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To: Members of the Executive Board
From: The Acting Secretary
Subject: The Discrepancy in World Current Account Balances

Attached for consideration by the Executive Directors is a paper prepared by the staff on the discrepancy in world current account balances, which has been tentatively scheduled for discussion on Wednesday, August 1, 1984.

If Executive Directors have technical or factual questions relating to this paper prior to the Board discussion, they should contact Mr. Deppler (ext. 72893).

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INTERNATIONAL MONETARY FUND

The Discrepancy in World Current Account Balances

Prepared by the Research Department

(In consultation with the Administration Department
and the Bureau of Statistics)

Approved by Wm. C. Hood

July 3, 1984

I. Introduction

Executive Directors, at their meeting on April 4, 1984 (EBM/84/52-3), endorsed the proposal in EBS/84/49 that a concerted effort be made, in collaboration with the OECD, to identify the causes of the global discrepancy in payments balances on current account and to seek ways of improving the statistics. Directors requested that the staff prepare a further paper that would describe, in more concrete terms, the nature of the investigation that was envisaged, including options concerning the substantive aspects of the discrepancy that might be analysed, the timetable for the enquiry, the resource costs involved, and the scope of participation by member authorities.

The present paper is intended to address these issues. In preparing it, the staff has had the benefit of informal discussions with the staff of the OECD, the European Communities, and several member authorities. Section II of the paper outlines some of the principal features which would seem to be required of any work program on the discrepancy. Given these general considerations, Section III describes a number of individual projects, of varying breadth, that the staff believes could usefully be pursued. An attempt is made to indicate the costs that might be involved in each project, and the ways in which the work might most effectively be carried forward. Section IV addresses some more procedural aspects concerning the involvement of the Board and member authorities with the ongoing investigation, as well as the timetable for the various phases of the project. Finally, Section V identifies some of the particular issues on which the guidance of Executive Directors is needed before proceeding to the next stage of work.

II. Principal Features of a Work Program on the Discrepancy

In considering the necessary features of a work program aimed at reducing the global discrepancy on current account, it is important to recall some of the key characteristics of that discrepancy.

1. It is predominantly rooted in shortcomings in national balance of payments statistics. Hence, any attempt to reduce the discrepancy will necessarily involve changing the existing statistical procedures

of national compilers since little will have been achieved unless national (as against international) balance of payments statistics are corrected.

2. The global discrepancy is not apparent to national compilers working within the confines of their own respective national statistics. The problem comes to light only when national data are aggregated across all countries. Hence, there is little reason to expect the global discrepancy (unlike, e.g., the respective national errors and omissions item) to fade away without a conscious and determined effort on the part of the international community.

3. The country distribution of the discrepancy is, at the present juncture, largely unknown. Specifically, because bilateral balance of payments data are generally not available, there are few if any solid grounds for supposing that particular countries account for a disproportionate share of the global discrepancy.

Taken together, these features of the discrepancy, as well as its history over the past ten years, suggest that any attempt at reducing it will necessarily require a substantial initial research effort. Such an effort is required to help identify in country-specific terms the main sources of the asymmetry. It is only once such country-specific information becomes available that progress can be hoped for via traditional statistical channels.

Besides a substantial initial research effort, the nature of the discrepancy suggests that any viable attempt at reducing it will also require a large measure of international cooperation. This is especially true of balance of payments compilers who, collectively, will need to be persuaded to adjust their estimating procedures by the equivalent of many billions of dollars if the effort is to be successful. Any viable work program would, therefore, seem to require the active participation of national officials at all levels.

A further consideration that has loomed large in the staff's thinking has been the necessity--cft repeated by national officials--of minimizing the resource costs associated with any attempt to reduce the discrepancy. In particular, there is no question of putting together a project which requires, in either the short or medium term, collecting and processing new, basic information. Rather, the work must instead focus on organizing and analyzing existing information from a new vantage point. In the shorter term, such work will, of course, have resource implications: staff to collect and analyze the data; staff time in national capitals to

complete questionnaires; staff time for both national and international officials as well as travel expenditures to fashion agreement on appropriate lines of action, etc. However, while these costs--specified in somewhat greater detail below--would not be negligible, they would also be temporary. In the staff's view, a year or two of concentrated effort should be sufficient to identify (in category and country-specific terms) the main problem areas and the likelihood of achieving some correction in the basic statistics. Once that initial research effort was accomplished, the staff would envisage the project being incorporated into existing statistical channels and procedures as compilers gradually adjusted their methods to reflect the findings of the research effort.

Additional scope for limiting costs is afforded by the possibility of analyzing not the overall current account discrepancy, but rather some of its chief components. This possibility stems, of course, from the availability of global current account transactions broken down by major types of transactions (trade, travel, shipping, investment income, etc.). As a result, the main functional areas of asymmetry are known. (See Table 1.) While care needs to be exercised to distinguish between those component asymmetries that have their counterparts primarily elsewhere in the current account (and which, therefore, do not contribute in the same degree to the overall current account asymmetry) and those that have their counterparts primarily in the capital account or errors and omissions, the ability to identify component asymmetries does serve to break up the project into component parts, to provide a means of "prioritizing" research topics, and, perhaps most important, to focus analysis. It is with these points in mind that the staff sets forth in the next section a menu of possible research areas.

III. Possible Studies of Sources of the Discrepancy

In what follows, a number of studies are suggested in areas where the staff believes that a significant proportion of the overall discrepancy probably lies, and where there is at least some likelihood of useful results. The approach is necessarily selective, and studies are not proposed in areas where discrepancies are smaller or harder to investigate. An indication is given of what would be involved in each study, to facilitate choosing among them.

1. Investment income flows and financial services

As noted in the staff's previous paper, and as may be seen from Table 1, a significant part of the aggregate discrepancy on current account, and fully half of the change in the discrepancy in recent

years, can be attributed to investment income flows. Since recording practices by member countries are unlikely to have changed significantly over such a short time span, the explanation of the rising discrepancy should probably be sought in changes in the conditions affecting investment income transfers. These changes include the rise in interest rates, the growth of offshore centers, apparent increases in flows of "flight capital," and the swings that have taken place in balance of payments positions in the wake of the second round of oil price increases and the recent recession in industrial countries.

These changes could give rise to an increase in the statistical discrepancy if member countries employed asymmetrical recording practices. Possibilities for such asymmetrical recording are many. For example, while some countries with foreign exchange records attempt to record all investment income receipts and payments above a certain minimum value, others rely on sample survey techniques to make estimates. And others base recorded flows on estimated levels of liabilities and claims outstanding. Still others do not make estimates for receipts of which they have no direct knowledge. Moreover, there are grounds for believing that such asymmetries in recording techniques (both among countries and as between receipts and payments) will tend to bias downwards receipts relative to payments, especially in a period when the aggregate volume of transfers is rising rapidly. One method for judging the possible magnitude of such a bias would be to conduct a systematic survey of the recording practices actually followed by member authorities. In part, such a survey could be based on information already available within the Fund. For the most important countries, however, that information would probably need to be supplemented by a detailed questionnaire, followed up if necessary by staff visits (perhaps in the context of Article IV consultation missions).

A complementary line of approach would be to attempt to build a matrix of the external assets and liabilities which give rise to investment income flows. Given the increased concern about international debt, there is a growing body of data on external assets and liabilities, often on a fairly disaggregated basis. To a considerable extent, it is to be expected that discrepancies between estimated payments and receipts on investment income account will be matched by discrepancies between the estimated stocks of claims and liabilities. Disaggregation of this discrepancy to a bilateral basis would help indicate the likely geographical source of the global discrepancy. Such a project would involve a considerable amount of work which might, however, be reduced by focusing the effort on those sectors (e.g., banks) for which information is relatively plentiful (e.g., from the International Banking Statistics compiled by the Bureau of Statistics).

Table 1. Global Payments Balances on Current Account

(In billions of U.S. dollars and in percent of average of respective gross flows)

	1976	1977	1978	1979	1980	1981	1982	Change 1979-82
Trade	22 (2.4)	15 (1.5)	14 (1.2)	17 (1.2)	30 (1.7)	23 (1.3)	-4 (-0.2)	-21
Services	-22 (-7.7)	-26 (-7.7)	-25 (-5.9)	-31 (-5.7)	-55 (-8.3)	-85 (-11.6)	-96 (-13.1)	-65
Transport and travel	-24 (-18.8)	-23 (-16.0)	-27 (-15.8)	-31 (-14.8)	-31 (-12.3)	-35 (-13.7)	-31 (-12.8)	--
Investment income	0 (-)	-6 (-6.4)	-2 (-1.6)	6 (3.4)	-13 (-5.2)	-29 (-9.9)	-43 (-14.3)	-49
Other services	1 (1.0)	3 (2.6)	4 (3.2)	-6 (-3.6)	-11 (-5.9)	-22 (-12.1)	-22 (-12.3)	-16
Private transfers	3 (18.0)	4 (16.4)	4 (14.8)	6 (16.5)	6 (15.3)	5 (12.9)	3 (7.7)	-3
Current balances (excl. official transfers)	3 (0.2)	-7 (-0.5)	-6 (-0.4)	-7 (-0.4)	-20 (-0.7)	-57 (-2.1)	-95 (-3.9)	-89
Official transfers	-9 (-41.7)	-13 (-47.3)	-17 (-50.5)	-16 (-40.1)	-22 (-46.5)	-21 (-46.8)	-22 (-47.0)	-6
Current balances (incl. official transfers)	-6 (-0.5)	-20 (-1.4)	-23 (-1.4)	-23 (-1.1)	-42 (-1.1)	-78 (-3.0)	-116 (-4.6)	-94

Source: IMF, Balance of Payments Statistics, Yearbook, 1983 and World Economic Outlook, 1984.

An alternative way of using statistical information to help pinpoint the countries in which receipts seem to be understated (or payments overstated) would be to compare, for individual countries, recent developments in net investment income payments or receipts with reported current account developments and known trends in international interest rates. Since the global discrepancy on investment income is not only large in absolute terms, but also grew rapidly over the period 1979-82, there may well be countries where developments in investment income cannot easily be reconciled with those in the cumulative current account position.

Offshore centers handle large financial flows (which usually do not enter the balance of payments of the offshore center itself), and there is clearly scope for asymmetries to arise in the recording of these transactions. For example, the revenues generated by enterprises registered in offshore centers may well give rise to current account payments elsewhere in the world without any offsetting receipt. While a number of studies have drawn attention to the asymmetries in accounting for transactions routed through offshore centers, the staff is not aware of any recent, comprehensive, investigation of the implications for global balance of payments statistics. Such an investigation could potentially contribute a great deal to an understanding of the discrepancies in investment income and financial services flows.

The preceding brief analysis has suggested four lines of investigation covering the general area of investment income flows and other financial services. Since the subject areas overlap to some extent, it would be desirable for the work that is done to be coordinated. A research team would therefore need to have a senior investigator to undertake this coordination, together with three or four additional staff. These personnel resources might be acquired on a temporary or secondment basis, to make use of expertise existing outside the Fund, and to avoid any increase in the permanent staff.

It would also, in the staff's view, be desirable for the work to be guided by a working group of experts from national authorities. For reasons elaborated in the following sections on procedures, the association of such a group with the work would enhance the authority of the report and recommendations that were produced and would help ensure that the work that was undertaken was consistent with the constraints facing national compilers.

2. Official transfers

The discrepancy in official transfers has been reasonably stable over recent years, and is partly offset by a discrepancy of opposite sign in private transfers. This arises in part from the fact that some

income transfers by governments to foreign residents (e.g., social security payments) tend to be recorded as an official payment by the paying country, but as a private receipt by the receiving country. Beyond the discrepancy due to this factor, however, a discrepancy is thought to arise from the inconsistent valuation of transfers-in-kind under programs of official development assistance. It may be the case, for instance, that donor countries value transfers in kind at domestic procurement prices, while receiving countries use a lower valuation, such as world market prices. Such a practice would also lead to a discrepancy in the merchandise trade accounts, since the imputed value of the exports and imports financed by the transfer payment would also be inconsistent. Thus if the current account is defined to include official transfer payments, the errors would tend to cancel out; if, however, official transfers are excluded from the current account, as in the standard presentation used by the Fund, the inconsistent valuation of trade flows under aid programs would tend to increase global receipts relative to payments.

Some previous work ^{1/} has attempted to gauge roughly the importance of this factor (estimating it at almost \$10 billion in 1980) though without making any allocation among individual countries. An extension of this work, that could be undertaken with relatively little commitment of resources, would be to trace the recording of a sample cross-section of a number of significant individual transactions. This could be handled by means of a questionnaire procedure, and could be undertaken through using the expertise and contacts built up by the OECD in the Development Assistance Committee. The OECD Secretariat believes that such a project, along with a more general analysis of the asymmetry on official transfers, could be handled within its existing staff resources, provided that some assistance were available in formulating and guiding the project. Such assistance might come from a small ad hoc committee, representative of both donor and recipient countries, and whose members were familiar with the statistical procedures involved.

3. A bilateral payments matrix

The statistical services of the European Communities (Eurostat) have recently devoted considerable effort to building a data base of bilateral payments flows among member countries, and to developing an analytical apparatus for investigating these flows. The preliminary results of this work suggest that, while there are substantial discrepancies in recorded payments flows between individual pairs of countries,

^{1/} E. Veil, "The World Current Account Discrepancy," OECD, Occasional Studies, June 1982.

and while particular transaction categories seem to show large discrepancies, in the aggregate the asymmetry in intra-EEC current payments flows is reasonably stable, and positive in sign. In other words the problem that has manifested itself in recent years, of a large and growing negative global discrepancy, does not seem to be traceable to the 20 percent or so of world trade in goods and services that takes place within the EEC. However, the EEC's work does show the existence of sizable and pervasive discrepancies within the various components of intra-community trade. While the existence of a discrepancy in trade flows between a given pair of countries cannot indicate which statistics are most at fault, analysis of the pattern of such discrepancies within a matrix of flows does allow some such inferences to be drawn.

The work that has been undertaken by the EEC is capable of being extended, through the expansion of the matrix of bilateral payments flows to include nonmember countries of the EEC. It is perhaps unlikely that sufficiently comprehensive data to make this extension feasible exist for more than a limited number of countries. Nevertheless, the inclusion of a number of other major industrial countries in the EEC's matrix could be a useful step in narrowing down the set of regional payments flows in which major asymmetries seem to exist. The EEC staff would consider undertaking this work, but would require some outside assistance, especially in the form of provision of the requisite data for large non-EEC industrial countries. If these data were made available, honing them to EEC definitions and the adjustment of existing data-handling procedures for the purpose of the exercise being undertaken by the Fund and the OECD might require one additional person, full-time, for the duration of the exercise.

4. Timing and valuation asymmetries

The staff has drawn attention elsewhere ^{1/} to the probable role of timing factors in generating a discrepancy in merchandise trade balances. Since exports tend to get recorded before imports (despite the recommendation of the Manual that both should be recorded as of the change in ownership), a rising level of world trade will tend to lead to an excess of receipts over payments, and a declining level of world trade the reverse. The timing discrepancies in the recording of trade also lead to discrepancies in the valuation of trade since the exchange rates used to convert trade values tend to be those prevailing at the time of recording. For example, the dollar value of a

^{1/} "Statistical Asymmetry in Global Current Account Balances," World Economic Outlook, 1983, pp. 161-67.

German export, invoiced in deutsche mark, will be more than that of the corresponding Australian import if the dollar appreciates from the time of exportation to that of importation. Such valuation discrepancies can add up to substantial amounts, especially at times of large and sustained changes in the value of the major trading currencies.

Timing and valuation asymmetries, which have their counterparts either in the capital or errors and omissions accounts, affect primarily the merchandise trade estimates. Although the global discrepancy in merchandise trade is not large, relative to underlying flows, changes in the merchandise discrepancy loom quite large in the changes that have taken place in the overall current account discrepancy. Between 1979 and 1982, for example, some 20-25 percent of the \$94 billion increase in the overall discrepancy was accounted for by the change in the merchandise trade position. The trade balance accounts for even larger fractions of the rise in the overall discrepancy from 1980 to 1982. The staff believes that these changes can, in large part, be attributed to the slowdown in world trade and the increasing strength of the dollar over the period.

Any change in the procedures for valuation and conversion of actual trade flows would be difficult and costly to introduce. It would involve changes in guidelines used by all customs officers having reporting responsibilities, and might not be implemented uniformly. A simpler alternative would be to investigate the possibility of developing relatively straightforward and statistically sound procedures for estimating the size of the impact on individual countries' statistics, and to use these to adjust recorded customs data for the known influence of timing and valuation asymmetries. Such adjustment procedures are used in any event for purposes such as grossing up incomplete data, and the extension of such a practice would not seem to pose any insuperable procedural difficulties. A useful project would therefore be to devise statistical algorithms that could be uniformly applied by reporting countries. While such a project would rely primarily on readily available bilateral trade data, 1/ it would also require compilation of estimates on the currency composition of countries' foreign trade and, more tentatively, on the chief modes of transportation utilized. This information would need to be gathered via a questionnaire which could also be used as the vehicle for requesting whatever information not presently available within the Fund was required to produce

1/ Such as those presented in the Fund's Direction of Trade.

a survey of existing methodologies. The project could probably be undertaken with a relatively modest expenditure of staff effort, (perhaps one person, full-time), but would need to be explicitly evaluated by national statistical authorities.

5. Shipping

Studies undertaken by national authorities seem to indicate that observed asymmetries in payments for shipping services are often associated with offsetting discrepancies in merchandise trade. This phenomenon can arise from an incorrect division of total import payments into the cost of goods, on the one hand, and the cost of freight and insurance on the other. The procedures used for estimating shipping costs do not seem amenable to easy improvement, and to the extent that incorrect estimates are offset in the merchandise trade accounts, they may not be very serious from the point of view of aggregate current account statistics.

While correcting potential overestimates of shipping payments does not, therefore, seem a promising avenue for reducing the global discrepancy, a potentially more fruitful line of inquiry lies in studying underestimates of receipts that arise systematically because of the existence of open registry ("flag of convenience") shipping fleets. A study along these lines--which would necessarily also have to encompass the recording, or lack of it, of the current expenditures of these fleets--could first investigate variations in the recording procedures used by countries with sizable shipping fleets. Where receipts are not recorded, estimates of the flows involved could be made on the basis of the fleet tonnages concerned. (This was already attempted at an aggregate level in the study undertaken by Dr. Veil at the OECD.) The further step of allocating such flows to individual recipient countries would involve ascertaining the beneficial ownership of open registry fleets--a task that could be both difficult and sensitive, but where some work has already been done by other U.N. agencies.

If such a study were to be undertaken, it would need to be under the guidance of a committee of experts from the countries most directly concerned, with these experts closely involved in the actual conduct of the work. Given that level of involvement, the staff resources that would be required would probably not be more than two persons full-time.

6. Other studies

The studies suggested above are limited to those areas where the discrepancy in existing statistics is particularly troubling, or where the staff believes that a useful improvement in knowledge is achievable at relatively modest cost. There are, of course, other areas of possible

investigation, including: barter transactions in the merchandise trade accounts; illicit trade; travel and tourism; reinvested profits from foreign direct investment; the treatment of consultancy services and trade in "information"; the balance of payments of international organizations; and so on. Each of these areas is thought to generate discrepancies in the recording of payment flows. Further, the last of these (the balance of payments of international organizations) is a lacuna in global balance of payments statistics which perhaps ought to be remedied quite apart from reasons of statistical discrepancies. Nevertheless, given that the Board has expressed a preference for a limited initial enquiry, and in light of the staff's view that the ratio of benefits to costs in investigating these subject areas would be less favorable than for those discussed above, possible studies under these headings are not discussed here. They could, of course, be taken up at a later stage of the inquiry.

IV. Procedural Issues

The basic aim of the exercise proposed in this paper is to identify sources of discrepancy with a view to eventually bringing about improvements in the valuation and coverage of payments flows recorded by individual countries. As suggested earlier, this would seem to argue for the continuous close involvement of compilers and users of statistics from national capitals. There are several reasons why this would be desirable. First, through direct contact with their opposite numbers from other countries, national compilers will become more aware of inconsistencies in existing statistics and methods of collection. Second, since the end result of the study will presumably involve changes in some aspects of existing procedures, it is desirable that those whose practices will have to be adapted understand and support the reasons for changes. Third, and related to the second point, recommendations will carry greater conviction and authority if they are developed and presented by representatives of national authorities than if they are perceived to come simply from the staffs of the international organizations. Lastly, the cooperation of national statistical offices in responding to questionnaires, etc., is likely to be more willingly forthcoming if they have had the opportunity for direct involvement in designing the research strategy.

As indicated above, a possible method for securing such involvement would be by convening an ad hoc representative "working group" or committee for each of the subjects to be investigated (with the possible exception of that on bilateral balance of payments among industrial countries). Representatives on a committee might in the first instance

be invited to serve by the Managing Director, after suitable informal consultation with the Board. It would be desirable for committees to be kept quite small, perhaps five or six members, though their size would to some extent depend on the breadth of the subject matter being covered, and would be influenced by the need to secure representativeness. A committee would meet as often as was necessary to provide guidance and support for the underlying study. It might be the case that members of the committee, and especially the Chairman, would have an active role in drafting the eventual report, and in any event the report would be presented on the authority of the committee. While members of the working groups might come from national authorities, the Chairman could be a consultant appointed for the purpose.

A further question concerns the body to whom a committee or committees might report. Two possibilities could be envisaged. The first is that reports might be forwarded directly to the Executive Board of the Fund, since it is from the Board that the committees will have received their formal mandate. This approach has the advantage of relatively short lines of communication and the avoidance of any additional administrative superstructure. On the other hand, Board members already have a heavy burden of official duties and it may not be desirable to add the responsibility of providing guidance to working groups in the rather specialized area of the proposed study. Furthermore, Board members may not be the persons best placed to analyze the interconnections between studies undertaken in different areas, and to judge the technical value of the work that has been done.

An alternative approach, therefore, would be to constitute a steering group, whose function would be to coordinate the work being undertaken in different areas; to receive and discuss reports; to endorse recommendations for changes in procedures; and eventually to consider subject areas that were not covered in the initial exercise. Such an approach would have the advantage of bringing together senior officials directly concerned with statistical issues. They would be in a position to judge the substantive proposals made in reports, and their endorsement of them would carry considerable weight. The influence of a steering group would be enhanced if it were fully representative of the Fund membership; in other words, each constituency represented by an executive director would be invited to nominate a member of in the steering group. The group itself could be convened only after significant progress had been made on the initial program of work. The group might be chaired by a senior Fund staff member, or by a consultant.

Concerning the timetable for the overall exercise, a distinction should be made between completion of the initial reports, and implementation of any changes and improvements that might be recommended. The staff would envisage that the studies proposed here could probably be completed within a year or two after work was initiated. Implementation might, of course, take considerably longer, and in any event, statistical improvement is an ongoing process. Overseeing the process of implementation might be a reason for a steering group to remain in existence, on a continuing basis, after the initial phase of the exercise was completed. The process of elaborating and implementing recommendations would be facilitated if it were made clear that member countries attached importance, at a high political level, to the success of the exercise. For this reason, it would be desirable to seek the endorsement of the Interim Committee for undertaking the proposed program of work. Subsequently, the Managing Director could report back to the Interim Committee on the progress that was being made, and invite their political support during the implementation phase.

V. Issues for Guidance

This section of the paper attempts to respond to requests made at the Board meeting on April 4, 1984 by setting out specific options for choice by Executive Directors. Since there are several dimensions to these options, no formal decision is suggested. Instead it is proposed that a Chairman's summing-up could take the sense of the meeting concerning the issues involved. This summing-up would then provide the basis on which the Chairman, as Managing Director, would commission further work. The principal issues would seem to be as follows:

(i) Choice of substantive fields of inquiry

Given that the aggregate current account discrepancy may best be approached through studies of its constituent parts, how many such studies should be contemplated? Do directors wish to offer any guidance as to the choice of topics among the studies proposed in Section III above?

(ii) Use of working groups/advisory committees

Would Directors agree that the Managing Director could appoint a small ad hoc working group, in chosen subject areas, to take the responsibility of directing the substantive work and supervising the final draft report? If so, would they wish to offer guidance concerning the composition of working groups?

(iii) Allocation of staff resources

How much staff resources (perhaps through the use of secondments and consultants) could be allocated to the project? To satisfactorily undertake the program of work implied by the five proposals outlined in Section III might require total additional employment of about ten people, for a period of a year or two; two at least of these would need to be at senior level. On the assumption that 10 persons would be hired for 18 months and that the national authorities would pay for the travel costs associated with the working parties and steering committee, the extra costs to the Fund of the projects described in Section III is estimated at \$1.3 million. If the Fund were also to pay for the cost associated with the working groups and steering committee, costs might rise by a further \$0.5 million. If a more limited exercise was chosen, required resources would be less.

(iv) Status of steering group

Would Directors prefer to receive reports directly in the Executive Board, or would they envisage a role for an "umbrella" steering group, possibly having the same constituency composition as the Executive Board. This steering group would, in turn, report to the Board.