



INTERNATIONAL MONETARY FUND
WASHINGTON, D. C. 20431

MANAGING DIRECTOR

CABLE ADDRESS
INTERFUND

November 19, 1991

TO: MEMBERS OF THE STAFF

The Fund's Work Program

On Wednesday, November 13, the Executive Board discussed the Fund's work program for the period up until next April's meetings of the Interim and Development Committees. I am providing below a short overview of Wednesday's discussion and its implications. To serve as background, copies of my Buff Document statements on the work program (91/201), on work related to the U.S.S.R. (91/200), and on temporary changes in Article IV consultation cycles (91/210), may be obtained from your Administrative Officers.

In its discussion on Wednesday, the Board reiterated a theme emphasized by the Governors at the Annual Meetings: namely, that the Fund now stands at one of the most challenging moments in its history. The signing of the Special Association with the U.S.S.R., coupled with the membership applications from the Soviet Union, the Baltic states, Switzerland, and other economies, means that the Fund is now moving rapidly toward universality of membership. The Fund will have to fulfill additional tasks as a result of this development. At the same time, the Governors also emphasized the importance of the Fund continuing to carry out its normal work on behalf of all its member countries.

As agreed under the Special Association, the Fund will conduct reviews of economic policies in the U.S.S.R., similar to the Article IV consultations it conducts with its members, so as to respond rapidly to the authorities' urgent need to tackle deep-rooted structural problems. Similar policy and economic reviews will be conducted in the Soviet republics and the newly independent Baltic states. In addition, technical assistance will be provided to the U.S.S.R., at the union and republic levels, in the modernization of central bank operations and the financial system; in the fiscal, statistical, and legal areas; and in training in macroeconomic and monetary disciplines.

While the work with the U.S.S.R. and other prospective members will require a large commitment, the work program agreed by the Board also emphasizes other key areas of Fund operations: in particular, measures connected with the implementation of the quota increase; the assessment of medium-term prospects and policies for the global economy in the context of the World Economic Outlook; issues of debt and international trade; and systemic issues and the role of the SDR--all of this at a time when some

eighty countries are counted as program or near-program countries. Special attention will be given to the Fund's budgetary outlook for the near and the medium term, which is to be considered by the Board in December, and to the establishment of an Administrative Tribunal in the Fund, on which I hope agreement can be reached by the end of the year.

All these tasks will absorb a considerable amount of staff resources. To meet these demands and alleviate the strains already being felt in several areas of the Fund, I have presented a two-pronged approach:

(i) we must temporarily adjust the levels of our present activities, and thus temporarily redeploy staff resources to meet the new challenges; and

(ii) we must hire additional staff, bring in staff seconded from member governments and other institutions, and recruit outside consultants and experts.

The new responsibilities will affect every department of the Fund, directly or indirectly, and place new demands on every staff member. Inevitably, however, the changes will fall heavily on the European Department and, to alleviate this burden, four divisions are being added to the department. These divisions will be staffed largely through redeploying staff from other departments. To help area departments cope with this redeployment, several Article IV consultations are being postponed and a number of countries will be placed temporarily on the bicyclic or the two-year consultation cycles. Altogether, consultations with some one third of the membership will be affected over the next 12 months. Annual consultations will continue to be held with the seven largest industrial countries and with program and near-program countries, as well as with arrears cases.

In order to free staff resources from other departments for redeployment to the European Department and to allow the participation of functional department staff on European Department missions, some other operations are also being temporarily reduced through such measures as postponing the review of the CCFF; cutting back on some policy development, research, and statistical activities; and scaling back some of the work in connection with the World Economic Outlook. In addition, departments providing technical assistance face major new demands for assistance to the U.S.S.R. and Eastern Europe. Consequently, some technical assistance assignments to other regions will be delayed when not directly related to the design or implementation of a Fund-supported program.

Over recent months, the Administration Department has intensified its efforts to recruit additional staff. At the same time, the technical assistance departments have been drawing even more heavily on the services of consultants and experts.

I am fully aware of and appreciate the heavy work load that you were already facing and the weight of the new commitments that you are now being called on to undertake. A major objective in our last budget request was to begin reducing the imbalance between work load and staff resources in order to reduce excessive pressures on the staff. The achievement of this objective has been temporarily delayed by the new circumstances that face us. Because of this, and because of the need to tackle the increased demands now being made on the institution, the supplementary budget request for FY 1992 and the budget presentation for FY 1993 will need to continue to stress the goals of reducing the resource imbalance and of restoring the level of budgeted staff resources as needed to perform our activities in a sustainable fashion and at the customary high quality.

We should all take pride in the confidence that the international community has displayed in the Fund at this crucial juncture, as it has in the past in connection with the debt situation, the crisis in the Middle East, and the problems of the poorest countries. This augurs well for the future of this institution and for the central role that it will continue to play in the international monetary system.

A handwritten signature in black ink, appearing to read 'Michel Camdessus', with a stylized flourish at the end.

Michel Camdessus