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ATTENTION**

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EBD/91/244

August 15, 1991

To: Members of the Executive Board
From: The Acting Secretary
Subject: Reduction and Streamlining of Board Documentation

The attached paper, which responds to the request of the Executive Board to reduce and streamline documentation circulated to Executive Directors, outlines the conclusions arising from an interdepartmental review of this matter.

Implementation of one of the conclusions, concerning papers seeking Executive Board approval of requests for technical assistance, requires a change in Rule N-16(d) of the Rules and Regulations. A proposed decision appears on page 9.

In the absence of an objection from an Executive Director by noon on Wednesday, September 4, 1991, the proposed decision will be deemed approved, and it will be so recorded in the minutes of the next meeting thereafter.

Mr. Franklin (ext. 8747) is available to answer technical and factual questions on the contents of this paper.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

Reduction and Streamlining of Board Documentation

Prepared by the Secretary's Department

(In consultation with Legal and other Departments)

Approved by Leo Van Houtven

August 14, 1991

In response to the request of Executive Directors to reduce and streamline Board documentation, the staff has conducted an interdepartmental review of Board documentation. Set out below are the conclusions arising from this review and, in respect of one of the conclusions, a decision proposed for adoption by the Executive Board. It is important to note that, with the intended streamlining of documentation, the accompanying reduction in workload being sought can be realized only if the streamlining does not lead to an increase in ad hoc requests for data proposed to be less frequently or no longer supplied in document form. Comments and suggestions on what follows can be made to the office of the Secretary.

For ease of reference, the documentation reviewed has been organized into several broad categories.

1. In the category of documents that relate to surveillance, the Board itself, in its latest review of surveillance, provided pertinent guidance on the documentation it prefers to receive, and it has given leeway and flexibility to the staff that should yield a better quality, a more manageable "mix" and a reduced volume of these documents.

2. Among papers on the use of Fund resources, there remain several issues to be addressed, including the content of review papers and the overlap between staff reports, PFPs and letters of intent both for SAF/ESAF arrangements and for (sometimes) accompanying Stand-By and Extended Arrangements.

3. Policy papers make up another large group of Fund documents. The number and type of such papers are largely dictated by the work program of the Board, but efforts have been made in recent years to control the flow somewhat by reducing, where possible, the frequency of policy reviews and thus the periodicity of document circulation (see the table in the Attachment). The scope for further "savings" is limited and depends in large part on systemic improvements, such as in the debt situation.

4. Yet another large category of documents includes the proceedings of the Fund's governing bodies: the Board of Governors, the Interim Committee and the Executive Board. The proceedings are reported in a manner that fully reflects individual positions, unlike summary minutes such as those produced in the World Bank. In response to suggestions made by some Directors, efforts are underway to streamline and speed up the production of minutes. This task should be facilitated by moves toward greater standardization of computer systems (hardware and software) and toward internal networking of these systems.

The remaining categories of documentation offer scope for more immediate and specific reductions or streamlining. Many of the documents in these categories to be eliminated or modified were created specifically to meet ad hoc requests by Executive Directors for certain kinds of data. Producing such information on a regular basis in document form was seen at the time as a more efficient way of meeting demand than through separate responses to individual requests.

5. The following reports, prepared by three different departments, focus mainly on exchange and financial markets.

- (i) Charts on Exchange Market Developments
- (ii) Background Material on Exchange Rate Developments
- (iii) Current Economic Indicators
- (iv) Foreign Exchange and Financial Market Developments
 - Monthly Report
 - Weekly Report (undocumented)
 - Daily Report (undocumented)
- (v) Quarterly Report on Changes in Exchange Rate Arrangements and in Real Effective Exchange Rates

There is some overlap among these documents in the sense that they draw data from the same source but shape and present it in different ways to meet different needs. Efforts toward reducing overlap are underway, with the (i) Charts on Exchange Market Developments and a related summary statement and charts on recent developments in the foreign exchange and financial markets now being incorporated into the paper on (ii) Background Material on Exchange Rate Developments for recent informal sessions. Henceforth, the tables on (iii) Current Economic Indicators will also be incorporated in the single background paper for the periodic informal discussions on exchange rates.

With exchange rate developments at the center of the Fund's concerns, it has been concluded that preparation of the other documents should continue.

The undocumented daily and weekly reports on (iv) Foreign Exchange and Financial Market Developments fulfill a particular need for the most

current information, but for good order will be converted to EBDs. The regular monthly document should be retained as a separate report on the grounds that it presents data and analysis in ways not common to other reports (e.g., the paper encompasses 28 currencies rather than only the G-7 currencies covered in the Charts on Exchange Market Developments).

(v) The Quarterly Report on Changes in Exchange Rate Arrangements and in Real Effective Exchange Rates covers the entire membership and includes information of a different nature (e.g., an indication of changes in the classification of exchange arrangements) from that covered in the informal sessions on exchange rate developments and should therefore also be retained.

6. Another group of reports, primarily on financial data, contains information derived from or used in the Fund's operational work. These include:

- (i) Report on Gold Prices
- (ii) Summary of Transactions and Operations in the SDR Department
- (iii) General Department - Repurchases, Repayments, Purchases, and Borrowing and Investments Under the Policy on Enlarged Access
- (iv) Transactions of the Fund
- (v) International Reserves
- (vi) International Banking Activities
- (vii) Summary of Commitments and Transactions (undocumented)
- (viii) Summaries of Working Papers

Periodic circulation of these data in document form has been justified by generating departments on the grounds that the demand by Executive Directors for the relevant information is high, and that it is easier and more efficient to meet that demand by circulating papers containing the information than by responding to individual ad hoc requests. In the context of the Executive Board's stress on prioritization, and after examining whether there exists any operational need for the data contained in the papers and/or whether the information is available elsewhere, the following conclusions were drawn:

(i) The monthly "Report on Gold Prices," more recently titled "Report on World Gold Markets," should be eliminated, and important developments in that area brought to the attention of Directors in the context of the informal Board meetings on exchange rate and financial market developments and the WEO discussions.

(ii) The monthly report on "Summary of Transactions and Operations of the SDR Department" (which is issued in advance of the

information included in the undocumented monthly Financial Statements of the SDR Department) should also be eliminated and essential information incorporated in such related documents as the quarterly Designation Plan.

(iii) The monthly report entitled "General Department - Repurchases, Repayments, Purchases, and Borrowing and Investments Under the Policy on Enlarged Access" should be retained, since the information contained therein is not available elsewhere in the Fund, but it would suffice to circulate the report on a quarterly basis.

(iv) The report on "Transactions of the Fund" issued in the IFS series, should be retained but circulated only annually.

(v) The monthly report on "International Reserves" should be discontinued, since most of the data are shortly thereafter published in IFS.

(vi) The quarterly "Report on International Banking Activities" presents data on international banking flows not currently published in IFS. This report, which is timed to be circulated as a supplement to the quarterly banking statistics on the BIS, should be retained for the time being.

(vii) The undocumented Summary of Commitments and Transactions, which is circulated weekly to Executive Directors under cover of a note from the Secretary should be retained.

7. The following group of documents includes a large number of papers on technical assistance, staff travel, staff assignment to member countries, and miscellaneous administrative matters relating to staff. Except in the case of requests for technical assistance, the conclusions described below for reducing and streamlining the flow of these papers have been drawn in such a manner as to obviate the need for any change in the By-Laws, Rules and Regulations.

- (i) Annual Report on Technical Assistance
- (ii) Requests for Technical Assistance
- (iii) Staff and Technical Expert Assignments in Member Countries

Item (i), prepared by CBD, FAD and STAT, is a bulky, loosely combined collection of reports on the Fund's technical assistance programs. Beyond the introductory overview sections, the reporting by various departments serves as little more than a detailed version of items (ii) and (iii). This collection of reports should be consolidated and much shortened (perhaps in tabular form) to serve as background material to a staff report that would identify and analyze a few selected policy and other substantive issues and facilitate evaluation of the impact of current directions in technical assistance. Such a report could be reviewed by the Board, say, every two years, or when developments warranted.

Item (ii), papers seeking Executive Board approval of requests for technical assistance, are circulated whenever it is proposed to respond positively by sending a Fund mission. In the 12-month period June 1, 1990 to May 28, 1991, 118 such papers--some involving more than one request--were circulated to the Board for approval on a lapse of time basis. The frequency with which these requests are circulated and routinely accepted, suggests that the papers are good candidates for streamlining.

The Fund's authority for the provision of technical assistance rests on Article V, Section 2(b) of the Articles of Agreement. 1/ Authorization for technical assistance by the staff is administered under Rule N-16(d), which requires "the advance approval of the Executive Board...for technical services by persons on the staff of the Fund in response to requests by national or international agencies...."

Since the introduction of Article V, Section 2(b) by the Second Amendment, the Fund's technical assistance program has expanded substantially, with the provision of technical assistance to members having become accepted as one of the core activities of the institution and increasingly perceived as part of the day-to-day business of the Fund. Pursuant to Rule N-16(d), the Executive Board has, as noted above, been confronted with a substantial flow of formal requests for technical assistance, mainly to members. In addition, management has approved of the staff providing to members information and advice in situations not involving staff travel.

In these circumstances, it is recommended that the Managing Director's authority to accept technical assistance requests from members be recognized. To give effect to this recognition, it is proposed that Rule N-16(d) be amended to delete the reference to requests for technical services by "national" agencies and to refer instead to requests by "nonmembers or international agencies." The understanding, therefore, would be that the Managing Director would accept requests for technical assistance from members as part of the "ordinary business" of the Fund under Article XII, Section 4(b). 2/

With such an amendment, papers seeking lapse-of-time approval by the Board of technical assistance requests from members would be unnecessary. The Executive Board would continue to be informed of related staff travel and its purpose as part of the monthly report on staff travel; and the requirement of prior consultation with the Executive Director for

1/ "If requested, the Fund may decide to perform financial and technical services, including the administration of resources contributed by members, that are consistent with the purposes of the Fund...."

2/ "The Managing Director shall be chief of the operating staff of the Fund and shall conduct, under the direction of the Executive Board, the ordinary business of the Fund...."

travel to the relevant member country established by Rule N-16(c) would be preserved.

A draft decision proposing the relevant change in Rule N-16(d) appears on page 9.

Item (iii) is a tabular annual report showing staff members, technical assistance experts and consultants who provided technical assistance to member countries during the previous calendar year. This paper (organized by country, staff member and department, nationality of expert, field of work, duration of assignment and month of completion), summarizes much of the information currently provided in the individual requests. However, questions have been raised about whether there is sufficient interest in such a detailed report to justify the time and effort required to produce it. Since the annual reports on technical assistance in item (i), even modified as suggested, would repeat much of this information, it is intended to eliminate this paper, incorporating certain remaining information in the monthly report on staff official travel (see below).

(iv) Staff Official Travel

(v) Staff Assignment to Member Country

Item (iv) is governed by Rule N-16(b), which requires management to inform the Board at least once a month of all official travel and in such a manner as indicates the purpose of the travel. However, there is considerable scope for shortening the monthly document, which typically lists the name and department of each mission member, as well as the destination and purpose of travel. It is intended to shorten this document from a typically 20-25 page paper to a 3-4 page table focusing on the destination and purpose of the travel.

Item (v), Staff Assignment to Member Country, which notifies recipients of a change in personnel in resident representative posts, is not required. An annual list of changes would however be included for information as a table in the Administrative Budget documentation.

(vi) Status of Personnel

(vii) Recent Recruitment Experience

Item (vi), the monthly report on the status of personnel, lists professional level vacancies by department and grade as of a specified date, as well as new staff and the positions and grade level to which they have been appointed. It also lists professional staff members who have separated from the Fund since the previous notification. Since this monthly report does not fulfill any operational function, it is to be eliminated.

Item (vii) is a six monthly report on recent recruitment experience. It is intended that the frequency of circulation be changed,

with the report included amongst the background material for the annual budget discussion.

8. The final group of documents includes a number of papers on miscellaneous procedural matters.

(i) Notification of Delay in Concluding Article IV Consultations and Extensions of Period for Board Consideration of Article IV Consultations

In the latest review of surveillance, the Executive Board has reconfirmed the principle of annual consultations, including the countries under the bicyclic procedures (the only exceptions being those for which an 18 or 24 month cycle applies). The principle of annual consultations includes a grace period of three months. Also, the 1979 procedures for surveillance require that Article IV consultations be completed by the Executive Board not later than three months following the last date of consultation discussions between the staff and the authorities.

The Executive Board must be notified whenever the consultation with the member will not take place within the specified cycle, including the grace period. And, whenever the consultation will not be completed by the Board within a three-month period from the last date of discussions with the authorities, a paper needs to be issued proposing lapse of time approval of an extension of the period for Board consideration of the consultation.

The intent in both cases is to ensure that the Executive Board is kept aware of developments in the country that might be at the root of any delay and to encourage discipline in holding to the cycle. However, the growing workload of the staff and the Board has forced delays in all phases of consultation work and has led to a significant increase in the number of notifications of delay and proposals for extension of period for Board consideration. In 1987, for example, 22 extensions and 4 notifications of delay were issued; by 1989/90, the total had more than doubled.

The ad hoc individual country notifications and requests for extension have been replaced by the monthly circulation of a consolidated list of members for which the completion of consultations will be delayed beyond the cycle, for which an extension of the period for Board consideration is required, and for which short term extensions of approvals of exchange practices under Article VIII may be needed; in the latter two cases, lapse of time approval by the Board is sought.

(ii) Notification of Meetings - Requests for Renegotiation and Debt Rescheduling, and Consultative, Aid and Donor Groups

Under current procedures, with the concurrence of the requesting member, the Executive Board is notified of debt rescheduling requests received by the Paris Club, in advance of their being scheduled for discussion by the Club. Once a Paris Club meeting has been scheduled, the

Executive Board is also notified of the formal scheduling and of which staff member(s) will be attending. In the interest of streamlining, the advance notification of requests should be discontinued; the notice of scheduled Paris Club meetings would be retained and the reference to attendance by Fund staff be deleted. Such attendance would of course continue to be included in the monthly report on official staff travel.

Similarly, since 1967 the Executive Board has authorized the Managing Director to send representatives of the Fund to meetings sponsored by the IBRD, including those of Consortia, concerned with the coordination of aid (EBD/67/185). The Board has routinely been notified not only of the invitations but also of the names and titles of the staff sent to represent the Fund. These papers, too, should be eliminated, again with relevant information incorporated in the monthly report on staff official travel.

(iii) Reclassification of EBSs and SURs

This Secretary's Circular is a quarterly report indicating which documents in the EBS and SUR series have been reclassified, i.e., assigned a lower level of confidentiality, since the previous report. With the simplification of procedures for handling documents, such reports are no longer necessary and is to be discontinued.

(iv) Transmittal of REDs

The Executive Board has recently decided to expand the list of agencies that are eligible to receive certain REDs without the need for putting individual ad hoc requests to the Board for approval. Directors for the relevant countries retain the right to deny transmittal of individual documents, even under this blanket approach, and Board approval will continue to be sought for requests from agencies not on the list. A summary report on all transmittals of REDs to other international agencies is currently reproduced quarterly for the information of Directors. In light of the changed procedures for approval of transmittals and the repetitive nature of this report, it is intended to discontinue the summary.

(v) Cumulative Lists of Documents

This last category covers cumulative quarterly lists of documents circulated in various series. These lists are drawn from the Documents Reference database within the Documents Management Facility (DMF), which is the computerized storage and retrieval system for lists of Fund documents issued since 1983. ^{1/} At present, the system consists of three databases: documents reference; Executive Board Decisions; and Executive Board Minutes. Users may conduct research in all three databases by searching a number of

^{1/} Work is under way to give users access to a listing of all Fund documents in the major series dating from 1947.

descriptive fields such as title, date, subject, document number and country name. In the latter two databases, users have access to the full text of decisions and Executive Board minutes. As the Fund moves toward full networking, the need for cumulative lists in document form diminishes. In the transition period, the frequency of circulation of these cumulative lists will be changed from quarterly to annually.

Proposed Decision

The following decision is proposed for adoption by the Executive Board:

The first sentence of Rule N-16(d) shall be amended to read as follows:

The advance approval of the Executive Board shall be necessary for technical services by persons on the staff of the Fund in response to requests by nonmembers or international agencies.

Attachment

PERIODIC BOARD CONSIDERATION OF DECISIONS/POLICIES/REPORTS

<u>PAPER</u>	<u>PERIODICITY</u>
Arrears Strategy	Annual
Overdue Financial Obligations to the Fund: Six-Monthly Report	Semiannual
Burden Sharing	Annual
Disposition of Fund's Net Income	Annual
Setting of the Rate of Charge	Annual
Fund Income Position	Semiannual
Special Charges	Annual
Surveillance	Biennial
Debt Situation	Semiannual
Official Multilateral Debt Reschedulings	Annual
Review of Developments in International Capital Markets	Annual
Officially Supported Export Credits	Biennial
Review of Operations of SAF, ESAF and ESAF Trust and of Access Limits Under ESAF	Annual
Review of CCFE	Biennial; more frequent if necessary
Review of Fund's Liquidity Position and Financing Needs	Semiannual
Review of Valuation of the SDR and SDR Interest Rate	Quinquennial
SDR Allocations	Quinquennial

Review of Fund Statistics	Biennial
General Review of Quotas	Quinquennial
Review of Conditionality	Periodic (1-2 years)
Enlarged Access Policy and Access Limits <u>1/</u>	Annual
Substitution of Ordinary for Borrowed Resources Under Enlarged Access <u>1/</u>	Annual
Limits on Access to Buffer Stock Financing Facility	Annual
Designation Plan	Quarterly
Operational Budget	Quarterly
FY Administrative Budget and Capital Expenditures	Annual
Medium-Term Budget Outlook	Annual
Compensation Review (Staff)	Annual
Review of Staff Retirement Plan	Ad Hoc
Review of Benefits	Quadrennial
Band/Fund Collaboration	Periodic (2-3 years)
Review of Trade Policies	Triennial plus periodic reporting
Exchange Arrangements and Exchange Restrictions	Annual
Report on Technical Assistance	Annual
Exchange Rate Developments	2-3 Monthly

1/ At present at time of coming into effect of quotas under Ninth Review and no later than December 31, 1991.

