

EB/CAR/Mtg/05/2

August 9, 2005

To: Members of the Committee on the Annual Report
(Mr. Padoan, Chairman; Mr. Loyo, Mr. Misra,
Mr. Hacche, Ms. van der Willigen)

From: Michael DaCosta, Committee Secretary

Subject: **Committee on the Annual Report—Summary Record of Meeting 05/2**

Attached for the **information** of Executive Directors is a summary record of the May 10, 2005 meeting of the Committee on the Annual Report.

Att: (1)

Other Distribution:
Members of the Executive Board

**SUMMARY RECORD
THE COMMITTEE ON THE ANNUAL REPORT
MEETING 05/2**

May 10, 2005—2:30 p.m.

Members present: Messrs. Padoan (Chairman), Misra, Steiner, Hacche (EXR), Desruelle (PDR), and Mr. Da Costa (Secretary).

Also present: Ms. Gust, Ms. Lundsager, and Messrs. Abel, Alazzaz, Bah, Cuny, Moreno, Nauphal, Ng, Nintunze, Rouai, Seong, Vogel, Yakusha, and Yamasaki.

IMF staff: Ms. Morrison (EXR).

I. INTRODUCTION

The Committee on the Annual Report (CAR) met on May 10, 2005 to discuss the draft outline and overview chapter of the 2005 Annual Report.

II. DRAFT OUTLINE OF THE 2005 ANNUAL REPORT

At the outset, the Chairman welcomed the Committee members and other Executive Directors and suggested that the Deputy Director of the External Relations Department, Mr. Hacche, give a brief introduction to the draft outline as well as feedback on any written comments that EXR might have received ahead of the meeting.

Mr. Hacche introduced to the Committee members and other Directors Ms. Morrison, Chief of the Editorial and Publications Division in EXR, which is in charge of the drafting, editing, and production of the Annual Report. He explained that the draft outline was in line with those prepared in previous years, although there were some innovations, partly reflecting recent developments in the Fund's work.

In addition to a new overview chapter, room had been given to the topic of signaling. Also, the chapter in previous reports on Budget, Human Resources and Organization had been converted into one on Governance and Management of the Fund, including material on quotas, voice, and participation, which in last year's annual report appeared in a separate chapter. This reorganization had made room for a new chapter on Communications and Outreach, which took advantage of the recent Board discussion on communications and was intended to cover comprehensively the Fund's communications as well as its collaboration with other international bodies.

Related to this, Mr. Hacche noted that a box on outreach by Executive Directors could form a useful part of the 2005 Annual Report. However, since the staff currently lacked the material needed to draft such a box, he suggested that, if Executive Directors were interested in such an addition, they could provide the staff with suitable material.

In response to written comments received from a Committee member before the meeting, Mr. Hacche indicated that the report and the overview chapter will indeed refer to the problems confronting the Fund, as called for by the By-Laws.

Also, he reported that the telephone survey of readers of the Annual Report that had been mentioned at the first meeting of the committee was underway, and a report was expected in the next few months. The preliminary results were quite encouraging, as more than 80 percent of respondents referred to the Annual Report as a useful reference tool that was clearly written, and well-designed and organized.

In the discussion, Committee members and other speakers made several suggestions on the content and organization of the sections of the Annual Report. On a specific point, most speakers were of the view that Policy Monitoring Arrangements (PMAs) and signaling featured too prominently in the draft outline, particularly since the Board had not yet approved policies in these areas, and that they should be covered in the chapter on Strengthening Surveillance rather than in that on Strengthening Program Support and Crisis Resolution. In relation to signaling, however, one speaker called attention to the intensified surveillance arrangements in the past year endorsed by the Board for Ecuador, Jamaica, Lebanon, and Nigeria.

The Chairman emphasized that, in his personal view, the Annual Report should provide information not only on what had been decided by the Board, but also on those discussions on which the Board had not yet reached agreement. Two speakers noted that PMAs had been discussed in the context of PRGF arrangements, and it should therefore be less controversial to include a box on PMA country cases next to the analysis of PRGF-supported programs.

Mr. Hacche reassured Committee members and other Directors that the Annual Report would not extend itself beyond the factual, and would only refer to and report on topics that the Board had discussed during the year. On policy signaling, there had been a public information notice released in October 2004, making public what was at that time being discussed in the Board.

Mr. Hacche also suggested that, in consideration of the importance of the strategic review for the work of the Board, the main issues would be featured in the overview chapter. With regard to the problems confronting the Fund, the overview chapter and the report itself, as a whole, would be largely about them, including the economic policy problems faced by the Fund's members, such as the global payments imbalances, as well as the challenges facing the Fund itself, such as strengthening Fund surveillance, and designing more effective IMF-supported programs.

One speaker suggested a list of five problems confronting the Fund currently, which the report might address: (i) the Fund's role in limiting the risks of disorderly movements in capital flows, and in adequately predicting the occurrence and magnitude of crises; (ii) how to address the issue of Fund credit concentration in a few countries; (iii) the Fund's income position and asymmetric burden sharing; (iv) ensuring prompt and effective coordination

with donors and other multilateral institutions; and (v) how to find a political solution to the issue of voice and representation.

The Chairman agreed that the overview chapter should bring to the attention of readers the main challenges confronting the Fund, while also mentioning the ongoing strategic review. He concluded the discussion on the draft outline by noting the two specific items that had been touched upon. Firstly, how to deal with issues, such as the PMAs, on which there had been much discussion in the Board, but on which there had been no consensus or decision. Second, how to communicate to the public the main issues confronting the institution and its Board. While already partly contained in the Managing Director's address, the value added of an overview chapter would be exactly to signal where the Fund stand on these issues.

III. THE OVERVIEW CHAPTER

Committee members and other Directors welcomed the proposal of an overview chapter. In his remarks, Mr. Hacche clarified that the main aim of the chapter was to provide a synopsis of the Fund's activities during the financial year in relation to the global economic environment, the guidance received from the IMFC, the Board's work program, and the state of the discussions on the strategic review. The chapter would be drafted largely on the basis of the material in the subsequent chapters and the Managing Director's reports to the IMFC on the Fund's policy agenda, the so-called umbrella papers, given that the Board paper and the summing up of the discussion on the medium-term strategy had not been published.

On the timetable for the Annual Report, Mr. Hacche noted that a revised draft of the outline would be circulated shortly. The first draft of the Annual Report, would be sent to the committee in about 5-6 weeks' time, and circulated to the Board around the end of June. The overview chapter would be circulated to the committee either with the rest of the report in draft, or shortly after the distribution of the other chapters.

In concluding the meeting, the Chairman thanked the Committee members and other Directors for their comments and suggestions.

The meeting concluded at 3.23 p.m.