

DOCUMENT OF INTERNATIONAL MONETARY FUND AND NOT FOR PUBLIC USE

May 7, 1986

To: Members of the Executive Board
From: The Secretary
Subject: Final Minutes of Executive Board Meeting 84/44

The following corrections have been made in the final minutes of EBM/84/44 (3/23/84):

Page 1: Insert "Work Program" as new Item 4

As a result, all subsequent item and page numbers have been corrected.

Page 22, Item 3, first paragraph: for "The Executive Directors accepted... (3/8/84)"
read "The Executive Directors, without comment, adopted the following decision:

The Executive Board approves...(3/8/84)"

Insert "Work Program" as new Item 4

New Item 4, first paragraph: for "Mr. Coene, speaking on another matter, recalled..."
read " Mr. Coene recalled that..."

As a result, all subsequent item numbers have been corrected.

Corrected pages are attached.

Alt: (4)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

Minutes of Executive Board Meeting 84/44

10:00 a.m., March 23, 1984

J. de Larosière, Chairman
W. B. Dale, Deputy Managing Director

Executive Directors

R. D. Erb
M. Finaish

G. Laske
G. Lovato
R. N. Malhotra

J. J. Polak

G. Salehkhoul
F. Sangare

Alternate Executive Directors

J. K. Orleans-Lindsay, Temporary
L. E. J. M. Coene, Temporary
X. Blandin
C. A. Salinas, Temporary
M. K. Bush
T. Alhaimus
Y. Okubo, Temporary
Jaafar A.
L. Leonard
J. R. N. Almeida, Temporary

J. E. Suraisry

K. G. Morrell
R. Bernardo, Temporary
O. Kabba
E. I. M. Mtei
E. Portas, Temporary
A. Lind
T. A. Clark
Wang E.

L. Van Houtven, Secretary
R. S. Franklin, Assistant

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Also Present

Administration Department: G. E. Gondwe. African Department: J. B. Zulu, Director; O. B. Makalou, Deputy Director; M. W. Bell, E. A. Calamitsis, F. d'A. Collings, M. E. Edo, C. N. Egwin, J. E. Greene, U. R. Gunjal, T. Oyama, A. C. Woodward. Asian Department: U. Baumgartner. Exchange and Trade Relations Department: A. Abisourour, S. Kanesa-Thasan. External Relations Department: N. K. Humphreys. Fiscal Affairs Department: H. Bierman. Legal Department: W. E. Holder, J. V. Surr. Research Department: A. D. Crockett, Deputy Director; R. R. Rhomberg, Deputy Director; J. Artus, J. M. Boughton, M. P. Dooley, O. E. G. Johnson, M. D. Knight, A. Lanyi, A. K. McGuirk, E. C. Meldau-Womack. Secretary's Department: J. W. Lang, Jr., Deputy Secretary, A. P. Bhagwat. Treasurer's Department: A. G. Chandavarkar. Personal Assistant to the Managing Director: S. P. Collins. Advisors to Executive Directors: E. A. Ajayi, S. M. Hassan. Assistants to Executive Directors: Chen J., M. Eran, C. Flamant, I. Fridriksson, D. Hammann, N. U. Haque, A. K. Juusela, J. A. K. Munthali, J. Reddy, D. J. Robinson, S. Sornyanyontr, J. C. Williams.

authorities were anxious to see the extended Fund facility program brought to a successful conclusion as a way of encouraging the Executive Board to agree to extended arrangements for other African countries facing similar problems.

The Chairman said that, like some Directors, he was worried by the increase in recurrent expenditures in Malawi. Table 3 of EBS/84/32, Supplement 1 showed that expenditure for wages and salaries was expected to increase 30 percent, from MK 68 million in 1982/83 to MK 89.5 million in the revised projections for the 1984/85 budget. Since wages and salaries had been frozen over the period, the increase must have been due largely to a growth in the number of people employed in the Administration. With a GDP growth rate of only 3 percent a year, a 30 percent increase in expenditure for wages and salaries was troubling, and he hoped that future missions to Malawi would see to it that such expenditures were more strictly monitored and contained.

The Executive Board then took the following decision:

1. Malawi has consulted with the Fund in accordance with paragraph 4(b) of the extended arrangement with Malawi and paragraph 34 of the memorandum attached to the letter from the Minister of Finance and the Governor of the Reserve Bank of Malawi dated July 29, 1983, attached to the extended arrangement for Malawi (EBS/83/183, Supplement 1) in order to review progress under the program and to reach understandings subject to which further purchases may be made by Malawi under the extended arrangement.
2. The letter from the Minister of Finance and the Governor of the Reserve Bank of Malawi dated February 27, 1984 shall be annexed to the extended arrangement for Malawi, and the letter of July 29, 1983 attached to the extended arrangement shall be read as supplemented by the letter of February 27, 1984. Accordingly, the understandings referred to in paragraph 4(b) of the extended arrangement for Malawi relating to domestic assets of the banking system, net bank credit to the Government, and external borrowing shall be those specified in paragraphs 7 and 8 of the letter of February 27, 1984.
3. With respect to the additional matters referred to in paragraph 34 of the letter dated July 29, 1983, the Fund finds that no further understandings are necessary.
4. The extended arrangement for Malawi shall be amended as follows:

(a) Paragraph 2(a) shall be amended to read:

"Until June 1, 1984, purchases under the extended arrangement shall not, without the consent of the Fund, exceed the equivalent of SDR 20 million, provided that purchases shall not exceed the

equivalent of SDR 5 million until October 31, 1983; the equivalent of SDR 10 million until January 31, 1984; and the equivalent of SDR 15 million until April 30, 1984."

(b) In paragraph 4(a), replace "April 30, 1984" with "June 1, 1984."

(c) In paragraph 4(c), replace "April 29, 1984" with "May 31, 1984."

Decision No. 7653-(84/44), adopted
March 23, 1984

3. ANNUAL REPORT, 1984 - OUTLINE AND PROCEDURES

The Executive Directors, without comment, adopted the following decision:

The Executive Board approves the draft outline and proposed procedures for the 1984 Annual Report set forth in EBD/84/71 (3/8/84).

4. WORK PROGRAM

Mr. Coene recalled that Mr. de Groote had circulated for the information of Executive Directors a statement explaining the Belgian proposal for conditional SDR allocations. That statement was not intended to be discussed as a specific proposal at the March 26 meeting on SDR allocations, which should focus on the effort to assess whether or not the conditions for an SDR allocation of the traditional type had been met. Mr. de Groote's proposal should rather be considered as food for thought or discussion at some future meeting, after the April 12 meeting of the Interim Committee.

The Executive Board took note of Mr. Coene's remarks.

DECISIONS TAKEN SINCE PREVIOUS BOARD MEETING

The following decisions were adopted by the Executive Board without meeting in the period between EBM/84/43 (3/19/84) and EBM/84/44 (3/23/84).

5. RELATIONS WITH GATT - CONSULTATIONS WITH CONTRACTING PARTIES - FUND GUIDANCE

The Executive Board approves Fund guidance at the forthcoming consultations with the CONTRACTING PARTIES to the GATT to be held in Geneva, as set forth in EBD/84/53, Supplement 1 (3/15/84).

Decision No. 7654-(84/44), adopted
March 21, 1984

6. GROUP OF TEN - RELEASE OF INFORMATION

The Executive Board approves the proposal to transmit the staff paper entitled "Review of the Document 'Surveillance over Exchange Rate Policies' and Annual Review of the Implementation of Surveillance" (SM/84/44, 2/15/84; and Sup. 1, 2/16/84) to the Deputies of the Group of Ten. (EBD/84/91, 3/20/84)

Adopted March 22, 1984

7. ASSISTANT TO EXECUTIVE DIRECTOR - RECLASSIFICATION OF SALARY

The Executive Board approves the recommendations set forth in EBAP/84/55 (3/16/84) relating to the reclassification of salary of an Assistant to Executive Director and to the amendment of the provision for Initial Appointment and Reclassification of Initial Appointment of Assistants to Executive Directors.

Adopted March 21, 1984

8. APPROVAL OF MINUTES

a. The minutes of Executive Board Meetings 83/147 and 83/148 are approved. (EBD/84/76, 3/13/84)

Adopted March 19, 1984

b. The minutes of Executive Board Meeting 83/149 are approved. (EBD/84/78, 3/14/84)

Adopted March 20, 1984

c. The minutes of Executive Board Meetings 83/150 and 83/151 are approved. (EBD/84/82, 3/15/84)

Adopted March 21, 1984

9. EXECUTIVE BOARD TRAVEL

Travel by Executive Directors as set forth in EBAP/84/56 (3/19/84) and EBAP/84/58 (3/21/84) and by an Advisor to Executive Director as set forth in EBAP/84/13, Supplement 3 (3/20/84) is approved.

10. STAFF TRAVEL

Travel by the Managing Director and Deputy Managing Director as set forth in EBAP/84/57 (3/19/84) is approved.

APPROVED: August 30, 1984

LEO VAN HOUTVEN
Secretary