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ROOM C-130

0401

EBD/88/120
Supplement 1

November 22, 1988

To: Members of the Executive Board

From: The Secretary

Subject: Central African Republic - 1988 Article IV Consultation -
Notification of Further Delay in Concluding the Consultation
and Extension of Period for Executive Board Consideration

The previous Article IV consultation with the Central African Republic was concluded on March 4, 1987. Since an interval of 12 months until the next consultation was specified for the Central African Republic, the 1988 Article IV consultation should have been concluded by March 4, 1988, or at the latest by June 4, 1988, allowing for the three-month grace period beyond the end of the interval specified. In an earlier notification of delay issued to the Executive Board (EBD/88/120, 4/28/88), it was expected that the staff report on the 1988 Article IV consultation with the Central African Republic and its request for the second annual arrangement under the structural adjustment facility (SAF) would be considered by the Board in late July or early August 1988. The preparation of the staff report was delayed because of the time needed by the authorities to put in place a number of revenue-generating and expenditure-reducing measures envisaged under their economic program. These measures were implemented only in late August 1988. Moreover, the Central African Republic has been experiencing difficulties in servicing its financial obligations to the Fund, but it has now become current on these obligations.

Staff discussions to conduct the 1988 Article IV consultation with the Central African Republic were initiated in Bangui in February/March 1988, continued in May 1988 and completed when a Central African Republic delegation visited Washington July 19-21, 1988. Under the procedures for surveillance, the period for completion of the 1988 Article IV consultation with the Central African Republic ended on October 21, 1988. For the reasons mentioned in the paragraph above, preparation of the staff report was delayed, necessitating an extension of the period for completion of the consultation. The report has now been issued (EBS/88/228, 11/9/88) and, with the agreement of Mr. Mawakani, it is proposed to be scheduled for Board discussion on December 9, 1988.

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In view of the above, the following draft decision is proposed for adoption by the Executive Board:

Notwithstanding the period of three months specified in Procedure II of the document entitled "Surveillance over Exchange Rate Policies" attached to Decision No. 5392- (77/63), adopted April 29, 1977, as amended, the Executive Board agrees to extend the period for completing the 1988 Article IV consultation with the Central African Republic to not later than December 9, 1988.

Unless there is an objection from an Executive Director by the close of business on Wednesday, November 23, 1988, the proposed decision will be deemed approved by the Executive Board, and it will be so recorded in the minutes of the next meeting thereafter.

Other Distribution:
Department Heads