

EB/CAR/Mtg/05/1

March 23, 2005

To: Members of the Executive Board

From: The Secretary

Subject: **Committee on the Annual Report—Summary Record of Meeting 05/1**

Attached for the **information** of Executive Directors is a summary record of the February 15, 2005 meeting of the Committee on the Annual Report.

Att: (1)

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Department Heads



**SUMMARY RECORD  
THE COMMITTEE ON THE ANNUAL REPORT  
MEETING 05/1**

**February 15, 2005—2:30 p.m.**

**Members present:** Messrs. Padoan (Chairman), Misra, Santana, Hacche (EXR), Ms. van der Willigen (PDR), and Mr. Da Costa (Secretary).

**Also present:** Ms. Lundsager, and Messrs. Abel, Alazzaz, Andersen, Bischofberger, Calderón-Colín, Cuny, Daïri, Francis, Ge, Gregory, Kitahara, Lynch, Nauphal, Raczko, Sidi Bouna, Steytler, Sukada, and Vogel.

**IMF staff:** Ms. Morrison (EXR).

**I. INTRODUCTION**

The Committee on the Annual Report (CAR) met on February 15, 2005 to consider the terms of reference for the Committee and to discuss a note prepared by the Chairman on possible elements of a work program for 2005.

At the outset, the Chairman welcomed the Committee members and other Executive Directors to this first meeting of the new committee. He suggested that before turning to the agenda, it would be important for the committee to agree on the modalities for organizing its work. It was agreed that committee meetings will be open to members and other Executive Directors. It was also decided that the committee secretary will produce a summary record of meetings to be circulated to all Committee members and other Executive Directors, and that the Chairman will report periodically on the work of the Committee to the Executive Board.

**II. THE COMMITTEE'S TERMS OF REFERENCE**

The Chairman asked Committee members and other Executive Directors to provide comments on the draft terms of reference, which was circulated before the meeting.<sup>1</sup>

It was noted by a Committee member that the current concept of an Annual Report was drawn from Section 10 of the Fund's *By Laws Rules and Regulations*. In keeping with the provisions of this section, he suggested that the terms of reference should explicitly recognize

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<sup>1</sup> "To review and make recommendations to the Executive Board on the format and content of the Fund's Annual Report, with the aim of helping to ensure that the reports achieve the highest standards in disseminating information on the activities of the Fund and on the Fund's work to fulfill its obligations to its members and to the international monetary system."

a role for the Board in making recommendations to the Board of Governors on the problems confronting the Fund. Other speakers noted that the Fund already produces various communications instruments (e.g., PINs, WEO, GFSR) that cover issues discussed by the Executive Board, and that, at least initially, the Committee should avoid the temptation to set goals for expanding or revamping the Annual Report that were too ambitious. The Annual Report should continue to fulfill its main functions, i.e. to provide an account of what the institution had decided and accomplished during the past financial year, and to serve as a reference source on the work of the Fund. In this connection, the importance of attaining the highest possible dissemination standards and the widest outreach, including to non-English speakers, was emphasized. The importance of reflecting the IMF's transparency and accountability in the Annual Report was also mentioned.

The Chairman noted that the staff will incorporate the suggestions of Committee members and other Directors into revised draft terms of reference that will be circulated to the committee for its approval. The agreed draft will subsequently be sent to the Executive Board for approval on a lapse-of-time basis.

### **III. ELEMENTS OF A POSSIBLE WORK PROGRAM OF THE COMMITTEE**

In his introductory remarks on this agenda item, the Chairman observed that in order to improve the effectiveness of the Annual Report, more could be done in terms of focus, content, and language. An appropriate balance should be struck between a document that serves as a reference and sets out the views of the Board, and a report that effectively describes how the Board's agenda, or its mandate from the IMFC, is being carried out. Regarding the latter, the Chairman proposed an introductory chapter in the report that would provide an overview of the work of the Board over the past financial year. Such an introduction could be linked to special chapters on topics related to the main issues facing the Fund, such as the work on the strategic review. Public understanding of the Fund might also be improved if the report contained a description of the Fund's decision-making process or consensus building, while safeguarding confidentiality.

Mr. Hacche provided to the committee an update on EXR's efforts to improve the Annual Report. He noted that a survey conducted by telephone among readers of the Annual Report is being planned, and will be conducted by a consultancy firm that had done excellent research on the Fund's *Finance & Development* and *IMF Survey* publications. Some speakers expressed skepticism about the reliability of the results from a telephone survey. Mr. Hacche agreed that such an approach might not be ideal, but observed that the consultants are experts in this kind of research and that they have argued convincingly that they will be able to collect useful information by this means quickly and at a lower cost than would be involved in a mail survey.

Regarding proposals to revamp the Annual Report, Mr. Hacche noted that the timetable for the 2005 Annual Report is very tight. It is expected that a draft outline could be distributed to the Board shortly after the Spring Meetings, with a first draft of the report ready for consideration by the Board by end-May. The current practice is to rely heavily on the

summings up of Board discussions for the text of the Annual Report, with connecting material drafted by the staff. If significant additional material were to be drafted, this would likely cause a delay in the report's schedule, given both the staff's limited resources and the additional work by the Board that would be needed for clearance.

Views among Committee members and other Executive Directors differed on the need for, and ways to revamp the Annual Report. The usefulness of the Report as a factual reference document was recognized by all speakers. At the same time, it was felt that the report's language and style could be made more accessible. However, in light of the tight budgetary constraints, it was acknowledged that it would be prudent to adopt a gradual approach to making changes to the report over the years, with the direction of change being based on a clear sense of its role and objectives.

The Chairman noted that there was broad endorsement of the suggestion to introduce an introductory overview chapter, while streamlining the information in subsequent chapters. The introductory chapter could draw partly on documentation prepared for IMFC meetings, including the Managing Director's report. The Chairman noted that there was no agreement on including in the report a reference to how consensus is reached in the decision making process of the Board, with some speakers having expressed doubts about the amount of consensus-building that actually occurs. There was agreement, however, on the desirability of occasional chapters or sections on issues of specific, topical importance. Thus for the 2005 report, there could be a specific chapter, which need not be very long, on the strategic review of the Fund currently underway. The Chairman also noted the support for a strengthening of the passages connecting the language drawn from summings up so as to clarify for the readership themes in the Board's work during the year.

In concluding the meeting, the Chairman thanked Committee members and other Directors for their comments and suggestions, which would help make the Annual Report—already a very valuable communications tool—even more effective.

The meeting concluded at 3:58 p.m.