

BUFF/10/126

September 7, 2010

**The Chairman's Summing Up**  
**Review of the Fund's Mandate: Follow-Up on Modernizing Surveillance**  
**Executive Board Meeting 10/84**  
**September 1, 2010**

Executive Directors welcomed the opportunity to continue the discussion on modernizing Fund surveillance in the aftermath of the global crisis.

Directors agreed that there is scope for strengthening the Fund's multilateral surveillance by increasing the synergies among various products. Most Directors supported staff proposals to enhance the integration of the Fund's multilateral macro-financial analysis in the WEO and GFSR, and to prepare a short stand-alone document with the main policy messages from these and related surveillance products, including the Fiscal Monitor. They considered that this report could strengthen the consistency of messages and help focus the Board and IMFC discussions, and would be a useful communication tool to policymakers. Some Directors were of the view, however, that these objectives can be achieved with the existing surveillance reports.

Noting that past surveillance reviews have called for better coverage of outward spillovers, Directors agreed that the Fund should strengthen its spillover analysis. Many Directors supported the proposed experimentation with "spillover reports" for systemic economies. They considered that the preparation of such reports for the proposed cases, based on consultations with the authorities of those members where policy spillovers originate and those affected by the spillovers, could enrich the quality of the international debate on global economic and financial stability. In this context, and as requested by a few Directors, staff will provide further clarification on the expectations, process, and logistics for such reports. Many Directors cautioned against a proliferation of new surveillance documents and the duplication with other reports, and a number of Directors noted that spillover analysis could be embedded in existing surveillance reports. Some Directors considered that trade-offs in staff resources should be examined carefully.

Many Directors thought that a multilateral surveillance decision could usefully clarify the legal framework for multilateral surveillance, but a number of other Directors saw no compelling need for such a decision. For those who favored a new decision, they considered that the illustrative Decision presented in the staff paper provided a good basis to pursue

further work in this area. A few of these Directors noted that these efforts could usefully progress in parallel with work on the review of surveillance. A number of Directors also saw merit in having in place a clear and predictable framework for calling for and conducting multilateral consultations if a need arises, while being mindful of not duplicating other existing multilateral processes. Those Directors who remained unconvinced of the need for a new decision indicated that the Fund already could engage in substantial multilateral surveillance and noted concerns with engaging in what they believed would be a protracted process. A few Directors were also of the view that consideration should be given to refocusing surveillance by amending the Articles.

Directors emphasized the importance of enhancing the traction of Fund surveillance, while acknowledging the complexity in defining and measuring it. They urged the continuation of efforts to improve traction in both policy action and policy debate, and generally supported staff proposals in this area. Many Directors were open to the idea of using the IMFC to discuss and conduct peer review of cross-country spillovers, although some Directors considered the Executive Board to be the right forum for these discussions. A few Directors supported more engagement with regional/country groups and saw merit in multilateral dialogue among countries facing similar issues.

Most Directors supported staff proposals to simplify and introduce more flexibility into the rules applicable to consultation cycles. They looked forward to considering a draft decision to implement these proposals, lay out transitional arrangements, and consolidate in one document all the rules applicable to consultation cycles. They also looked forward to the report by the Executive Board Working Group on the use of lapse-of-time procedures for Article IV consultations.