INTERNATIONAL MONETARY FUND

Minutes of Executive Board Meeting 90/70

9:30 a.m., May 2, 1990

M. Camdessus, Chairman
R. D. Erb, Deputy Managing Director

Executive Directors	Alternate Executive Directors
G. K. Arora	
	C. Enoch
C. S. Clark	
	Zhang Z.
T. C. Dawson	B. S. Newman, Temporary
	J. Prader
E. T. El Kogali	
E. A. Evans	S.-W. Kwon
	R. J. Lombardo
L. Filardo	M. A. Fernández Ordóñez
R. Filosa	
M. Finaish	A. M. Othman
M. Fogelholm	I. H. Thorláksson
M. R. Ghasimi	O. Kabbaj
G. Grosche	
J. E. Ismael	T. Sirivedhin
A. Kafka	L. M. Piantini
J.-P. Landau	J.-F. Cirelli
	C. V. Santos
Y. A. Nimatallah	M. Al-Jasser
G. A. Posthumus	G. P. J. Hogeweg
K. Yamazaki	S. Yoshikuni

L. Van Houtven, Secretary and Counsellor
M. Primorac, Assistant
S. W. Tenney, Assistant

Also Present

African Department: P. S. Heller. Asian Department: J. E. Leimone. Exchange and Trade Relations Department: L. A. Whittome, Counsellor and Director; J. T. Boorman, Deputy Director; T. Leddy, Deputy Director; G. R. Kincaid, C. Puckahtikom, M. Shadman-Valavi, B. C. Stuart. External Relations Department: E. Ray. Fiscal Affairs Department: V. Tanzi, Director. IMF Institute: O. B. Makalou. Legal Department: F. P. Gianviti, General Counsel; W. E. Holder, Deputy General Counsel; R. H. Munzberg, Deputy General Counsel; P. L. Francotte, A. O. Liuksila. Research Department: S. Takagi. Secretary's Department: C. Brachet, Deputy Secretary; A. Tahari. Treasurer's Department: G. Laske, Treasurer; D. Williams, Deputy Treasurer; M. N. Bhuiyan, J. E. Blalock, W. L. Coats, Jr., S. I. Fawzi, O. Roncesvalles, P. S. Ross, G. S. Tavlas, B. B. Zavoico, G. Wittich. Western Hemisphere Department: S. T. Beza, Counsellor and Director. Office of the Managing Director: Internal Audit, R. Noë, Director; A. K. Sengupta, Special Advisor to the Managing Director; E. A. Milne. Personal Assistants to the Managing Director: B. P. A. Andrews, H. G. O. Simpson. Advisors to Executive Directors: N. Adachi, M. B. Chatah, Z. Iqbal, J. M. Jones, K.-H. Kleine, P. O. Montórfano, M. J. Mojarrad, P. Péterfalvy, D. Powell, F. A. Quirós, A. Raza. Assistants to Executive Directors: T. S. Allouba, S. Appetiti, G. Bindley-Taylor, C. Björklund, B. A. Christiansen, S. K. Fayyad, B. R. Fuleihan, M. A. Chavam, M. A. Hammoudi, M. E. Hansen, A. Hashim, M. Hepp, J. Heywood, L. Hubloue, M. E. F. Jones, K. Kpetigo, C. Y. Legg, R. Marino, S. Rouai, D. Saha, J.-P. Schoder, Wang J., J. C. Westerweel, Yang J.

1. NINTH GENERAL REVIEW OF QUOTAS - DRAFT REPORT TO BOARD OF GOVERNORS AND PROPOSED RESOLUTION

The Executive Directors considered a draft report of the Executive Board and proposed Resolution to the Board of Governors on the Ninth General Review of Quotas (EBD/90/91, 3/23/90; Rev. 2, 4/5/90).

The Chairman noted that, since the Board's previous consideration of the draft report and proposed Resolution (EBM/90/40, 3/28/90), Mr. Dawson had proposed that a reference to an appropriate relationship between the quota increase and the proposed amendment to the Articles, providing for the suspension of voting and related rights, should be included in the draft report of the Executive Board to the Board of Governors on the Ninth General Review of Quotas.

The General Counsel suggested that one paragraph could be added to the draft report to explain that the Board had considered the possibility of amending the Articles to provide for the suspension of voting and related rights, and a second paragraph could be included in the report in brackets to reflect the proposal of the U.S. chair that the effectiveness of the quota increase should be linked to the adoption of the proposed amendment.

In that connection, the General Counsel said, the first paragraph could read: "The Executive Board has in the context of the discussions on the Ninth Review of Quotas and the strengthened arrears strategy also explored the issue of an amendment of the Articles of Agreement providing for suspension of voting and related rights. No agreement has yet been reached regarding such an amendment, and the Executive Board intends to further consider this matter in the light of guidance received from the Interim Committee."

The second paragraph, which would be placed in brackets, could read: "It has been suggested that the effectiveness of this amendment coincide with the effectiveness of the quota increase," the General Counsel continued.

In addition, a provision--in brackets--could be inserted in paragraph 3 of the draft Resolution to indicate that "no increase in quota shall become effective before the effective date of the third amendment of the Articles," the General Counsel concluded. Similar language had been used in the Resolution concluding the Sixth General Review of Quotas, which had been linked to the adoption of the second amendment of the Articles.

Mr. Newman said that he supported the language proposed by the General Counsel, as it was in line with the previously stated position of his authorities.

The Chairman noted that, as the first paragraph was factual, Directors should have no difficulty accepting it. However, the positions taken by Directors during previous meetings with respect to the relationship between the increase in quotas and the proposed amendment of the Articles varied substantially. Several Directors had indicated that they were opposed to the

proposed amendment on the suspension of voting and related rights, while others had supported the proposed amendment, but considered that the increase in quotas and the proposed amendment should be taken up separately. In that connection, the latter group of Directors had preferred only a political link between the quota increase and the proposed amendment that would ask the membership, when approving the Resolution on the Ninth Review, to take all necessary steps to adopt the proposed amendment as soon as possible. In addition, some Directors, like Mr. Dawson, had favored a direct linkage between the coming into effect of the increase in quotas and the third amendment.

In the light of the difference of view among Directors, it might be appropriate to reflect all three of the main positions that had previously been expressed by Directors in the text of the draft report, the Chairman suggested.

Mr. Posthumus stated that he agreed with the Chairman's suggestion to indicate in the draft report the three main positions that had previously been expressed by Directors on the relationship between the quota increase and the proposed amendment on the suspension of voting and related rights. To mention only a legal linkage, as proposed by Mr. Dawson, could jeopardize approval of the Resolution concluding the Ninth Review. The linkage between the Sixth Quota Review and the second amendment of the Articles should not be used as a precedent for the current quota review, because the circumstances of the two reviews were different.

Mr. Grosche said that he agreed with the Chairman and Mr. Posthumus on the need to include bracketed references to each of the main positions that had been taken by Directors on the relationship between the Ninth Review and the proposed amendment to the Articles. In that connection, the political commitment that Governors were expected to make toward the adoption of the proposed amendment should be spelled out in the text of the Board's report and the proposed Resolution on the Ninth Review.

While his first preference was for a strong link that would bring the quota increase into effect only after the third amendment of the Articles came into effect, it was difficult to predict how quickly the proposed amendment could be approved, Mr. Grosche noted. On the one hand, the members that wanted to bring the quota increase into effect soon might be inclined to approve the proposed amendment. On the other hand, a minority of Directors holding 15 percent of votes in the Fund could easily be gathered to block the proposed amendment, which would in turn delay the increase in quotas indefinitely. In the light of the latter consideration, an agreement on a legal link between the two proposals could limit the future size of the Fund and call for extreme caution in granting access to the Fund's resources. In order to avoid such an unnecessary constraint on the Fund's operations, those proposals should be linked in a way that would not threaten the coming into effect of the quota increase. Instead, Governors should commit themselves to the adoption of the proposed amendment at the time they approved the Resolution on the Ninth Review.

The Chairman noted that the increase in quotas under the Ninth Review was not expected to come into effect until end-1991, and the Fund hoped to solve the problem of arrears before then. Therefore, it might be possible for the Interim Committee--in the context of its communiqué--to invite members of the Fund to adopt the amendment of the Articles before end-1991.

Mr. Nimatallah considered that it would be easier for the Governors of the Fund to take positions on the relationship between the Ninth Review and the proposed amendment if only two alternatives were included in the draft report, namely, the option to link the quota increase and the proposed amendment in legal terms, and the option not to link them at all.

As he had indicated on several previous occasions, his authorities' preference was to include the recommendation to increase quotas and to amend the Articles in the same Resolution, Mr. Nimatallah said. Alternatively, he could accept a legal link that would make the effectiveness of the quota increase coincide with the amendment of the Articles to provide for the suspension of voting and related rights.

Mr. Kafka asked whether the General Counsel could comment on the question whether it was legally appropriate to address two distinctly separate matters in a single Resolution. Owing to differences in parliamentary procedures among members, it could take a long time to approve such a joint Resolution.

From previous discussions, it was clear that a large number of Directors were in favor of increasing the size of the Fund, but were opposed to the proposed amendment of the Articles, Mr. Kafka noted. It would not be appropriate for an international organization, such as the Fund, to coerce its members to vote for something they were not in favor of in order to demonstrate their support for something else. Indeed, an attempt to put forward the proposed increase in quotas and the proposed amendment of the Articles in the same Resolution could jeopardize the quota increase. Therefore, he was opposed to any linkage between the increase in quotas and the proposed amendment.

The Chairman said that Mr. Kafka was correct to point out the technical problems that could arise, owing to the variety of domestic legislative procedures among Fund members. Indeed, some countries would need to follow different procedures to approve the increase in quotas and to adopt the proposed amendment of the Articles. While that was a technical, rather than a substantive, issue, it called for two separate Resolutions.

Mr. Grosche stated that he agreed with the Chairman that the Interim Committee should clearly encourage Governors of the Fund to take prompt action on the proposed amendment of the Articles in the context of its communiqué following the May 1990 meetings. He also agreed that the proposed amendment of the Articles, providing for the suspension of voting and related rights, should be submitted to the Board of Governors in a separate Resolution from the proposed Resolution concluding the work on the Ninth Review. However, a statement of political commitment on the part of the Governors of

the Fund could be included in the Board's draft report. Specifically, such a passage should state that, in approving the increase in quotas, Governors would also commit themselves to the adoption of the proposed amendment and to bring that amendment into effect as soon as possible after gaining domestic legislative approval.

Mr. Newman commented that he expected the Interim Committee communiqué to urge prompt action to ensure that the quota increase and the proposed amendment of the Articles would come into effect as quickly as possible. In that connection, previous experience indicated that linking those issues would expedite, rather than delay, the enactment of both Resolutions, because the supporters of each proposal would want to move quickly in the direction of their interests.

His authorities considered that an amendment of the Articles, providing for the suspension of voting and related rights, was an essential part of a credible, effective, and balanced arrears strategy, which was a prerequisite for obtaining legislative approval for a quota increase, Mr. Newman said. Moreover, such an amendment would facilitate the effort to obtain approval from the U.S. Congress for the mobilization of gold.

As each of the proposals--to increase quotas, to amend the Articles, and to mobilize gold--required the approval of Governors having 85 percent of total votes in the Fund, it might be faster to bring all of them into effect as a package, Mr. Newman concluded.

Mr. Prader stated that, as he had indicated on several previous occasions, his authorities considered that the relationship between the quota increase and the proposed amendment to the Articles was political; they were opposed to any explicit link between the two Resolutions. In that connection, he supported the comments of Mr. Posthumus and Mr. Grosche. In addition, he agreed with Mr. Kafka that a separation of the two Resolutions would facilitate the approval of an increase in Fund quotas.

Mrs. Filardo commented that her authorities would prefer to evaluate each of the proposed Resolutions separately.

Mr. Lombardo noted that the position of his chair on the proposed amendment to suspend voting and related rights was well known. His authorities would prefer the proposed quota increase and the proposed amendment to be contained in two completely separate Resolutions.

Mr. Ismael said that his authorities would prefer to consider the proposed increase in quotas and the proposed amendment of the Articles in the context of two separate Resolutions, owing to practical legislative concerns. An amendment of the Articles would have to be studied by the Thai Ministry of Foreign Affairs before it could be submitted to the Ministry of Finance for approval. In addition, an amendment of the Fund's Articles could necessitate changes in Thailand's domestic laws. When the second amendment of the Articles was proposed in 1978, it had taken two years for Thailand to amend its domestic laws to enable it to approve the change in the Fund's Articles.

Mr. Newman remarked that the second amendment of the Articles was more complicated than the amendment currently under consideration, and it had taken the United States only a few months to approve it. As the quota increase was not expected to come into effect for one and a half years, members should have ample time to consider the proposed amendment of the Articles, which dealt with only one aspect of Fund policy, before voting on the Resolution concluding the Ninth Review.

Mr. Zhang and Mr. Ghasimi stated that the proposed increase in quotas and the proposed amendment of the Articles should be put forward in two completely separate Resolutions.

Mr. El Kogali said that his authorities' opposition to the proposed amendment on the suspension of voting and related rights was well known. If the proposed amendment of the Articles was to be considered, it should be put forward in a completely separate Resolution from that concluding the Ninth Review.

Mr. Evans commented that the General Counsel's suggestion to put forward the proposed quota increase and the proposed amendment to the Articles in two separate Resolutions that were explicitly linked would change the two-tier participation requirement that had been agreed for the quota increase, because an amendment of the Articles always required an 85 percent majority vote among Governors.

As the members of his constituency supported the proposal to amend the Articles to provide for the suspension of voting and related rights, they could agree to accept a link that would make the effectiveness of the increase in quotas coincide with the adoption of the proposed amendment, Mr. Evans said. However, they would prefer a political linkage, such as that described by Mr. Grosche.

Mr. Enoch commented that he supported the position expressed by Mr. Dawson and Mr. Nimatallah. Nevertheless, he could agree to outline the alternative positions that had been expressed by Directors on the appropriate relationship between the quota increase and the amendment of the Articles in order to take into account the concerns that had been expressed by Mr. Kafka and other Directors.

The Chairman suggested that the Board's draft report to the Board of Governors, on which the Board would seek the Interim Committee's guidance, should contain the first paragraph proposed by the staff, namely: "The Executive Board has in the context of the discussions on the Ninth Review of Quotas and the strengthened arrears strategy also explored the issue of an amendment of the Articles of Agreement providing for suspension of voting and related rights. No agreement has yet been reached regarding such an amendment, and the Executive Board intends to further consider this matter in the light of guidance received from the Interim Committee." In addition, the text of the report should include two bracketed paragraphs to describe the proposal for a legal linkage between the increase in quotas and the proposed amendment to the Articles, as described by the General Counsel, and the

proposal that there should be a political link between the increase in quotas and the amendment of the Articles, as put forward by Mr. Grosche.

Mr. Kafka asked whether a third bracketed paragraph should be included in the report to reflect the view of Directors that were not prepared to support the proposed amendment of the Articles and, therefore, considered that there should be no link between the quota increase and the proposed amendment.

The Chairman responded that the third alternative put forward by Mr. Kafka would result from an agreement to delete both of the bracketed paragraphs that had been proposed.

Mr. Posthumus commented that he would prefer to include only one bracketed paragraph in the draft report to describe the legal linkage proposed by the United States. The political relationship put forward by Mr. Grosche was legally binding in the sense that it asked Governors--in approving the increase in quotas--to automatically commit themselves to the adoption of the proposed amendment of the Articles. Given such a linkage, he wondered how Governors who were opposed to the suspension of voting and related rights could vote on the Resolution concluding the Ninth Review.

The relationship between the increase in quotas and the proposed amendment of the Articles was clearly political, owing to the fact that the largest shareholder would not approve the increase in quotas until an agreement was reached to amend the Articles, Mr. Posthumus noted. There was no need to codify that political fact in either the Board's report or the proposed Resolution. Instead, the Interim Committee should mention in its communiqué that it had considered the subject of overdue financial obligations to the Fund, and the Board would submit a proposal to the Board of Governors on that subject in the near future.

The Chairman said that he disagreed with Mr. Posthumus on the political relationship between the quota increase and the proposed amendment. Consents by members having 85 percent of quotas in the Fund would be needed to bring the increase in quotas into effect before or on December 30, 1991; only 70 percent would be needed thereafter.

Nevertheless, the Board could propose that the Interim Committee should add a paragraph to its communiqué to invite the Executive Board to complete its work on the proposed amendment, providing for the suspension of voting and related rights, by the end of May 1990, the Chairman concluded.

The Deputy Treasurer noted that an agreement to make the effective date of the quota increase coincide with the amendment of the Articles would change the participation requirement for the quota increase in practical terms, because an 85 percent majority vote was always needed to amend the Articles.

Mr. Dawson remarked that a consensus would need to be reached on the quota increase and the amendment of the Articles as a package. Obviously,

individual Directors would favor some elements of that package and not others; indeed, trade-offs were almost always involved in coming to a consensus view on any subject.

Mr. Grosche noted that the problem of overdue financial obligations to the Fund had been given serious consideration by the Board, and the text of an amendment of the Articles, providing for the suspension of voting and related rights, had already been drafted. Therefore, the proposed amendment could be submitted to the Governors of the Fund for voting soon after guidance was sought from the Interim Committee; there was certainly no reason to wait until the end of 1990.

Mr. Nimatallah said that to strengthen the Fund and help developing countries--particularly in light of the arrears situation--it would be best to propose an increase in quotas and an amendment of the Articles as a package.

That some members would need to follow different domestic legislative procedures for each of those proposals did not mean that they had to be contained in two separate Resolutions, Mr. Nimatallah noted. Once a member obtained parliamentary approval for each proposal, it could cast a vote for a single Resolution.

Moreover, it would be easier for some Ministers to obtain domestic approval if the proposals on the quota increase and the amendment of the Articles were contained in a single Resolution that was endorsed by the Interim Committee, Mr. Nimatallah considered. Otherwise, some Ministers could be pressured not to approve the proposed amendment on the suspension of voting and related rights. While the proposal to amend the Articles to include deterrent measures might not seem popular at first glance, the Fund had to demonstrate its ability to solve the problem of arrears in order to justify an increase in the size of its resources.

Mr. Arora stated that, contrary to Mr. Nimatallah's observations, presenting the proposals to increase quotas and to amend the Articles in a single Resolution would not make it easier for Ministers to obtain domestic legislative approval for those proposals. For example, India did not have to obtain parliamentary approval to vote for an increase in Fund quotas, but it did have to obtain such approval for an amendment of the Articles. Therefore, he preferred Mr. Posthumus's suggestion as a means of facilitating the work of the Interim Committee.

Mr. Fogelholm commented that, as the Board would not be able to agree on the appropriate relationship between the quota increase and the proposed amendment of the Articles during the current discussion, it would be useful for Directors to focus their attention on the way in which the main positions should be presented to the Interim Committee. The views presented in the draft report should be limited in number and clearly defined. Thus, it would be best to include only one bracketed paragraph, reflecting the legal linkage proposed by the United States, in the draft report. In addition, the Board could suggest that the Interim Committee include a paragraph in its

communiqué to reflect the political link that had been advocated by Mr. Grosche. The Board could continue its work on the proposed Resolution related to the amendment of the Articles after it had received guidance from the Interim Committee.

Mr. Kafka remarked that it would not be appropriate to include only one bracketed paragraph in the Board's report, because several different positions had been taken by Directors on the appropriate relationship between the increase in quotas and the proposal to amend the Articles. Although only a simple majority of the Board was needed to make a recommendation to the Board of Governors, none of the main positions taken by Directors had thus far achieved such support.

The Chairman said that there was no reason for an agreement on the appropriate relationship between the quota increase and the proposed amendment of the Articles to be reached at the ministerial level. On the contrary, Directors had already consulted with their Ministers on that issue, and, given adequate flexibility on all sides, it should be possible to reach an agreement in the Board.

One solution might be to insert in the proposed Resolution on the Ninth Review the first paragraph proposed by the staff together with a bracketed paragraph describing the legal linkage proposed by the United States, the Chairman concluded. In addition, the Board could propose that two bracketed paragraphs be included in the Interim Committee communiqué. The first of those paragraphs could read: "The Interim Committee requests, in view of the urgent need to put into force the strengthening of the arrears strategy, which is an integral part of the strengthening of the Fund provided by the increase in quotas, the Executive Board to submit the proposed amendment on the suspension of voting and related rights to the Board of Governors no later than May 30, 1990." The second bracketed paragraph could read: "The Interim Committee suggests that the Governors should, at the time they will adopt the proposed quota increase, commit themselves to make every effort to have the proposed amendment of the Articles adopted as soon as possible, in view of its importance for the strengthening of the arrears strategy."

Mr. Nimatallah said that he supported the Chairman's suggestion, because it would allow the Interim Committee to define the relationship between the problems related to the availability of Fund resources and those related to overdue financial obligations, as well as the way in which the solutions to those problems should be linked.

Mr. Kafka remarked that there was no justification for including only the U.S. proposal in the text of a Resolution, especially since it had not received the support of a majority of Directors and alternative proposals had been put forward.

Mr. Fogelholm commented that there was no need to include alternative proposals in the Resolution, because if Ministers agreed that the quota increase and the proposed amendment of the Articles should not be formally linked, the bracketed paragraph describing the U.S. proposal would be

deleted. The views put forward by Mr. Grosche and Mr. Posthumus on the political relationship between the quota increase and the proposed amendment of the Articles would be taken up in the context of the Interim Committee communiqué, which was appropriate. Political relationships should not be mentioned in the text of the Resolution. In that connection, the first paragraph proposed by the staff should be included in the text of the Board's report--not the Resolution--and it should not be presented in brackets, as it was a statement of fact.

Mr. Clark said that he supported the comments made by Mr. Fogelholm.

Mr. Landau stated that he could go along with the Chairman's proposal. However, it might be possible for Mr. Kafka to suggest a second bracketed paragraph to be inserted in the text of the proposed Resolution on the Ninth Review.

Mr. Filosa considered that the Chairman's proposal would unnecessarily limit the number of options available to Ministers. The inclusion of only the U.S. proposal in the text of the Resolution would force Ministers to decide only whether or not the proposed quota increase and the proposed amendment of the Articles should be linked legally. Often negotiations resulted in compromise decisions. Therefore, it would be preferable to include a bracketed paragraph describing the political linkage advocated by Mr. Grosche in the draft Resolution, to allow more room for maneuver in reaching an agreement.

Mr. Grosche said that he agreed with Mr. Filosa's observation. An agreement to present only the option of a legal linkage in the text of the Resolution might place Ministers in an awkward situation of holding opposing views without having any means of reaching a compromise.

Mr. Kafka suggested that it would be possible to insert into the draft Resolution another bracketed paragraph, which would read: "Any language that the Executive Board submits to the Board of Governors on the increase in quotas and the amendment of the Articles should be contained in separate Resolutions."

The General Counsel noted that a consensus had been reached among Directors that the proposals to increase quotas and to amend the Articles should be submitted to the Board of Governors in two separate Resolutions. The question that remained for discussion was whether there should be a legal linkage, a political linkage, or no linkage between the two Resolutions.

Mr. Kafka said that his proposal was intended to suggest that there should be no legal linkage between the two Resolutions, and thus, that Governors could vote on each of them separately.

Mr. Landau suggested that it might be more effective to include three bracketed paragraphs in the draft Resolution: one that would clearly establish a legal link between the two Resolutions, one that would put forward Mr. Grosche's proposal for a political link, and one that would

describe Mr. Kafka's proposal for no link. If Ministers could not reach an agreement on one of those options, they could include a description of an appropriate political relationship between the two Resolutions in their communiqué.

The Chairman commented that Mr. Landau was correct to suggest that the most effective way to present the question of an appropriate relationship between the increase in quotas and the proposed amendment of the Articles would be to include in the draft Resolution three bracketed paragraphs to describe each of the main positions that had been expressed by Directors. In that connection, the bracketed paragraph proposed by Mr. Kafka might read: "The adoption of this amendment would not be a condition for the effectiveness of the quota increase."

The staff would prepare a text of the three paragraphs that had been put forward during the current discussion to be presented to the Board during the afternoon session, the Chairman concluded.

Following some further brief discussion, Directors agreed to continue their consideration of a draft report of the Executive Board and proposed Resolution to the Board of Governors on the Ninth General Review of Quotas in the afternoon.

2. ENHANCED STRUCTURAL ADJUSTMENT FACILITY - RIGHTS APPROACH

The Executive Directors continued from EBM/90/69 (4/30/90) their consideration of a staff statement made at that meeting containing the outline of a possible decision on a gold pledge with respect to lending under the enhanced structural adjustment facility to finance the rights approach.

Mr. Newman said that the U.S. legal authorities had determined that the two-stage voting outlined by the staff would be consistent with the expected U.S. legislation; subsequent Congressional approval for the majority vote to implement the sales of gold would not be required.

Mr. Fogelholm asked whether he was correct in understanding that Mr. Newman meant that the United States could also be flexible on the amount of gold to be sold, as long as that amount was within the limit agreed to by the Board.

Mr. Newman confirmed the understanding of Mr. Fogelholm. His authorities anticipated that they would submit legislation that would set a limit but not specify any particular amount.

Mr. Fogelholm said that he was prepared to go along with the text as it stood, including deletion of the brackets around the figure "3," based on the understanding that the text was part of a package agreement on arrears.

Mr. Yamazaki made the following statement:

Our basic views, which we expressed at EBM/90/66 (4/27/90), have not changed. However, after I reported back to my authorities on that Board discussion, they instructed me to emphasize the following points.

First, my authorities did not envisage that enhanced structural adjustment facility resources would be used to replace arrears to the General Resources Account. It was their understanding that enhanced structural adjustment facility resources would be directed toward sustaining far-reaching medium-term adjustment efforts rather than financial restructuring. Thus, it is clear that the proposed use of the enhanced structural adjustment facility in the context of the rights approach is inconsistent with my authorities' understanding.

Second, my authorities can agree, however, to the use of enhanced structural adjustment facility resources to take on a portion of the bridge financing, which will be provided after the completion of the rights program on a case-by-case basis. They made this decision on an exceptional basis in light of the urgent need for a credible arrears strategy to be agreed by the membership as a whole.

Third, my authorities cannot accept the transfer of risk from the General Resources Account to the ESAF Trust. This would be tantamount to transferring risk from the whole membership to the limited number of enhanced structural adjustment facility creditors. The performance and payment record of the countries with protracted arrears to the Fund have deteriorated significantly, while many members with lower per capita GNP have adhered to adjustment policies and remained current in the Fund. The risks involved in lending enhanced structural adjustment facility resources to some of the arrears countries will be considerably higher than envisaged when the enhanced structural adjustment facility was established. In this context, it should be noted that my authorities have expressed considerable concern about enhanced structural adjustment facility conditionality in some cases.

Thus, my authorities attach importance to the commitment of the whole membership to backstop the burden of the limited number of enhanced structural adjustment facility creditors. A tangible commitment by the international financial community would help my authorities to make exceptional efforts in spite of their domestic need to maintain the security of the lending to the ESAF Trust. In particular, a sufficient commitment by the international financial community to backstop the enhanced structural adjustment facility, including earmarking the Fund's gold, could help them to overcome the domestic legal problem that they face. Nonetheless, if only a limited amount of gold can be earmarked, the volatility of gold

prices raises a concern as to who will take the risk of changes in the gold price until the year 2004. There has been a significant decline in the price of gold over the past 10 years. Gold was $850 an ounce in January 1980, whereas today it is about $370 an ounce.

However, my authorities can make certain concessions in response to the Chairman's remarks at EBM/90/66 and EBM/90/69. They can accept that gold will backstop only up to the amount of rights. They can also accept that the Interim Committee communiqué will demonstrate the commitment of the international financial community temporarily until the Board decision enters into force. Nonetheless, if the Board decision limits the amount of gold that can be mobilized, my authorities would like to have an adequate safety margin. My authorities appreciate the Fund's commitment to the security of the enhanced structural adjustment facility. However, it should be noted that in some member countries, legislative approval will be required to support the Board decision on the sale of gold. This means that a Board decision will be essential to secure the timely repayment to enhanced structural adjustment facility creditors in the event of an unexpected adverse situation. Thus, my authorities would like to have assurances that enhanced structural adjustment facility resources will not be disbursed to arrears countries until a Board decision providing enhanced structural adjustment facility creditors with an adequate safety margin enters into force.

This being said, my authorities would like to emphasize that they have strongly supported the current arrears strategy as well as the strengthening of the arrears strategy, as attested by the setting up of the administered account in the Fund to support the intensified collaborative approach, which has played, and will continue to play, an important role in solving the problem of Guyana's arrears to the Fund. Nonetheless, my authorities have to resolve their domestic legal constraints in order to contribute further to strengthening the arrears strategy. Unfortunately, the staff's proposal falls far short of my authorities' need to satisfy those constraints. The total amount of arrears of the eight countries eligible to use the enhanced structural adjustment facility is SDR 2 billion, even if the amount of arrears that are more than 350 percent of quota is not counted. The amount of gold to be mobilized to generate SDR 2 billion is about 11 million ounces, if we assume the lowest price of gold during the past 10 years, namely, the price in February 1985. Thus, it is clear that earmarking 3 million ounces of gold cannot provide sufficient security to the enhanced structural adjustment facility creditors that are willing to contribute to the strengthened arrears strategy.

We can basically accept the staff's statement on the outline of a possible decision on a gold pledge, except for the amount of gold to be earmarked. We would be concerned if the initial pledge

made by the Board turned out to be insufficient owing to an unexpected decline in the price of gold. Thus, although we continue to attach significant importance to the Fund's commitment to the security of the enhanced structural adjustment facility, we would like to have the following provision added: "The IMF Executive Board shall review the level of enhanced structural adjustment facility reserves to determine whether they are now, or are likely to become, insufficient to meet payment obligations to enhanced structural adjustment facility creditors on resources used to finance purchases under the rights program and, if necessary, shall propose appropriate measures--including the use of additional gold--promptly to assure timely repayment to enhanced structural adjustment facility creditors."

The Chairman asked whether Mr. Yamazaki's reservation about the bracketed figure of 3 million would be withdrawn if the language that he had just proposed were adopted.

Mr. Yamazaki indicated that the limit of 3 million ounces would be acceptable to his authorities only if that amount, taking into account possible fluctuations in the price of gold, were indeed sufficient to cover the risks of arrears to the enhanced structural adjustment facility creditors. In fact, his authorities would be happiest if no sale of gold at all were necessary.

The Chairman noted that the reduction of risk to the enhanced structural adjustment facility creditors had to be balanced by the increased risk to the financial credibility of the Fund that would result from a sale of gold. The suggestion of Mr. Yamazaki to make available about 10 percent of the Fund's gold would threaten that credibility, and he would make that point to the Governors with the strongest conviction.

Mr. Yamazaki said that he understood the Chairman's concern about transferring guarantees from the General Resources Account to enhanced structural adjustment facility creditors, and he agreed that 11 million ounces sounded like a large amount of gold to be sold. However, he emphasized that that limit would most likely not be required, and it was certainly not the wish of his authorities to ever have to sell that amount of gold. But the risks to the enhanced structural adjustment facility creditors had to be minimized.

Mr. Nimatallah said that he understood the concerns of Mr. Yamazaki and other creditors, given the less than satisfactory performance of the countries in arrears. However, those concerns could be eased somewhat by the knowledge that not all cases would benefit from enhanced structural adjustment facility resources, and those cases that would benefit from them would also have access to General Resources Account resources, so that the enhanced structural adjustment facility would not have to bear the entire burden of the financing needs. In addition, the availability of the 3 million ounces of gold itself would also reduce some of the risk.

In the end, however, the Fund would pay its creditors out of quota resources, as it had done for his own authorities, Mr. Nimatallah noted. The figure of 3 million ounces of gold seemed to meet the probabilities of risk, but no amount could unconditionally eliminate all risk, because of such variables as the price of gold and whether the membership would in fact grant the Fund the authority to sell the gold.

Mr. Grosche noted that one's perspective differed depending on whether one was a creditor to the General Resources Account or whether one was a creditor to a completely different entity not guaranteed by the Fund, namely, the ESAF Trust. Since it was not yet known how much of enhanced structural adjustment facility resources would have to be used for the rights approach or for the repayment of bridge loans, a reasonably high amount of gold should be set aside. But in line with a better knowledge of the use being made of enhanced structural adjustment facility resources, some phasing down of the amounts that were being put aside could be envisaged. The phasing down should start from a reasonably high amount, since the U.S. authorities had to obtain authorization for the limit from Congress, and it would be awkward to increase the amount later. Eleven million ounces would be an appropriate figure to start from, and if in two or three years time it was felt that that was far too high, there would be no problem in phasing the amount down. Eleven million ounces was about 10 percent of the Fund's gold, and the outstanding arrears represented more than 10 percent of the institution's claims, so the figure was not unreasonable, particularly as that amount was not expected to be used.

The Chairman considered that Mr. Grosche's proposal required too much of the General Resources Account's gold holdings to guarantee the enhanced structural adjustment facility creditors.

Mrs. Filardo commented that the alternative was the original U.S. proposal for the mobilization of gold to finance a solution to the problem of arrears.

Mr. Grosche noted that it was not desirable to mobilize the Fund's gold, which should stay with the Fund. It was far preferable to set aside 10 million ounces for a guarantee in the expectation that it would never be used.

Mr. Fogelholm said that he shared the view of the Chairman that there would be problems in setting aside such an amount of gold for the purpose of arrears. The reason that such a step was being contemplated at all was that one of the Executive Directors was opposed to the use of General Resources Account resources. It did not seem fair to require all the compromise to be made by the enhanced structural adjustment facility creditors. Rather, the amount of enhanced structural adjustment facility resources should be kept to a minimum in order to also keep the risks for the creditors to a minimum. Perhaps the remainder of the necessary resources could then be obtained from the General Resources Account as a compromise, if it was not possible to raise more resources through extended burden sharing.

Mr. Enoch commented that the problem with using General Resources Account resources or any resources other than those of the enhanced structural adjustment facility was that they were nonconcessional, which added to the burden of the country in arrears. He would add that, in addition to the recipients of enhanced structural adjustment facility resources, there were two other groups--creditors and donors. The United Kingdom had provided a bigger subsidy than Germany and Japan together, and was therefore particularly interested in seeing enhanced structural adjustment facility resources used effectively. Speaking from that perspective, he considered that the Chairman's proposals struck an appropriate balance.

The assumption made by Mr. Yamazaki that there was greater risk involved in lending for the rights approach than for bridge financing was far from clear, Mr. Enoch said. All the countries that were to obtain money under the rights approach would have performed meticulously for three or four years, under a strong Fund-monitored program, and would therefore have demonstrated their commitment to a far greater extent than a number of countries that nevertheless had access to enhanced structural adjustment facility resources. It was not entirely clear to him that it was necessary to increase the security of enhanced structural adjustment facility resources for that purpose. He was prepared to go along with it to meet the concerns of Mr. Grosche and Mr. Yamazaki, but it should be recognized that that approach would represent a transfer of contribution from the donors to the creditors. When the United Kingdom had been deciding whether to lend or to donate to the enhanced structural adjustment facility, it had considered the security existing at that time, and any change to the security for the creditors would change the relative amount of security offered to the two groups.

Mr. Nimatallah said that, as he understood it, the Board had agreed to two programs, one using General Resources Account resources and one using enhanced structural adjustment facility resources. However, he would not agree to a 50/50 split between the two sources. The ratio would depend on the circumstances of each case, because of the advantage in access to the enhanced structural adjustment facility. The most important constraint was that relying too heavily on General Resources Account resources would be too expensive for the arrears country. He too considered the Chairman's proposal to represent a well-balanced solution.

Mr. Landau noted that his country was a major contributor to the enhanced structural adjustment facility, and, accordingly, he understood very well that contributors to the enhanced structural adjustment facility wanted to protect their contribution. The idea of a gold guarantee was of course very appealing to his country.

Nevertheless, a broader view of the issues at stake was necessary, Mr. Landau continued. In that context, he had some sympathy with the points made by Mr. Fogelholm. To put it another way, Directors were all working on an implicit assumption of the role that the enhanced structural adjustment facility would play in the financing of the rights approach. If one combined the assumption that the enhanced structural adjustment facility would carry all the burden of the financing of the rights approach with the assumption

that the price of gold would fall by two thirds in the next few years, the result was very dramatic. He, however, would challenge both assumptions. He agreed with Mr. Yamazaki that enhanced structural adjustment facility resources should be used to reduce the bridge financing that would be necessary, with some General Resources Account resources being offered after the completion of the rights program on a case-by-case basis. The issue that remained, however, was at what stage enhanced structural adjustment facility resources should be committed to a country. In his view, the definitive commitment should come after the rights program was deemed successful, namely, a few weeks or a few months before the program ended. At that stage, those countries that had committed enhanced structural adjustment facility resources would know the price of gold and the extent of risk that existed, and they could then decide rationally whether or not to commit enhanced structural adjustment facility resources. Perhaps it was not necessary to exact a full guarantee many years before the effective commitment was made.

Mr. Fogelholm said that he shared the views of both Mr. Enoch and Mr. Nimatallah on the use of General Resources Account resources, which was why his chair had been seeking solutions that used fewer such resources. He could go along with the Chairman's proposal, but his own suggestion had been a result of the need to somehow restrict access to enhanced structural adjustment facility resources. However, he disagreed with Mr. Enoch on one point. He himself would seek to finance the rights approach by using General Resources Account resources first, and then, as soon as possible thereafter, he would start implementing an enhanced structural adjustment facility program. That would allay Mr. Grosche's concerns about using enhanced structural adjustment facility resources, because they would then be used in the way that was originally foreseen. The only way of doing that was to finance the rights first, which would lead to greater than planned use of General Resources Account resources.

Mr. Enoch said that Mr. Fogelholm would be right on his last point if a country coming out of arrears initially had access of 350 percent of quota to General Resources Account resources, and after the first review switched to using enhanced structural adjustment facility resources, so that there would only be a financial difference for the one quarter. But the alternative that had been put forward was that the initial clearance of arrears--350 percent of quota--would come from General Resources Account resources, and then the country would take on enhanced structural adjustment facility programs that slowly built up with conventional lower access, which therefore placed a much greater financial burden on a debtor country. The increased burden of a shift from concessional interest charges amounted to about 35 percent or 40 percent of quota a year. Accordingly, it was very important that the debtor countries had access from the beginning to resources that were as concessional as possible. He fully agreed that there should be some use of General Resources Account resources, but it had to be recognized that insofar as concessional resources were not offered to the arrears country, the burden on the debtor was increased, thus making the country's recovery somewhat less secure.

The Chairman noted that there were two variables to take into account--the price of gold and the magnitude of the risk to be guaranteed. Mr. Grosche recognized that the risk would probably go down and had expressed the view that then the guarantee could also be reduced, and it appeared that Mr. Yamazaki shared that view. Periodic reviews of the risk would take place, but it did not make sense to keep changing the amount of gold that was set aside as the two variables changed. If the creditors of the enhanced structural adjustment facility were to accept the ceiling of 3 million ounces, he could foresee the Executive Board deciding that if the risk and/or the price of gold varied by more than, say, 20 percent from the original assumptions, then the amount of gold pledged would be reviewed. However, he would not launch such a suggestion without the certainty that it would help the enhanced structural adjustment facility creditors to go along with the ceiling of 3 million ounces.

Mr. Nimatallah noted that since the probability of risk could not be computed at present, it was unlikely that it could be calculated accurately in the future either. He would prefer a decision to review the matter in, say, five years' time, regardless of developments in the risk.

Mr. Yamazaki said that while he appreciated the attempts of the Chairman and other Directors to meet his concerns, a periodic review did not take away the need for a safety margin. Three million ounces of gold was not sufficient to serve that purpose. In addition, while a review would be useful, any action as a result of that review would depend on approval by the U.S. Congress, which reduced the chances of the creditors' needs being met at that time.

Mr. Landau remarked that if enhanced structural adjustment facility resources were offered to countries only after they had cleared their arrears, that would be a satisfactory alternative to the safety margin being sought by Mr. Yamazaki. The resources would be used only under the rights approach, and the commitment of the three million ounces of gold would secure the loans. It would be up to the enhanced structural adjustment facility lenders to finance the program, and they would be able to assess the risk at that time themselves.

The Director of the Exchange and Trade Relations Department said that the important thing was that the Board make a commitment to find the resources to meet the encashment of rights when they fell due provided that all other requirements were met. That commitment was required by the debtor at the start of the program as well as by the creditors, who needed to be sure that the arrears could be cleared after a certain period. It might be useful to have some ex ante knowledge of what the cost of such clearance would be, but that was not absolutely essential. There could be some flexibility whereby the Board could make the commitment either from the General Resources Account or from the enhanced structural adjustment facility, as suggested by Mr. Landau, and decide on the exact proportion just before the rights were to be encashed. However, it was true, as Mr. Enoch had pointed out, that such a practice would have consequences for subsequent financing, although only in the medium term.

Mr. Landau noted that some uncertainties had to be accepted since they could not all be accounted for. It seemed an appropriate balance to accept some uncertainties about the financing in the medium term in exchange for a commitment at the end of the rights program so that the enhanced structural adjustment facility creditors would feel protected.

Mr. Grosche observed that it would be difficult for the enhanced structural adjustment facility creditors to decide at the end of a program when it came time to agree on the financing of the rights earned during that program, that they wished to back out because they did not feel sufficiently protected. He was willing to consider the proposal if the Board was in favor of it, but only if the Board made it clear that it would abide by the decision of enhanced structural adjustment facility lenders with regard to the shares of financing that they were willing to provide. There should not be any blame put on the enhanced structural adjustment facility creditors if they were not willing to go along with a given proposal. He was not sure how that could be accomplished legally.

He found the Chairman's suggestion for a periodic review of the developments in risk and in the price of gold to be worth investigating, Mr. Grosche said, provided that the U.S. Congressional procedures would allow such a review.

Mr. Dawson noted that Congressional approval was required before the U.S. chair could support a gold sale for any special purpose, and the backing of the enhanced structural adjustment facility certainly was classified as a special purpose. That authorization would be for any amount up to a specified limit. As long as the sale of gold was below that limit set by Congress, a subsequent authorization would not be necessary, so that any review that required gold sales within the limit would be acceptable. However, he had the impression that Executive Directors and the Chairman were suggesting reviews that would result in an increased ceiling, which would indeed require a change to the original U.S. legislation.

Mr. Yamazaki said that the suggestion to decide on the proportion of the rights approach to be financed by the General Resources Account and by the enhanced structural adjustment facility would work only if the General Resources Account was in fact able to finance the proportion allotted to it. He had always been opposed to transfers from the General Resources Account to the enhanced structural adjustment facility. He was, however, prepared to approve lending from the enhanced structural adjustment facility without any gold backing for the purposes for which the facility was originally intended--namely, the financing of programs under the enhanced structural adjustment facility.

Mr. Landau remarked that agreement on four points might be possible. First, enhanced structural adjustment facility resources would be used to finance the rights approach. Second, there would be a gold pledge of up to three million ounces along the lines set out in the staff statement. Third, a definitive commitment of enhanced structural adjustment facility resources would not be made until a few months before the end of the rights program,

and that would take into account all the relevant variables, including the need to provide the arrears country with concessional resources, the overall exposure of enhanced structural adjustment facility lenders, and the price of gold. Fourth, there would be a political understanding between members of the Board that an enhanced structural adjustment facility lender would not be put in a position of having to accept a greater exposure then it considered possible at that stage given the guarantees available.

Mr. Nimatallah said that he could go along with the suggestions of Mr. Landau. He asked the General Counsel what would happen if the Fund was not able to repay enhanced structural adjustment facility creditors. As he understood it, the Fund would have to come up with resources out of its own quota resources.

The General Counsel indicated that there would be three guarantees given to enhanced structural adjustment facility creditors under the present approach. The first was the reserve account itself, which was filling up gradually. The second was the pledge made in 1987. The third would be the gold pledge currently under consideration. While it was true that the gold that would be sold by the Fund came from the General Resources Account, that Account would not be committed beyond that amount. In other words, there was a difference between a loan to the General Resources Account--which had been the case, for example, of the loans extended by the Saudi Arabian Monetary Authority--and a loan to the ESAF Trust, which was an administered account outside the General Resources Account. Loans to the General Resources Account were guaranteed by all the assets in that Account, whereas with respect to loans to administered accounts, the General Resources Account was committed only to the extent of the amounts committed specifically and generated through a profit in the sale of gold.

Mr. Nimatallah asked whether the General Resources Account commitment could not be increased to come from resources other than the sale of gold if the Board so decided.

The General Counsel indicated that a guarantee from the General Resources Account could only take the form of a use of a profit from the sale of gold. No use of currencies or special drawing rights held in the General Resources Account could be considered for that guarantee.

Mr. Grosche noted that the General Resources Account could back up the ESAF Trust only up to certain predetermined amounts. There was no other way of extending the guarantee. He was willing to look into Mr. Landau's suggestion, but it was not clear to him how that would be accomplished legally. Would the power in the Board shift to the enhanced structural adjustment facility creditors? Would they be allowed to decide how to allocate resources for the particular purpose of the rights approach? If one continued to operate according to the procedures originally set out in the enhanced structural adjustment facility instrument, the creditors could be outvoted, which diminished the value of Mr. Landau's proposal.

The Chairman remarked that the Executive Board could adopt a political commitment to be mindful of the various elements currently being discussed.

Mr. Landau said that on his fourth point, to which Mr. Grosche was referring, he did not have any specific legal language to suggest. However, the idea would be that the Board would agree not to outvote the enhanced structural adjustment facility creditors on the exceptional use of enhanced structural adjustment facility resources for the purpose of arrears. The risks attached to each particular case would be taken into account in the decision on an appropriate mix of enhanced structural adjustment facility and General Resources Account resources. At the same time, there would be a recognition that enhanced structural adjustment facility lenders were expected to contribute to financing the rights approach.

Mr. Filosa considered that a gold guarantee of 3 million ounces would be sufficient, even though a somewhat larger amount might be possible in the light of the many considerations at hand. On the question raised by Mr. Landau, he saw a danger in limiting the use of resources to finance the arrears. The main consideration was to rescue the countries in arrears from a situation that was harmful to themselves, to the Fund, and to the debtor countries, which were heavily taxed by each arrears case. If some of the creditors believed that the guarantee might be lower than necessary, he would prefer to increase slightly the limit on the gold guarantee and to use exclusively enhanced structural adjustment facility resources to finance the rights approach. The cost of General Resources Account resources to a country that had just come out of arrears would be unreasonably high.

The Chairman said that he had difficulty with any solution that would lead the Fund to make excessive use of enhanced structural adjustment facility resources, combined with a greater guarantee for that purpose. A total of 60 countries, including mostly nonarrears countries, were eligible for assistance under the enhanced structural adjustment facility, and resources also had to be kept available for them.

Mr. Filosa said that, while he agreed with the Chairman, he would still prefer to increase somewhat the enhanced structural adjustment facility guarantee rather than introduce new limitations and risk provision clauses that would only complicate the working of the arrears strategy.

The Chairman said that he would withdraw his proposal for a periodic review because of the difficulties in changing the level of the gold guarantee. However, there had been much interest in the suggestions of Mr. Landau, and he asked Directors to consider those suggestions carefully. If they were acceptable to the Board, they could be included in the documentation to be presented to the Interim Committee.

Mr. Enoch associated himself fully with Mr. Filosa's points. One should guard against the strong risk of leading to a constraint on the amount of enhanced structural adjustment facility resources that could be used, which would create very undesirable uncertainties at the outset of a Fund-monitored program, first for the debtor country involved, which needed to know how much

concessional resources it would receive; second, for the support group, which had to know whether or not the resources that the country would get would be concessional; and third, for the Paris Club, which was reluctant to reschedule on the basis of a Fund-monitored program unless it had fairly full assurances. In addition, if enhanced structural adjustment facility money was not used, an alternative was necessary, which would most likely end up being an increase in burden sharing.

The idea that enhanced structural adjustment facility creditors should have a dominant vote on enhanced structural adjustment facility programs was unacceptable, Mr. Enoch considered. By the time a country cleared its arrears and there was a prospect of an enhanced structural adjustment facility program, which was supported by a 50 percent majority of the Board, the only question that remained was whether there should be any front-loading. All the enhanced structural adjustment facility creditors could request of the Board was to reduce that front-loading. It was not feasible to change the weights of Directors' votes for any one particular issue, such as the use of enhanced structural adjustment facility resources.

Mr. Finaish remarked that if the main concern of Directors was the possible decline of the price of gold, and if the proposed 3 million ounces was acceptable at the present price, perhaps it would be possible to set the limit at 3 million ounces or $1 billion, whichever was greater.

Mr. Dawson indicated that he did not expect that the U.S. Congress would approve such an open-ended amount in terms of the physical amount of gold to be sold.

The Executive Directors agreed to continue their discussion in the afternoon.

DECISIONS TAKEN SINCE PREVIOUS BOARD MEETING

The following decisions were adopted by the Executive Board without meeting in the period between EBM/90/69 (4/30/90) and EBM/90/70 (5/2/90).

3. YUGOSLAVIA - INQUIRY UNDER ARTICLE VIII, SECTION 2(b)

The General Counsel is authorized to transmit the letter contained in Attachment C to EBD/90/124 (4/20/90) and Supplement 1 (4/27/90).

Decision No. 9423-(90/70), adopted
May 1, 1990

4. EXECUTIVE DIRECTORS' OFFICES - TEMPORARY STAFFING

The Executive Board approves the recommendation of the Committee on Executive Board Administrative Matters regarding the request for a temporary additional position in an Executive Director's office as set forth in EBAP/90/117 (4/27/90).

Adopted May 1, 1990

5. APPROVAL OF MINUTES

The minutes of Executive Board Meetings 89/119 and 89/120 are approved.

6. EXECUTIVE BOARD TRAVEL

Travel by an Advisor to Executive Director as set forth in EBAP/90/116, Supplement 1 (4/30/90) is approved.

APPROVED: February 25, 1991

LEO VAN HOUTVEN
Secretary