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April 11, 2000

To: Members of the Executive Board

From: The Secretary

Subject: **International Monetary and Financial Committee Meeting—April 2000**

There is attached for your information the text of messages from the Chairman of the International Monetary and Financial Committee regarding the provisional agenda and related arrangements for the Committee's April 2000 meeting as they were dispatched to the Members and Observers of the Committee.

Att: (1)

Other Distribution:
Department Heads



CHAIRMAN

INTERNATIONAL MONETARY FUND
International Monetary and Financial Committee of the Board of Governors

April 10, 2000

Dear Colleague:

I am writing with the attached provisional agenda for the First Meeting of the International Monetary and Financial Committee, which is to be held at 9:30 a.m. on Sunday, April 16, 2000 in the Meeting Hall at the Fund's Headquarters in Washington, D.C. (Attachment I).

The agenda was drawn up in consultation with the Acting Managing Director and has been considered by the Executive Board, and takes account of the preparatory meeting of our Deputies on April 3.

The preparatory meeting has helped focus on topics that deserve the particular attention of Members. The issues on which our discussion would focus are listed in Attachment II. Of course, you should feel free to raise any other issues relating to the topics on the agenda.

On the order of items for discussion, I suggest we begin our meeting with item 2 on the agenda, the *World Economic Outlook*. For this item, I have asked the Fund's Economic Counselor, Mr. Mussa, to introduce the discussion. Following his presentation, we will hear from two colleagues who will be lead speakers. The floor will then be open for general discussion. The topics under this heading are quite broad, covering: achievement of better balanced growth in advanced economies; developments and prospects for emerging market economies; and alleviation of poverty and encouragement of sustained development. Accordingly, if we aim to conclude our discussion of this item by 11:00 a.m., our oral interventions will be brief and you will no doubt provide more comprehensive comments in your written statements.

Following the WEO, we could turn to items 3C and 3D—*Review of Surveillance; Links between Surveillance and Standards/Codes* and *Private Sector Involvement*. I would hope that we could devote about an hour to each of these items before we adjourn for lunch at 1:00 p.m.

Our lunch will, as usual, provide us an opportunity to discuss matters informally. My suggestion would be to take item 3A of the agenda—*Review of Fund Facilities*. This will give us an opportunity for a wide-ranging discussion and would also be a good occasion to reaffirm the confidence the membership places in a strong IMF, reformed to meet today's challenges—a point that our press communiqué could also reflect.

I would suggest that we reconvene in another room for coffee, where, accompanied by one Deputy, we could discuss and agree on the bulk of the communiqué.

The afternoon session could begin at about 3:30 p.m. with a discussion of item 4—*Progress on the HIPC Initiative and Poverty Reduction and Growth Strategies*. This could be followed by a discussion of item 3B—*Safeguarding Fund Resources*. I would expect that we could conclude our discussion of these topics by about 4:30 p.m., after which we could take up the remaining agenda items, namely items 5 and 6—*Other Business* and the *Press Communiqué*. The meeting could conclude by about 5:00 p.m., and shortly thereafter, as is customary, the Acting Managing Director and I would host a press conference.

In order to make the meeting more productive and to allow adequate time for preparation of the communiqué, I would be grateful to receive a copy of your statements—in draft or final form—by noon, Thursday, April 13. It would be helpful if your statement covering all agenda items could be submitted to Mr. Anjaria, the IMFC Secretary. Please note, in this connection, footnote 1 of the provisional agenda, which refers to issues on which you should feel free to comment in your written statements.

I would expect to circulate a draft of the communiqué the day before the meeting. To give our Deputies sufficient time to prepare the communiqué for our consideration over lunch, I suggest that the drafting group of Deputies meet at **9:30 a.m.** on April 16.

I very much look forward to seeing you in Washington and to an interesting and productive meeting of the International Monetary and Financial Committee.

With best regards,

A handwritten signature in dark ink, appearing to read "Gordon Brown". The script is cursive and somewhat stylized, with the first name "Gordon" and last name "Brown" clearly distinguishable.

Gordon Brown
Chairman

Attachments (2)

April 10, 2000

INTERNATIONAL MONETARY FUND

INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Provisional Agenda

There follows the provisional agenda for the First Meeting of the International Monetary and Financial Committee, which is to be convened at **9:30 a.m. on Sunday, April 16, 2000**, at the Fund's Headquarters in Washington, D.C.:

1. Adoption of Agenda
2. World Economic Outlook
3. Reforming the IMF's Role in the Global Economy
 - A. Review of Fund Facilities—Next Steps
 - B. Safeguarding Fund Resources
 - C. Review of Surveillance; Links between Surveillance and Standards/Codes
 - D. Private Sector Involvement
4. Progress on the HIPC Initiative and Poverty Reduction and Growth Strategies
5. Other Business
6. Press Communiqué¹

¹ It is expected that the press communiqué may, in addition to reporting on ministerial discussions on the above topics, make reference to progress in additional areas that could be commented upon in the circulated ministerial statements: SDDS and GDDS; reserves and debt management; transparency initiatives; exchange rate regimes, including dollarization; and the evaluation function.

ISSUES FOR DISCUSSION

World Economic Outlook

The main topics that Members may want to focus on are:

- achieving better balanced and more sustainable growth in advanced economies
- developments and prospects for emerging market economies
- alleviating poverty and encouraging sustained development

We plan to begin with a brief presentation by the Fund's Economic Counselor, Mr. Mussa, to be followed by comments by two lead speakers, before opening up the floor for general discussion. In order to facilitate a free-ranging discussion, I would ask all Members to limit references to their own country situations to their written statements.

Review of Fund Facilities—Next Steps

The Executive Board has recently decided to eliminate four facilities which are no longer needed.

The Board has also had a preliminary discussion of issues and options for changes to the Fund's remaining set of core facilities in order to better serve the needs of the membership in the light of changes in the world economy, including the rapid growth and integration of the international capital markets. This Review has obvious implications for the role of the Fund, and Members may wish to touch on some of these wider issues. Equally, we must ensure that the Fund remains well equipped to carry out its day-to-day business. Members are therefore invited to comment on the following issues:

1. What are the general principles and objectives which should underpin the discussion on how Fund facilities might be modified?
2. Do Members agree that Fund facilities should be designed in such a way as to provide member countries with the incentives to:
 - adopt policies to help reduce their vulnerability to crises, including ex-ante measures such as adherence to codes and standards?
 - avoid, where possible, prolonged use of Fund resources?
 - move, eventually, towards reliance on private capital markets?
3. Do Members agree that there is a need for a facility, such as the EFF, to support longer-term structural reform?

4. Do Members agree that there is a role for precautionary facilities, including the CCL, to help prevent crises? How should such facilities be structured so that member countries find them useful while at the same time maintaining appropriate eligibility conditions?

Safeguarding Fund Resources

The Board recently affirmed that, while known incidents of misreporting of information to the Fund by members using Fund resources have been few, such misreporting is nonetheless an extremely serious issue that has the potential to undermine the trust and confidence between the Fund and its members. The Board has agreed to strengthen current safeguards on Fund resources by introducing, on an experimental basis, ex-ante requirements designed to prevent possible misuse of Fund resources and misreporting of information. The Fund's guidelines on how to deal, ex post, with cases of misreporting have also been strengthened. Do Members agree that strong safeguards on Fund resources play an essential role in promoting public integrity and accountability?

Review of Surveillance; Links between Surveillance and Standards/Codes

The Executive Board has reviewed, with the benefit of the External Evaluation, the implementation of Fund surveillance and considered how it might be re-oriented to better meet the challenges presented by a changing global economy. Several related policy initiatives will also have important implications for the development of Fund surveillance, including the Fund's data standards initiative, codes and standards, the Financial Sector Assessment Program, and work on macroprudential indicators.

1. Do Members consider that sufficient progress is being made in strengthening Fund surveillance and adapting it to the evolving role of the Fund?
2. Do Members agree that non-core issues should be included in Fund surveillance if they have significant macroeconomic impact? How should Fund surveillance draw on the work of other institutions?
3. Do Members wish to comment on how Fund surveillance should take account of the work under way on standards and codes, FSAPs/FSSAs, and debt and reserve management practices?
4. Do Members agree that it is important to encourage countries to adopt codes and standards through, for example, the provision of technical assistance?

Involving the Private Sector

The Executive Board has reviewed the Fund's recent experience with countries for which private sector involvement has been an issue, and discussed a proposed framework which could help guide decisions on these issues in future country cases.

1. Members are invited to comment on the key lessons, particularly with respect to the role of the Fund, from recent experience regarding the involvement of the private sector in the resolution of financial crises. Should decisions be determined solely on a case-by-case basis, or is there a need to articulate a more structured operational framework?
2. Members are invited to comment on the proposed framework for deciding whether concerted private sector involvement should be a required part of a Fund-supported program. What are the key elements which need to be put in place before this framework can become more fully operational? In what circumstances, for example, should the Fund rely entirely on its traditional catalytic role? How should the Fund further extend its analyses of the sustainability of individual countries' debt and balance of payments profiles into the medium term?
3. Members may also wish to comment on appropriate forms of private sector involvement. With regard to restructuring of private creditors' claims, is there a general need for comprehensive treatment within asset classes, although not necessarily across asset classes?

Progress on HIPC and Poverty Reduction and Growth Strategies

The Fund and the World Bank have begun to implement the Enhanced HIPC framework. Five countries (Bolivia, Mauritania, Tanzania, Mozambique, and Uganda) have already reached their Decision Points.

1. What prospects do Members see for securing satisfactory progress in bringing other eligible countries to decision point by end-2000? What are the impediments to progress? In light of these, what further steps might be necessary?
2. Board discussion of Poverty Reduction Strategy Papers has emphasized the importance of country ownership and flexibility so that those countries demonstrating good policy performance under a PRGF supported program can receive early debt relief. Do Members agree that country-driven actions to reduce poverty are central to reaching Completion Point under the new initiative?
3. The Board has recently discussed an update on the financing of the Fund's participation in the HIPC initiative. Whilst significant progress has been made, it is clear that further efforts are still needed to make all pledges effective and to ensure that the Fund can use all profits from the off-market gold transactions to fund HIPC relief. Members may wish to comment on progress in financing the HIPC initiative.



CHAIRMAN

INTERNATIONAL MONETARY FUND
International Monetary and Financial Committee of the Board of Governors

April 10, 2000

Dear Colleague:

I am writing with the attached provisional agenda for the First Meeting of the International Financial and Monetary Committee, which is to be held at 9:30 a.m. on Sunday, April 16, 2000 at the Fund's Headquarters in Washington, D.C.

The morning and afternoon sessions will be unrestricted and will be held in the Meeting Hall. You are invited to attend both sessions.

We will begin our meeting with item 2 on the agenda, the *World Economic Outlook*. We aim to conclude our discussion of this item by 11:00 a.m.

Following the WEO, we would turn to items 3C and 3D—*Review of Surveillance; Links between Surveillance and Standards/Codes* and *Private Sector Involvement*. I would hope that we could devote about an hour to each of these items before we adjourn for lunch at 1:00 p.m.

At the luncheon for Members, the discussion will focus on item 3A of the agenda—*Review of Fund Facilities*.

The afternoon session would begin at about 3:30 p.m. with a discussion of item 4—*Progress on the HIPC Initiative and Poverty Reduction and Growth Strategies*. This would be followed by a discussion of item 3B—*Safeguarding Fund Resources*. I would expect that we could conclude our discussion of these topics by about 4:30 p.m., after which we would take up the remaining agenda items, namely items 5 and 6—*Other Business* and the *Press Communiqué*. The meeting should conclude by about 5:00 p.m., and shortly thereafter, as is customary, the Acting Managing Director and I would host a press conference.

As agreed for previous meetings, if you wish to make a statement for inclusion in the record, it would be helpful if we could receive a copy of the statement in time to circulate it to Committee Members in advance of the meeting. Statements should be sent to the Secretary of the IMFC, Mr. Anjaria. If time constraints permit, I may be able to accommodate requests for brief interventions on topics of particular interest to you.

I look forward to seeing you in Washington.

With best regards,

Gordon Brown

Gordon Brown
Chairman

Attachment



CHAIRMAN

INTERNATIONAL MONETARY FUND

International Monetary and Financial Committee of the Board of Governors

April 10, 2000

Mr. James D. Wolfensohn
President
World Bank
Washington, D.C.

Dear Jim,

I am writing with the attached provisional agenda for the First Meeting of the International Financial and Monetary Committee, which is to be held at 9:30 a.m. on Sunday, April 16, 2000 at the Fund's Headquarters in Washington, D.C.

The morning and afternoon sessions will be unrestricted and will be held in the Meeting Hall. You are invited to attend both sessions.

We will begin our meeting with item 2 on the agenda, the *World Economic Outlook*. We aim to conclude our discussion of this item by 11:00 a.m.

Following the WEO, we would turn to items 3C and 3D—*Review of Surveillance; Links between Surveillance and Standards/Codes and Private Sector Involvement*. I would hope that we could devote about an hour to each of these items before we adjourn for lunch at 1:00 p.m.

You are invited to join the Members of the Committee for lunch. I am hoping that, as usual, the lunch will provide all of us an opportunity to discuss matters informally. I have suggested to Members that we take up item 3A of the agenda—*Review of Fund Facilities*. This will give us an opportunity for a wide-ranging discussion and would also be a good occasion to reaffirm the confidence the membership places in a strong IMF, reformed to meet today's challenges. In a departure from past practice, I have also suggested to my colleagues that we reconvene in another room for coffee, where, accompanied by one Deputy, Members could discuss and agree on the bulk of the communiqué. You are, of course, welcome to join us.

The afternoon session would begin at about 3:30 p.m. with a discussion of item 4—*Progress on the HIPC Initiative and Poverty Reduction and Growth Strategies*. This would be followed by a discussion of item 3B—*Safeguarding Fund Resources*. I would expect that we could conclude our discussion of these topics by about 4:30 p.m., after which we would take

up the remaining agenda items, namely items 5 and 6—*Other Business* and the *Press Communiqué*. The meeting should conclude by about 5:00 p.m., and shortly thereafter, as is customary, the Acting Managing Director and I would host a press conference.

As agreed for previous meetings, if you wish to make a statement for inclusion in the record, it would be helpful to receive a copy of the statement in time to circulate it to Committee Members in advance of the meeting. Statements should be sent to the Secretary of the IMFC, Mr. Anjaria. I will recognize your requests for interventions on topics that are of particular interest to the Bank.

I look forward to seeing you in Washington.

With best regards,

Gordon Brown

Gordon Brown
Chairman

Attachment



CHAIRMAN

INTERNATIONAL MONETARY FUND
International Monetary and Financial Committee of the Board of Governors

April 10, 2000

Mr. Andrew D. Crockett
Chairman, Financial Stability Forum and
General Manager
Bank for International Settlements
Basle, Switzerland

Dear Andrew,

I am writing with the attached provisional agenda for the First Meeting of the International Monetary and Financial Committee, which is to be held at 9:30 a.m. on Sunday, April 16, 2000 at the Fund's Headquarters in Washington, D.C.

The morning and afternoon sessions will be unrestricted and will be held in the Meeting Hall. You are invited to attend both sessions.

We will begin our meeting with item 2 on the agenda, the *World Economic Outlook*. We aim to conclude our discussion of this item by 11:00 a.m.

Following the WEO, we would turn to items 3C and 3D—*Review of Surveillance; Links between Surveillance and Standards/Codes* and *Private Sector Involvement*. I would hope that we could devote about an hour to each of these items before we adjourn for lunch at 1:00 p.m.

At the luncheon for Members, the discussion will focus on item 3A of the agenda—*Review of Fund Facilities*.

The afternoon session would begin at about 3:30 p.m. with a discussion of item 4—*Progress on the HIPC Initiative and Poverty Reduction and Growth Strategies*. This would be followed by a discussion of item 3B—*Safeguarding Fund Resources*. I would expect that we could conclude our discussion of these topics by about 4:30 p.m., after which we would take up the remaining agenda items, namely items 5 and 6—*Other Business* and the *Press Communiqué*. The meeting should conclude by about 5:00 p.m., and shortly thereafter, as is customary, the Acting Managing Director and I would host a press conference.

Assuming you will wish to make a statement on the reports of the Working Groups of the Financial Stability Forum, or on any other aspect of the FSF's work, for inclusion in the

record, it would be helpful to receive a copy of the statement in time to circulate it to Committee Members in advance of the meeting. Statements should be sent to the Secretary of the IMFC, Mr. Anjaria. Members of the Committee may also be interested in hearing from you directly, and I will certainly be able to accommodate a brief intervention.

I look forward to seeing you in Washington.

With best regards,

Gordon Brown

Gordon Brown
Chairman

Attachment