

December 28, 1999

**Summing Up by the Acting Chairman
Transparency and Use of Fund Resources
Executive Board Meeting 99/135
December 20, 1999**

Executive Directors welcomed the opportunity to revisit transparency-related issues, including the questions of the release of use of Fund resources (UFR) staff reports and whether there should be UFR summings up/Public Information Notices (PINs) following Board discussion of a request for the use of Fund resources. Directors noted that, since the June 3, 1999 Board decision on the transparency initiatives, there had been significant progress in implementing the initiatives agreed, representing considerable effort by both national authorities and the Fund.

Concerning the release of UFR staff reports, a clear majority of the Board agreed with the staff's proposal to complete the reviews of the recent UFR transparency initiatives and the Article IV pilot project that are scheduled for June and August, 2000, before proceeding to a decision on the possible publication of UFR staff reports. These Directors saw this as desirable in light of the still early stages of information gathering to assess implementation of the recent initiatives, including public reaction to them and the possible impact on the Fund's confidential relationship with its members. Several Directors reiterated that publication of UFR staff reports could have more economic and political consequences than publication of Article IV staff reports. They noted that publication could undermine confidence in programs through adverse market reaction to disagreements between staff and authorities. In any event, they considered that publication of UFR staff reports should be discussed as part of a broader, comprehensive assessment of the Fund's various transparency initiatives, including reviews of the experience with those currently under way.

However, a number of Directors considered that publication of UFR staff reports could promote ownership of Fund-supported programs and reduce uncertainty in financial markets through the provision of more complete information. In this regard, they also noted that publication of letters of intent/Memoranda of Economic and Financial Policies provided information on Fund-supported programs to the markets, therefore limiting the downside risks of separate publication of UFR staff reports. However, a number of these Directors were prepared to await the completion of the pilot project on the release of Article IV staff reports before considering a similar pilot project permitting the voluntary release of UFR staff reports. A few Directors would have preferred that UFR staff reports be authorized for release under the pilot project, in order to allow an opportunity to review this experience together with the experience on Article IV staff reports.

In considering the question of whether there should be UFR summings up and PINs, Directors agreed with the proposal to continue publishing Chairman's statements,

emphasizing the key points made by the Board in approving or reviewing the program. They noted that preliminary public reactions suggest a favorable response to Chairman's statements and thought that introducing a new external communication instrument at this stage might cause confusion among markets participants. Directors considered that the current procedures for the timely publication of Chairman's statements worked well and should not be modified in advance of the June 2000 review. However, it was agreed that, in view of the clarification of the legal situation relating to such statements, the Executive Director for the country concerned would have, separately, an opportunity to review the Chairman's statement, and would need to give a decision on its publication, subject to very minor revisions, if any, within a very short time of the Board meeting. In the event that the Executive Director did not agree to publication of the Chairman's statement, the Fund would release publicly a short factual statement indicating that the Board meeting had been held and that resources were being provided. The Executive Director for the country concerned would inform the Board of the reasons why publication of the Chairman's statement had not been accepted.

Several Directors expressed the view that, for internal purposes, the Chairman should present a summing up at the end of UFR Board discussions, and the Board agreed to institute this practice.

The Board will review the experience with the transparency initiatives under way in June and August 2000, and will return to the issue of the release of UFR staff reports in the context of the August 2000 review of the pilot project on the voluntary release of Article IV staff reports.