

**IMMEDIATE
ATTENTION**

SM/02/302

September 23, 2002

To: Members of the Executive Board

From: The Secretary

Subject: **Fund's Transparency Policy—Statement by the Managing Director and Staff Progress Report on Publication of Country Documents**

The attached statement by the Managing Director on the Fund's transparency policy and progress report by the staff on publication of country documents will be submitted to the International Monetary and Financial Committee at **noon on Wednesday, September 25, 2002.**

It is intended that the report will be posted on the Fund's external website following the IMFC meeting.

Questions may be referred to Ms. Metzgen (ext. 37863), Mr. Gajdeczka (ext. 37124), and Mr. Price (ext. 38805) in PDR.

Att: (1)

Other Distribution:
Department Heads

The Fund's Transparency Policy
Statement by Horst Köhler
Managing Director of the International Monetary Fund
on the Occasion of the Sixth Meeting of the
International Monetary and Financial Committee

1. The Fund's publication policy increases both accountability and the availability of reliable information to the public. Systematic and timely publication of country staff reports can play an important role in mobilizing support for policy actions. Release of Article IV staff reports is intended to enhance the effectiveness of Fund surveillance by facilitating better risk assessment. Similarly, publication of staff reports on use of Fund resources provides the broader context for Fund-supported programs, thereby strengthening the credibility of, and public confidence in, such programs and enhancing country ownership of these programs.

2. In concluding their recent review of the Fund's transparency policies, Executive Directors commended the significant increase in the availability of information about the Fund and its assessments of members policies.¹ They welcomed the increasing publication rates for country documents. Nearly all policy intention documents of countries requesting Fund financial assistance are published and more than half of staff reports on Article IV consultations and on use of Fund resources are published by voluntary decision of country authorities. Policy papers prepared by the staff for the Executive Board are also published.

3. The Executive Board considered further steps to enhance transparency of the Fund and of its members' policies. With regard to the Fund's own transparency, the Board endorsed presumed publication of Fund policy papers and a shortened lag for public access to the minutes of Executive Board meetings. Regarding country staff reports, it was agreed to maintain the present policy of voluntary publication for Article IV consultation reports and staff reports on the use of Fund resources, while monitoring the impact of the Fund's publication policy on the candor of the Fund's dialogue with its members and in the staff's reporting to the Board. Going forward, the Fund will continue to encourage publication of country staff reports. In this regard, Executive Directors, and the membership more broadly, have an important role to play in strengthening the momentum generated by the positive peer demonstration effect that has persuaded the rising number of members to agree to voluntarily publish staff reports.

4. The Board also discussed the impact that the publication of documents has on markets, the public and the Fund. One longstanding concern has been that the Fund remains a confidential and candid advisor to members, which is crucial for the effectiveness of Fund

¹ See *The Acting Chair's Summing Up: The Fund's Transparency Policy—Review of the Experience and Next Steps*, Executive Board Meeting 02/93, September 5, 2002 (BUFF/02/141).

surveillance. Taking into account indications that staff sometimes face pressures to nuance presentation of issues in staff reports, even while preserving the substance of its assessments, Executive Directors urged staff to continue to work to ensure proper balance between candor and confidentiality. The Board also reviewed the experience with the implementation of the policies on deletions and corrections. While there was broad agreement that the present deletions policy works well, as the number of deletions had been limited, there were proposals to apply this policy more flexibly. In view of the high volume of corrections, Directors agreed on the need for greater parsimony and rigor in implementing the corrections policy, while ensuring that the Board is fully informed at the time of its discussion.

5. Against this background, it was deemed important to review periodically the progress made with respect to publication of country staff reports, to maintain the momentum within the present voluntary guidelines. Specifically, Executive Directors requested information on publication rates by country and region. The attached progress report indicates that over 60 percent of staff reports on Article IV consultations, and over half of reports on the use of Fund resources, are published, although the publication rates vary considerably by region.² It is worth noting that, as of August 23, 2002, nine more countries than reported in the Board paper for the transparency review circulated in May 2002, published their staff reports for the first time; this brings to 117 the number of Fund members that have published their staff reports since January 2001. Nearly all members consent to publish their policy intention documents when requesting Fund financial assistance, and Public Information Notices are published following over 80 percent of Article IV Board discussions.

6. The next Board review of transparency policy will take place in June 2003. At that time, Directors will reconsider a possible move to a policy of presumed publication of country staff reports, and review the implementation of the deletion and corrections policy and discuss the proposal to allow deletion of highly politically sensitive information from country staff reports. In the period ahead, we expect further progress under the present policy of voluntary publication of country staff reports, in particular that publication rates will continue to rise. At the time of the spring 2003 IMFC meeting, staff will provide another progress report presenting information on publication practices by country and region.

² *The Fund's Transparency Policy—Progress Report on Publication of Country Documents* (xx/02/xx).

INTERNATIONAL MONETARY FUND

The Fund's Transparency Policy—Progress Report on Publication of Country Documents¹

Prepared by the Policy Development and Review Department

(In consultation with other Departments)

Approved by Timothy Geithner

September 23, 2002

1. The Executive Board discussed the Fund's transparency policies on June 12, 2002 based on *The Fund's Transparency Policy—Review of the Experience and Next Steps* (EBS/02/90, 5/28/02, and Correction 1 and Supplement 1). It concluded those discussions on September 5, 2002. In the summing up (BUFF/02/141, 9/9/02), **Directors requested a progress report for the Fall 2002 Annual Meetings, including in particular information on the publication rates of Article IV and Use of Fund Resources (UFR) staff reports by country and region.** In response to this request, The Managing Director plans to attach this progress report to his written statement to the International Monetary and Financial Committee.

2. This report updates the May staff paper covering documents discussed during March 1-July 23, 2002, and published as of August 23, 2002.² During this recent period, 366 documents were discussed and 279 published (Table 1). Although the total number of country documents discussed and published is large, seasonal and compositional factors make it difficult at this stage to make inferences about trends. During this recent period, 84 staff reports for Article IV consultations and UFR have been discussed and 51 such reports were published (61 percent). This compares with a publication rate of 59 percent (as of March 31, 2002) in the May staff paper. During this recent period, nine countries published their staff reports for the first time,³ bringing the total number of members for whom staff reports have been published to 117 (Table 2).

¹ The main authors of this report are Ydahlia Metzgen, Przemek Gajdeczka, Dennis Jones, and Robert Price, with inputs from Giang Do.

² The May staff paper had covered documents discussed during January 4, 2001-February 28, 2002, and published as of March 31, 2002.

³ Includes stand-alone Article IV, combined Article IV/use of Fund resources (UFR), and stand-alone UFR staff reports.

3. The publication rate for stand-alone Article IV staff reports during this recent period was 68 percent, compared with 59 percent in the May staff paper. For combined Article IV-UFR staff reports, the publication rate was 64 percent, and for stand-alone UFR staff reports, the publication rate was 50 percent (Chart 1); the respective publication rates in the May staff paper were 63 percent and 56 percent.

4. On a regional basis, publication patterns for country staff reports during the most recent period were as follows (Table 3). Publication rates for Article IV and combined Article IV/UFR staff reports for advanced countries and for central and eastern Europe were each 100 percent. Publication rates for Middle East were 20 percent, while those for Asia and the Western Hemisphere were 33 percent; these publication rates were lower than reported previously (20 percent, 36 percent, and 66 percent, respectively). The publication rate for African countries rose to 69 percent (from 46 percent). For stand-alone UFR staff reports, all central and eastern European countries continue to publish; the publication rate for Asian countries remained high (83 percent); publication rates for CIS and Middle East countries were 50 percent; publication rates for African and Western Hemisphere countries were low (at 33 percent and 14 percent, respectively in the most recent period) (Table 4).

5. During the most recent period, 42 PINs were published (or 75 percent) (Table 1); the publication rate for PINs was 84 percent in the earlier period. Publication rates were high for all regions, except Asia (33 percent) and the Middle East (40 percent) (Table 3).

6. For letters of intent/memoranda of economic and financial policies, the publication rate was 91 percent (42 documents published out of 46 discussed), or essentially unchanged. Publication rates were uniformly high across regions (Table 4).

7. The publication rates during the most recent period do not alter substantially the cumulative rates reported in the May staff paper (Table 5). In particular, the publication rate for stand-alone Article IV staff reports during the period January 2001-August 2002 is now 61 percent against 59 percent reported in the May staff paper. For combined Article IV-UFR staff reports the cumulative rate is now 64 percent (from 63 percent). For stand-alone UFR staff reports, the cumulative publication rate moved from 56 percent to 54 percent. The cumulative publication rate for Article IV and combined Article IV/UFR staff reports for African countries has now risen to above 50 percent, while cumulative publication rates for Middle Eastern and Asian regions continue to be lower than in other regions (19 percent and 36 percent, respectively) (see Table 3). Cumulative publication rates for stand-alone UFR staff reports for central and eastern Europe, the CIS and Asian regions remain high (between 71-100 percent), well above the cumulative publication rates for other regions (around 30-40 percent) (Table 4).

8. With regard to the publication of country PINs, the cumulative rate is now 81 percent, compared with 84 percent reported in the May staff paper (Table 5). The publication rate for Financial Sector Stability Assessment (FSSA) reports was 86 percent during the recent period (compared with 50 percent reported in the May staff paper), while 76 percent of modules for

Reports on the Observance of Standards and Codes (ROSCs) were published during this period (about the same rate as reported in the May staff paper).

9. The cumulative publication rate for letters of intent/memoranda of economic and financial policies is now 93 percent (94 percent in the May staff paper), and each region's publication rate remains high (85 percent or higher) (Table 4).

10. During the recent period, deletions continue to be in line with the policy. Management has approved deletions from eight country documents during the recent period, of which one was for an advanced country. Out of the eight documents, references were deleted from three Article IV/combined Article IV-UFR staff reports, three stand-alone UFR staff reports, and two PINs. About half of the deleted references related to banking sector issues. During this recent period, no requests for deletions by third party countries were made, and no requests were made for deletions of performance criteria or structural benchmarks. Two requests for deletions for clearly stated political reasons were made, and these requests were not approved.

11. Corrections were issued for 54 percent of country staff reports published during the recent period, about the same rate as previously reported (53 percent). The slight majority of corrections are still made after Board meetings. The rate of corrections remains especially high for Enhanced Highly Indebted Poor Country Initiative staff reports, FSSA reports, and stand-alone Article IV staff reports (Table 1). The rate of corrections in country staff reports was highest for the Middle Eastern region, followed closely by advanced countries and central and eastern Europe. The number of corrections remains highest for advanced countries, but a notable increase in the number of corrections for central and eastern Europe took place. Overall, the cumulative rate of corrections is broadly unchanged relative to the information presented for the May staff paper.

Table 1. Country Documents Published Under the Transparency Decision
(Board Documents Discussed During March 01, 2002 to July 23, 2002 1/)

(Published as of August 23, 2002)

Document Types	Number of Documents Discussed	Documents Published (in percent of documents discussed)	Published Documents		Lag in Publication (Average number of working days since Board discussion)
			Deletions	Corrections 2/	
			(in percent of documents published)		
Staff Reports	103	68	4	54	22
Article IV (excluding Combined)	40	27	4	82	27
Article IV combined with UFR or PPM	14	9	12	56	43
UFR (excluding Combined)	30	15	7	26	15
Post Program Monitoring (stand-alone)	1	0	0	0	...
Staff Monitored Program (stand-alone)	1	0	0	0	...
Joint Staff Assessments	12	12	0	8	10
HIPC Country Papers	5	5	0	80	14
REDs/Selected Issues/Statistical Annexes	56	37	0	43	26
FSSAs	7	6	0	67	13
ROSC modules 3/	54	41	0	...	...
Public Information Notices (PINs) 4/	56	42	5	7	25
Regional Surveillance Discussions	1	0	0	0	...
Country Policy Intention Documents	89	85	1	14	10
LOIs/MEFPs	46	42	2	17	10
TMUs	30	30	0	13	13
PRSPs, I-PRSPs, and related reports	13	13	0	8	5
UFR Chairman's Statements	...	40	...	...	...
Authorities' statements issued 5/	...	30	...	...	...

1/ Transparency and Fund Policy-Decision and Modalities (SM/00/190, Sup. 7, 1/11/01) recommends that documents be released within 10 working days following the Board discussion. Data includes documents issued for the information of the Executive Board, and reports sent to the Board for consideration on a lapse-of-time basis.

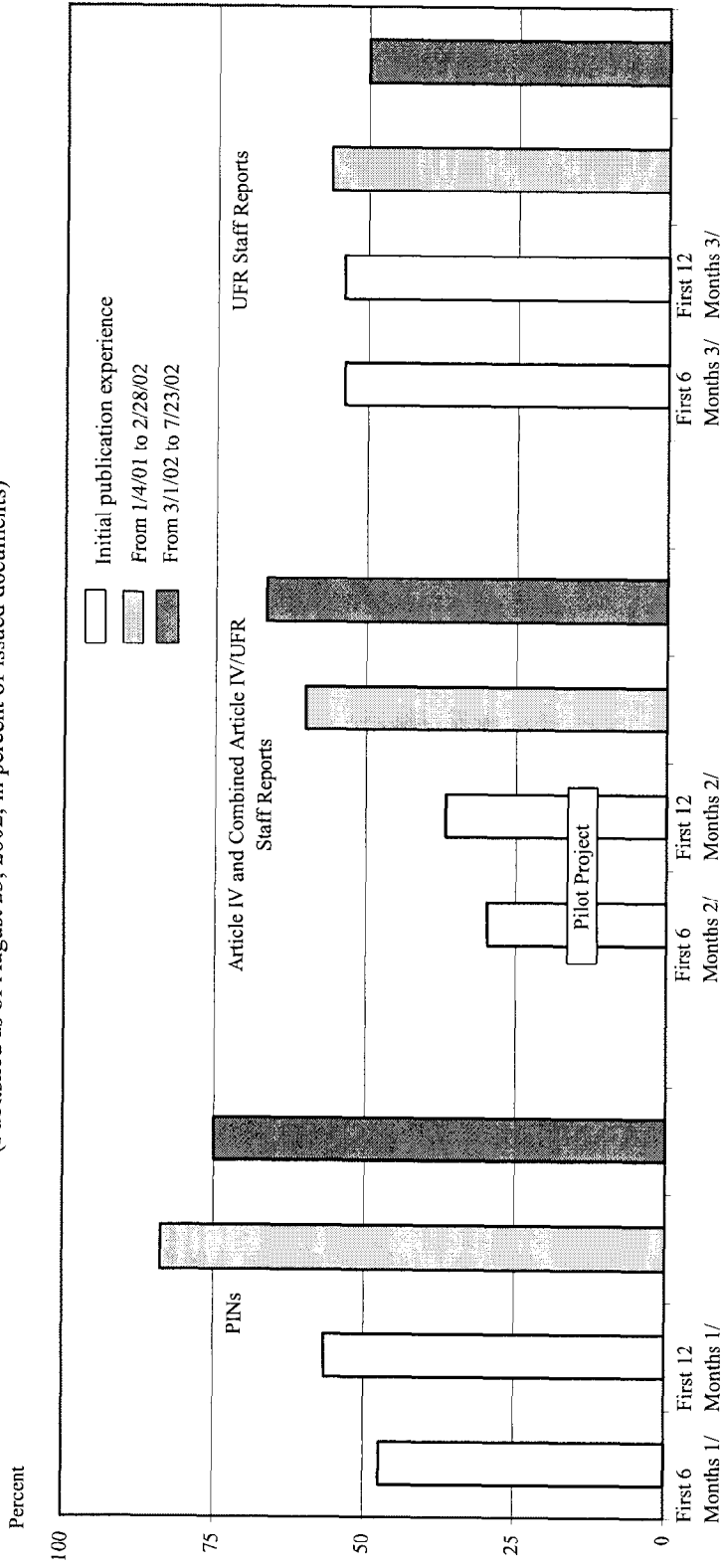
2/ Calculation based on corrections, revisions, and corrections issued along with deletions in the FO/DIS series.

3/ Includes ROSCs modules issued in the context of FSSAs.

4/ Includes PINs issued following Board discussion of staff reports on Article IV consultations, Post-Program Monitoring, and Regional Discussions. In addition, one PIN has been published for a non-member (Hong Kong SAR).

5/ Does not account for authorities' statements that are included in ROSCs.

**Chart 1. Change in Publication Rates of Country Documents
Following Publication Decisions**
(Published as of August 23, 2002, in percent of issued documents)



1/ Since May 1, 1997 (Decision on Release of Press Information Notices, SM/97/92 and EBM/97/45).
2/ Since June 3, 1999 (Pilot Project for the Publication of Article IV Consultation Staff Reports, Decision No. 11973-(99/58)).
3/ Since January 4, 2001.

Table 2. Members' First Time Staff Report Publication 1/
(Board Documents Discussed June 3, 1999 to July 23, 2002 and published as of August 23, 2002)

June 3, 1999 to January 3, 2001 (67) 2/		January 4, 2001 to August 23, 2002 (50)	
Albania	Mozambique	Australia	Armenia 3/
Algeria	Nepal	Azerbaijan	Bangladesh
Argentina	Netherlands	Belarus	Costa Rica
Austria	New Zealand	Belize	Ethiopia*
Bahamas	Niger	Benin*	Gabon
Barbados	Norway	Cameroon	Guatemala*
Belgium	Pakistan	Cape Verde	Guinea-Bissau
Bolivia	Papua New Guinea	Chad	Hungary
Bosnia & Herzegovina*	Poland	Comoros	Kenya
Bulgaria	Portugal	Congo, Dem. Rep. of	
Burkina Faso	Romania	Cote d'Ivoire	
Cambodia	Russian Federation	Gambia	
Canada	São Tomé & Príncipe	Georgia	
Chile	Slovenia	Ghana	
Colombia	Spain	Iceland	
Croatia	St. Kitts & Nevis	Kazakhstan	
Cyprus	St. Vincent	Kiribati	
Czech Republic	Sudan	Kuwait	
Denmark	Sweden	Kyrgyz Republic	
Dominica	Switzerland	Lao, P. D. R.	
Estonia	Trinidad & Tobago	Lesotho	
Finland	Tunisia	Mauritius	
France	United Kingdom	Mexico	
Germany	United States	Mongolia*	
Greece	Yugoslavia*	Morocco	
Grenada	Zimbabwe	Nicaragua	
Guinea		Nigeria	
Haiti		Palau	
Ireland		Panama	
Israel		Paraguay	
Italy		Peru	
Jamaica		San Marino	
Japan		Senegal	
Latvia		Slovak Republic	
Liberia		Sri Lanka	
Lithuania		St. Lucia	
Luxembourg		Tajikistan	
Macedonia, FYR		Turkey*	
Malawi		Ukraine*	
Mali		Uruguay	
Malta		Vietnam	

Note: Date parameters indicate period during which documents were discussed by the Board or approved on a lapse-of-time basis.

* Denotes that the first published staff report was for use of Fund resources.

1/ In addition, 3 non-members also published staff reports – for Aruba, Hong Kong SAR and Netherlands Antilles under the pilot. Staff reports on Monetary and Exchange Rate Policies in the Euro Area were published in April 2000 and November 2001.

2/ The list includes 61 pilot participants, 4 members with Article IV consultations completed by the Board prior to, but published after January 4, 2001 (Niger, Pakistan, St.Kitts and Nevis, and Zimbabwe), and 2 members with UFR Board discussions held prior to, but published after, January 4, 2001 (Bosnia and Herzegovina and Yugoslavia).

3/ The updates from the June 2002 Review are in bold.

Table 3. Article IV Staff Reports and PINs Across Regions 1/

(Documents discussed during 1/4/01 through 7/23/02)

(Published as of 8/23/02)

WEO grouping	Article IV Staff Reports 2/		Publication Rate (in percent)		PINs 3/		Publication Rate (in percent)	
	Discussed	Published	Total	From 3/31/02	Published	Total	From 3/31/02	Total
Advanced	36	33	92	100	35	97	100	
Africa	54	29	54	69	41	76	75	
Asia	28	10	36	33	19	68	33	
Central and Eastern Europe	20	19	95	100	20	100	100	
CIS and Mongolia	12	9	75	75	9	75	75	
Middle East, Malta, Turkey	16	3	19	20	10	63	40	
Western Hemisphere	35	21	60	33	30	86	83	
Non-WEO 4/	1	1	100	0	1	100	0	
Total	202	125	62	67	165	82	76	

1/ WEO geographical classifications.

2/ Includes staff reports for stand-alone Article IV consultations combined with use of Fund resources or post-program monitoring.

3/ PINs following Article IV and Article IV combined with use of Fund resources or post-program monitoring consultations only -- excludes those PINs (6) following regional and

stand-alone post-program monitoring consultations.

4/ Aruba

Table 4. UFR Staff Reports and LOI/MEFPs Across Regions 1/

(Documents discussed during 1/4/01 through 7/23/02)

(Published as of 8/23/02)

WEO grouping	UFR Staff Reports		Publication Rate (in percent)		LOI/MEFPs		Publication Rate (in percent)	
	Discussed	Published	Total	From 3/31/02	Discussed	Published	Total	From 3/31/02
Advanced	0	0	0	0	0	0	0	
Africa	34	12	35	33	71	64	90	83
Asia	18	14	78	83	23	23	100	100
Central and Eastern Europe	15	15	100	100	22	22	100	100
CIS and Mongolia	7	5	71	50	16	16	100	100
Middle East, Malta, Turkey	10	4	40	50	13	12	92	100
Western Hemisphere	19	6	32	14	27	23	85	71
Non-WEO 2/	0	0	0	0	0	0	0	
Total	103	56	54	50	172	160	93	91

1/ WEO geographical classifications.

2/ Aruba

Table 5. Country Documents Published Under the Transparency Decision

(Board Documents Discussed During January 04, 2001 to July 23, 2002 1/)

(Published as of August 23, 2002)

Document Types	Number of Documents		Documents Published (In percent of documents discussed)	Published Documents		Lag in Publication (Average number of working days since Board discussion)
	Discussed	Published		Deletions (in percent of documents published)	Corrections 2/ (in percent of documents published)	
Staff Reports	371	239	64	10	53	22
Article IV (excluding Combined)	147	90	61	11	71	23
Article IV combined with UFR or PPM	55	35	64	11	49	29
UFR (excluding Combined)	103	56	54	18	52	21
Post Program Monitoring (stand-alone)	5	1	20	0	0	35
Staff Monitored Program (stand-alone)	3	0	0	0	0	...
Joint Staff Assessments	44	43	98	0	9	10
HIPC Country Papers	14	14	100	0	93	31
REDs/Selected Issues/Statistical Annexes	209	126	60	1	41	29
FSSAs	29	17	59	12	71	28
ROSC modules 3/	184	136	74	0	...	...
Public Information Notices (PINs) 4/	210	171	81	4	5	17
Regional Surveillance Discussions	6	3	50	0	100	10
Country Policy Intention Documents	337	321	95	1	13	6
LOIs/MEFPs	172	160	93	1	15	6
TMUs	120	116	97	2	12	7
PRSPs, I-PRSPs, and related reports	45	45	100	0	9	4
UFR Chairman's Statements	...	148	...	...	...	...
Authorities' statements issued 5/	...	97	...	...	...	...

1/ Transparency and Fund Policy-Decision and Modalities (SM/00/190, Sup. 7, 1/11/01) recommends that documents be released within 10 working days following the Board discussion. Data includes documents issued for the information of the Executive Board, and reports sent to the Board for consideration on a lapse-of-time basis.

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3/ Includes ROSCs modules issued in the context of FSSAs.

4/ Includes PINs issued following Board discussion of staff reports on Article IV consultations, Post-Program Monitoring, and Regional Discussions. In addition, PINs have been published for 3 non-members (Aruba, Hong Kong SAR, and the Netherlands Antilles).

5/ Does not account for authorities' statements that are included in ROSCs.