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AGENDA**

SM/87/29
Supplement 1
Correction 2

CONTAINS CONFIDENTIAL
INFORMATION

March 3, 1987

To: Members of the Executive Board

From: The Secretary

Subject: Annual Review of the Implementation of Surveillance -
Background Information

Table 1 of SM/87/29, Supplement 1 (2/11/87) was inadvertently issued in Correction 1 (3/2/87) as page 11, instead of page 8. A corrected Table 1 with the appropriate back-up page and the original pages 11 and 12 are attached.

Att: (3)

Other Distribution:
Department Heads

b. The Executive Board

While the Executive Board time devoted to country items was roughly unchanged in 1986, it accounted for a significantly reduced share of total time spent in Executive Board discussions (Table 12). The Executive Board devoted 327 hours (55.2 percent of total) to discussions of country items in 1986, compared with 323 hours in 1985. Within this total, the time spent on Article IV consultations or consultations combined with use of Fund resources fell somewhat, while the average amount of Board time devoted to each item was roughly unchanged (at 1.5 hours). Time spent on discussions of overdue obligations rose again during 1986, as did that devoted to miscellaneous country items (due to discussions of enhanced surveillance and other monitoring arrangements and discussions of negotiations for commercial bank financing in a few cases).

7. Length of staff reports and papers
on recent economic developments

The trend toward longer consultation reports, noted in earlier annual reviews, continued in 1986. The average length of staff reports rose from 27.9 pages in 1985 to 30.9 pages in 1986 (Table 13). This increase was due mainly to a rise in the number of very long staff reports which also incorporated requests for the use of Fund resources or reviews of Fund-supported arrangements; reports of this nature averaged slightly over 50 pages, with several exceeding 80 pages.

The average length of papers on recent economic developments (including supplements) fell from 103.6 pages in 1985 to 98.6 pages in 1986, reversing the trend evident in previous years. The percentage of very short RED papers (60 pages or less) rose slightly, while there was a substantial decrease in the percentage of long RED papers (over 100 pages), from 53.7 percent in 1985 to 45.5 percent in 1986.

Table 1. Article IV Consultations--
Membership Coverage, 1982-86 1/

	1982	1983	1984	1985	1986
Consultations completed	<u>82</u>	<u>120</u>	<u>119</u> <u>2/</u>	<u>131</u> <u>2/</u>	<u>125</u> <u>2/</u>
Industrial countries	13	16	19	18	17
Group of 10	(8)	(8)	(10)	(10)	(10)
Other	(5)	(8)	(9)	(8)	(7)
Developing countries	69	104	100	113	108
Of which:					
Program countries <u>3/</u>	30	42	29	29	27
Membership coverage (percent)	<u>57</u>	<u>80</u>	<u>80</u>	<u>85</u>	<u>81</u>
Industrial countries	65	80	95	90	85
Group of 10	(80)	(80)	(100)	(100)	(100)
Other	(50)	(80)	(90)	(80)	(70)
Developing countries	55	80	77	84	80
Of which:					
Program countries <u>3/</u>	57	90	88	91	79
Memorandum items:					
Staff reports issued	98	118	114	135	119
Consultation missions <u>4/</u>	106	130	123	135	142

Source: Exchange and Trade Relations Department.

1/ Excludes supplemental consultations under enhanced surveillance. A complete listing of countries concluding Article IV consultations in 1986 is provided in Table 25.

2/ Two Article IV consultations were discussed by the Board within a single calendar year for one country in 1984 and for three countries in 1985, and separate consultations were concluded with the Netherlands and the Netherlands Antilles in 1985. The number of members covered was thus 118 in 1984 and 127 in 1985. In 1986, one member had two consultations discussed by the Board, and separate consultation missions were held with the Netherlands, the Netherlands Antilles, and Aruba. The number of members covered was thus 122 in 1986.

3/ Countries with stand-by or extended arrangements in effect at end of year; includes two countries with arrangements only under the Structural Adjustment Facility in 1986.

4/ Includes multiple missions for individual consultations.

Table 3 (Concluded). Countries for Which Next Consultation
is Set on a 12-Month Interval

(As of February 9, 1987)

Country	Date by Which Next Consul- tation to be Concluded <u>1/</u>	Country	Date by Which Next Consul- tation to be Concluded <u>1/</u>
Middle Eastern Department			
Afghanistan	01/24/87 <u>4/</u>	Saudi Arabia	06/30/87
Egypt	10/06/87	Sudan	02/04/88
Jordan	10/17/87 <u>6/</u>	Syrian Arab Republic	02/24/87
Lebanon	04/25/87	Yemen Arab Republic	11/20/86 <u>3/</u>
Oman	06/18/87	Yemen, P.D.R.	10/31/87
Pakistan	03/31/87		
Western Hemisphere Department			
Antigua and Barbuda	11/17/87	Guyana	12/19/87
Argentina	03/10/87	Haiti	12/17/87
Barbados	01/21/88	Honduras	01/27/87 <u>3/</u>
Belize	08/27/87	Jamaica	10/17/86 <u>2/</u>
Bolivia	12/15/87	Mexico	09/08/87
Brazil	12/10/87	Nicaragua	05/16/87
Canada	02/02/88	Panama	10/08/87
Chile	07/21/87	Paraguay	10/08/87
Colombia	12/05/87	Peru	12/21/85 <u>7/</u>
Costa Rica	10/30/87	Suriname	05/16/87
Dominica	10/17/87	Trinidad & Tobago	07/28/87
Dominican Republic	11/27/86 <u>2/</u>	United States	08/06/87
Ecuador	09/20/86 <u>2/</u>	Uruguay	05/28/87
El Salvador	12/22/87	Venezuela	07/25/87 <u>5/</u>
Guatemala	07/18/87		

Source: Exchange and Trade Relations Department.

1/ On basis of specified 12-month interval. Conclusion of consultation within the grace period of three months after the date specified would be considered in compliance with the guideline.

2/ See Table 6.

3/ Conclusion date is expected to be within grace period permitted by guidelines.

4/ Executive Board meetings to conclude Article IV consultations are tentatively scheduled for these countries: Afghanistan (3/6/87); Australia (3/20/87); Japan (3/6/87); Maldives (3/9/87); the United Kingdom (2/23/87); and Yemen Arab Republic (3/2/87). The consultation with Rwanda is expected to be concluded in May 1987, somewhat beyond the end of the grace period permitted by guidelines.

5/ In addition, under enhanced surveillance procedures, mid-year consultations take place with Venezuela and Yugoslavia. The most recent mid-year consultation with Yugoslavia was concluded on 8/8/86; the next mid-year consultation with Venezuela is scheduled to be concluded on 3/2/87.

6/ Taking into account the views of the Jordanian authorities and those expressed by Executive Directors during the discussions on the 1986 Article IV consultation report, it was decided that the next consultation discussions with Jordan be held not later than October 1987. This could delay the conclusion of the 1987 Article IV consultation beyond the grace period of three months.

7/ The timing of the next consultation mission has not been agreed with the Peruvian authorities.

Table 4 . Countries for Which Next Consultation
Is Set on a Longer Interval

(As of February 9, 1987)

Country	Date by which Next Consultation to be Concluded <u>1/</u>	Interval (Months) <u>2/</u>
African Department		
Cape Verde	(12/04/88)	24 <u>3/</u>
Asian Department		
Bhutan	(02/28/87)	18
Fiji	(01/09/89)	24 <u>3/</u>
Kiribati	(11/21/88)	24 <u>3/</u>
Tonga	(11/16/87)	18
Vanuatu	(05/04/87)	18
European Department		
Aruba	(11/21/88)	24
Cyprus	(10/16/87)	18
Finland	(01/17/87) <u>4/</u>	18
Luxembourg	(06/17/87)	24
Malta	(02/27/88)	18
Netherlands Antilles	(11/09/87)	18
Middle Eastern Department		
Bahrain	(07/21/88)	18
Kuwait	(12/13/87)	18
Libya	(06/03/87)	24
Qatar	(02/05/88)	24
United Arab Emirates	(01/22/87) <u>4/</u>	18
Western Hemisphere Department		
Bahamas, The	(05/23/88)	24 <u>3/</u>
Grenada	(06/18/87)	18
St. Christopher and Nevis	(11/16/87)	18
St. Lucia	04/30/87	(18)
St. Vincent	(08/05/87)	18

Source: Exchange and Trade Relations Department.

1/ Date specified in summing up or if in parentheses, date derived from specification in summing up in terms of number of months.

2/ Parentheses indicate that number of months is derived from date specified in summing up.

3/ The Executive Board has recommended that staff visits occur at 12-month intervals for these countries with consultations on a 24-month cycle.

4/ Executive Board meetings to conclude Article IV consultations are tentatively scheduled for these countries: Finland (2/20/87); and United Arab Emirates (3/4/87).