

August 2, 2002

To: Members of the Executive Board
From: The Secretary
Subject: **Agenda and Procedures Committee—Summary Record of Meeting 02/4**

Attached for the information of Executive Directors is the summary record of the July 25, 2002 meeting of the Agenda and Procedures Committee.

Att: (1)

Other Distribution:
Department Heads

Summary Record
Agenda and Procedures Committee Meeting
July 25, 2002, 2:30pm

Members present: Mr. Mozhin (Chairman); Mr. Kelkar, Mr. Prader, Mr. Yagi, Mr. Zurbrügg, Mr. Anjaria (Secretary).

Also present: Mr. Boitreaud, Ms. Lundsager, Mr. Usman, Mr. González-Sánchez, Mr. Bischofberger, Mr. Vittas, Mr. Kudiwu, Mr. Callaghan, Mr. Melhem, Mr. Mirakhor, Mr. Brooke, Mr. O'Murchú, Mr. Tørnqvist, Mr. Sakr, Mr. Nijse, Mr. Djojotubroto, Mr. Wei, Mr. Kanu, Mr. Pereyra.

Suggestions relating to the non-observance of circulation periods for policy papers

The Chairman (Mr. Mozhin) said that following earlier informal discussions, there seemed to be two possible procedural avenues for dealing with policy papers that did not meet the minimum circulation periods. The first, approval of a formal waiver to be requested by SEC, was thought to be cumbersome but would have the advantage of introducing a single procedure for policy and country papers that missed the minimum circulation. The second approach was to require of SEC a brief written explanation of the reasons for the late circulation. The intention behind both proposals was to impress upon the staff the importance the Executive Directors attached to circulating policy papers well in advance of Board discussions.

Committee members agreed that the second alternative was clearly preferable, and that it would be desirable to gain some experience with it before considering whether it might usefully be applied to country items as well. The Secretary indicated that modalities for implementing the new procedure for policy papers could possibly be ready in several weeks, after consultation with management and the staff in departments that authored policy papers.

Several Directors stressed that the planning and organization of work in their offices would be greatly facilitated by not only the observance of the minimum circulation periods, but also by an early indication of any likely rescheduling; they especially wished to avoid abrupt scheduling of Board meetings for papers that were issued without an indication of a specific date for the Board discussion. That was particularly important for multi-constituency chairs who needed to contact their various authorities. In that context, it was suggested that SEC announce at the earliest possible stage if a minimum circulation period might be missed. The Secretary noted that such an announcement could be made with the periodic updates of the Board calendar. He reminded Directors that establishing the Board calendar for months ahead, as Directors had requested, involved a trade-off between the long time horizon and the predictability of the timing of Board meetings on specific items.

The Committee agreed that the Secretary would consult with management and the staff on a viable procedure that would meet Executive Directors' concerns. Once the procedure has

been reviewed by the APC, it would be circulated to the Executive Board for lapse of time consideration.

The role of Fund seminars and related questions

The Chairman invited Mr. Callaghan to open the discussion—which would be continued later—on the issue raised earlier by Mr. Junguito regarding the wide range of different formats for Board discussions and, in particular, the difficulty in defining the functional differences between formal and informal Board seminars and the legal status of the conclusions of those sessions. Mr. Callaghan noted that the range of Board formats currently comprised ordinary meetings, informal meetings, workshops, question-and-answer sessions, informal and formal seminars, and informal briefings. It should be clear from the choice of the format in any given case what Executive Directors were expected to accomplish with each discussion; that was not the case at present. While a graduation of discussion formats helped to facilitate the various stages of decision making, it would be useful to explore the need to clarify the functional distinctions between them and perhaps introduce some streamlining. Clarification was needed as well on the formal or legal differences, if any, among the concluding statements at the various kinds of discussions.

The Secretary noted that a description of the current guidelines for those formats could be found on SEC's website and would be circulated along with the summary record of the current discussion. As a general rule, summings up did have the legal character of Board decisions, but decisions could always be changed, which suggested that the distinctions between the various formats should not be interpreted in an excessively legalistic manner. With regard to Board seminars, both formal and informal seminars were, in fact, of a rather formal nature.

The Chairman suggested that the issues that Mr. Callaghan had raised should be discussed further at a future committee meeting.

Proposal for a tighter deadline for the circulation of Gray statements

The Secretary suggested that the Committee consider changing the guidelines for the circulation of Gray statements, so that those statements would be issued 24 hours earlier than was currently the case (i.e., by 5:00 p.m. two days before a Board meeting). The current guidelines created the anomaly of encouraging an important input into Board discussions to be available only at the last moment rather than well in advance.

In the course of a brief discussion, Executive Directors recognized that last-minute circulation of Grays added to the difficulty, for all concerned, in preparing for Board discussions. However, they stressed that advancing the deadline for the submission of Grays by a full day would likely discourage the submission of Grays and thereby lengthen Board discussions. Accordingly, as one important purpose of Grays was to save Board time, there was a risk in advancing the current deadline by as much as the Secretary had proposed.

The Committee agreed to consider the issue further at a future meeting.¹

The meeting concluded at 3:45 p.m.

¹ Following the meeting, the Secretary proposed, in an e-mail message, that the guideline for the circulation of Grays be advanced to noon the day before a discussion, and that the circulation of Grays by SEC be shut off at 3:00 p.m. Responding to Executive Directors' queries on that proposal, the Chairman invited the APC to hold a further brief discussion on the matter on August 8.

2. a. Format and Attendance at Executive Board Meetings¹

This note was prepared by the Secretary's Department in October 2001 to summarize present procedures and serve as a ready reference for Executive Directors. Any of the various forms of meetings may be made more restrictive than normal for members of Executive Directors' offices and the staff as determined by management.

Article XII, Section 3(g) of the IMF Articles of Agreement stipulates that the Executive Board shall function in continuous session at the principal office of the Fund and shall meet as often as the business of the Fund may require. Article XII, Section 3(h) stipulates that a quorum for any such meeting shall be a majority of the Executive Directors having not less than one half of the total voting power. The Rules and Regulations of the Fund provide for (i) ordinary meetings and (ii) executive sessions of the Executive Board. Meetings among Executive Directors are commonly held for informational and other purposes that do not require a decision of the Executive Board.

Ordinary Meetings

Most Executive Board meetings are ordinary meetings. As provided in Rule C-3(a), they are open for attendance by not only the Executive Directors, but also their Alternates and Advisors, and Assistants to Executive Directors, as well as the Deputy Managing Directors, the Secretary and other staff members as indicated by the Chairman. Ordinary meetings are formal in the sense that they are the forum in which the Board may adopt decisions and reach understandings affecting the Fund's policies, operations and administrative matters. Detailed minutes are kept of the discussions at all such meetings. For some years, there has been an understanding that, given the limited space in the Board Room and to ensure minimum seating for each constituency, Executive Directors will cooperate by limiting attendance from their offices at ordinary Board meetings to no more than three persons per office, except for individual country items involving an Article IV consultation or use of Fund resources for members of their constituency. Staff attendance is limited to persons whose presence is required and for whom space is available (subject to authorization by the Front Office of their department). Fund consultants are not allowed to attend Board meetings unless authorized beforehand by management.

Officials of a member government, including the Prime Minister or Minister of Finance, may attend ordinary meetings only if management and the Executive Board approve of their attendance. Such approval has been relatively uncommon, partly because of concern that Board deliberations would be inhibited by the presence of officials from capitals. Occasions on which approval has been granted include cases where a member did not participate in the

¹ This information can be found at the Secretary's website under Compendium of Executive Board Work Procedures: <http://www-int.imf.org/depts/sec/services/eb/com/2full.htm>

election of an Executive Director or its voting rights had been suspended. Permission was also given in a small number of cases for transition countries in the early 1990's, primarily as a welcoming courtesy to these new members.

A limited number of ordinary meetings are restricted, including when, for the sake of information security, the circulation of the relevant documentation is limited (see separate note). Executive Directors' offices may be requested to limit their attendance depending on the item under discussion, and staff attendance is also limited, as directed by management. The Board discussions on the World Economic Outlook are routinely held in restricted meetings. Detailed minutes of most of these sessions are prepared, but their circulation is more limited than the circulation of minutes of ordinary Board meetings.

Executive Sessions

Under Rule C-3(b), the Executive Board, at the request of the Managing Director or an Executive Director, may meet in Executive Session. Executive sessions are distinguished from ordinary meetings by the restrictions on attendance. Only Executive Directors, the Managing Director and Deputy Managing Directors are allowed to attend such meetings, unless others, such as the Secretary, Advisors or essential staff are permitted by the Executive Board. Such meetings are held only rarely to discuss sensitive issues.

Informal Meetings

Informal meetings are intended to provide a setting for an open exchange of views on issues that are not yet at the stage at which a formal decision or understanding is sought. Informal meetings are often used for country matters and for long oral reports by management and the staff on recent developments on program negotiations with a member country (see separate notes). Informal meetings on individual countries have become more frequent in recent years. They may cover any policy, operational, or administrative matters. The informality of such meetings is reflected in the fact that they may be called without the usual minimal advance notice given for other kinds of meetings. Occasionally, informal meetings are chaired by a Department Head rather than the Managing Director or a Deputy Managing Director. A staff statement on the topic under discussion may be distributed prior to or after the meeting. Although in recent years a full transcript has been prepared, no minutes are kept. When informal meetings deal with particularly sensitive information, attendance at the meetings may be restricted.

Informal sessions are held about every six weeks to discuss recent World Economic and Market Developments (WEMD) in conjunction with the quarterly report on Emerging Market Financing, as restricted meetings because of the sensitive information involved. While detailed charts and tables are circulated prior to the meetings, staff statements (normally by the Economic Counsellor) are not distributed. In keeping with the informal and restricted nature of these discussions, no record is kept.

A Committee of the Whole consists of all the Executive Directors and is chaired by the Managing Director or one of the Deputy Managing Directors. The committee is an informal setting to consider matters of interest to all Directors that do not require a formal decision. For example, the drafts of the Annual Report have generally been reviewed initially in a Committee of the Whole, then formally approved by the Executive Board on a lapse of time basis; and Committees of the Whole have been established to discuss and report on issues related to the quinquennial general increases in members' quotas (in accordance with Rule D-3, it must be approved at least one year prior to the time when a general review of quotas must be undertaken by the Board of Governors); and to consider and approve the proposed agendas for meetings of the Development Committee.

Executive Board Seminars

Seminars, which may be classified as formal or informal, provide a format for discussion on selected policy and operational matters that are to be considered by the Board at a later stage. Seminars are normally classified as informal when they are designed to introduce Directors to a policy issue on which a staff paper is at an early stage of preparation, to give them an opportunity to provide input on possible different approaches and to offer guidance to the staff. Limited background documentation may be provided, although there are usually no gray statements, no concluding remarks and no formal minutes. Informal seminars may sometimes involve the participation of outside experts to help explain complex legal or technical issues related to the subject under discussion. Formal seminars are normally held when Directors are likely to have formulated preliminary views on a policy issue and wish to place them on the record. In most cases, written staff background documents are provided for the seminar, gray statements may be circulated, concluding remarks are issued and formal minutes are prepared.

Executive Board Briefings by the Staff

From time to time, the staff conducts informal briefings for members of the Executive Board to provide an opportunity for detailed question-and-answer sessions, on country items and policy issues.

A. 2. b. Informal Meetings on Country Matters¹

This note updates the guidelines circulated to Executive Directors by the Secretary on January 18, 2000. The development of a more comprehensive guideline indicating when countries should be covered in informal meetings on either country matters and/or individual countries is presently under preparation.

Purpose

Each informal country matters session is intended to keep Executive Directors informed of the key issues facing staff and management in a group of country cases (normally 8-12 countries), especially when economic developments in a country, or Fund-country relations, take unexpected turns. In UFR cases, staff are expected to indicate whether a program is/is not on track and, if appropriate, to highlight program slippages and problems with prior actions. No formal minutes are circulated, although a full transcript is prepared.

Content

Oral presentations at the outset of each country briefing are expected to be concise, normally lasting three to four minutes. They focus on broad policy issues and avoid excessive detail on developments and performance. In contrast to informal meetings focused on single countries (see separate note), written staff statements are not generally encouraged in order to promote the spontaneity and frankness of comments, although tables and charts of key indicators of a country on the agenda may be circulated by the staff prior to the meeting. Effective June 2001, the themes to be covered for each country on the agenda are now also indicated in advance.

Departmental rotation

The current practice is to schedule a Country Matters session about monthly around area departments taken two at a time on a rotational basis. When requested by SEC to schedule countries, area departments may skip a turn if there are no key cases warranting inclusion in a particular session.

¹ This information can be found at the Secretary's website under Compendium of Executive Board Work Procedures: <http://www-int.imf.org/depts/sec/services/eb/com/2full.htm>

Discussion following oral presentations

The usual format is to complete an oral presentation and a question-and-answer session on one country before moving on to the next country. In order to keep the session to within the agreed 90-minute limit, staff responses to questions are expected to be as concise as possible. In particular, area departments are encouraged to respond to a question of detail by suggesting that it be taken up bilaterally with the Executive Director concerned.

2. c. Informal Meetings on Individual Countries¹

This note was prepared by the Secretary's Department in October 2001 to summarize present procedures and serve as a ready reference for Executive Directors. The development of a more comprehensive guideline indicating which countries should be covered in informal meetings on either country matters and/or individual countries is presently under preparation.

Informal meetings of Executive Directors are held on an ad hoc basis to enable Management or staff to provide timely briefings about developments in individual countries, including in cases where their economic performance could have a large and/or systemic impact on a region or the global economy. Reports are often made to indicate the status of negotiations with the authorities on a Fund-supported program. No formal minutes of the meeting are circulated.

The informal meetings provide opportunities for greater substantive consideration of individual cases than is feasible within the guidelines for the Country Matters meetings (see separate note). Staff are normally prepared to present a more detailed account of the status of negotiations. The staff statement is generally circulated to Executive Directors prior to, during, or after the meeting. Executive Directors are able to undertake detailed questioning on the program, if they so wish. In order to enhance the timeliness of reporting, teleconferencing on occasion has been arranged between the Board and management and staff missions in the field.

¹ This information can be found at the Secretary's website under Compendium of Executive Board Work Procedures: <http://www-int.imf.org/depts/sec/services/eb/com/2full.htm>