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**Concluding Remarks by the Acting Chairman
Draft Manual on Fiscal Transparency
Executive Board Meeting 98/99
September 15, 1998**

Most Executive Directors welcomed the opportunity to discuss the Draft Manual on Fiscal Transparency, but emphasized the very preliminary nature of the current draft, which would serve as a basis for a dialogue with country authorities and others about the usefulness of the Manual in guiding the implementation of the *Code of Good Practices on Fiscal Transparency*. Some Directors were of the view that the current draft was not user-friendly, in part because of the complexity of the issues addressed, but also because the presentation followed too rigidly the structure of the *Code*. In view of the many issues involved, Directors felt that the Manual would benefit from some clarification and revision to improve its usefulness, including by drawing a clearer distinction between transparency and efficiency. It was understood that the Manual would not be formally approved or endorsed at the present stage, and that Directors would have an opportunity to review a revised version, after they and the staff had had sufficient time to seek the views of fiscal agencies and other outside experts. Views were divided on whether the Manual should eventually be endorsed or approved by the Board, and this will be decided later.

Directors discussed the proposed minimum standards of fiscal transparency suggested in the Manual. Some Directors considered that setting unduly high minimum standards would discourage some members from seeking to meet them, and said that the minimum standards should be limited to those deemed critical to effective fiscal management. Some Directors were concerned about the concept of "minimum standards," which may be inconsistent with the idea that compliance with such standards should be voluntary; alternatives, such as "basic requirements of fiscal transparency" or "high-priority requirements of fiscal transparency" were discussed, but Directors agreed to revisit this subject when reviewing the revised Manual.

While there was broad agreement among Directors that implementation of the *Code* should be voluntary, it was emphasized by several speakers that that should not preclude the Fund staff from raising specific fiscal transparency issues with country authorities and from drawing the attention of the Board to shortcomings that might hamper surveillance and effective program design. Where the Fund had concerns on that count, there was support for

encouraging the authorities to make a self-assessment of fiscal transparency that could form the basis for an evaluation of technical assistance needs and other plans for improvement.

Directors noted that the Fund was expected to monitor improvements in fiscal transparency based on the *Code*, but there were divergent views as to how such monitoring should be conducted. Directors generally agreed that monitoring should be relatively informal, with reporting to the Board on a case-by-case basis and with due respect to the confidentiality of information provided by country authorities. While accepting that such an approach was appropriate in the early stages of the exercise, some Directors argued that there should be a gradual shift to more formal monitoring of fiscal transparency, with regular reporting to the Board. While some Directors supported the posting of country information on fiscal transparency on an Internet bulletin board, others felt that this would be premature, and a number of Directors were opposed to publishing countries' responses to the questionnaire. *Most Directors cautioned against development of a quantitative index of fiscal transparency.*

Directors were concerned about the potential resource implications of future work on fiscal transparency. It was noted that even the minimum standards recommended in the Manual were demanding and that many countries would require technical assistance should they seek to meet them. Directors agreed that there was scope to seek support from other international institutions to help meet the resource costs of such requests for technical assistance and to help avoid any duplication of efforts. In any case, most Directors requested the staff to provide a detailed estimate of the resource implications before a decision is taken for the Fund to further extend its involvement in monitoring implementation of the *Code*.

Directors concluded that a revised draft, which would take account of Executive Directors' comments at the current discussion and feedback from country authorities and others, would be prepared for further consideration by the Board. As part of the process of carrying forward the work on fiscal transparency, Directors agreed to make the Manual and the blank questionnaire available on the Fund's external website. It will be clearly indicated that the Manual is a draft that has not been approved or endorsed by the Fund's Executive Board, and that it is being made available at an early stage to seek feedback on its usefulness as a guide to the implementation of the *Code*.