

June 30, 1997
Approval: 7/8/97

MASTER FILES
ROOM C-525 0404

INTERNATIONAL MONETARY FUND
Minutes of Executive Board Meeting 95/90
10:00 a.m., September 20, 1995

Contents

Attendance	Page 1
1. Japan - Report by Executive Director	Page 3
2. Unauthorized Disclosure of Information	Page 4
3. Strengthening Fund Surveillance - Provision of Statistical Data By Members - Further Considerations and Draft Report to Interim Committee; and Standards for Provision of Economic and Financial Data to Public - Further Considerations and Draft Report to Interim Committee	Page 5
4. Policies Implemented Under Madrid Declaration and in Context of Fund Surveillance - Review - Managing Director's Draft Report to Interim Committee	Page 58
Decisions Taken Since Previous Board Meeting	
5. Approval of Minutes	Page 66
6. Executive Board Travel	Page 66



M. Camdessus, Chairman
S. Fischer, Acting Chairman
A. D. Ouattara, Deputy Managing Director

Executive Directors

M.-A. Autheman
J. Bergo
L. E. Berrizbeitia
I. Clark

H. Evans
K. P. Geethakrishnan
J. E. Ismael
D. Kaeser
A. Kafka
W. Kiekens

G. Lanciotti
K. Lissakers
H. Mesaki

C. Saito

A. S. Shaalan

E. L. Waterman

J. de Beaufort Wijnholds

Alternate Executive Directors

A. A. Al-Tuwaijri

E. Srejber
J. Guzmán-Calafell, Temporary
G. F. Murphy
D. Z. Guti
 J. M. Jones, Temporary
J. Shields
W. Hettiarachchi

R. F. Cippa, Temporary
A. Calderón
J. Prader
H. A. Barro Chambrier
 K. Kpetigo, Temporary
N. Coumbis
B. S. Newman
T. Fukuyama
M. Dairi
J. Leiva, Temporary
B. Esdar
Y. Y. Mohammed
 S. K. Fayyad, Temporary
A. V. Vernikov, Temporary
J.-H. Kang
 M. Petrie, Temporary
O. Havrylyshyn
Wei B.

L. Van Houtven, Secretary and Counsellor
 T. Ranaweera, Assistant
 S. Y. Yeager, Assistant

Also Present

African Department: E. A. Calamitsis, Director; G. E. Gondwe, Deputy Director; R. C. Williams. Central Asia Department: H. Neiss, Director; B. B. Aghevli, Deputy Director; B. Chadha, G. Lipworth, M. Lutz, K. Okamura. European I Department: M. Russo, Director; D. C. McDonald. European II Department: J. Odling-Smee, Director; J. R. Wein. External Relations Department: S. J. Anjaria, Director; D. R. Hawley, H. P. Puentes, J. Starrels. Fiscal Affairs Department: E. de Callatay. Legal Department: W. E. Holder, Deputy General Counsel; R. C. Baban. Middle Eastern Department: M. A. El-Erian, Deputy Director; S. E. Williams. Policy Development and Review Department: J. T. Boorman, Director; M. Allen, Deputy Director; T. Leddy, Deputy Director; O. J. Evans, H.-M. Flickenschild, N. Kirmani, R. H. Nord, S. K. Wajid. Research Department: R. D. Haas, F. Larsen. Secretary's Department: A. Mountford, W. S. Tseng. Southeast Asia and Pacific Department: K. Saito, Director. Statistics Department: J. B. McLenaghan, Director; C. S. Carson, Deputy Director; R. A. Elson, Deputy Director; E. Ayales, A. M. Bloem, R. G. Di Calogero, K. G. Dublin, P. L. Joyce, R. P. Kennedy, K. W. O'Connor, N. K. Patterson, S. P. Quin, D. J. Scheuer, R. T. Stillson, S. Umana. Treasurer's Department: J. C. Corr. Western Hemisphere Department: A. H. Thomas, F. van Beek. Office of the Managing Director: S. Sugisaki, Special Advisor, J. Quick, Personal Assistant Designate; G. R. Saunders, Personal Assistant; F. Gaitan. Advisors to Executive Directors: J. M. Abbott, B. Andersen, P. Cailleteau, T. K. Gaspard, He J., A. R. Ismael, J. John, J. Jonáš, R. Kannan. Assistants to Executive Directors: S. Al-Huseini, A. G. Cathcart, D. Daco, C. Duenwald, A. Galicia, J. Hamilius, R. J. Heinbuecher, O. Himani, G. H. Huisman, P. Jilek, H. Kaufmann, W. C. Keller, J. Mafararikwa, M. H. Mahdavian, S. Rouai, G. Schlitzer, S. Simonsen, T. Sitorus, M. Yiu.

1. JAPAN - REPORT BY EXECUTIVE DIRECTOR

Mr. Mesaki made the following statement:

On this occasion, I would like to inform my colleagues of the economic package announced by my authorities today. The recovery pace of the Japanese economy continues to be sluggish. However, thanks to various economic measures introduced recently, favorable developments are appearing in the foreign exchange and stock markets. My authorities judge that they should seize this opportunity to take precise and effective measures.

The economic package is comprehensive, paying due attention to short-, medium-, and long-term perspectives. The package has three main pillars: stimulating domestic demand; addressing imminent issues, and implementing structural reform of the economy. Substantial measures will be implemented not only in the area of hardware, such as public works, but also in the area of software, such as encouragement of research and development, and improvement of information systems. In addition to public expenditure loans, various measures will be taken in terms of legal measures, deregulation, and public utility charges. The package totals more than ¥14 trillion, roughly \$140 billion, which amounts to about 3 percent of GDP. Of the total, about ¥11 trillion--which is the largest ever--is additional expenditure, mainly investment by central and local governments. This amount is composed of ¥8 trillion for direct investment and ¥3 trillion for land purchase, which will help alleviate the structural problems of the Japanese economy. This package will inevitably worsen the already difficult financial position.

My authorities, of course, are well aware of the necessity of fiscal consolidation once the economy resumes recovery. The Government continues to address the problem of nonperforming loans to Japanese financial institutions. Therefore, the Government intends to give basic policy direction to address the problem by the end of this month on the basis of the interim report by the Financial System Council, and to organize concrete measures by the end of this year.

The Chairman said that he wished to thank the Japanese authorities for making available a draft of their reform program, and for incorporating in the final program several recommendations that the staff and the Managing Director had made.

The Director of the Central Asia Department remarked that a brief analysis of Japan's reform package would be made available to Directors during the course of the day. The total package of about ¥14 trillion, or 3 percent of GDP, could be analyzed in terms of its direct and indirect impact on domestic demand. The direct impact was expected to come from a

large public investment program of ¥8 trillion, which amounted to more than 1.5 percent of GDP. In addition, the scheduled land purchases were expected to strengthen indirectly the position of financial institutions, and to moderate, or to reverse, the decline in land prices. Furthermore, lending for housing construction was expected to stimulate economic activity.

Because of the uncertainty about the quantification of the indirect effects, only direct effects were taken into account in assessing the impact of the package, the Director remarked. Simulations with the Fund's Multimod model showed that direct spending would help to increase GDP by 1.5 percent over a two-year period. However, increases in domestic spending would be subsequently offset by higher imports, interest rates, or exchange rates. While the reform package was expected to have some impact in the latter part of 1995 and the first part of 1997, the major impact was expected to be felt in the calendar year 1996.

The package, which was perhaps larger than anticipated by the markets, would also have a big impact on market confidence, as had been demonstrated already by its effect on the Nikkei stock market index, the Director noted. How the markets would interpret the package would be ascertained by looking at developments in stock market prices in the forthcoming period. As the Managing Director had stated, the package, together with the measures taken earlier--in particular, the interest rate reduction and the efforts to reverse the appreciation of the yen--would put the Japanese economy on a firm recovery path.

The Chairman said that Mr. Rubin, the U.S. Treasury Secretary, had said that the United States welcomed the Japanese policy package. He hoped that the current reform package, by providing a significant boost to the Japanese economy, would enable the authorities to address the remaining problems of the financial sector and to accelerate structural reforms.

2. UNAUTHORIZED DISCLOSURE OF INFORMATION

Mr. Geethakrishnan said that, on September 19, a German newspaper had reported that Fund sources had leaked the World Bank's staff report on external debt. He was concerned that some senior Bank staff were thinking that the leak had indeed come from Fund sources.

The Chairman observed that, in order to clarify matters, the Director of the External Relations Department had sent the following letter to Handelsblatt, the German newspaper that had published the news item:

Dear Sir: Mr. Zwätz's article "Das Leck" contains two claims that are completely unfounded. First, the article speculates, without any substantiation, that the Fund may have been the source of a recent leak of a draft World Bank staff discussion paper on the debt burden of low-income developing countries. As is the case in many other areas, confidential discussions on a wide range of

policies and country matters routinely take place between the staffs of the World Bank and the Fund on a continuous basis. Any suggestion that the Fund has been careless about respecting the Bank's confidence in this or any other context is without foundation and plain wrong.

Second, Mr. Zwätz's article completely ignores the Fund's concerns about the economic and financial situation of the heavily indebted low-income countries. Since the early 1980s, if not earlier, the Fund has been constantly striving, in full cooperation with the World Bank, to improve the growth and development prospects of these countries. During the upcoming meetings of the Interim Committee, the Fund's ministerial-level policy advisory body, we hope that our recent progress toward building a strong consensus for the strategy we have identified to enhance our support to highly indebted poor countries and give full backing to the efforts of the World Bank and other multilateral development institutions--while preserving the monetary character of the Fund--will be supported by all industrial countries. Very truly yours.

The suspicion among senior Bank staff that the Fund had leaked the document in question was a serious matter, the Chairman noted. In his discussion of the issue with Mr. Wolfensohn, he had pointed out that such an allegation had no foundation. He had noted that the Bank had been congratulated for taking historic steps, and the Fund, once again, had been discredited for opposing the Bank's proposals.

3. STRENGTHENING FUND SURVEILLANCE - PROVISION OF STATISTICAL DATA BY MEMBERS - FURTHER CONSIDERATIONS AND DRAFT REPORT TO INTERIM COMMITTEE; AND STANDARDS FOR PROVISION OF ECONOMIC AND FINANCIAL DATA TO PUBLIC - FURTHER CONSIDERATIONS AND DRAFT REPORT TO INTERIM COMMITTEE

The Executive Directors considered a staff paper on further considerations relating to the provision of data to the Fund for surveillance and a draft report to the Interim Committee (SM/95/229, 9/7/95), together with a paper on further considerations relating to standards for the provision of economic and financial data to the public and a draft report to the Interim Committee (SM/95/230, 9/7/95). Directors agreed to continue their discussion at a further meeting.

Mr. Dairi made the following statement:

There is an overall and broad agreement that time series data, collected on a consistent basis, and published at regular intervals are of fundamental importance to economic analysis. The rationale for allocating resources for compilation and rapid publication of high quality data with resort to standard and comparable methods, concepts and definitions is straightforward.

It allows market participants, be it government, business, households or international financial centers to make better informed decisions. Improvements in data provision to the Fund would also strengthen the surveillance role of the Fund as is stressed in the Articles of Agreement and would minimize the risk and possibility of damaging financial shocks. While we support entirely efforts to establish statistical standards for the publication of key economic and financial data, we would like to make a few comments.

First, we believe that it is appropriate, both for the Fund and for the member countries, to establish a two-tier approach as suggested by the staff; a minimum set of standards for all members and a more demanding set of standards, in terms of coverage, periodicity, and timeliness, for countries with access to international financial markets. However, we can not support the Fund's role in crediting some members and discrediting others on account of their statistical performance. We strongly believe that all member countries are willing to improve their statistical capabilities. However, their efforts are often hampered by lack of sufficient resources and expertise.

Second, we attach great importance to technical assistance in improving the quality of data and the speed of publication. Given the limited resources available to the authorities in many countries, data collection and compilation on a timely manner and with strict adherence to high international standards will increase the demand for scarce resources. We appreciate Fund involvement in providing technical assistance and expertise in order to build required domestic capabilities in the medium-term. However, the Fund alone is not able to face the growing needs in this area and a coordinated international effort will be needed that would bring together the Bretton Woods Institutions, UN agencies, and bilateral donors. Formal training programs including visits by the staff of relevant offices in developing countries to countries with more advanced capabilities could prove to be very helpful.

Third, the orientation of statistical services should target the needs of all the main groups of economic agents; households, enterprises, government, and international financial centers. This should be kept in mind when assessing the needs and advice to the authorities in a particular country. Fund resources should also be used for the interest of public at large and not for the benefits of a particular group of users. The Fund needs to have an in depth exchange of views with all data users in order to take into account their needs and priorities. Alternatively, if the Fund is to meet the needs of a particular group of users, such as capital markets, it should be able to charge a user fee commensurate with this service in order to recover the cost of its

involvement. Such a cost recovery system would be particularly important for Fund monitoring of countries' observance of the more demanding data provision standards.

Mr. Clark made the following statement:

As I said in my statement for our meeting on 26 July, following the recommendations from the Interim Committee Meeting in April and the Halifax Summit in June, I strongly support the adoption of statistical standards for the publication of key economic and financial data.

In the staff paper on Standards for the Provision of Economic and Financial Data to the Public, Draft Report to the Interim Committee and Further Considerations, the staff reflect well the discussion so far. Some further considerations are now called for in respect of the potential implementation of the general and more demanding standards, and the costs of possible proposals.

Before turning to the question of public identification of subscription to the more demanding standard, I would like to say for the record that I still have an attachment to the idea of signaling observance of the general standard. If we cannot agree on this, I think that, at a minimum, its observance should be embraced by Article IV consultations as proposed by the staff, and that in addition the Board should consider--perhaps on an annual basis--overall compliance in the membership based on aggregation of the results from the Article IV consultations, so that we can assess overall progress and determine the need, if any, for further action.

I continue to support the two-tier approach to standards and the establishment of the more demanding standard at an early date. In this regard, I favor establishing the central electronic bulletin board as proposed listing the various elements of the more demanding standard and the calendar of data releases. This leaves the question of monitoring compliance of those who subscribe to the higher standard. In particular, it is for the Board to consider the extent to which the Fund itself would be involved in the question of observance. In this, a balance needs to be struck between good practice and cost.

As regards coverage, periodicity, and timeliness, I think we can leave day to day monitoring to the financial markets. The markets would be able readily to check them against what is published by the Fund. This leaves open the question of serious non-compliance which is dealt with further below. As regards the monitoring of the other elements, the observance of integrity and equal access and quality criteria, I would favor a combination of the options put forward by the staff. On the one hand, it would

be desirable to follow the documentation prepared by members as far as possible as a basis for judging country compliance. (I note the questions which the staff say need to be addressed further in this context). I do not consider, however, that this should be exclusive of an involvement for Fund staff. Indeed, it is hard to see how there would not be interaction between the data issues section of Article IV consultations and an evaluation of compliance with the higher standard. Thus, even with the publication of documentation by member countries subscribing to the higher standard, one could envisage a role for summary assessments to be posted on the bulletin board at the conclusion of Article IV consultations. (Again, the staff rightly identify some questions, and one could add to them, that need to be pursued further in looking at this type of arrangement).

I venture to say that a key issue which needs to be resolved in looking at the working of a higher standard which is set up on a voluntary basis is that of the circumstances under which members would be judged not to be complying with it. This comes down to a matter of judgement and the Board would be the appropriate place for forming it, either in the context of an unfavorable review during an Article IV consultation, or in light of a matter specifically drawn to the Board's attention on some other occasion, because new information becomes available to the staff, through any channel. (Presumably an electronic notice board would advertise phone and fax numbers for queries and observations). I finish this point by stressing that the higher standard list is expected to be a genuine subscribers' list, not one for aspirants.

One further point on the Fund's role seems to me to be of special importance. The Fund must not be compromised in any way in the proposed process. Therefore, it will have to communicate very clearly not only the facts of the case, but the judgements that are and are not implied by the various elements of any system.

Turning to the tentative cost estimates, even allowing for my combination proposal, it seems that a suitable system could be put in place and followed up at reasonable cost. Of course, I would not like to see the costs treated as a simple addition to the budget; as usual, the search for offsets and prioritization should help reduce the costs as presented by the staff even further.

I have no suggestions to strengthen the proposed approach in the work program put forward in subsection II.3. I think we can pursue bilaterally the question of the appropriate users and official agencies which should be approached for the purpose of obtaining views.

The Work Program as suggested in Provision of Information to the Fund for Surveillance--Further Considerations and Draft Report to the Interim Committee appears to address the principal issues.

As regards the way in which we report to the Interim Committee, could we--while maintaining the relevant distinctions--prepare one report on the two aspects of data provision bringing together questions relating to provision of data to the Fund and questions of data publication?

Mr. Autheman made the following statement:

I find the draft report on provision of data a little too weak, and I think it could be more explicit on some issues. I will make three specific proposals. First, in the Chairman's concluding remarks on the Board's July 26 meeting, it was suggested that the core data be expanded for a number of countries to include data on debt; I was among those who favored data, on external debt and debt service. A footnote to the remarks indicates that some Directors supported this approach. I hope that we can agree today that data on external debt should be added to the core list.

Second, we need to have clear views on information reporting in post-program cases. I have noted that the staff has modified slightly its March assessment, by pointing out that it is impossible to assess the degree to which reporting may have worsened since the completion of programs. Anyway, it seems necessary to me that we agree on the objective that countries need to maintain the quality of the reporting relation with the Fund after the end of a program and as long as they have an outstanding debt to the Fund.

Third, it would also be useful to inform the Interim Committee of our assessment of potential progress and shortcomings. I remember that, during our last meeting, the Chairman expressed the view that some countries that had performed particularly badly had made significant efforts during the last Article IV consultation cycle. Related to that, we should also recall our support for a graduated approach in dealing with cases in which deficiencies in the provision of information reflect a reluctance on the part of members to comply. We might also include a reference to statistical technical assistance.

Turning to the other item, I had already agreed with the two-tier approach. Regarding the more demanding standard, I agree that the Fund's prior involvement should be in setting a precise standard in cooperation with other international organizations when needed, but I do not think that the Fund should be overly engaged in its monitoring, but I think it should not be completely absent. At the same time, it should not exclude itself entirely either. My understanding is that countries wishing to have or to maintain access to international

markets will find it useful to notify the Fund either that they intend to comply with such a standard or that they have already complied with it. I consider that, on the occasion of the Article IV consultation, the staff should monitor the conditions of compliance. This should not be difficult, because these standards require the publication of a policy by the country. I would appreciate it if, in future annual reports included a short review of the way in which countries are complying with such standards.

Responding to a question from the Chairman, Mr. Autheman said that compliance with the more demanding standard should be monitored during the Article IV consultations with member countries.

Mr. Daïri said that he supported Mr. Autheman's suggestion to include external debt data in the list of core indicators. In earlier discussions on data provision to the Fund, many Directors had not favored making a distinction between post-program and other countries. Furthermore, the Articles of Agreement did not permit making such a distinction.

The Chairman wondered whether Directors considered that post-program monitoring of the maintenance of the quality of data achieved during a program would imply discrimination against some countries.

Mr. Daïri replied that he had no objection to Mr. Autheman's suggestion for post-program monitoring. However, he would emphasize that any arrangement to maintain the data provision standards in the post-program period should be discussed and agreed with the authorities at the time of the finalization of the program.

Mr. Autheman noted that, as the Fund had to be concerned about the security of its financial claims, it was not unreasonable to ask countries with outstanding liabilities to the Fund to maintain the same performance that they had achieved during the program period.

Mr. Daïri remarked that the Fund should not impose additional conditionalities on countries using Fund resources, over and above those agreed on under an arrangement.

Ms. Lissakers wondered whether there was any reason why a member government, which had been providing data on a regular basis to the Fund during a program period, should withhold that information after the completion of the Fund-supported program.

Mr. Daïri replied that additional requirements should be introduced only on a general basis, without any discrimination between program and non-program countries. Any requirements that a country had to meet should be made clear at the beginning of a program.

Mr. Mesaki made the following statement:

Regarding the Provision of Information to the Fund for Surveillance, although I am not totally dissatisfied with the draft report to the Interim Committee, I am puzzled why the draft does not focus on the discussion after the last Committee meeting. This draft is not well balanced with the draft report on standards for the provision of data to the public.

Next, selecting 11 categories of data as the minimum set to be provided to the Fund while selecting 16 as the minimum to be provided to the public may look logically odd. The staff's interpretation, if I understand it correctly, is that reporting 11 categories of data to the Fund is a "must"--and that any given country's failure at this will automatically lead to the provision of technical assistance or to the activation of the graduated approach--while providing wider categories of data to the public has an element of "hope" on the side of general data users. This interpretation seems acceptable.

Finally, the use of commercial sources should be encouraged as a means to obtain data efficiently, if such use is in effect identical to receiving reports from the authorities. Of course, as the staff stresses, mere estimates from third parties should not be seen as an adequate substitute for firm official data.

Turning to Standards for the Provision of Economic and Financial Data to the Public, I would like to make just one comment on the draft report to the Interim Committee: it might be clearly mentioned to what countries the more demanding standard will be applied.

On the issue of public identification, the staff prefers using its regular contacts with country authorities to encourage members to observe the general standard, rather than publishing information on members' subscription or observance of the standard. Taking account of many members' inability to observe the standard at least in the near future, I concur with the staff.

On the other hand, publishing a list of subscribers to the more demanding standard is useful from the viewpoint of making the standard more meaningful and of encouraging adequate data publication which is expected of countries that have access to international financial markets.

It is too ambitious an idea, however, for the Fund to inform all interested parties about the availability of the complete array of data that country authorities intend to publish and about national calendars for their release. It is enough to supply limited information only on the categories of data which will be

included in the more demanding standard, however many categories there will be. More concretely, periodicity and timeliness of these data may be stated in a general manner, such as "available two weeks after the end of the reference month," and, as for actual dates of intended release, only telephone numbers or Reuters' pages for reference may be stipulated. When any deviation from the original intention is observed the market will react, and I understand that the staff naturally will react as well, if the deviation causes any concern.

As for the monitoring of the observance of equal and ready access, integrity, and quality, I do not think it a good idea for the Fund to be deeply involved in the judgmental aspect. If, at the Fund's initiative, the documentation prepared by members can be concise and achieve cross-country consistency to an appreciable degree, the first option seems appropriate.

It may be noted that the framework I mentioned does not necessarily call for the establishment of the electronic bulletin board, since most of the information given by the Fund is of a one-time nature. Although our general stance on the budgetary cost is that the Fund should not hesitate bearing burdens when necessary, this framework is cost saving; additional staff resource requirements will be limited mainly to those associated with technical assistance, which is essential in any case.

Mr. Shaalan made the following statement:

I welcome these two brief papers on the provision of data to the Fund and to the public. The papers are appropriately brief as we have visited these issues frequently enough in the last few months to have practically eliminated the possibility of adding any significantly useful input to the discussion. So let me reiterate, equally briefly, my position on these issues.

First, a general principle. Providing regular, timely and reliable statistical information to the Fund and the public, emulating to the extent possible the best ongoing practices in this domain, is undoubtedly a desirable state of affairs that all countries should aim to reach. I believe we all agree on this basic principle. When a minimum data set is not adequately provided, owing to limited capacity as is often the case in many countries, then technical assistance should be provided to correct the situation. In any event, the process of data improvement should be implemented in a cooperative framework between member countries and the Fund.

On the issue of data provision to the Fund for surveillance, I agree that the data set which is made up of the eleven core data categories constitutes the minimum to be provided to the Fund.

Deficiencies in data provision should be remedied through technical assistance or through a graduated approach to remedy the situation, as the case may be. In this regard, I find appropriate and support the wording of the Draft Report to the Interim Committee as proposed.

On the issue of data provision to the public, it is my recollection, and my understanding from re-reading the summing-up of our discussion of Standards for the Provision of Economic and Financial Data to the Public (BUFF/95/84), that the issue of public identification per se in relation to the observance of standards has not won the clear support of the Board. If this is the case, then I wonder why we are now revisiting the issue, less than two months after the discussion by the Board. I will therefore repeat what I said during our discussion of this issue last July.

The objective of achieving "good statistical citizenship" is a desirable one. However, taking the issue of data provision from the traditional Fund-member country context to that of the member country-public or financial markets domain via the sanction of Fund standards is a delicate matter that should be approached with great caution. By using Fund standards to publicly identify good statistical behavior, a disservice could be rendered to those countries who do not subscribe to the so-called voluntary service that would be provided by the Fund. I do not believe it is in the Fund's mandate to mediate in this public-announcement manner between members and the financial markets. If standards for data provision to the public are required, then the Fund should restrict itself to establishing standards only.

On a related issue, if the minimum list of data categories to be provided to the public consists of the sixteen indicators, as proposed in the staff papers, rather than the eleven core indicators that are to be provided to the Fund, then this would imply that the set of sixteen indicators will have been introduced as a new minimum list to be provided to the Fund. The staff's comments on this issue will be appreciated.

A final comment on technical assistance. The staff duly note the need of member countries for intensified technical assistance and training to remedy the deficiencies in the provision of timely and high-quality data, particularly when the minimum data are not being adequately provided to the Fund. I believe, however, and as the staff keep reminding us, that the resources available to the Fund for the provision of technical assistance in general are being constantly put under strain. If the process of data provision is to be improved, the resources for technical assistance will then have to be correspondingly expanded.

The Chairman agreed that it was becoming increasingly difficult to find the resources for providing technical assistance. Reconciling conflicting objectives of reducing costs and providing more assistance at the same time was not an easy task. It was hoped that the studies under way to evaluate the Fund's technical assistance would be helpful in suggesting how the effectiveness of technical assistance could be improved.

Ms. Lissakers made the following statement:

Let me begin, first, with the question of the standards for the publication of data. I think the staff paper advances our debate on this issue and brings us closer to the establishment and activation of the standards. I have two concerns that I will return to. One is that I think it proposes a somewhat passive--too passive role for the Fund in monitoring compliance with the standard. Secondly, the work program that is laid out for finalizing the standards, and particularly with regard to the periodicity of data, is a little slow and I think we can do better. I would hope that we would be able to go forward with the recommendation to the Interim Committee that would allow the Interim Committee to provide us some guidance on the Fund's role in identifying countries that adhere to the publication standard and that we can agree today on a work program that would accelerate somewhat the definition of the standard.

On some of the specific discussion issues proposed by the staff, we agree with the two-tier approach. The staff proposals still need further definition. I think it is important that the more demanding standard, the higher norm be set high enough to provide assurance of meaningful transparency in order to be of real use to market participants. For this purpose, we would strongly urge the staff to focus on best practices of members when they set the standard, rather than on finding some average or lowest common denominator.

In this connection, we would appreciate some clarification from the staff regarding the standards for coverage and public access. For example, in earlier discussions, it was agreed that the general standard would include 16 core data and that the more demanding standard would include additional information on international capital flows, debt, and debt service. However, a number of Directors argued that some of the core data should be disaggregated, for example, to include government expenditures, revenue, and financing, as well as exports, imports, and service transactions, and that the general standard should also include debt data, especially external debt, as Mr. Autheman has urged. We certainly think that that should be considered core data. It is of central interest to this institution, for example, not the least to protect its own claims. It is not clear from the staff paper whether components of aggregates and financial data would be

incorporated in both standards or only the higher standard. The staff paper also seems to suggest that, with regard to public access, a more demanding norm would be set for timeliness, but it is not clear whether the other access elements would apply to both the general and the more demanding standards. Maybe the staff could elaborate a little bit on the differentiation between these two.

On public identification, we certainly agree that public identification of members' subscription to a general standard would not be particularly meaningful if the standard cannot be met. But we think it would be a useful incentive if countries could announce that they were adhering to and observing the Fund's code of conduct for good statistical citizenship when they are in a position to do so. So, we do not see any reason why the Fund should not at least indicate publicly what constitutes good statistical citizenship under the general standard, and be prepared to confirm a country's adherence to an observation of the general standard based on Article IV consultations.

The more controversial issue, of course, is the role of the Fund in identifying and monitoring performance of countries subscribing to the more demanding standard. We like the idea of the electronic bulletin board, which informs the public of the availability of data and national calendars for their release. Our first objective should be to give the markets the tools by which the markets can monitor the data. That means having a clear standard and an identification of countries that subscribe to the standard, that declare an intention to subscribe to the standard, and having publication of a schedule at which time the data will normally be released; it is a key part of this set of tools, I think.

I also very much like the proposal to provide an explanation of the methodology used to derive the data. We do think, as Mr. Autheman suggested, that the Fund also has a role to follow up to see that countries that have declared an intention to meet the higher standard actually do so, both with regard to the data and the periodicity of release of the information. Perhaps this could be done through the Article IV. Certainly we would favor using either the Annual Report or some other publication vehicle to note when a country has failed to fulfill its commitment in this regard. The one drawback with the Annual Report, of course, is that there is a substantial time lag, but we can discuss that. We do think that the Fund has an interest in following up on the monitoring of compliance. Once we set the standard, it is also very much in the institution's interest to ensure that our credibility in this area is not damaged by widespread failure of members to actually meet the standard.

It should be possible to develop a graduated approach that would provide scope to consider a country's compliance with the standard and ample time for corrective actions, as necessary. We certainly agree with Mr. Clark, for example, that the market could, in the first instance, be responsible for monitoring compliance; but this could be augmented by a notice on the bulletin board when a schedule release of information is missed for an extended period. The Fund could also be informed about market concerns regarding noncompliance for market participants, which could then be subject to informal staff consultations with the authorities. Serious problems, obviously, could be referred to the Executive Board in the context of Article IV consultation reports. Finally, the list of subscribers to the more demanding standard could be reviewed periodically and countries experiencing serious compliance problems invited to withdraw from the list, although we would expect that, in fact, to be a very rare occurrence.

With regard to Fund monitoring of quality and integrity standards, we would second Mr. Clark's observation that the two options should not be viewed as mutually exclusive. Thus, the documentation prepared by the member on how it intends to meet the standards could be published on the bulletin board and the Fund could monitor performance in the context of Article IV consultations, as I said. While the staff would be responsible for monitoring performance on easily observable elements, it would be the responsibility of the Board to reach judgments that would form the basis of a summary assessment that would be made public.

There is one area where we do not think the Fund should tread, however; that is, the Fund should neither and could not indeed certify the accuracy of any data that a member provides to the public. Indeed, we would agree with the staff that the Fund should issue an explicit disclaimer to protect itself against potential claims by investors. The ultimate burden of judging the risk, the credit-worthiness of a country, should be on the investor and on the Fund's investment managers, not on the Fund. There is a delicate balance, admittedly, between setting a standard and having some active role in monitoring compliance, but not having the Fund accept responsibility for verifying the accuracy of the data except in the context of our own country surveillance, internal surveillance process. The burden should be on the markets, on investors.

With regard to the work program, the paper proposes that draft standards would be presented to the Interim Committee in April 1996. We understand that additional information and further consultations on this is necessary to develop and refine the standards, and obviously today's Board debate is part of the process of making decisions as well. But we do think this is a

matter for high priority. There is an enormous interest in the markets; I think there is very strong interest by the members in moving ahead on this. I must say it seems to us it should be doable to reach a set of agreed standards by the end of the year, to have these technical details worked out so that members could subscribe to the standards by the Spring Meeting and the Spring Meeting could be used to sort of look at the final monitoring procedures perhaps and work out kinks so that we could accelerate this a little bit. It would have been nice if we could have had the standard for the Annual Meetings, but I realize that it is very complex to put it together. I wonder whether we could not at least meet an end-of-the-year deadline on this.

We do recognize that a Fund role in developing and monitoring standards will have budget implications. The costs would appear fairly modest and, to some extent, overlap with the additional efforts under way to strengthen the Fund's own data capabilities in the context of strengthened surveillance in Article IV processes. However, the potential costs seem to us well worth it, because in effect we would be mobilizing the markets to work as partners in our surveillance process.

With regard to the questions of data to the Fund, we broadly agree with the proposed draft report to the Interim Committee. It might be useful to include in that a brief summary of the graduated approach to remedying data problems just for the information of Ministers. Moreover, the proposed list of 11 core categories to be provided by all members seems to us to be pretty bare bones that may be insufficient for the Fund to fulfill its responsibilities effectively, and that countries should be expected to provide at least the 16 core items included in the general publication standard, although perhaps some flexibility on frequency and timeliness might be permitted for members with weak statistical systems.

The Chairman said that he agreed with Ms. Lissakers that the general standard should include the 16 core indicators. The management would give the highest priority to establishing the agreed standards and to ensuring that members observed them.

Mr. Esdar made the following statement:

I commend the staff for both surveillance papers prepared for discussion. The papers cover the essential points, are very comprehensive but at the same time brief, which is important as well. I would like to begin with the paper on standards for the provision of data to the public. I can support the thrust of the overall report to the Interim Committee, and I have only three comments.

First, on data coverage. The proposed 16 data categories for countries meeting the more demanding standards provide necessary but, in our view, certainly not sufficient information to adequately reflect the economic situation of the country. Given the preliminary stage of the data selection process, I would caution against being too concrete in this regard in the report to the Interim Committee. In the current draft, the figure of 16 indicators, in my view, is overemphasized. It may foster the wrong impression, namely, that with these 16 indicators full coverage of data has been provided. In my view, it is obvious that well-structured data on the external debt situation, on the maturity profile, and on capital flows should also be included.

In addition, I support the staff's intention to refine each of the 16 categories after first consulting with users of the data. Moreover, I support Ms. Lissakers's point that a "best practices" approach has to be targeted. I would like to add that, in general, some flexibility will be required in order to pay due regard to the specific statistical standards in the countries concerned.

Second, on the suggested procedure, the idea to publish the list of subscribers of the more demanding standards and to inform interested parties through a central electronic bulletin board seems to be very reasonable. The information--including coverage, periodicity, and timeliness--planned for incorporation into the bulletin seems at first glance to be ambitious; however, I think they are necessary, and I can support that.

With regard to the countries subscribing to the general standard, I have noted the staff's arguments against publishing a list of those countries as well. I wonder, however, whether publishing this general list would not provide a good opportunity for those countries that are not yet in a position to meet the highest standards to demonstrate their constructive attitude to the markets.

Third, we favor option one regarding the role of the Fund in this process. Option two would not only tend to increase the workload of the staff significantly, but also would unduly shift the responsibility of the appropriateness of data very much in the direction of the Fund. In this regard, we remain committed to the principle of subsidiarity, and market participants should not be relieved of the obligation to control the provision of data in their own area of responsibility. However, like Ms. Lissakers and Mr. Autheman, we see a larger role for the Fund in this process. For example, if there are complaints from participants that there are shortcomings in the provision of data, or if there is evidence that coverage is incomplete, the staff should address these problems with the countries concerned to overcome these problems,

with the clear understanding that continued slippages will eventually cause deletion from the list.

With regard to possible ways to address shortcomings, I share the proposals made by Mr. Clark. In addition, I can go along with the staff's proposal. I think it would be very helpful to review experience of each particular case in the context of Article IV consultations. I suggest that we review these policies in the light of the experience within 12 months to see where possible shortcomings may arise.

On data provision for surveillance, I can generally agree with the proposed work program topics outlined in the draft report to the Interim Committee. With regard to the list of 11 core categories of data, as a minimum set, like Mr. Autheman and Ms. Lissakers, I would strongly suggest adding structured data on external debt to the list. In my view, we should target at least the 16 indicators for publication, as well as data on debt, as a minimum standard.

Monitoring external debt indicators more often than once a year would be crucial, especially for countries vulnerable to external developments. In addition, the proposed standard list provides only an average profile of the required data of the overall membership. Those data must be supplemented in each single case, owing to the special circumstances of each particular case. Such additional requirements could be specified in the context of the Article IV consultation.

I also welcome the proposal for urgent technical assistance for countries not yet in a position to provide those core data, to facilitate the monitoring of progress in this area. However, I think it might be appropriate and reasonable to agree on a fixed timetable for improvements for data provision.

Mr. Al-Tuwaijri made the following statement:

On the issue of provision of information to the Fund, I have no problem with the draft report, but it is important that this process be carried out in a cooperation manner and take the circumstances of each country into account.

On the issue of publications, this chair remains of the view that any publication standards should be illustrative and should serve only as a guide to the membership. This chair also remains convinced that if such standards were general enough, and established with a positive approach in mind, Fund members would endeavor to apply them to the extent feasible. On the other hand, this institution would be rendering a disservice to its membership if it were to adopt a more aggressive approach. Our experience

has clearly shown that programs developed in a cooperative fashion have a much better chance of success than programs that do not have the full conviction of the authorities.

Having said this, it should come as no surprise that this chair continues to be strongly opposed to any public identification of countries under any standard. Moreover, I believe that the Fund should have no role in setting a bulletin board or in monitoring either the integrity or the quality of the data. In addition to the costs of these activities, such action could possibly place the Fund in sensitive predicament (for example, if data approved by the Fund as reliable is later discovered to be inaccurate). I would like to hear staff comments on this issue. Thus, I believe that once the standards are established and discussed with the membership in a cooperative manner, the staff's job in this area is done.

The cost of these activities (about 6 staff years as a start up cost and about 10-12 staff years on a continuous basis) is another concern. In these tight budgetary times, I believe that these resources could be used more productively elsewhere. In this regard, it is somewhat remarkable that Directors that are the strongest supporters of budgetary consolidation are also among the strongest supporters of getting the Fund involved in this area which is outside its mandate. Here, I have two questions:

Could Management or the staff inform us, on a very preliminary basis, if we are still on track towards achieving our short- and medium-term budgetary objectives given recent decisions by the Board on data, publication, and new facilities?

I understand that our work on the establishment of publication standards greatly overlaps with work being done by the Institute of International Finance. Apparently the private sector has been moving towards establishing publication benchmarks on its own. Could the staff elaborate on this issue?

The Chairman said that the budgetary implications of the data standards should be taken very seriously.

Ms. Lissakers said that, unlike Mr. Al-Tuwaijri, she considered that the issue of data provision was part of the Fund's mandate. At present, the Fund had to adapt to a very different world environment than that which had existed at the time of creation of the Bretton Woods institutions. It had to recognize that private markets determined the economic well-being of the membership, and the efficacy of the Fund's policy advice.

Mr. Al-Tuwaijri replied that it was indeed important for the Fund to adapt to changing conditions in the global marketplace. However, that was not a justification for the Fund to apply pressure on countries to implement

certain policies. According to the Articles of Agreement, members were not required to publish information on their economies. The Fund should work in a cooperative manner in order to persuade members to publish data.

Mr. Autheman considered that the Legal Department could perhaps clarify whether there was any justification for the Fund to ask member countries to publish data.

Mr. Esdar remarked that the manpower and other resources devoted to data provision and publication were a good investment, which contributed to crisis prevention.

The Chairman said that a cooperative approach to data provision should be pursued, because the members understood that it was in their interest to publish data. The example set by many countries in publishing core indicators could be followed by others. The staff papers had emphasized the need to create a cooperative mood and encourage members to undertake activities from which the world community could benefit.

Mr. Kafka made the following statement:

I would like to deal first with the provision of data to the Fund. We have no major problem with the staff papers. We have already indicated our full agreement that any member not able to supply the 11 categories of data we have identified should receive technical assistance from us. We also agree that any data which a country publishes should be expected to be supplied also to the Fund. Reliance on third party data will often be advantageous; but the Fund should practice it only with the explicit concurrence of the respective country's authorities. There seems to be no good reason to rely on implied concurrence. The matter of reporting lags must continue to be of concern to us. We also endorse the desirability of the early issuance of a draft statement on data management guidelines. Furthermore, we are in agreement with the work program on data provision to the Fund. Finally, we agree with the text of the draft report.

Our second subject is provision of economic and financial data to the public. This presents more complicated issues. First, there is, obviously, no authority under the Articles for the Fund to require members to publish data. This is clearly stated in the report. That does not mean that it is not appropriate for the Fund to establish standards for the publication of data and for members to be invited to subscribe to them. But this sentence has to be carefully interpreted. It cannot be taken to mean that the Fund should, or could, do anything which would result in pressuring member countries to publish data. Publication must remain entirely voluntary. In order to make sure that there is no misunderstanding, we proposed to add the following sentence to the first item on page 2: "It is understood that in

establishing standards for publication and in inviting members to subscribe to them, the Fund does not intend to put any pressure on member countries to publish any data or to subscribe to the standards formulated by it." Second, we have no problem with the proposed scope of standards, the list of data, or the proposals regarding periodicity and timeliness of publication. We do have problems with other points of the paper. Thus, we do not agree with the so-called two-tier approach and the fifth point, the regular public identification of countries that comply with the benchmarks for timely publication, seem to us to put pressure on member countries to comply with the more exacting standard and to act so as to avoid being mentioned as not complying with the voluntary benchmarks, and we do not consider that in the interest of the Fund. It would interfere with the good relations between members and the Fund because it would create the feeling that despite all declarations to the contrary countries were being pressured. Regarding the fourth point, republication would be costly for the Fund and would involve it in difficult problems of guaranteeing the accuracy of a great deal of data that were being re-published.

On the question of public identification of members subscribing to the general standards and publication of data in observance of that standard, we agree with the argument of the staff that such publication will draw unfavorable attention to those countries that do not meet the standards and, therefore, would be likely to interfere with the good relationship between the Fund and those members. The Fund would have ample opportunity to discuss the scope, quality, etc., of data provided by member countries at the annual consultations.

On the identification of countries subscribing to and observing the more demanding standards, we feel that similar arguments apply, and do not favor this approach.

Obviously all of these matters must be seen in the context of their possible cost which would not, in accordance with Box 3, be altogether negligible.

We have already commented on most of the issues for discussion which require comment. We can recapitulate very briefly:

We do not favor public identification of countries that subscribe to the more demanding standards. But we have no objection to listing on an electronic bulletin board in the Fund the coverage, periodicity, and timeliness with which categories of data are published and the calendar of their release. This listing would include countries that do as well as those that do not subscribe to the more demanding standards.

On the public identification of countries that actually observe the more demanding standards, we have no question that this is a matter for the public and not for the Fund.

Mr. Clark said that, instead of debating whether the Fund had the right to pressure members to supply data through sanctions and penalties, the Fund should be looking at what inducements might be offered for encouraging good performance.

Mr. Guzmán-Calafell made the following statement:

The staff has made a valuable effort to summarize our recent discussion on standards for the provision of data to the public, and to attempt to reconcile the different positions observed in that discussion on the issue of the public identification of countries that observe the standards. Since I am in broad agreement with the Draft Report to the Interim Committee, I will limit myself to two brief observations in this regard.

First, on page two of the paper, when elaborating on the integrity dimension, the Draft Report states that "The standards would refer to best practices in statistical agencies--it being understood, however, that these standards can be reached only over time in countries with less developed statistical systems." I believe this is an observation of a general validity and, therefore, its scope should not be limited to the issue of integrity, but rather be placed in a more general context.

Second, in page 3 of the Draft Report, under number 6, it is said that "Member countries could choose to subscribe to the more demanding norms on a voluntary basis, and they would be expected to observe the norms". I wonder if expressing this expectation to observe the norms is not a bit too strong for those countries willing to accept them, but unable to do so at least in the short run because of problems in data generation.

Let me turn now to the proposals concerning the public identification of subscribers and observers of the standards.

As expressed by this chair during our previous discussion of this issue, we do not favor the public identification by the Fund of countries that meet the standards, since this could give rise to misinterpretations and adversely affect countries not observing them, in cases where the problem is not related to an unwillingness to publish, but rather to a structural deficiency in the production of statistics. In fact, a similar argument is used by the staff to justify freeing the Fund from identifying publicly those members that do not comply with the general standard. It is also worth noting that this proposal goes well beyond the request of the Interim Committee to the Executive Board during the

April meeting, which centered exclusively on the establishment of standards.

Nevertheless, we see the merits and can support an approach along the lines of the first option in section 1.b of the paper, whereby the Fund identifies those countries that voluntarily subscribe to the more demanding standard, informs all interested parties through a central electronic bulletin board, and where monitoring of observance of all elements of the standards is left to the public. The staff expresses concern on "whether the public interest in monitoring would be high enough to go beyond simply tracking the provision of data to evaluate these additional elements". I am surprised by this comment, since according to the staff it is precisely market participants who will be most interested about the actual observance of the standards. This is in fact one of the basis of the whole proposal.

With respect to the budgetary cost of the standards, I find in general the staff's estimates as reasonable. I only want to stress that the Fund's technical assistance is crucial for a number of countries to be able to meet the more demanding standards. For this reason, I am particularly interested in a further elaboration by the staff, on the assumptions used to arrive to the estimate of the increase in requests for technical assistance that would follow the adoption of standards for publication.

In closing my remarks on this issue, I just wish to note that while I agree that the Fund should not be involved in the design of new ways to re-publish country data resulting from the introduction of the standards, it is very important for the institution to be prepared to take advantage of any improvement in the data base of member of countries and to incorporate it immediately in existing Fund publications. Indeed, we should take this opportunity to strive also for the achievement of higher standards in Fund publications.

Allow me now to make a few comments to the paper on the provision of information to the Fund.

First, we agree that the list of 11 core categories of data should be interpreted as a minimum data set to be provided by all members on a regular and timely basis, and that such a minimum list is likely to require supplementation by country-specific data categories for effective surveillance. We strongly welcome the presumption that any member not able to provide these data on a regular and timely basis should receive urgent technical assistance to facilitate such provision. Additional data categories, such as those to be included in the general guidelines for publication of data by members, would be useful for continuous

surveillance of many members, and its regular provision to the Fund should be considered as part of a medium term target for strengthening Fund surveillance.

Second, we concur that the Fund must continuously seek to obtain data through the most efficient means, including third-party data and electronic access whenever available.

Third, we note that there is no clear-cut indication as to the behavior of information reporting in post-program cases. Some indicators are provided with a shorter than average lag, others with a longer lag than average. It is rather interesting to note, on the other hand, that with the exception of one variable, maximum lags are shorter in post-program than in program countries, and in several cases the differences are substantial. For instance, the maximum lag for the reporting of external trade is 42 months for program countries, compared to 6 months in post-program countries.

Fourth, we look forward to necessary improvements on data management practices within the Fund, including data collection and sharing, and the use of appropriate technological support, based on the recommendations of the report of the Working Group on Data Management and the resulting Guidelines to be issued.

Fifth, regarding the work program, it may be desirable to advance in the definition of standards for data reporting to the Fund, without necessarily waiting for the next general review of data provision to the Fund early next year. It would also be important to include in the work program a progress report on the improvements made to the coordination of statistical work in the Fund.

Finally, Mr. Chairman, we have no objection to the Draft Report to the Interim Committee on Provision of Data to the Fund for Surveillance prepared by the staff.

Mr. Wei made the following statement:

As our position on important issues concerning the provision of data for surveillance and the provision of economic and financial data to the public has been made clear during previous discussions, I will make only brief remarks for emphasis. I would like to start with four remarks on the draft report of the Provision of Information to the Fund for Surveillance to the Interim Committee.

First, regarding the draft report, I believe the propriety of any expected action by the Interim Committee has to be based on a more precise assessment of the inadequacy of data provision than

the simple statement that "deficiencies (that) existed for a number of members." For example, it would be desirable to give some indication as to the extent of the deficiencies, and the main causes of the deficiencies, i.e., whether they are mainly due to reluctance or inadequate capacity. Like many others, I believe that the causes are due to the latter.

Second, with regard to the work program, it would be useful to include a progress report of improvement in internal data sharing and data management in the Fund. This is an area where there has already been some progress since the first of our recent discussions on the subject, but there is more to be done.

Third, concerning the use of third-party data, there is a need for caution and a clearer definition of the term "third party." If, as suggested by the staff, "the Fund has the right to request the member to confirm any third-party data", and, if the third party turns out to be a great variety of sources, that would impose a great burden on the member.

Fourth, we have noted very different approaches to the treatment of statistical issues in Article IV consultations. One mainly consists of a typical assessment of the status quo, often accompanied by some expression of satisfaction or dissatisfaction, while an alternative approach usually focuses on the progress accomplished, with encouragement and constructive advice on further improvements. The latter represents a dynamic and constructive approach and, therefore, is more consistent with our goal.

With respect to the standards for the provision of economic and financial data to the public, my preference for the dynamic approach I just shared with you on the previous topic also applies here. By adopting such an approach, we may succeed in being more realistic and, hence, more constructive. I have no doubt about the intention of setting high universal standards. However, in doing so, we should bear in mind that we are dealing with a large membership reflecting a great diversification in economic circumstance and priority of authorities.

Identification and application of standards should involve a dynamic process. As some directors have noted, certain indicators which are critical for macroeconomic analysis to some members may be of lesser significance to others. For example, industrial output is treated as a key indicator by some members, while, to others, agricultural output may be of greater importance. Even identical data on unemployment may disguise incomparable implications. Likewise, many developing countries, where even paper for school children is scarce, can only envy some countries' availability of electronic facilities for data dissemination.

Such being the reality, the adoption of standards and application thereof must be flexible and dynamic. Like Mr. Daïri, we cannot support the Fund's role in publishing a list to credit or implicitly discredit some members for their performance in data dissemination. In this regard, I believe that members should be judged by how much progress they have made rather than where they stand. A static list, as proposed by some colleagues, would discourage the whole team by making fast runners feel complacent and slower runners disgraced, while a dynamic assessment would serve to encourage not only those in the rear, but also those in the middle and even those in front.

Regarding phase one of the work program, we encourage the staff to consult with the interested parties. And we would like to emphasize that it is appropriate for the staff to consult not only with statistical agencies that have the most advanced infrastructure in collecting and publishing data, but also with those that have been unable to meet the best standards, since the standards being proposed will be more relevant to the latter group. More importantly, I must emphasize that there is no authority under the Articles of Agreement for the Fund to require members to publish data. Fund members are encouraged to improve data publishing on a voluntary basis, but should not be forced to do so.

Finally, I join the others in emphasizing that more resources should be allocated for well-designed technical assistance, including proposing practical options suited to a variety of Fund members for their improvement needs.

Mr. Daïri, agreeing with Mr. Wei, said that the Fund should be cautious about relying on third-party data. In the case of observable data, such as that on trade, debt, and financial flows, the Fund could rely on third-party data. However, in the case of nonobservable data--such as economic and social developments in a country--the Fund would need to rely more on domestic sources of information, as well as on staff estimates.

Mr. Kiekens made the following statement:

I do not favor discussing together two entirely different topics. The provision of data to the Fund is obligatory under the Articles of Agreement and is essential to enable the Fund to exercise its surveillance. The disclosure of statistical and economic information by members is not subject to binding rules of international law. On this matter, the Fund can only make recommendations, offer guidance, or spell out a code of conduct. In other words, it can only create what lawyers call "soft law." The purpose of such data disclosure is to enhance market discipline, an objective entirely different from that of Fund surveillance. I will therefore clearly distinguish between these

two items, as we should always continue to do. For the same reason, I would like to see, as indeed proposed, two separate reports submitted to the Interim Committee.

First, on the provision of data to the Fund for surveillance, the operational guidance note on data attached to the staff paper specifies that, during Article IV consultations, the staff should, first, determine whether the authorities are providing the core minimum data to the Fund; second, determine whether there are deficiencies; and third--and here we already see some confusion--to evaluate the member's policy with regard to the regular publication of economic data. This guidance for the staff is clearly insufficient, as it calls for an ex post facto evaluation.

In addition to this operational guidance for the staff, this Board needs to clearly spell out rules for the Fund's members. These rules should contain the following elements. First, which are the core data that every member must provide to the Fund? On this subject, we have already reached a preliminary decision. But, like Mr. Autheman, Ms. Lissakers, Mr. Esdar and others, I favor the inclusion of data on external debt in the lists of core data. Second, in this set of rules, within what time frame should each of these categories of data be provided to the Fund? The appropriate time frame should depend on the nature of the data and not on the average time lag observed by members in the past. Third, to which department in the Fund should these data be communicated? Fourth, what are the authorized or obligatory means of communication? In this connection we can clarify the role of third parties in providing data to the Fund. Fifth, we need to confirm the staff's authority to ask for additional data when warranted. Sixth, we should authorize the staff to grant waivers for the provision of certain statistical data if those data are superfluous. I can imagine, for instance, that countries with no central bank, because they are members of a monetary union, would not be requested to provide central bank data that they did not have. Seventh, we should establish an obligation for the staff to report on a regular basis to this Board on its policy connected with requesting additional information and granting waivers, as mentioned in points five and six above. Eighth, there should be a comprehensive set of rules and a procedure for cases where members do not comply with their obligations.

On the subject of noncompliance, I do not favor making public the list of members in default of their data provision obligations to the Fund. As long as the consultation procedure is regarded as confidential, it should be confidential in all its aspects. At the same time, I am ready to further discuss, with an open mind, public disclosure of noncompliance with the obligation of data provision to the Fund. The question arises as to how the general public will interpret an indication from the Fund that, during a

consultation, a certain member was having difficulties in meeting its obligations regarding data provision. Would that make the situation worse, not better? We will have to discuss that further.

To conclude on the first subject of today's discussion, that of provision for surveillance, I repeat my strong conviction that the Fund must take a firm position in requiring of its members the rapid provision of high-quality data. I would therefore like to see the Board adopt a more normative regulation-oriented approach to ensure implementation of the best possible surveillance system. I agree with the draft report to the Interim Committee, but I would like to see in this connection an announcement that the Board is working on the set of rules advocated by me.

On the second item of today's discussion, that of standards for the provision of economic and financial data to the public, I agree with the draft report to the Interim Committee on that subject. I strongly support the proposal to set up an electronic bulletin board enabling market participants to easily determine which countries publish which data, with what periodicity, and through what channels. I see, however, no role for the Fund in disseminating these statistical data.

Concerning the proposals for assuring ready and equal access as well as the integrity and quality of data, I find neither the first nor the second option to be satisfactory. Option one leaves the assessment of performance in the hands of the member itself, with no external impartial review, and hence will be inefficient over the long run. Option two grants considerable control powers to the Fund, with a possible sanction in the form of a summary assessment to be published at the conclusion of the Article IV consultation--this without any authority under the Articles of Agreement.

I could support option one, provided that the monitoring of the observance of the guidelines is part of the Article IV consultation report. As Article IV consultation reports are confidential and not published, the assessment of the staff and of the Board will remain for the sole consideration of this Board and, of course, the members. This method would have several advantages: first, to encourage--not to force, but to encourage--members to comply with the guidelines through the involvement of the Board; second, to allow for an eventual comparative assessment of the observance of these guidelines; and third, to be cost effective. Finally, on the work program, I can agree with the proposal. It is also my strong wish to be in a position to submit a final report to the 1996 spring Interim Committee.

Mr. Leiva made the following statement:

This chair welcomes this new discussion on the provision of data to the Fund. I will first comment on three issues covered in the paper on Provision of Information to the Fund for Surveillance.

I agree in general terms with the Draft Report to the Interim Committee contained in the Annex, although I would have preferred a more detailed treatment of the points covered. Particularly, the use of Article IV consultations as a mechanism to review each country's situation regarding data provision to the Fund. The paper discussed last July showed that this approach is very promising to identify deficiencies and to improve the flows of the required information, with appropriate consideration to the members' specific conditions.

This chair requested during our July discussion that the staff analyze the use of third-party data sources. Therefore, the inclusion of this topic in today's paper is welcome. In this regard, I agree with the staff that the Fund is likely to make increasing use of this type of data sources. Thus, it is important to stress--as the paper does--the need for the concurrence of country authorities to confirm any third-party data.

Another aspect highlighted by this chair in our July discussion was the need to improve management and sharing of data within the Fund. I am also pleased that this specific matter is included in the paper for today's discussion. However, only a review of the Board's recommendations is found in the section which deals with data management and sharing. I look forward to the statement by the Management setting forth Data Management Guidelines and I would welcome, in future discussions on this matter, a staff's review on the progress in implementing the recommendations made by the Interdepartmental Working Group on data management.

Regarding the second paper for discussion, I will limit my remarks to the issues of public identification of countries subscribing different standards and the cost estimates included in the paper.

As in our July discussion, this chair considers that the role of the Fund, in setting standards for the provision of economic data to the public, should be to encourage member countries to implement these standards and to provide technical assistance for improving data production and publication to meet increasingly demanding standards. All this will enhance the cooperative

approach of this institution in its relationships with member countries.

In contrast, this chair maintains that the implicit identification of countries not observing the more demanding standards may hamper the efforts to work cooperatively with all members.

Finally, on the cost estimates included in the paper, I would like to point out the systemic benefit to be derived from improving data provision to the public and the Fund. This benefit, more than cost recovery, needs to be taken into account when technical assistance is provided.

Mr. Havrylyshyn made the following statement:

I was pleased to see that the two subjects on the provision of data were taken up as one issue, and would recommend that the subjects would also be dealt with in one paper envisaged for early next year. Nesting the issue of provision to the Fund within the broader and more difficult issue of provision to the public, would be illuminating and achieve clearer consistency of semantic definitions of various standards: minimum or core, general, more demanding etc. I want to commend the staff for the excellent work done so far, and can go along with the draft reports to the Interim Committee. At the outset, let me, like Mr. Clark, reiterate this chair's strong support for the Fund's goal of defining a set of standards for the provision of economic and financial statistics to the public, eventually including signaling of observance. For the present, however, I could join Mr. Esdar in supporting Option 1.

I do see merit in the staff's arguments for the short and unreduceable core standard for internal purposes, but it is important to emphasize that this standard is considered a minimum in terms of coverage. In this respect, one is struck by the staff's remark (p.6) that because the core standard does not include a range of financial data, it was not likely to satisfy the needs of the financial markets. This raises questions about the ambitiousness of the list. On the list of data categories, I reiterate our position that it would be very useful to add various debt indicators such as external debt, public debt, debt service, and the term structure of external (public) debt, as well as data on the capital account, especially for the more demanding standard but as far as possible it should be an aim for the core list as well.

Where deficiencies exist technical assistance will be necessary and should be available to facilitate the provision of timely data. But it seems useful to include mechanisms to assure

results from the technical assistance. One measure could be to let the member bear part of the cost of technical assistance. Another possibility is to set some target dates for stages of compliance with the core or general standard or graduation to the more demanding standard.

In case a member can not provide the Fund timely data, and technical assistance does not lead to an improvement in the situation, increased efforts are needed which should in first instance consist of the agreed graduated approach and it is essential that the graduated approach be used to its full extent. If this would prove to be inadequate, additional measures must not be excluded, such as: providing an overview in relevant Fund papers (for instance the forthcoming paper in early 1996) of statistical issues in Article IV Consultations; an example of the latter was presented in the staff document for the discussion in July (SM/95/180); listing in the Annual Report, the members which actually did supply the Fund with all required data on a timely basis; a more explicit finding by the Board at Article IV Discussions that a member has not provided the data consistent with Article VIII, section 4 of the Articles; and relaying Article IV Discussions.

As regards the more demanding standard, I very much liked the idea of an electronic bulletin board. I retain preference for eventual move to second option on a monitoring role for the Fund, including monitoring and publication of compliance, stopping short of the delicate quality certification. This would give added credibility compared to monitoring by the public, which is not thereby excluded. Moreover, the staff's initial estimates of the costs involved are not excessive, and a reasonable price to pay for an investment with a high return. Nevertheless, I could go along with a consensus today in favor of the first option with posting on the bulletin board, but for now stopping short of extensive monitoring on access, timeliness and quality of data, and certainly stopping short of quality certification

On a small technical point, Table 2 of SM/95/229, comparing Program and Post-Program does not, unfortunately, give us a clear conclusion. Perhaps this is partly because the sample of Post-Program countries is not the same as that of Program countries. I wonder why it was not possible to simply track a sample of program countries for a post-program period. Even this would retain a certain bias, for as time goes on countries improve their statistical system, and, therefore, one might expect such a comparison to show shorter reporting lags for the post-program period.

The Chairman, responding to Mr. Havrylyshyn's remark that the reporting lag should be shorter in the post-program period than in the program period, said that countries were expected to improve their data provision in the post-program period, but they continued to have difficulties in doing so.

Mr. Dairi noted that in the summing up of the Board meeting on April 7, Directors had agreed that the specific data to be provided by members should be the same as those supplied in the context of a Fund arrangement, and had emphasized that there should not be separate standards for program and non-program countries.

Mr. Lanciotti made the following statement:

The staff papers correctly and comprehensively summarize past Board discussions and provide the basis for a final progress report to the Interim Committee.

With regard to the issue of standards for the provision of data to the public, there is a broad consensus as regards the scope of standards and need to follow a two-tier approach in order to take into account the different stages of development of national statistical systems. There is also consensus that the Fund should not republish the country data. The critical point is concerned with the public identification of countries that subscribe the Fund standards once these have been established. There is in fact an evident trade-off between the need to create the right incentives for countries to improve their statistical systems and the need to avoid any prejudice to those countries that are unable to subscribe even to the lower tier.

Moreover, the absence of financial variables in the set of key economic indicators would limit the interest of the markets and, hence, their role in monitoring the adherence of the standards. Hence, I would like to reiterate my support for the proposal to limit the public identification of members to those subscribing to the upper tier. It follows that for those countries that have difficulties in subscribing to the lower standards, a greater role should be played by Article IV consultations and technical assistance, although this would imply a substantial increase in costs. Concerning the public identification of the upper-tier countries, the staff has elaborated on a number of suggested considerations upon which I would like to comment briefly.

I support the idea of establishing a central electronic bulletin board to be used to inform all interested parties about data availability and national calendars. Such a system would be extremely effective in enhancing the role of markets in the systematic monitoring of the observance of the standards relative

to the coverage, periodicity, and timeliness of the released information.

As concerns the monitoring of the other elements of the standards, that is, ready and equal access as well as the integrity and quality of the released information, I support option one because it gives greater weight to monitoring by the markets, thus making the process the most effective, while at the same time minimizing the costs for our institution. By contrast, option two, by assigning the monitoring of observance to the Fund, would involve a continuing effort and a substantial use of resources in our regular consultations. The tentative estimates by the staff of the relative costs associated with option two are illuminating in this respect. The question also arises of how far the Fund should go in a field that is at the boundary of its statutory mandate.

Turning to the issue of data provision to the Fund for surveillance, the staff paper highlights the heavy reliance of desk economists on third-party data, especially for variables such as exchange rate and interest rates. There is certainly nothing to object to in the use of third party sources as long as this is the most efficient way for the Fund to gather the necessary information. However, I wonder how we can ascertain not only whether the most reliable sources are employed, but also whether, for a given set of variables, a common source is employed.

Finally, I would like to support the proposal made by Mr. Autheman and Ms. Lissakers as well as other Directors of adding external debt, including debt and debt service, to the 11 core data categories to be provided to the Fund, indeed to the 16 data categories of the so-called initial minimum list.

Mr. Evans made the following statement:

I agree with both the staff paper and much of what Mr. Clark and Ms. Lissakers said. I think there is an important role for the Fund here, but also a very important role for markets in setting data provision standards. I share the view of Mr. Autheman and others that external debt, especially external public debt, should be included in this list. I am not altogether convinced of the arguments that the publication of a list of those complying with a general standard would be of little value. I do think that this would help others to join the list, as and when resources allow. Perhaps the more important issue is that of the "more demanding standard," or the limited list, and there is a widespread recognition of the case for publishing compliance with this list. Certainly in our view, it is very much in the interests of all Fund members that this list should exist and

provide the encouragement to meeting the standards of good statistical conduct.

I agree with the bulletin board approach, and I would like to keep it simple. The bulletin board should identify the countries, and it should summarize each country's commitments to the core data items on coverage, periodicity, and timeliness, as well as provide a guide to where information on access, integrity, and methodology can be found for each country. I do not believe it is necessary for the Fund staff to stray into the publication of calendars; there are many private market operators who already do this quite well.

As for the two options, like a number of earlier speakers, I prefer option one, although certain aspects of option two should be included as well; in particular, the staff should have a role in following up specific complaints about compliance by the markets and making formal assessments during Article IV consultations. I do not believe that this is a particularly onerous task, as the burden of proof will be on the individual country. Desk officers will normally have a good idea of whether data have been appearing on time.

Like other Directors, I accept that this will mean some increase in the staff resources. As Mr. Esdar said, this would be a very good use of the staff time in the sense that prevention is a lot cheaper than cure.

Mr. Daïri raised the question of cost recovery for some of the technical assistance; this chair has long supported that. I believe that the additional costs in the overall Fund budget are likely to be very limited, maybe less than 1/4 of 1 percent of the total Fund budget, and I think with some prioritization that can be met.

As to how we can make the compliance procedures effective, one way is to publish the staff's checklist of observance after the Article IV consultation with a given country, as recommended in the staff paper. Another way is to post on the bulletin board any specific failures to meet the standards throughout the year.

As for the time scale, I share Ms. Lissakers's opinion that it is important to implement the system. When we implement the system, we will not have a perfect blueprint that we can follow in precise detail; there will be a certain amount of learning from experience. I would like to see, as Ms. Lissakers would, a system in operation by the end of this year or early next year, so that we can then report to the Interim Committee next April on what has been achieved.

Mr. Clark suggested a report to the Board on compliance with the general standard. That seems to be a very good idea. We have to make clear that the Fund's role will be limited to setting standards and assessing concerns about noncompliance, and that the Fund will not be responsible for the actual data. When we do come to an agreement and the system becomes operational, we will have to make very clear to everybody concerned what the Fund will and will not do. This will require an effort on the part of all staff, including those working in the areas of statistics, .. external relations, as well as management, the Chairman, and even perhaps some activity from Executive Directors.

I would like to see, in the work program for the next six months, specifically, a meeting with the major market participants.

I take it that after this discussion is concluded we can revise the draft report to the Interim Committee in the light of the discussion. This is a good, brief report, but I would like to see the conclusions strengthened in the manner I have indicated.

As for the shorter report to the Interim Committee on the provision of data to the Fund for surveillance, I only have one comment. In paragraph (1) there is discussion about endorsing a "graduated approach" to remedying the situation. Perhaps a stronger impression of action would be given with the phrase "graduated timetable approach." The issues of a data standard and data for surveillance are distinct, but I think our Ministers will see them as very, very closely related, so clearly that they will have to go together.

Mr. Waterman made the following statement:

The two papers prepared for this discussion are very useful and I agree with much of what is said.

I'll take the issue of the provision of information to the Fund first. I support the objective of streamlining reporting by member countries through a more coordinated approach to statistical work in the Fund. The Fund also needs to place a good deal of weight on the preference of member countries in terms of the most efficient means of transmitting key data to the Fund, particularly given the possibility these days of regular reporting of most, if not all, information required by the Fund via electronic methods.

An important issue we have touched on in the past is the need for coordination of data requests across international agencies (a topic which is being addressed through the United Nations). Some comment from the staff on this issue would be appreciated.

The proposed work program leading up to the Interim Committee meeting next Spring seems a reasonable one but my statistical advisers say it will be demanding. We would put particular emphasis on the consultation process with national and international bodies. Agree with others that ensuring that sufficient resources are allocated to that task so that it can be completed properly within the proposed time frame is also important-- although there are limits to how fast you can push the process-- given the need to use specialized and limited resources, it will be more important to get it right than push for unreasonable timetables.

Turning to the issue of provision of data to the public, I agree in particular with the proposal that there should be a general standard set for the provision of economic and financial data to be provided to the public that all member countries should be encouraged to meet. And where the standard is not met, the Fund should be prepared to provide technical assistance to countries to assist them meet such a standard. I accept the arguments for not identifying publicly the countries that meet the general standards, but Mr. Lissakers has a good point on the usefulness of the Fund indicating publicly what it believes a good general standard amounts to.

I continue to see value in there being a more demanding standard set for those countries that wish to adhere to it, particularly where the information demands of domestic and international capital markets are important or for other reasons a country wishes to meet such a standard. In principle, we favor the Fund identifying publicly those countries that are meeting the more demanding standard. The idea of a Fund bulletin board containing information relating to each subscriber to the more demanding standard seems worth pursuing. In coming from a multi-country constituency, I might say in passing that it would help in the acceptance of the proposal if, after the standard is established after the further work, as foreshadowed, it is left in place rather than subject to ongoing change and adjustment; agree there will be some learning involved but don't want to be shooting for a moving target.

The two approaches discussed in the paper for monitoring whether the standard has been met have their attractions, but we see the case for the Fund playing a more central monitoring role than some. Two approaches are not mutually exclusive. We would not want to see that role for the Fund become particularly onerous or a source of significant disputation with member countries. Whether the standard is being met should be reasonably straightforward in most cases, but we know that there will always be exceptions to disprove any rule (and some of the requirements relating to the standard could be more difficult to specify than

others)--particularly where the data is not produced by a national statistical office. But after the initial work establishing that a country meets the higher standard, ongoing monitoring might be relatively straightforward, particularly if there is no ambiguity regarding the nature of the standard.

I agree very much with the comment that a set of standard that does not deal with the quality of published statistics is "empty" but, at the same time, judgements about quality are necessarily subjective and difficult. I therefore believe that the staff is correct in their approach in this area in putting emphasis on ensuring that enough information is published to enable such an assessment to be undertaken by others; rather than necessarily expecting the Fund to come to a view on the quality of the statistics.

It will clearly be important in all of this to keep any public record accurate and up-to-date and it would seem desirable that the Fund consult member countries before finalizing judgements on observance or otherwise of the standards. Whatever approach for monitoring the standard is adopted, a review of its effectiveness, say, after the first year, might be in order.

Mr. Kpetigo made the following statement:

With a view to improving the transparency of macroeconomic performance and policy, we agree that it is appropriate for the Fund to establish a set of standards for the publication of economic and financial data and to invite all members to subscribe to these standards. In this respect, we welcome the papers prepared by the staff, as they take into consideration the comments of Directors made during previous discussions. We agree that the key statistics being proposed are in line with the objectives of improving transparency and strengthening our surveillance exercise.

As regards the surveillance exercise, it was made clear during the previous meetings that data provision was generally adequate and timely for the majority of the membership. However, deficiencies exist for a number of members that should be addressed. We support the minimum list of 11 core categories of data, but it is our view that to be more effective, the list should include the accounts of the banking system, capital flows, external debt, and the variables that influence them. As the purpose of surveillance will not be fully achieved if all members are not able to provide the Fund with the data on a regular and timely basis, those members with a weak data capacity should benefit from early technical assistance from the Fund. We also agree that blending the use of third-party data and data from official sources would be highly efficient for the Fund. We

support the work program and the draft report to the Interim Committee, with the expectation that in 1996, progress could be achieved in putting in place the essentials of data instruments likely to deal with surveillance issues.

Concerning the public identification of members' subscription to the standards, we are of the view that in a changing economic and financial environment, fueled by an increasingly integrated world, and given recent events with respect to massive capital market movements, adequate surveillance by the Fund is called for with the support of regular and timely provision of information to the Fund.

Beyond Fund surveillance, the integrating markets, indeed, make it important to meet market participants' need for economic and financial data. However, we do not favor the publication of the list of members willing to observe the higher standard, as this may draw unwanted attention to the countries that do not meet the standard. Instead, we favor that, for countries that subscribe to the more demanding standard and express a desire to have that information published, the Fund could include them in a published list. This scheme, which parallels Article VIII approaches, permits almost every subscriber to meet a set of minimum requirements, and to possibly go beyond. Keeping all subscribers informed about the timeliness and availability of data through electronic bulletin boards, where feasible with national release calendars, will be productive. Here, also, the Fund will have to play a central role in helping the countries involved outline a standard scheme that all subscribers can understand and have the ability to exploit and run easily. Some training sessions, naturally with Fund assistance, may be sought to keep both the system and participants fully working. At the same time, there is an urgent need to develop an analytic framework and workable technology with a view to upgrading and maintaining more comprehensive macroeconomic variables.

As to the documentation to be submitted by subscribing countries, we favor the first option that allows publication indicating evidence of countries' observance of the requirement for ready and equal access, and to quality elements of the standard. More than the Article IV consultation option, the publication option not only is suitable for market participants, but also encourages the concerned countries to keep on track in making public its information.

Mr. Vernikov made the following statement:

My authorities endorse the initiatives aimed at improving the provision of economic and financial data by members to the Fund and to the public. The staff should continue working in this

direction, and we would generally support the suggested work program as well as the text of the draft report to the Interim Committee.

On an earlier occasion this chair expressed a preference in favor of a single standard for all members. However, we would not have major difficulties with the two-tier approach if that is the consensus among chairs, provided such the standards should not be mandatory, and that members would be encouraged, rather than required, to adopt a higher standard in their statistical practices. The staff has mentioned an assumption that initially some 40 countries will subscribe to the more demanding norms. It may be interesting to learn from the staff about the criteria underlying this assumption. If access to international capital markets is the criterion, then we may need to measure the degree of such access.

The role of the Fund in the area of provision of data to the public should include the establishment of standards. However, we would prefer to avoid engaging heavily in the monitoring of members' compliance with the standards or making public judgments about such compliance. It should perhaps be left to the public to monitor and appraise the access to data and its quality. At the same time, one should bear in mind that the introduction by the Fund of any set of standards will implicitly classify all the membership according to the type of subscription, and this can hardly be kept secret from the public.

Finally, on cost aspects, Article IV consultations provide a suitable vehicle to address all kinds of issues, including data provision. In this connection, I would suggest that we save some staff resources by streamlining data management within the Fund, and at the same time ensure that members can meet their reasonable requirements for technical assistance connected with the willingness to join the big league by adopting a higher standard.

Mrs. Guti made the following statement:

Overall, we believe the draft report to the Interim Committee is balanced and an appropriate reflection of the understandings reached during our previous meetings. We can also endorse the specific work program. It will provide a good basis for future concentration of any remaining issues in the coming year.

We fully agree that the Fund surveillance would be significantly strengthened if the goal of good statistical citizenship by all members were achieved. Transparency of information is important for the smooth functioning of the international financial system, as it would allow financial markets and investors to make more informed decisions. For most

developing countries, the emphasis on the quality and timeliness of information would greatly enhance the authorities' capacity for macroeconomic management. It also allows the authorities to respond in a timely manner to adverse developments. In addition, such information is essential for assessing international capital markets and attracting investment. However, we are concerned about the difficulties that many countries would face during the transition period. First, it needs to be borne in mind that the idea of publicly identifying countries that subscribe to the more demanding standard, and establishing a central electronic bulletin board in the Fund with standards regarding coverage, periodicity, and timeliness of data categories for each member, has a number of implications. As has already been acknowledged in previous discussions, there are countries where the provision of information is more a problem of a lack of capacity than of a lack of cooperation. Nevertheless, market reactions to such countries can be very unpredictable. In certain cases, speculative attacks on the currency of an important country owing to a lack of information or an inaccurate assessment of available information, could disturb the whole international financial system. Moreover, for many developing countries, the implicit categorization of countries into good and bad performers, combined with a lack of information, have the unintended effect of weakening investor confidence and jeopardizing those countries' access to international capital markets.

Second, many countries acknowledge the need to move speedily to modernize their statistical systems and information databases. Against this background, we would caution the Fund against overreliance on prior action and statistical conditionality in program countries. In this context, we share the view that there is need for evenhandedness in dealing with countries, especially given the systemic impact of countries that may not be on a Fund program.

Third, many countries require resources, time, and assistance to improve their databases. In this connection, we wonder whether the staff's tentative cost estimates for technical assistance would be adequate.

Mr. Cippa made the following statement:

As regards Fund surveillance, we see merit in modifying the standard minimum data set to reflect the peculiar circumstances of some members and the need to supplement official information with third party data source is. However, as intimated in our earlier discussions, in some countries all third-party data sources would need to be used with full agreement with the authorities' concerned.

On the provision of Information to the Fund for Surveillance, we agree with the general thrust of the staff report to the IC, but we strongly support Mr. Autheman's and others' request to add a reference to external debt data. We also want to emphasize that the set of data we are talking about should really be considered as a minimum and increased whenever possible.

On the specific issues for discussion raised in the paper, we support the proposed two-tiered approach to the standards, with a general standard roughly encompassing all Fund members and a more demanding standard for a group of countries that comply with a higher set of norms. We do not think that it would be very useful to publicly identify subscribers and observers at the level of the general standard, for the reasons elaborated in the paper. Moreover, monitoring such an exercise for the whole membership can be rather costly.

At the level of the more demanding standard, to identify publicly subscribers may well be an objective for the country itself, which usually has or wishes to have access to international financial markets. We can, therefore, support the idea of an easily accessible, central electronic bulletin board, which certainly represents an up-to-date solution for this problem. The observance of the availability criteria could be checked and monitored directly by financial market institutions and the public.

As for the observance of the other less monitorable elements, such as ready and equal access, integrity, and quality elements, we believe that this could best be done by the staff on their Articles IV consultation missions. Indeed, in part this is already done as monitoring of data issues is an element of the consultations anyway, at least with countries having or desiring to have financial market access. The question is, therefore, more in terms of what remains to be done, as different from the current practices. We share the concern of previous speakers that the Fund should not engage itself excessively in this respect, but given the importance we attach to surveillance, I guess we must be prepared to go somewhat in that direction. However, one thing should be clear. By the fact that the Fund could assess the statistics the country is providing, this does not imply that it bears any responsibility regarding this data. This responsibility must remain with the national authorities. In any case, the Fund should strongly encourage countries to publish the documentation related to their statistics. In this sense, we also do not see option 1 and option 2 as necessarily mutually exclusive.

As for the tentative cost estimate, we are not in a position to go into details. We think, however, that the resources dedicated to this activity are potentially a good investment with

a high return. The proposed standards that will have to be elaborated with much care in the next months will encourage members to improve the coverage, periodicity and timeliness of their financial data and increase the financial transparency in the Fund membership. As for members that are unable to provide even the most needed data, we agree to increase resources in technical assistance staff in order to help these members strengthening their statistical capacity.

And, finally, I have no problem with the proposed work program.

Mr. Geethakrishnan made the following statement:

When we discussed this issue earlier, many of us, while endorsing the 11 parameters, had drawn attention to the fact that many of the developing countries do not have the institutional framework for supplying data with the timeliness with which it is required. We also agreed that those countries would be provided with the necessary technical assistance, and that the Fund would take a graduated approach to give countries time to meet its expectations. I am glad that both of these provisions have been accepted; however, I have a problem with the language in the report to the Interim Committee. On page 12 of the staff paper, one sentence refers to members lacking the capacity to compile data, and in another part refers to members who are reluctant to provide the data. Reference is made in the paper to the provision of technical assistance where the members lack the capacity to compile data. I would be pleased to see a graduated approach covering this particular clause; instead, the graduated approach is mentioned only in connection with those members that are reluctant to provide data. I do not know what is meant by a graduated approach in the case of reluctant members.

I have no comment on the second part of that sentence or how it should be drafted, that is, on how the recalcitrant members should be dealt with. That I will leave to my colleagues and to management and the staff, but the graduated approach should be applied to members that lack the ability to compile data as well as those that are reluctant to provide data.

Second, the Fund has operated for about 50 years without any definition of the parameters within which all member countries would be required to furnish data to the Fund. In recent discussions, the Board agreed on 11 parameters, but did not say that those 11 parameters would only apply to some industrially advanced countries, it set 11 parameters for all countries on a uniform basis. Recognizing that some countries might have some difficulty with that, the Board agreed to a graduated approach and technical assistance. My preference would be, if and when we

decide on 16 parameters and what the 16 parameters are, we should apply them uniformly to the entire membership, and for those who are unable to furnish data because of their inability or lack of an institutional framework, the Fund would implement a graduated approach and provide technical assistance. I cannot favor creating two classes of members in this organization where some have 16 parameters and some have 11. We have resisted this temptation earlier, even in Article IV discussions that add to the work pressure of the Board. Some Directors had suggested clearing some of these reports on a lapse of time basis. We are still not able to come to a decision, mainly because the Managing Director has taken the view that all the members are equal. Let us not create them into two classes, some more important will be discussed, some less important to be disposed of on a lapse of time basis. I would not be able to support the idea of prescribing 16 today only for some countries. If some of the countries want to publish even for about 22 or 42 parameters, they are free to do so, we cannot stand in the way. But in our organization, let us not create a split.

Third, on the electronic billboard, we are a very staid organization. Let us not, therefore, think in terms of these so-called sophisticated methods of "flashing" data. I think the present methodology of sending staff papers is good enough. I will not highlight the cost aspect, because the Managing Director can always indicate that any extra budgetary costs can be met within the existing budget by pulling staff and other resources from other activities, as, in fact, was told to us when we increased the number of Deputy Managing Directors from one to three. We could not make the cost argument then, and I would hesitate to make it now.

Fourth, on third parties, the relationship between the Fund and its members is very sacred. It is obtaining information in a cooperative effort. If it is determined that the members will have to furnish data within a certain number of parameters, let us make that clear. Let us use the carrot and the stick to get it. Let us not use a third party to obtain the data. I think that it would break down the whole relationship between the Fund and the members if the Fund were to indicate that, if a member did not provide information, it would be obtained from a third-part source. I do not think we should go to that extent of using other sources. We should maintain the present system of dialogue between the members and the Fund.

My last point is on the Halifax communiqué, which figures in the staff paper. The Halifax summit was a very important summit of the leading economic powers, which have a major say in decision-making in forums like the Fund. However, I question whether the Board should refer to the Halifax communiqué in its

report to the Interim Committee. The reason I raise the issue is that, in the staff paper, SM/94/230, reference is made to the Halifax summit. I think it would be better to avoid reference to the summit in the report to the Interim Committee.

Ms. Srejber made the following statement:

With respect to the provision of data to the Fund for surveillance I--as other speakers--would like to stress the crucial importance such provision have for the effectiveness of surveillance. The list of 11 core categories of data represents indeed the minimum list of data that all members on a regular and timely basis should provide the Fund with, for the continuous surveillance. I agree with the staff that members that are unable to provide this minimum information should receive urgent technical assistance from the Fund to facilitate the data provision. I would also like to stress that this minimum list with large probability must be supplemented by additional data categories covering country-specific data in order to make surveillance effective. And as staff also points out a full Article IV Consultation requires a significantly broader data set than what must be provided for the continuous surveillance.

The approach suggested by the staff as comes to third party data seems reasonable and I agree that use of third party data has many advantages including increasing effectiveness of surveillance.

On the perceived deterioration in the data supply for post-program countries I am disappointed that it has not been possible to assess the degree to which reporting might have worsened. This points to weaknesses in the control over data flows to the Fund and data management systems within the Fund as it should be possible to detect and quantify changes in countries' reporting habits. I am, however, encouraged by the information that Data Management guidelines will be issued and I would of course like to know when. I also think we might consider pointing to the internal data management issues in our report to the IC and what is currently being done to improve the situation. I think it is important to recognize that both member countries and the Fund have to improve routines et cetera in order to make data provision more effective.

While recognizing the difficulties involved, given the importance that this Board places on more effective surveillance, my authorities would have hoped that we had been able to make even further progress, both regarding a more coordinated approach to statistical work in the Fund and regarding possibilities for streamlining the reporting by member countries, and that the report to the IC could have been more than a progress report only.

The draft report is rather short, but it gives in my view, a relatively fair picture of the situation. I think it would be improved by making the additions suggested by Mr. Autheman as well as a part about data management.

On standards for the provision of economic and financial data to the public, I welcome the staff paper before us today as well suited for bringing the discussion further. It is essential that the Fund takes on a role to promote data provision to the public, I continue to support a two tier approach.

On the "general standard" for such data the role of the Fund is well described in the staff paper as a promotor for "good statistical citizenship". Intensified cooperation with member countries with a view to upgrading statistical systems, as well as cooperation with other financial/economical/statistical international agencies with a view to identify both the need of the users and ways and means for improved and more efficient production and distribution of data seems necessary. Like the staff I see few arguments in favor of publishing a list over countries that fail to meet the general standard. In order to fulfil its "promotor role" the Fund should, however, take responsibility for information regarding the various modalities of the standard.

Adherence to the more demanding standard would be voluntary, but it should obviously be in the interest of the members themselves to adhere to this standard as it would probably facilitate their access to markets. I agree with the staff that an approach relying on the members own documentation and that includes a role for the markets in monitoring the observance seems reasonable. Ms. Lissakers' "graduated" approach is worth analyzing further. I think we should approach these issues on a step by step basis and try to agree on standard and monitoring methods as early as possible and be open to developing the system as we gain experience. At this stage of the process I think the Fund's "publishing role" when it comes to the more demanding standard should primarily focus on information about the criteria that governs the standard and posting on an electronic bulletin board information submitted by the member about availability of the data concerned and about calendars for release. On this issue I thus agree with Mr. Clark. I also agree with him when it comes to the monitoring of the other elements, the observance of integrity and equal access and quality criteria. I thus would favor a combination of the options put forward by the staff. Mr. Clark's suggestion to publish a summary of the staff's assessment is interesting and worth considering, but I am not sure, however, considering the judgmental part in assessing quality et cetera, that we already at this stage should decide on making public the staff's assessment of the data in connection

with Article IV consultations. The market should play an important role in assessing in which countries and in which respects the criteria has been met and the Fund should avoid the role of a statistical rating agency with wide responsibilities in the provision of data from member countries to the public.

The Director of the Policy Development and Review Department said that a single report on all data issues should be submitted to the Interim Committee, with a one-page summary of the conclusions.

In the first survey conducted in July, it had not been possible to assess the progress of data reporting in post-program countries, the Director continued. In the forthcoming survey, the sample of countries selected for study would include post-program countries.

The 11 categories of core data, including the central bank's balance sheet, represented the minimum that all countries should provide to the Fund in the period between Article IV consultations, the Director considered. As Ms. Srejber had pointed out, a much more comprehensive data set was required to conduct an Article IV consultation. The 11 data categories had been identified on the basis of information that all member countries could provide to the Fund. For effective ongoing surveillance of a number of member countries, it would be necessary to supplement the minimum list with country-specific details. The list of 16 data categories included variables on which some countries provided information to the public on a regular basis. If all countries could publish information on those 16 data categories for the use of markets, clearly that would be the general minimum standard for the entire membership for data reporting to the Fund as well. In comparison with the general standard for the entire membership, the more demanding standard included not only additional categories of data, but also stricter criteria relating to timeliness, periodicity, and the quality of data.

Based on the monitoring of progress in data provision during Article IV consultations, the Fund should be in a position to report periodically on members' observance of the standard, the Director remarked. In recent Article IV consultations, the staff had in fact reported the situation with respect to data provision in several countries and would continue to monitor aspects such as timeliness and quality. However, care would need to be exercised in providing a "judgmental" report to the markets about a member's data provision situation. The staff believed that, at the current juncture, emphasis should be on providing a report only to the Board.

Mr. Esdar inquired as to what would happen when countries subscribing to the list failed to submit the data required.

Ms. Lissakers said that she wondered what would happen if a country failed to meet the criteria with respect to periodicity and the timeliness of data.

The Director of the Policy Development and Review Department replied that the bulletin board would list the variables, the periodicity, the timeliness, and the calendar for the release of information by each subscribing member. Data users, including the Fund, would react if countries failed to provide the promised data according to the agreed schedule. In particular, the Fund staff would contact the authorities to find out why they had failed to provide the data. The Fund had so far not considered any concrete measures to deal with a situation in which countries consistently failed to provide the data they promised to deliver. In the event of default, however, it was hoped that the adverse reactions of market participants following developments in the country concerned would have an impact in inducing the authorities to provide the data required.

After adjourning at 1:00 p.m., the meeting reconvened at 2:30 p.m.

The Director of the Policy Development and Review Department said that the Fund staff had established working relations with the Institute of International Finance (IIF). The staff of the IIF had already discussed its work program with the Fund staff, and there were plans for collaboration in the area of publication of data. As the members of the IIF were commercial banks and therefore market participants, they were in a good position to assess the potential uses of information in a fairly comprehensive way. However, the IIF was mainly concerned with the question of the provision of information from the countries that had, or were seeking, access to financial markets; it was less interested in the Fund's concerns, namely, defining and establishing standards for provision of information to the Fund, or with assisting countries to achieve those standards.

Third party data usually related to market data on exchange rates and interest rates, the Director noted. Efficient communication systems, for example, Reuters, had been useful in disseminating that information. Sometimes, third party data constituted a republication of official data. In other cases, there might be a need to obtain confirmation from the authorities of the estimates made by third party private sector agencies. In those cases, the authorities might have their own estimates of the series that third party sources provided, or indeed they might have the actual data. In either of those cases, it would be beneficial for the authorities to confirm the information that the Fund was using from third party sources.

The publication of the schedule for the release of information was a critical element of a bulletin board that indicated the variables, the timeliness, and the periodicity of information, the Director remarked. Also, information about the countries adhering to that schedule was an important part of the process of public release of data. The market should know that the authorities would, indeed, release the information on the scheduled dates. At the current juncture, there was a lack of easily accessible information about the release of data by different countries.

Mr. Evans agreed that markets should have advanced information about the schedule of data release. However, he wondered whether the private

sector could adequately monitor the release of information from countries. Perhaps the staff could discuss in the Article IV consultations the question of schedules for the release of information by countries. Perhaps the Fund should not take upon itself the burden of setting up the data release schedules and monitoring their observance.

The Director of the Policy Development and Review Department replied that the staff intended to discuss with the national authorities all issues relating to calendars for data release. It was expected that setting up release schedules and monitoring their observance could be carried out relatively easily.

Reports to the Board on compliance with the standards by individual members were part and parcel of the guidelines provided to the staff for assessing the statistical systems of countries during the Article IV consultations, the Director continued. In 1996, the experience in data reporting would be carefully monitored and, thereafter, reports to the Board on compliance with statistical standards would form part of the regular review of surveillance for each country. In that context, the staff hoped to produce an overall report to the Board on the progress being made in compliance with data standards.

The Fund would need to help countries reach the general standard by providing technical assistance to upgrade their statistical systems, the Director noted. Technical assistance needs would have to be assessed on a case-by-case basis, taking into account the specific statistical capabilities of the country concerned.

The graduated approach to data provision would be restricted to countries that were reluctant to provide data, the Director observed. Executive Directors could play a positive role in conducting discussions with their authorities before the Article IV consultation and in persuading them to cooperate.

Mr. Geethakrishnan said that members that lacked the capacity to provide data should be given more time to meet the standards and that the "graduated" approach might not be an appropriate method to adopt in those cases. Using pressure might be a more appropriate approach to persuade those member countries that had the capacity to provide data, but were reluctant to do so.

Mr. Lanciotti wondered whether data on external debt would be added to the list of core data, as suggested by several Directors.

The Director of the Policy Development and Review Department replied that the minimum list of 11 data categories was intended for the ongoing monitoring of a country's data situation between Article IV consultations. In that regard, the minimum list contained categories of data that could be provided repetitively and frequently. How to incorporate debt data into that core data set would need to be carefully investigated. In many member

countries, the debt management systems were weak, and the World Bank provided a great deal of technical assistance for their improvement. Many member countries would not have comprehensive external debt statistics, except perhaps on an annual basis. Whatever data countries had on external debt were reflected in the Article IV consultation reports or in program documents.

For many countries, it was critical to report data on short-term debt of the Government and the banking system, the Director remarked. It was also necessary to determine the concept of short-term debt that was relevant to the particular country concerned, and the periodicity of reporting data on that definition. While agreeing in principle that external debt data should be included in the core indicators, it was important to ascertain what measure of external debt should be uniformly considered and how feasible it was to expect countries to produce data on a regular basis, given the level of development of the statistical infrastructure of each individual member country.

Mr. Esdar observed that, for those countries having or seeking access to financial markets, and therefore, subscribing to the more demanding standard, provision of external debt data should be crucial.

The Director of the Policy Development and Review Department, agreeing with Mr. Esdar, said the staff would discuss with national authorities how such data could be made available. In general, the Fund would need to clearly identify the data that each member was expected to provide.

Mr. Kafka said that he supported Mr. Kiekens's suggestion to have two reports to the Interim Committee.

Mr. Kiekens noted that Directors had supported the inclusion of external debt data in the core data categories that should be provided to the Fund and not to the public. In that context, however, the staff had referred to discussions that it intended to have with certain agencies. It was not clear with whom the staff was intending to discuss the issue.

The Director of the Policy Development and Review Department replied that many countries subscribing to the general standard might not be able to provide external debt statistics on a quarterly or monthly basis, and they needed assistance to strengthen their debt reporting systems. Careful consideration would need to be given to the short-term debt of some countries. For countries subscribing to the more demanding standard, a minimum data list had not yet been finalized. The question of inclusion of external debt data would be discussed with the countries in that latter group observing the more demanding standard.

Mr. Kiekens said that he found it difficult to understand why countries could not provide data on public external debt, which was well documented in most countries.

The Director of the Policy Development and Review Department agreed that public external debt data were generally available in most countries. However, some countries published them only on an annual basis. It would be difficult to obtain debt data on a quarterly or monthly basis for most member countries.

Mr. Daïri noted that information on all core indicators need not necessarily be provided on a monthly basis; countries could be requested to provide external debt data on an annual basis. There were countries that did not report debt data to the World Bank because they did not make use of the Bank's resources and were not committed to such data provision. Furthermore, he could agree with Mr. Geethakrishnan's earlier suggestion to avoid any reference to a particular group of countries.

Mr. Al-Tuwaijri said that he supported Mr. Kiekens's and Mr. Kafka's suggestion to have two different reports to the Interim Committee on data provision to the Fund and on standards for publication. He was also concerned about the cost of implementing the standards and, in that context, wondered how the data provision exercises would affect the Fund's short- and medium-term budgetary objectives.

The Director of the Statistics Department replied that the staff report had given some preliminary estimates of the resource costs involved in implementing data provision standards. For projecting the resource costs of technical assistance, a 15 percent increase over the existing cost level had been assumed. However, two additional elements of assistance to member countries needed to be taken into account. First, in order to improve data provision to the Fund, members might need help to identify data categories and efficient methods of data transmission. Second, they might also need special technical assistance to develop their statistical systems and training.

Attempts to improve the integrity, the quality, and the access elements of the standards for publication might generate a demand for technical assistance with which the Fund was unfamiliar, the Director continued. The Fund might have to enlist the help of experts from member countries to meet the new demands.

The Statistics Department was investigating how resource costs could be reduced, the Director remarked. In the recent past, the Department had eliminated some activities--for example, the monthly balance of payments and direction of trade publications--and had achieved some cost savings. The Department was also considering the publication of statistics on a quarterly basis.

Mr. Esdar noted that many countries that had access to capital markets placed their bonds for sale in international markets. Those countries should have had a great deal of experience in providing data to banks and other financial institutions, and they should have no difficulty in providing data to the Fund.

Mr. Al-Tuwaijri emphasized that a thorough discussion of the budgetary implications of data provision and publication was urgently required.

The Acting Chairman replied that, as the Director of the Statistics Department had pointed out, the staff report had given some preliminary estimates of the staff years needed to implement the data provision standards. As countries selling bonds in foreign markets had to provide a great deal of information to foreign banks, the data sought by the Fund were already there and could be supplied with minimum cost. However, the exact costs involved would be clear only when the Fund started to implement the standards.

Mr. Al-Tuwaijri said that the Board had taken several decisions that would have had a profound impact on the overall budget of the Fund. Perhaps it was time to examine the emerging overall budgetary situation of the Fund.

The Acting Chairman replied that management was in the process of discussing the overall budget, and as soon as the proposals were finalized, Directors would be informed of them.

Mr. Autheman agreed with Mr. Kiekens that sovereign external debt should be included in the core data category. The fact that some countries were not able to report their sovereign debt on a regular basis was not an argument for excluding it from the list of core data.

Ms. Lissakers noted that the improvement of the quality of members' policymaking was one of the additional benefits of enhancing data provision to the Fund. In that context, up-to-date information on external sovereign debt was of critical importance. She agreed with the staff that some member countries might not have external debt information on a quarterly or monthly basis. However, it was in the best interest of the Fund and the membership to obtain debt data on a timely basis.

The Acting Chairman wondered whether the coverage and the timeliness of the World Bank's external debt reporting system were adequate for the purposes of the Fund.

The Director of the Policy Development and Review Department replied that the Bank's debt reporting system was not adequate to provide the kind of data that the Fund was seeking. It was also not quite up-to-date.

The Director of the Statistics Department noted that the World Bank's debt reporting system was confined to debt arising from public and publicly guaranteed borrowing from the Bank. The World Bank was in the process of extending its coverage to include private sector borrowing, and was also attempting to reconcile its debt reporting system with the credit reporting system of the OECD. However, the Bank's debt reporting system, with annual data and long reporting lags, was unlikely to meet the requirements that the staff paper had highlighted.

Mr. Esdar said that the information on financial flows to countries compiled by the Bank for International Settlements (BIS) could also be useful for the Fund.

The Director of the Statistics Department replied that the Fund was collaborating with the BIS in the compilation of international banking statistics. The Fund's Committee on Balance of Payments Statistics was investigating how BIS data could be utilized to improve the quality of the Fund's balance of payments data.

Mr. Fukuyama, referring to a comment made by the staff about the publication schedule to be made available through the bulletin board, wondered whether specific target dates would be set for the publication of various data categories.

The Director of the Policy Development and Review Department replied that a commitment to produce information was not meaningful unless some concrete target dates were set. For example, in the United States, there were specific target dates on which certain information was made available to the public. The proposed data reporting system should contain sufficient information for market participants to know exactly when a country would release certain information to the public.

Mr. Fukuyama wondered whether it would be burdensome for the Fund to publish release schedules for all the core indicators for all member countries.

The Director of the Policy Development and Review Department replied that the authorities of each member country should take responsibility for providing the needed information for the bulletin board. They should provide information on the kind of data they were intending to provide and on the release schedules for those data.

Wide variations in the release of information could be expected in the initial phases of the reporting process, the Director noted. For example, data on external reserves for every country could not be released on the first Tuesday following the end of the month.

The Acting Chairman said that his understanding was that Mr. Fukuyama was concerned about the increased workload to the Fund arising from making available information about schedules of data release for each individual member country.

The Director of the Statistics Department agreed that maintaining a bulletin board would increase the workload for the Fund. However, the Fund could provide a useful service to members and to the markets by bringing together on the bulletin board information on data provision.

Members observed release schedules for data in different ways, the Director continued. While the United States was able to announce in advance

and adhere to its schedules of data release, even some emerging market countries found it difficult to follow such a systematic approach. Furthermore, national statistical offices tended to perform better in observing release calendars than did central banks, which tended to take a rather different view of when they might, or might not, release certain statistics.

As regards technical assistance, apart from the cost aspect, availability of expertise was a crucial element, the Director remarked. The Managing Director had earlier referred to the need to support the Fund's technical assistance effort by providing expertise, reimbursing costs, and helping other international organizations engaged in providing such assistance. The country authorities should make available counterparts to work with advisors provided by the Fund.

Third-party data on exchange rates, interest rates, and prices were increasingly being used in the Fund's work, the Director commented. However, beyond those three categories, the use of third-party data was somewhat limited.

The Fund used electronic access to data on a limited scale, the Director noted. There was a need to build up the capability of the Fund to access member countries' data directly, and to examine how countries themselves could develop their capability to provide electronically economic data direct to the Fund.

The departmental working group had reconvened in order to develop the draft guidelines for data management on a Fund-wide basis and to prepare a statement that management would present to the staff, the Director observed. The guidelines and the related documentation on the management's statement were being reviewed by the departments. The documents were expected to be cleared by the management in the forthcoming week.

Those guidelines covered several critical issues, the Director pointed out. First, in its data work, the Fund would be guided by international definitions and methodologies, in order to promote a consistent framework for bilateral and multilateral surveillance. Second, emphasis would be given to developing good documentation, in order to identify data sources, and to distinguishing between actual versus provisional data. Third, all data would need to be stored in the network, and all staff should be able to access the economic databases of the Fund. Fourth, the data work of the staff would be studied, with a view to identifying best practices.

As a result of increased efforts, it had been possible to reduce duplication of statistical work among international organizations, the Director noted. For example, the OECD and the Fund shared a common questionnaire on tax revenues, the Fund and the UN shared monthly statistics on commodity trade, and the ILO and the Fund shared consumer price data.

At the request of the United Nations, the Fund had established a task force on financial statistics in 1994, the Director remarked. The Fund had written to a number of ministers of finance and central banks seeking their views on problems relating to the coordination of data supply. Surprisingly, most thought that there was a good deal of coordination in the collection of data with respect to public finance, balance of payments, and money and banking.

Countries had repeatedly complained about duplicate requests for data from individual organizations, such as the Fund and the World Bank, the Director commented. The statistical and the nonstatistical units of international organizations should coordinate their data requests. The World Bank, the European Community, and Eurostat were working toward improving coordination among various agencies requesting data from countries.

Approximately 40 countries, consisting of industrial, emerging market, and other countries, had been identified as currently having access to financial markets, the Director concluded.

The Acting Chairman said that the staff had emphasized that it would be premature to expect members to provide their external debt data on a monthly or quarterly basis. In view of the difficulties that the World Bank had experienced, the Fund should investigate how external debt data could be obtained more easily from the membership. He wondered how the BIS data could also be utilized by the Fund.

The Director of the Policy Development and Review Department replied that countries might be able to report frequently data on sovereign debt. The Fund should be able to monitor short-term borrowing and debt of central banks. However, it would be necessary to investigate whether the current banking system data would be sufficient to identify short-term obligations of the financial sector.

The Director of the Statistics Department said that it was more difficult to frequently monitor developments in short-term obligations of institutions other than central banks.

Mr. Esdar recalled that nearly all Fund arrangements had benchmarks, or performance criteria, regarding external debt. If in the process of program review, the Fund could establish reliable estimates of the initial position of countries with respect to external debt, a good database on debt could be developed over time. Otherwise, the Fund might encounter problems in ascertaining whether the programs were on track.

Ms. Lissakers said that the Fund should aim at remedying the substantial deficiencies in debt data.

The Acting Chairman observed that the staff was reluctant to make any firm commitments to obtain debt data from the membership, given the

difficulties involved. Nevertheless, the staff would make every effort to obtain the data that the Board was looking for.

Ms. Lissakers said that the Fund should establish an ambitious standard--such as, the provision of debt data on a quarterly basis--that the membership would be expected to observe. Notwithstanding initial difficulties, the Fund should strive to help countries to reach that standard in some reasonable timeframe. The Fund should have the necessary information to ensure that its resources would be safeguarded when it took decisions to commit resources under arrangements, especially arrangements like the proposed emergency financing mechanism.

Mr. Dairi, referring to Mr. Esdar's comment, noted that it was relatively easy to obtain data on commitments to borrow. However, it was far more difficult to get information on disbursements or drawings, especially when cash drawings were not involved. While setting relatively high standards for the provision of debt data, the Fund should not expect that every member would be able to meet them.

Mr. Autheman considered that the difficulty of collecting data on sovereign external debt was a bad argument for not including debt data in the core indicators. Similar collection difficulties would also be encountered in the case of data pertaining to external trade, and GDP, for example. Furthermore, one of the major difficulties in obtaining reliable debt data was the haphazard organization of the external debt recording and reporting systems in member countries.

Ms. Srejber said that, given Mexico's recent experience, reporting external debt data could be seen as being crucial to effective surveillance. As it was important for the countries themselves to know the size of their external debts in formulating economic policies, it was difficult to understand why the Fund should not strive to improve the sovereign debt data.

The Director of the Policy Development and Review Department observed that, despite many years of trying to monitor the debt situation in member countries, the World Bank's debt management and reporting system continued to have many difficulties. Under the circumstances, the Fund staff wanted to approach the reporting of sovereign debt with some degree of caution.

As Mr. Dairi had pointed out, debt ceilings under Fund-supported programs were established on the basis of commitments, the Director continued. The actual disbursements of loans guaranteed by the government were handled by some agencies in the public sector, not necessarily the treasury or the central bank of the country. The Fund's experience in relying on systems for collecting and generating statistics on disbursements had not been satisfactory. In that context, it was not feasible to set a standard that most members could not meet. Careful consideration should be given to setting a reasonably high standard that ensured a smooth flow of information on debt data to the Fund.

Ms. Lissakers observed that the fact that only a minority of members could meet certain requirements should not be a justification for excluding any data category from the list of core indicators. The core data set should reflect some judgment about the information needed for good macroeconomic policymaking, and for the Fund to assess its relationship with members.

The Director of the Statistics Department noted that, as Mr. Wei had pointed out earlier, for the purpose of establishing standards, in addition to looking at the best practice in some countries, the Fund would need to take into consideration the different levels of statistical development in member countries.

The Acting Chairman said that most Directors agreed that external debt data should be included in the core indicators. However, most Directors, noting that it might take some time for members to make debt data available to the Fund, recognized that the Fund should work with the membership to develop the statistical systems needed to improve data reporting to the Fund.

The World Bank's debt reporting system was very costly in terms of resources, about which Mr. Al-Tuwaijri had been concerned, the Acting Chairman continued. The Bank's reporting system, which recorded individual loans and involved an enormous effort to update, was not quite suitable for the purposes of the Fund. The debt reporting system that the Board desired to have would be costly to develop and would take some time.

He had understood that Directors had found the draft report to the Interim Committee that dealt with the provision of information to the Fund acceptable, except for the issue of the inclusion of external debt data, the Acting Chairman remarked. Directors' suggestions on various aspects of data provision would be incorporated in the draft report to the Interim Committee. A revised draft incorporating Directors' comments would be circulated and considered for adoption at the Board meeting on Friday, September 22 (EBM/95/91, 9/22/95).

The Board would have only one report to the Interim Committee, the Acting Chairman concluded. However, a clear distinction would be made with respect to the provision of data to the Fund and standards for publication.

Mr. Evans noted that a substantial majority of the Board was in favor of the publication of a list of members subscribing to the more demanding standard.

Mr. Newman observed that several Directors had encouraged the Fund to play a greater role in the monitoring of observance of standards--in particular, with respect to coverage, periodicity, and timeliness of data--that would go beyond the bulletin board. Some had advocated monitoring the material that might be put on the bulletin board, and others had encouraged the staff to give greater emphasis to monitoring data provision to the Fund

during Article IV consultations. Other speakers had favored the inclusion in the annual report of a status report on compliance, with a judgment as to whether or not a country should be kept on the list of subscribers, if it failed to comply with the agreed standards.

The Acting Chairman replied that the idea of a broader role for monitoring of observance of standards was not widely shared by the Board.

Mr. Newman noted that Messrs. Autheman, Esdar, Evans, Waterman, Ms. Lissakers, and other Directors had mentioned the issue of monitoring in the context of the coverage, timeliness, and frequency of data.

Mr. Kafka noted that members had no obligation under the Articles of Agreement to publish data. Furthermore, it should be clear that, in publishing a list of standards, the Fund had no intention to exert any pressure on countries. He hoped that those points would be taken into account in the final report to the Interim Committee.

The Acting Chairman replied that it would be difficult for the Board to say that it was not encouraging the publication of data.

Mr. Newman wondered whether more emphasis on the voluntary nature of subscription to the more demanding standard would allay Mr. Kafka's concerns.

The Director of the Policy Development and Review Department said that the majority of the Board appeared to agree on the type of data that should be provided to the Fund and made available to the public. The establishment of two different standards was intended to make sure that countries could at least subscribe to the general standard; and if some members could not, they should be given assistance to upgrade their statistical systems.

Ms. Srejber noted that subscription to the more demanding standard should be voluntary. At the same time, the countries in her constituency believed that the Fund should play a role in promoting data provision to the public.

Mr. Kafka wondered why the Fund should have two standards. Perhaps the Fund could publish a list of all the information that each country agreed to provide.

Directors agreed to continue their discussion at EBM/95/91 (9/22/95).

4. POLICIES IMPLEMENTED UNDER MADRID DECLARATION AND IN CONTEXT OF FUND SURVEILLANCE - REVIEW - MANAGING DIRECTOR'S DRAFT REPORT TO INTERIM COMMITTEE

The Executive Directors considered the Managing Director's draft report to the Interim Committee on the review of policies implemented under the

Madrid Declaration and in the context of Fund surveillance (SM/95/249, 9/19/95).

The Deputy Director of the Policy Development and Review Department noted that the unfortunate late issuance of the draft report on the previous day had been due to the pressure of work on a number of papers.

In response to comments that had been made to the staff, paragraph 4 of the summary report would be amended to reflect more accurately the wording of the Madrid Declaration on external debt issues, the Deputy Director added. It should be noted that part of the recent discussion in the Board on the debt problems of developing countries had been reflected in paragraph 11 of the draft report.

Some slight inaccuracies that had been drawn to the attention of the staff, either in the presentation of the facts with respect to particular countries or of the content of the summings up, would be corrected, the Deputy Director of the Policy Development and Review Department said, with an explanation to individual Directors.

Mr. Bergo made the following statement:

I would like to comment briefly on a few issues in the Managing Director's draft report, which I generally found to be a well balanced reflection of our earlier discussions, including the World Economic Outlook sessions.

First, and in view of our World Economic Outlook discussions, I think that the section on fiscal policies in industrial countries gives a more fair description of recent developments than that provided in earlier documents. However, it may go a little bit too far in the last sentence of paragraph 7, where it is stated that it "remains essential for countries to continue to use the expansion wisely by putting their fiscal houses in order." While I certainly agree that it remains essential to use the expansion wisely, the word "continue" might be a little too positive when used in a context referring to all countries. Rather, I would find it appropriate to include some language on structural deficits, for example, the sentence in the first full paragraph on page 8 of the Attachment, where it is stated that "the progress in curbing structural fiscal imbalances has been more limited," and then to omit the word "continue."

Second, I note that the draft report includes some language on the highly indebted poor countries, which I do not recall being given special attention in the Madrid Declaration. Here, I am referring in particular to the mention in paragraph 11 of the problems of such countries in servicing debt to multilateral institutions, and to the fact that "work is under way on ensuring that effective solutions to these problems are put in place."

While this certainly is an important issue, I must admit that I was somewhat surprised to see these efforts mentioned in this context, especially since Ministers would have an opportunity to comment on this theme in connection with the agenda item on "Continued Financing and Adaptations of the ESAF" based on a report by the Managing Director. Rather, in this policy review, I think that the main focus should be on countries' own efforts, and I would prefer to substitute for the current formulation some language along the lines of the last two sentences on page 24 of the Attachment.

Third, also in the Attachment, I think that Sweden definitely deserves to be included in footnote 1 on page 9, among the countries which had announced substantial fiscal measures, and where current forecasts envisage significant reductions in actual and structural deficits, if these measures are implemented. I should like to recall that Sweden rightly was included in this context in the original staff document.

Finally, a question regarding procedures. With the purpose of helping Ministers focus their attention on the main themes, including an assessment of whether policy implementation was broadly in line with the common strategy embodied in the Madrid Declaration and, if not, why, I would find it useful if the material provided to the Ministers included some suggested issues to be discussed, and I wonder whether this will be the case. Furthermore, I recall that in the his concluding remarks following our first discussion, the Managing Director said that he would keep in mind when preparing the report the possible need to adapt the Madrid Declaration by giving special emphasis to particular issues. As I can see no reference to this in the draft report, I wonder whether this will be communicated to the Ministers through some other means, or whether the conclusion has been that no such adaptation is necessary.

Mr. Newman remarked that he had noted some differences between the Chairman's concluding remarks and the text of the report that would be submitted to the Interim Committee. The most striking difference was the treatment of fiscal imbalances, where the report took a somewhat more nuanced approach. The two should be made consistent, particularly if the concluding remarks were to be used as a basis for the Managing Director's statement to the Interim Committee itself.

His chair continued to question the relationship between the Madrid Declaration and the Board's periodic reviews of Fund surveillance, including members' willingness or ability to follow--or the desirability of doing so--advice provided by the Fund in Article IV consultations. The procedure, as it seemed to be laid out in the context of the Managing Director's concluding remarks, would involve an assessment every six months of members' compliance with Fund recommendations under Article IV. Presumably, the

six-month exercise would be related to the semi-annual meetings of the Interim Committee; that seemed excessive, particularly if there was also to be a bi-annual review of surveillance. The latter review might be a more useful vehicle for assessing the efficacy of Article IV procedures, in particular the advice given and members' responses to that advice. That kind of assessment could be usefully provided to the Interim Committee on a periodic basis, whereas the utility of a six-monthly assessment for the Interim Committee was not obvious to him.

The key, if the Madrid Declaration, or future adaptations of it, were to remain in existence, might be to take a general, thematic approach rather than a country-by-country one, Mr. Newman remarked. He recognized that the Managing Director, supported by some Directors, believed that it was extremely useful for the Interim Committee to take up individual countries during its sessions. However, there had been a considerable difference of view in the Board on the desirability of such a process at EBM/95/83.

Mr. Wijnholds commented that, in general, the report was excellent and he could support it. Like Mr. Bergo, he had been surprised to see the reference in paragraph 11 to debt relief and multilateral debt. Something no doubt needed to be said, in light of recent discussions on the issue, but he was not sure that paragraph 11 was the right place to say it.

He had also been somewhat surprised to find no mention in Table 3 of Italy, which had the highest fiscal deficit among the industrial countries, although it was showing progress in that respect, Mr. Wijnholds added. Box 1 on Italy did not contain any figures, and it might be useful to add Italy to Table 3.

In the penultimate paragraph on page 13, reference was made to transition economies that had been successful in reducing inflation from high initial rates--Ukraine--or in curtailing it further in line with targets--Romania and the Slovak Republic, Mr. Wijnholds observed. It would also be in order to mention Bulgaria, which had brought down inflation from over 100 percent in 1994 to approximately 35 percent in 1995, a performance somewhat similar to that of Romania.

Finally, Mr. Wijnholds said that, after seeking confirmation from his authorities, he might have to ask the staff bilaterally for the Netherlands to be included among the countries mentioned on page 25 as being exceptions to the number of countries whose aid budgets were on a downward trend.

Mr. Kaeser said that his chair could support the Managing Director's draft report to the Interim Committee on the review under the Madrid Declaration. It had occurred to him that the order of the three sentences in paragraph 9, which referred briefly to the economies in transition, should perhaps be changed. The last sentence seemed to apply more to the first than to the second sentence, although the point of substance was obvious, namely, that the economies in transition were just that, in transition.

On the question of procedure, which the Board had discussed at length at EBM/95/83, Mr. Kaeser recalled that the Chairman, in his concluding remarks, had suggested adapting the agreed strategy of the Madrid Declaration to give special emphasis to particular items. That proposal reflected the view of many Directors, who had wanted more to be done to identify broad themes and to delineate key policy issues. The focus on selected policies and the periodic review of their implementation seemed to be the best means of keeping some distinction between the so-called Madrid exercise and the broad World Economic Outlook discussion. Therefore, he had been surprised not to find any suggestions by the management concerning the items on which particular emphasis should be placed in the near future.

Mr. Shields said that he supported Mr. Bergo's view on the description in paragraph 7 of the need for countries to use the expansion wisely to redress fiscal imbalances.

On structural issues, the last sentence of paragraph 10 seemed open to misinterpretation and to be in need of clarification, Mr. Shields considered. The intention was apparently to indicate that efforts to reduce labor market rigidities had been insufficient and had not led to much success in reducing unemployment in high unemployment countries.

The discussion about paragraph 11 was somewhat confusing, in his view, Mr. Shields continued. The Madrid Declaration itself, in talking about developing countries, referred to the need for the right global environment and timely financial support on appropriate terms, and talked about bilateral debt issues. Taken in conjunction with the October 1994 communiqué, which clearly recognized the problems of the poorest, most indebted countries, the reference in the draft report both to actions and to needs in that direction was appropriate. In fact, he would have firmed up slightly some of the wording in paragraph 11. Some highly indebted poor countries would--rather than "may"--continue to face problems, especially as official development assistance was set to decline further in the period ahead.

Mr. Dairi remarked that, as he understood it, the Madrid Declaration called for timely financial support on appropriate terms for developing countries in general. It singled out, in addition, the case of the poorest countries, for which special treatment should be put in place. His impression was that the draft report made an attempt to deal only with the debt of the poorest countries, without any real discussion of whether financial support to the developing countries in general was being handled appropriately.

Mr. Al-Tuwaijri recalled that the Board had generally agreed at EBM/95/83 not to discuss specific countries and to make the report as thematic as possible. Although the country pages had been omitted from the Attachment, the boxes that had been retained represented an evaluation of individual countries' policies; for the sake of consistency, he would prefer to omit the boxes as well, if that was possible.

Mr. Calderón remarked that while future reports should be more thematic, he had no problem with the thrust of the draft report. He would take up some specific comments on bilateral issues with the staff following the Board discussion.

Mr. Autheman noted that paragraph 2 on transition economies cited every issue from the Madrid Declaration, except the emphasis on stabilization. On paragraph 3, he saw no need to refer to the inclusion in the Attachment of an "edited" version of the report, which could raise questions. He welcomed the intention of the staff to rewrite the second part of paragraph 4, although he questioned the meaning of the expression "reasonable price stability."

On paragraph 8, Mr. Autheman said that he would welcome a sentence on Africa, possibly pointing out that, while performance remained uneven, countries that had implemented adjustment programs supported by the ESAF continued to show better growth prospects. It would be useful in paragraph 11 to find a way to note that the implementation of Naples terms was under way. The text in Box 2 on Hungary might need to be reviewed in light of a statement by Hungary's Finance Minister that had appeared in that day's Morning Press, which was more candid than the statement in the box.

Mr. Jones said that there was no question that the implementation of the Naples terms would be a major step forward in helping the heavily indebted countries cope with their debt problem. However, even countries that were expected to have the potential for sustainability ran a major risk owing to their vulnerability to terms of trade shocks resulting from an undiversified export base. It might be advisable to capture that important caveat in the report.

Another point that should be reflected in the report, Mr. Jones considered, was that the decline in real terms in development assistance was very much a part of the international environment referred to in the Madrid Declaration.

Mr. Barro Chambrier stated that the draft report was excellent. He welcomed the staff's intention to expand the discussion on the debt issue. As regards paragraph 11, his views were similar to those of Mr. Shields and Mr. Dairi. In that spirit, he could easily support the suggestion of Mr. Shields to firm up the language.

Mr. Petrie said that he supported Mr. Bergo's suggestion relating to the description of fiscal policy in paragraph 7, and, similarly, Mr. Shields's suggestion concerning labor market policies in paragraph 10. More generally, in terms of the overall thrust of the draft report, agreed with those who wished it to focus more on broad thematic issues than on the detail of bilateral issues. He wondered whether that was the intention for subsequent reviews.

Mr. Esdar noted that he too supported the suggestion to draw more attention in paragraph 7 to structural fiscal deficits. He also supported the idea of Mr. Shields to mention labor market rigidities. Like Mr. Autheman, he did not know what was meant by "reasonable price stability."

On debt issues, Mr. Esdar welcomed the staff's intention to amend paragraph 4 to reflect the Madrid Declaration. One way to respond to the questions that had been raised in that connection might be to bring together the references to debt issues that appeared in both paragraph 4 and paragraph 11, rather than adding to either paragraph.

Mr. Wei said that he could endorse the draft report. In paragraph 8, the staff correctly pointed to the high saving rates and strong external positions that enabled Asian economies to cope well with the consequences of the Mexican crisis. However, since those favorable positions were due to the authorities' pursuit of macroeconomic stabilization policies, it might be appropriate to mention that point.

Mr. Shields remarked that there were two ways of firming up the text of paragraph 7. One way would be to explicitly mention the actual figures for changes in structural fiscal deficits, referring back to Table 3. Another way would be to revert to the original text of the first full paragraph on page 8 of the Attachment, where a new third sentence had been highlighted as a possible replacement. In his view, the original wording had been better; namely, "...few countries can be said to be 'using the recovery well,' in the sense of making adequate improvement in structural fiscal positions."

Mr. Kaeser commented that, whatever it meant, the expression "reasonable price stability" was to be found in the Articles of Agreement. Article IV, Section 1 (i) read: "...endeavor to direct its economic and financial policy toward the objective of fostering orderly economic growth with reasonable price stability."

Mr. Clark stated that he supported all the suggestions for tightening up the language, for instance, on fiscal policy, price stability, and debt. He differed only with those who had encouraged the staff to be more thematic in its next report. While some thematic material could be added in future, he did not want to drop the country focus. A distinction had to be drawn between what Interim Committee members were expected to discuss and what they wanted in terms of informed reading material. The country focus gave reality and a sharpness to the exercise.

Mr. Coumbis said that he supported Mr. Clark's view of the draft report, which he found to be very good. Any change in presentation should be made in response to the reaction of the Interim Committee.

The Acting Chairman noted that the general question of a thematic versus a country approach could be considered more fully in the work program discussion. It would be difficult to change the nature of the draft report

until the differences of view that had been expressed had been discussed in greater depth. Management's fear was that too thematic a report would allow everyone to escape into generalities; the occasional country reference imparted a sense of reality to the general discussion.

On the relationship between the Chairman's concluding remarks at EBM/95/83 and the draft report, the Acting Chairman stated that only the latter would be forwarded to the Interim Committee, not the concluding remarks.

The Deputy Director of the Policy Development and Review Department said that the staff would do its best to incorporate the suggested changes in the text, particularly in the wording of the Managing Director's report itself. The staff would also be in touch with individual Directors who felt that the emphasis in the Attachment needed to be corrected to reflect either the summings up or the numbers. Any other points that Directors wished to make should be given to the staff by the end of the following day.

The addition of a reference to the debt issue in paragraph 11 reflected the intensive work that was under way, the Deputy Director observed. The document risked being out of touch with developments if it made no reference to the more recent discussions that had been taking place on debt issues.

An effort had been made in the summary to bring out the themes rather than emphasize the individual country approach, the Deputy Director of the Policy Development and Review Department concluded. The nature of the document would be discussed, of course, at the Interim Committee meeting, together with the World Economic Outlook, which was thematically based. The Managing Director's introductory remarks on the review of the Madrid Declaration and on the World Economic Outlook would clearly be thematic.

Mr. Fayyad said that if the Chairman's concluding remarks were not to be part of the documentation, the Interim Committee presumably would have to be informed that the procedures themselves were to be reviewed. That point was made in the concluding remarks, but not in the report itself.

The Acting Chairman responded that his understanding was that the Chairman of the Interim Committee had been informed of that point, and was likely to take it up with the Committee.

Mr. Kaeser said that the relationship between the concluding remarks by the Chairman and the summary report to the Interim Committee was still not clear to him. Nothing had been said in the summary report on the expression of the Managing Director's will "to allow the Interim Committee to decide whether to re-endorse the agreed common strategy, or, if necessary, as I would suggest, adapt it by giving special emphasis to particular items..." and "...to keep this objective in mind when preparing the summary report." The Madrid Declaration seemed to have been born overnight, following the discussion in Madrid on SDRs; he did not recall any discussion by the Board of the Madrid Declaration in a broader context. That situation should not

be allowed to repeat itself. The Board should be informed of any new procedures or themes that might be emphasized in the future, and have the opportunity to discuss them.

The Acting Chairman replied that note would be taken of Mr. Kaeser's points and that the issue of new themes would be discussed in the Board. The issue of themes concerning specific countries had been conveyed to the Chairman of the Interim Committee. When the Managing Director had stated in his concluding remarks that he would discuss the issue with the Interim Committee, he had presumably had in mind that the Chairman of the Interim Committee would discuss it with the members. It seemed to him that the report contained many policy themes; it was not simply a country-by-country report.

DECISIONS TAKEN SINCE PREVIOUS BOARD MEETING

The following decisions were adopted by the Executive Board without meeting in the period between EBM/95/89 (9/18/95) and EBM/95/90 (9/20/95).

5. APPROVAL OF MINUTES

The minutes of Executive Board Meetings 94/57 and 94/104 are approved.

6. EXECUTIVE BOARD TRAVEL

Travel by Executive Directors and by an Advisor to Executive Director as set forth in EBAM/91/151 (9/15/95) and by an Assistant to Executive Director as set forth in EBAM/95/150 (9/14/95) is approved.

APPROVAL: July 8, 1997

REINHARD H. MUNZBERG
Secretary