board consideration of the consultation report.

Proposed decisions appear on pages 3, 4, and 5. Unless there is an objection from an Executive Director by close of business on December 12, 1995, the proposed decisions will be deemed approved by the Executive Board, and will be so recorded in the minutes of the next meeting thereafter.

1. Notification of delays in completion of
Article IV consultations

Table 1 lists member countries for which the period for the completion of the next consultation under Article IV has exceeded, or is likely to exceed in the month of December 1995, the consultation cycle specified at the time of the last consultation including, where applicable, the three-month grace period for the completion of Article IV consultations. Member countries which have been added to the list for December, or for which a further delay beyond the month of December has become necessary, are underlined in Table 1. Footnotes in the table refer to the reasons for the most recent delay in a member's consultation. Precise dates are indicated in those cases where a meeting of the Executive Board has tentatively been scheduled (see Secretary's Circular No. 95/100, November 22, 1995 and Secretary's Circular No. 95/103, November 29, 1995).

Table 1. Delays In Completing Article IV Consultations

Member	Date Board Completed Last Consultation	Stipulated Date for Completion of Next Consultation	Date by which Next Consultation is Expected to be Completed	Expected Delay in Completion of Consultation (in months) <u>1/</u>
Iraq	2/29/80
Somalia	11/13/89*	11/13/90	Postponed <u>2/</u>	...
Liberia	12/22/89*	12/22/90	Postponed <u>2/</u>	...
Afghanistan, I.S.of	6/12/91*	6/12/92	Postponed <u>2/</u>	...
Bulgaria	9/15/93*	9/15/94	12/20/95 <u>3/</u>	12
Romania	9/16/93*	9/16/94	January 1996 <u>4/</u>	14
<u>Pakistan</u>	2/22/94*	2/22/95	December 1995 <u>4/</u>	7
Côte d'Ivoire	3/11/94	3/11/95	12/11/95 <u>3/</u>	6
Solomon Islands	3/14/94	3/14/95	February 1996 <u>5/</u>	8
Sierra Leone	3/23/94*	3/23/95	12/18/95 <u>6/</u>	6
<u>Poland</u>	3/25/94*	3/25/95	January 1996 <u>7/</u>	7
<u>Congo</u>	5/27/94*	5/27/95	March 1996 <u>4/</u>	7
Zaire	6/01/94*	6/01/95	January 1996 <u>2/</u>	5
<u>Djibouti</u>	6/15/94	6/15/95	2/7/96 <u>4/</u>	5
Lebanon	8/22/94	8/22/95	March 1996 <u>2/</u>	4
<u>Zimbabwe</u>	9/14/94*	9/14/95	February 1996 <u>3/</u>	3
<u>Tajikistan</u>	9/14/94	9/14/95	March 1996 <u>3/</u>	4
<u>Zambia</u>	9/23/94*	9/23/95	April 1996 <u>7/</u>	4

Source: Policy Development and Review Department.

1/ Beyond the three-month grace period, where applicable.

2/ Postponed or delayed because of change of government, changes within government, or unsettled political situation.

3/ Delayed to combine consultation with program request or review or request for a staff-monitored program.

4/ Delayed due to ongoing discussions on program request or review.

5/ Delayed due to staff constraints.

6/ Delayed to allow time for the authorities to implement several prior actions.

7/ Delayed due to scheduling difficulties.

* The Executive Board has had a subsequent opportunity to discuss developments in this country on the basis of a report on use of Fund resources, overdue financial obligations to the Fund, recent developments, or an Article XIV consultation.

Completion of the Article IV consultation with Tajikistan has been delayed in order to combine it with an expected request for access under a first credit tranche stand-by arrangement. Discussions on a Fund supported program are continuing and it is now expected that the combined staff report will be issued in early 1996 enabling Executive Board consideration by end-March 1996.

Discussions for the Article IV consultation with Zambia have been delayed due to scheduling difficulties. Discussions are now planned for February 1996, with Executive Board consideration of the staff report envisaged for April 1996.

2. Extension of Approval for Exchange Measures Subject to Article VIII

Zambia has exchange restrictions on debt service payments, previously approved under Executive Board Decision No. 10800-(94/90), adopted September 23, 1994, which are in the form of limitations on payments for external debt incurred prior to January 28, 1994, and owed to creditors who did not choose to participate in the commercial debt buy-back scheme which took place in 1994. The remaining creditors have been reluctant to settle on terms consistent with Zambia's undertakings vis-à-vis its other creditors, and settlement originally envisaged for 1995 has not yet taken place; some of the creditors have now chosen to pursue their claims in the courts. The authorities are still working to settle the claims as expeditiously as possible.

Executive Board approval will expire on December 31, 1995, however, Executive Board consideration of Zambia's Article IV consultation is not expected to take place until end-April 1996. In light of these circumstances, an extension of the approval is proposed.

Proposed Decision

Zambia - Exchange Measures - Extension of Approval

"Zambia continues to have exchange restrictions on debt service payments evidenced by limitations on payments for external debt. The Fund grants approval for the retention of the exchange restrictions until April 30, 1996 or completion of the next Article IV consultation with Zambia, whichever is earlier."

Zimbabwe continues to have an exchange restriction arising from the blocking of dividend and profit payments accrued on investments made before May 1993, and a multiple currency practice arising from existing contracts under the forward foreign exchange scheme previously operated by the Reserve Bank of Zimbabwe, that were approved under Executive Board Decision No. 10907-(95/14), adopted February 10, 1995. Efforts to eliminate these measures are progressing and the authorities remain committed to a firm timetable for their elimination.

Executive Board approval of the exchange restriction and the multiple currency practice will expire on December 31, 1995. However, completion of the Zimbabwe's Article IV consultation has been delayed until early 1996. In light of these circumstances, a short-term extension of approval is proposed.

Proposed Decision

Zimbabwe - Exchange Measures - Extension of Approval

"Zimbabwe has an exchange restriction arising from the blocking of dividend and profit payments accrued on investments made before May 1993; and a multiple currency practice, arising from existing contracts under the forward foreign exchange scheme previously operated by the Reserve Bank of Zimbabwe. The Fund grants approval for the retention of the exchange restriction and multiple currency practice until February 29, 1996 or until the completion of the next Article IV consultation with Zimbabwe, whichever is earlier."

Jordan continues to have an exchange restriction evidenced by the remaining arrears on certain external debt-service payments vis-à-vis some national development funds, previously approved under Executive Board Decision 11059-(95/82), adopted September 6, 1995. The authorities remain committed to the elimination of these payments arrears; they have offered to negotiate debt rescheduling on terms similar to those extended by the Paris Club official bilateral creditors and are making best efforts to regularize the remaining arrears. In view of these considerations, and given that understandings have been reached, ad referendum, with the Jordanian authorities on a program to be supported by a new extended Fund arrangement, which would replace the current arrangement and would be submitted for Executive Board consideration in February 1996, a short-term extension of approval for this exchange restriction is proposed.

Proposed Decision

Jordan - Exchange Restriction - Extension of Approval

"The retention by Jordan of the exchange restriction evidenced by arrears on certain external debt service payments is approved until Executive Board consideration of the envisaged request by Jordan for an extended Fund arrangement or February 29, 1996, whichever is earlier."

Mauritania continues to have external payment arrears previously approved under Executive Board Decision 10895-(95/8), adopted January 25, 1995. Elimination of these arrears was not completed by September 1995 as originally intended, however, negotiations between the authorities and the creditors are continuing and elimination of the arrears is now expected in 1996.

Executive Board approval for the exchange restriction will expire on December 31, 1995. However, Executive Board consideration is expected to take place in the first quarter of 1996. In light of these circumstances, a short-term extension of approval is proposed.

Proposed Decision

Mauritania - Exchange Restriction - Extension of Approval

"The retention by Mauritania of the exchange restriction evidenced by external payment arrears is approved until the next Article IV consultation with Mauritania or March 31, 1996, whichever is earlier."

Other Distribution:
Department Heads

