

**FOR
AGENDA**

SM/03/200
Correction 1

June 25, 2003

To: Members of the Executive Board

From: The Acting Secretary

Subject: **The Fund's Transparency Policy—Issues and Next Steps**

The attached corrections to SM/03/200 (6/5/03) have been provided by the staff:

Page 21, para. 37, lines 6 and 7:

for “with non-exceptional access, offset...members with normal access.”
read “with normal access, offset...members with exceptional access.”

Page 22: corrected for overflow of text.

Page 23: corrected for overflow of text.

Page 28, Appendix Table 4, second unit statement:

for “(...through March 25, 2002...)”
read “(...through March 25, 2003...)”

Page 32, Appendix Table 8, heading:

for “(..published as of April 25, 2005)
read “(...published as of April 25, 2003)

Questions may be referred to Mr. Gajdeczka (ext. 37124), Mr. Monroe (ext. 38020), and Ms. Tamirisa (ext. 34371) in PDR.

Att: (5)

Other Distribution:
Department Heads

Recent Developments in Publications Rates

35. The recent data show that on balance, publication rates have continued to rise (Text Table 2 and Appendix I, Table 1).³¹ Since the May 2002 staff paper, 954 documents were discussed during March 1, 2002 to March 25, 2003 (referred to below as the “recent period”), and 724 papers of these were published as of April 25, 2003 (Appendix I, Table 1). The publication rates of most types of documents increased relative to those in the May 2002 staff paper.

36. During the recent period, 210 Article IV consultation and use of Fund resources (UFR)³² staff reports were discussed and 135 published (64 percent). This compares with the publication rate of 59 percent in the May 2002 staff paper. During the recent period, 27 countries agreed to publish their staff report (Article IV or UFR) for the first time, raising the total number of members for whom at least one staff report has been published to 135 (Appendix I, Table 3), representing 73 percent of the membership. The first two stand-alone SMP staff reports were also published during this recent period (for São Tomé and Príncipe and for Sudan).

37. The publication rate of staff reports for stand-alone Article IV consultations reached 66 percent, compared with 59 percent in the May 2002 staff paper. For combined Article IV-UFR staff reports, the publication rate also increased—from 63 percent to 71 percent. However, the publication rate of stand-alone UFR staff reports increased only slightly, from 56 percent to 57 percent. This stability in publication rates masks a rise in the publication rate for members with normal access, offset by a lower publication rate for the five members with exceptional access.³³ Owing to multiple review of programs with these members, a relatively large number of papers were discussed and not published. The publication rate for stand-alone UFR staff reports for exceptional access cases declined from 36 percent in the period covered by the May 2002 staff paper to 21 percent in the more recent period. By contrast, the publication rate for normal access cases increased from 61 percent to 74 percent. Among the

³¹ This paper covers developments since the May 2002 staff paper regarding documents discussed by the Executive Board during March 1, 2002 to March 25, 2003 and published as of April 25, 2003 (the “recent period”). The May 2002 staff paper covered documents discussed during January 4, 2001 to February 28, 2002 and published as of March 31, 2002. Accordingly, the data in that paper did not take into account documents discussed during January 4, 2001 to February 28, 2002 but published after March 31, 2002. Comparisons in the text and tables between the recent period and the previous period exclude such documents, in order to provide in both cases information reflecting a one-month difference between the cutoff dates for discussion and publication. The publication rates may further increase as additional staff reports are published.

³² Includes stand-alone Article IV, combined Article IV/UFR, and stand-alone UFR staff reports.

³³ During the period of the May 2002 staff paper, four members with exceptional access had stand-alone UFR staff reports; during the more recent period, there were five such members. See Table 1 of *Access Policy in Capital Account Crises—Modifications to the Supplemental Reserve Facility and Follow-Up Issues Related to Exceptional Access Policy* (SM/03/20, 1/14/03).

39 members whose stand-alone UFR staff reports were discussed during the recent period, 28 agreed to publish the reports (72 percent).

38. Although publication rates of staff reports generally increased, they continue to be uneven across regions. In the recent period, publication rates for Article IV staff reports were high for advanced economies (97 percent), central and eastern Europe (100 percent), and the CIS and Mongolia (88 percent) (see Appendix I, Table 2). Publication rates were relatively low for the Middle East and Turkey (29 percent), Developing Asia (45 percent), and the Western Hemisphere (52 percent). For stand-alone UFR staff reports, large differences in the publication rates across regions also remain. While the publication rates increased for nearly all regions, they declined significantly for Western Hemisphere from the already low levels in the past, reflecting largely the decline in the publication rates for the exceptional access cases (Appendix I, Table 4). Seventy three percent (43 out of 59) of “market-access” economies have published at least one Article IV or UFR staff report since the Fund moved to a policy of voluntary publication (Appendix I, Table 10). The publication rate for stand-alone PRGF country staff reports—at 67 percent—was much higher than for other stand-alone UFR staff reports (50 percent). Excluding exceptional access cases, the latter figure was 87 percent.

39. During the recent period, publication rates for country policy intention documents remained above 90 percent (Text Table 2). All PRSPs, I-PRSPs and related documents were published—reflecting the policy that Management will not recommend that the Board endorse these documents unless they will be published. At the same time, 90 percent of letters of intent and memoranda of economic and financial policies (LOIs/MEFPs) and technical memoranda of understanding (TMUs) were published. Publication rates for LOIs/MEFPs varied across regions: from 100 percent for Central and Eastern Europe, CIS and Mongolia, Developing Asia, and the Middle East and Turkey to 90 percent for Africa and 72 percent for the Western Hemisphere (Appendix I, Table 6).

40. In 11 of 106 cases in the recent period, LOIs/MEFPs were not published. In nine cases, the authorities never communicated their publication intentions to the Fund, including during the Board discussion.³⁴ This is not consistent with the transparency decision, which states the members should indicate their intention not to publish and provide an explanation “before the Executive Board’s decision relating to the member’s use of Fund resources.”³⁵

41. During the recent period, 127 country PINs (or 82 percent) were published following Article IV consultation, post-program monitoring or regional surveillance discussions,

³⁴ The nine cases are Argentina (EBS/02/190, 11/20/02; EBS/02/168, 9/5/02; EBS/02/125, 7/15/02; EBS/02/83, 5/21/02; EBS/03/32, 3/10/03), Chad (EBS/02/57, 4/5/02), Guatemala (EBS/02/172, 10/02/02), Guyana (EBS/02/167, 9/13/02), Tanzania (EBS/02/56, 4/15/02). One LOI/MEFP was published after the cutoff date of April 25, 2003, and in another case, the authorities consented to publication.

³⁵ See Decision No. 12882-(02/113), paragraph 3.

compared with 84 percent in the May 2002 staff paper (Text Table 2). The publication rates for Africa, Middle East and Turkey, and Western Hemisphere countries declined (Appendix I, Table 2). In some cases members who previously published PINs did not in the recent period.

42. The publication rate for FSSA reports was 68 percent (Text Table 2) during the recent period, compared with 50 percent in the May 2002 staff paper.

43. The publication rate of ROSCs was 72 percent in the recent period, broadly in line with that for other Fund documents (Text Table 2). Publication rates were highest for data and fiscal transparency ROSCs—93 percent of these were published—while the rates for FSAP-related ROSCs and ROSCs concerned with market integrity were lower—69 and 54 percent, respectively (see Appendix I, Table 4).³⁶ The small decline in the publication rate for ROSCs was mainly on the account of standards for market integrity for which the publication rate fell by 18 percentage points. As with other Fund documents, publication rates of ROSCs varied by region (Appendix I, Table 5). Publication rates were high for advanced economies and for Central and Eastern Europe (97 percent for both regions). Compared to the previous period, ROSC publication rates increased substantially for the Middle East and Turkey while declining for Developing Asia, and CIS and Mongolia.

44. Chairman's Statements were issued after all discussions of the use of Fund resources or of HIPC assistance. For the four decisions on the use of Fund resources or HIPC assistance that were taken on a lapse-of-time basis, no Chairman's Statement was issued.³⁷ In three of the four cases, brief factual statements were issued as News Briefs. In one case, no statement was issued,³⁸ and in another, the statement that was issued did not mention a decision to grant a waiver, which is inconsistent with the policy.³⁹

45. The publication rates of policy papers and policy PINs have increased, from 78 percent and 53 percent respectively in the May 2002 staff paper to 91 percent and 86 percent

³⁶ FSAP-related ROSCs include: monetary and financial policy transparency, banking supervision, securities, insurance, payments systems, and anti-money laundering or combating the financing of terrorism. The ROSCs concerning market integrity include corporate governance, accounting and auditing, and insolvency and creditor rights, and are produced by the World Bank.

³⁷ These were Argentina (EBS/02/83, 5/15/02); Chad (EBS/02/57, 3/29/02; EBS/02/80, 5/9/02); and Malawi (EBS/02/161, 8/23/02).

³⁸ See *Chad—Enhanced Initiative for the Heavily Indebted Poor Countries—Request for Additional Assistance* (EBS/02/80, 5/9/02).

³⁹ See *Chad—Second Annual Program Under the Three-Year Arrangement Under the Poverty Reduction and Growth Facility—Evaluation of Performance with Regard to Quantitative Performance Criteria at End-December 2001 and Structural Performance Criteria in the First Quarter of 2002, and Request for Waiver of Performance Criteria* (EBS/02/57, 3/29/02 and News Brief No. 02/35).

in the recent period (Appendix I, Table 7).⁴⁰ The increase follows the adoption of a presumption for the publication of policy papers and PINs in November 2002.⁴¹ Since November 2002, all policy papers and policy PINs subject to the presumption of publication have been published, with the exception of the *Review of Contingent Credit Lines* (SM/03/64, 2/12/03), as the review has not yet been completed.⁴²

46. Publication lags for Article IV and UFR staff reports shortened somewhat to an average 19 working days after the Board discussion from a 22-day average lag reported in the May 2002 staff paper, although they are still longer than the guideline of 10 working days (Appendix I, Tables 1 and 11).

⁴⁰ That paper presented publication rates for policy papers and PINs discussed during 2001. The figures cited here cover documents discussed during January 4, 2001 to February 28, 2002 and published as of March 31, 2002.

⁴¹ See Decision No. 12882-(02/113).

⁴² The transparency decision indicates that the factors on which the decision to publish a policy paper shall be based “shall include whether the discussions have reached completion or, if not completed, whether informing the public of the state of the discussions would be useful.”

Table 3. Members' First Time Staff Report Publication 1/
(Board Documents Discussed from June 3, 1999 to March 25, 2003 and published as of April 25, 2003)

June 3, 1999 to January 3, 2001 (67) 2/		January 4, 2001 to March 25, 2003 (68)	
Albania	Mozambique	Australia	Armenia 3/
Algeria	Nepal	Azerbaijan	Bangladesh
Argentina	Netherlands	Belarus	Botswana
Austria	New Zealand	Belize	Burundi
Bahamas	Niger	Benin*	Costa Rica
Barbados	Norway	Cameroon	Ecuador
Belgium	Pakistan	Cape Verde	Ethiopia*
Bolivia	Papua New Guinea	Chad	Fiji
Bosnia & Herzegovina*	Poland	Comoros	Gabon
Bulgaria	Portugal	Congo, Dem. Rep. of	Guatemala*
Burkina Faso	Romania	Cote d'Ivoire	Guinea-Bissau
Cambodia	Russian Federation	Gambia	Hungary
Canada	São Tomé & Príncipe	Georgia	Iran Islamic Rep. of
Chile	Slovenia	Ghana	Kenya
Colombia	Spain	Iceland	Korea
Croatia	St. Kitts & Nevis	Kazakhstan	Madagascar
Cyprus	St. Vincent	Kiribati	Mauritania
Czech Republic	Sudan	Kuwait	Micronesia
Denmark	Sweden	Kyrgyz Republic	Moldova
Dominica	Switzerland	Lao, P. D. R.	Rwanda
Estonia	Trinidad & Tobago	Lesotho	South Africa
Finland	Tunisia	Mauritius	Swaziland
France	United Kingdom	Mexico	Tanzania
Germany	United States	Mongolia*	Tonga
Greece	Serbia and Montenegro*	Morocco	Uganda*
Grenada	Zimbabwe	Nicaragua	United Arab Emirates
Guinea		Nigeria	Vanuatu
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 (stand-alone).

1/ In addition, 3 non-members also published staff reports – for Aruba, Hong Kong SAR and Netherlands Antilles under the pilot. Regional surveillance staff reports on Monetary and Exchange Rate Policies in the Euro Area were published in April 2000, November 2001, and October 2002; on West African Economic and Monetary Union were published in November 2001, March 2003; on Economic and Monetary Union of Central Africa was published in September 2002; on Eastern Caribbean Currency Union was published in March 2003.

2/ The list includes 61 pilot participants, 4 members with Article IV consultation 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 staff reports discussed prior to, but published after, January 4, 2001 (Bosnia and Herzegovina and Serbia and Montenegro).

3/ The updates since the May 2002 review paper are in bold.

Table 4. ROSC Publication Rates by Type of ROSC

Type of ROSC	Number of Documents		Publication Rate (in percent)
	Discussed	Published	
(Completed January 4, 2001 through February 28, 2002, and published by March 31, 2002)			
Total	130	95	73
Data and Fiscal	31	27	87
Data	12	10	83
Fiscal	19	17	89
FSAP Related 1/	85	58	68
Monetary and Financial Policy Transparency	20	12	60
Banking Supervision 2/	20	12	60
Insurance	13	12	92
Payments	20	12	60
Securities	12	10	83
Anti-Money Laundering and Combating the Financing of Terrorism
Market Integrity 3/	14	10	71
Accounting and Auditing	3	3	100
Corporate Governance	10	7	70
Insolvency and Creditor Rights	1	0	0
(Completed March 1, 2002 through March 25, 2003, and published by April 25, 2003)			
Total	155	111	72
Data and Fiscal	30	28	93
Data	13	13	100
Fiscal	17	15	88
FSAP Related 1/	97	67	69
Monetary and Financial Policy Transparency	22	15	68
Banking Supervision	22	15	68
Insurance	16	12	75
Payments	21	14	67
Securities	16	11	69
Anti-Money Laundering and Combating the Financing of Terrorism	2	2	100
Market Integrity 3/	26	14	54
Accounting and Auditing	10	5	50
Corporate Governance	10	6	60
Insolvency and Creditor Rights	6	3	50

Source: Fund staff estimates.

1/ Includes ROSC modules produced in the context of FSAPs and as stand-alone ROSCs.

2/ Excludes two unpublished standards reassessments prepared during FSSA updates, for consistency with data in the previous transparency review.

3/ Includes ROSC modules produced by the World Bank as stand-alone assessments and in the context of FSAPs.

Table 7. Publication of Policy Papers and PINs 1/

(Number of documents, unless otherwise specified)

Document	Previous Period 2/	Recent Period 3/	
			Of which after 11/11/02 Decision 4/
Policy Papers			
Discussed	32	43	13
Published	25	39	12
<i>(In percent of documents discussed)</i>	<i>78</i>	<i>91</i>	<i>92</i>
Policy PINs	17	37	12
<i>(In percent of documents discussed)</i>	<i>53</i>	<i>86</i>	<i>92</i>

1/ Policy papers are defined as those papers on Fund policy issues that resulted in a Summing Up or Concluding Remarks; excluding certain other non-country papers that do not address Fund policy issues and resulted in a Summing Up or Concluding Remarks (e.g., WEO, GFSR) and papers on administrative issues as defined in Decision No. 12882-(02/113) Section 10. Papers on Fund liquidity and precautionary balances are of administrative character and are therefore excluded.

2/ This column covers documents discussed during January 4, 2001 through February 28, 2002, and published as of March 31, 2002. (Table 7 of the May 2002 review covered policy papers discussed in 2001).

3/ Documents discussed during March 1, 2002 to March 25, 2003, and published as of April 25, 2003.

4/ Decision No. 12882-(02/113), which was taken on November 11, 2002, established a presumption that policy papers and PINs would be published.

Table 8. Corrections per Published Staff Report

(Board documents discussed during March 1, 2002 to March 25, 2003, and published as of April 25, 2003)

WEO Classification	Article IV	Combined 1/	UFR	Average 2/
Advanced Economies				
Corrections/Staff Report Corrected	18.3	--	--	18.3
Pages Corrected /Staff Report Corrected	8.8	--	--	8.8
Africa				
Corrections/Staff Report Corrected	5.5	2.0	1.5	3.8
Pages Corrected /Staff Report Corrected	4.5	1.8	1.0	3.1
Developing Asia				
Corrections/Staff Report Corrected	21.8	2.5	8.7	14.0
Pages Corrected /Staff Report Corrected	10.8	2.5	2.7	6.7
Central and Eastern Europe				
Corrections/Staff Report Corrected	19.6	5.0	9.8	13.7
Pages Corrected /Staff Report Corrected	7.7	4.5	2.5	5.2
CIS and Mongolia				
Corrections/Staff Report Corrected	5.5	4.7	0.0	5.0
Pages Corrected /Staff Report Corrected	4.0	3.0	0.0	3.4
Middle East and Turkey				
Corrections/Staff Report Corrected	9.0	9.0	24.0	16.5
Pages Corrected /Staff Report Corrected	6.0	7.0	7.0	6.8
Western Hemisphere				
Corrections/Staff Report Corrected	12.1	5.3	18.5	11.5
Pages Corrected /Staff Report Corrected	7.3	2.7	4.0	5.7
Non-WEO 3/				
Corrections/Staff Report Corrected	23.0	--	--	23.0
Pages Corrected /Staff Report Corrected	11.0	--	--	11.0
Average				
Corrections/Staff Report Corrected	15.7	4.0	11.5	12.9
Pages Corrected /Staff Report Corrected	7.9	2.9	3.1	6.2

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

2/ This average weighs on staff reports corrected.

3/ Aruba.