

*\$4.1 billion package***IMF Executive Board to consider Stand-By credit for Mexico**

In a news brief issued on June 15, IMF Managing Director Michel Camdessus announced that an IMF Executive Board meeting had been set for early July to consider Mexico's request for a Stand-By credit from the IMF equivalent to SDR 3.1 billion (about \$4.1 billion). "The credit would be in support of the government's strong economic program for 1999–2000," Camdessus said, "and would help ensure the maintenance of a strong policy framework during the transition to the next administration, and thereby support market confidence during this period.

"Economic growth in Mexico has been resilient in the face of international market turbulence. The government has reacted swiftly to a series of external shocks over the past two years, with adjustments in fiscal and monetary policies. Moreover, the flexible exchange rate has acted as an important buffer, giving market participants greater confidence that no major imbalances would develop.

"The 1999–2000 economic program aims to reduce inflation to 10 percent by 2000. Real GDP growth is projected to slow in 1999, reflecting, in part, reduced access to international capital markets, and then recover to 5 percent in 2000 as market access improves and investment picks up. The authorities intend to maintain tight

fiscal and monetary policies and vigorously implement structural reforms that are already in progress.

"The overall public sector deficit is programmed, based on a conservative oil price assumption, at 1¼ percent of GDP in 1999, the same level as last year, with a decline to 1 percent of GDP planned for 2000. Fiscal measures already taken are expected to raise non-oil revenue by over ½ of 1 percentage point of GDP, while expenditure restraint is maintained within the context of increased social spending.

"As part of the program, the banking system is to be strengthened. This will be facilitated by financial sector legislation passed in December 1998 that established the Savings Protection Institute, which, among other things, will create an intervention and resolution framework for distressed banks and manage the assets acquired by the Savings Protection Fund. The authorities also intend to continue to enforce strict adherence to existing regulations and upgrade the system's legal, regulatory, and supervisory framework consistent with Basle core principles," Camdessus said. ■

*The text of News Brief 99/29 is also available on the IMF's web-site ([www.imf.org](http://www.imf.org)).*

*\$30 million released***IMF Board approves Albania's second annual program and augmentation under ESAF**

In a news brief issued on June 14, IMF First Deputy Managing Director Stanley Fischer announced that the Executive Board of the IMF had met that day to assess Albania's request for a second annual arrangement and augmentation of access under the Enhanced Structural Adjustment Facility (ESAF). "The request was approved and, as a result, SDR 21.5 million (about \$30 million) is available to Albania during the second annual ESAF arrangement.

"Directors commended the authorities for their success in restoring macroeconomic stability following the 1997 financial disturbances, which were occasioned by the collapse of pyramid schemes. They noted that in 1998, output rebounded from its earlier losses, inflation was significantly reduced, and international reserves were kept at a reasonably comfortable level. Directors considered that this success stemmed from the implementation of prudent macroeconomic policies and continued progress in key structural reforms, despite the formidable challenges resulting from the Kosovo

crisis. Directors recognized that the flood of refugees into Albania since the crisis erupted in late March had placed tremendous strains on the social and economic infrastructure as well as on the budget and balance of payments.

"Directors considered that, with sufficient external support, the crisis need not derail Albania's recovery or prove inflationary. Donor financing of Kosovo-related expenses should enable the government to keep within its 1999 fiscal and monetary program targets, while maintaining a robust rate of growth. Directors emphasized the critical role that financial support from the international community would need to continue to play in meeting the costs of the Kosovo crisis. Directors noted that the achievement of the targeted budgetary outcome would provide room for the expansion of private credit under the monetary program, although this expansion would be desirable only if bank restructuring efforts were accelerated and bank supervision practices strengthened. Noting the authorities' prudent

