

May 26, 1982 - 82/75

The Chairman's Summing Up at the Conclusion of the
1982 Article IV Consultation with Djibouti
Executive Board Meeting 82/70 - May 24, 1982

Executive Directors agreed with the thrust of the views expressed in the staff appraisal of the 1982 Article IV consultation with Djibouti.

Against the background of the limited resource base of Djibouti and the recent recovery in economic growth, Directors noted that the traditionally dominant service sectors had not been able to generate sustainable high rates of growth or to earn enough foreign exchange to match the heavy reliance on imports. The development of an overall economic strategy of strengthening the service sectors while promoting manufacturing and fishing activities, as well as export possibilities based on regional markets, was regarded as urgent.

Directors noted the weak savings performance of the economy and the continuing heavy dependence on foreign grants to support investment and consumption. The implementation of measures for promoting domestic savings and of the planned institutional and other initiatives for mobilizing increased external resources for development purposes should receive high priority.

Directors commended the authorities' prudent financial policies in the domestic and external fields, which had resulted, among other things, in a favorable budgetary performance and a satisfactory level of external reserves.

Directors noted in particular the cautious wage policy and the restraint on current budget outlays. In order to support the development effort, Directors stressed the importance of strengthening the financial position of public enterprises, of further raising the interest rate structure; of making the Central Bank fully operational; and, above all, of securing continued inflow of an adequate volume of concessionary assistance from abroad.