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November 14, 1988

To: Members of the Executive Board

From: The Secretary

Subject: Chad - Notification of Delay in Concluding the Article IV Consultation

The 1987 Article IV consultation with Chad was concluded on June 19, 1987. Since an interval of 12 months until the next consultation was specified for Chad, the 1988 Article IV consultation should have been concluded by June 19, 1988, or at the latest by September 19, 1988, allowing for the three-month grace period beyond the end of the interval specified.

At the time of the 1987 consultation, the Board took note of Chad's policy framework paper, dated March 21, 1987, which set out the major economic problems and challenges facing Chad; the objectives of the medium-term program covering the period 1987-89; the priorities and the broad thrust of macroeconomic and structural adjustment policies; and the likely external financing requirements, together with the available sources of financing. On October 30, 1987 the Board approved Chad's request for a three-year arrangement under the structural adjustment facility (SAF) and the first annual arrangement thereunder. Subsequently, as envisaged in the program, a staff mission visited N'Djaména in November 1987 and reached understandings on revised benchmarks for January-June 1988 (the second half of the first annual program period). It had been envisaged for the 1988 consultation discussions to coincide with a staff review of the SAF-supported program, after the authorities had reviewed their tax policy with technical assistance from the Fund.

In view of delays incurred by the authorities in preparing for the Fund technical assistance mission, as well as staffing difficulties, the 1988 Article IV consultation discussions could not be held within the prescribed interval. A staff mission is currently in N'Djaména to conduct these discussions, to review performance under the first annual arrangement under the SAF, and to initiate negotiations on a second annual arrangement under the SAF. It is now anticipated that the staff report for the 1988 Article IV consultation will be issued in early 1989, which would allow the Executive Board's conclusion of the consultation by end-February 1989.

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