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Minutes of Executive Board Meeting 90/126

10:00 a.m., August 8, 1990

R. D. Erb, Acting Chairman

Executive Directors	Alternate Executive Directors
M. Al-Jasser	
	A. Raza, Temporary
C. S. Clark	
Dai Q.	
T. C. Dawson	
	J. Prader
	L. B. Monyake
	S.-W. Kwon
	E. C. Demaestri, Temporary
L. Filardo	
R. Filosa	
M. Finaish	
	I. H. Thorláksson
	M. J. Mojarrad, Temporary
G. Grosche	
	T. Sirivedhin
	F. A. Quirós, Temporary
J.-P. Landau	
Mawakani Samba	C. V. Santos
D. Peretz	P. Wright
G. A. Posthumus	
	S. Yoshikuni

L. Van Houtven, Secretary and Counsellor
L. Collier, Assistant

Also Present

IBRD: E. Grilli, Economic Advisory Staff. African Department: M. Touré, Counsellor and Director; E. L. Bornemann, Deputy Director; E. A. Calamitsis, Deputy Director; R. C. Williams. Asian Department: P. R. Narvekar, Director; J. Lin. Exchange and Trade Relations Department: J. T. Boorman, Deputy Director; T. Leddy, Deputy Director; P. K. Cornelius, M. E. Edo, G. R. Kincaid, A. Lopez-Claros, K. M. Meesook, C. Puckahtikom, F. J. Rozwadowski. External Relations Department: P. E. Gleason. Legal Department: R. H. Munzberg, Deputy General Counsel; T. M. C. Asser, P. L. Francotte, A. O. Liuksila. Secretary's Department: C. Brachet, Deputy Secretary; A. Tahari. Treasurer's Department: S. I. Fawzi. Advisors to Executive Directors: M. B. Chatah, M. Eran, Z. Iqbal, A. R. Ismael, K.-H. Kleine, J.-L. Menda, P. O. Montórfano, A. Napky, Y. Patel, D. Powell, S. P. Shrestha. Assistants to Executive Directors: T. S. Allouba, B. Bossone, H. Brohs, Chen M., B. A. Christiansen, S. K. Fayyad, B. R. Fuleihan, M. A. Ghavam, M. E. Hansen, A. Hashim, Hon C.-W., I. Ichikawa, C. J. Jarvis, M. E. F. Jones, J. A. K. Munthali, J. K. Orleans-Lindsay, H.-J. Scheid, C. Schioppa, J.-P. Schoder, M. J. Shaffrey, C. M. Towe.

1. BANK-FUND COLLABORATION - PROGRESS REPORT

The Executive Directors considered a progress report on Bank-Fund collaboration (EBS/90/131, 7/12/90) prepared jointly by the staffs of the World Bank and the Fund.

Mr. Peretz made the following statement:

I feel some special responsibility as an Executive Director of both institutions to contribute to this discussion. The procedures that were agreed in the Joint Memorandum on Bank-Fund collaboration are working pretty well. The introduction of regular meetings at various levels has clearly been helpful, as have other procedural devices. But procedural devices by themselves do not produce good collaboration. This can be achieved only with the right attitudes of the management and staff of the two institutions. I have the impression that the will is there. I was particularly encouraged that the authors of the report had the confidence to admit that there are areas where there is scope for improvement. This suggests to me that cooperation actually is working reasonably well, and I welcome this improvement.

That said, I would like to comment on two particular concerns noted in the report and on a few areas where more might usefully be done. First, paragraph 9 of the report states that while generally divergences of view have been resolved at an early stage, differences were relatively more frequent in the macroeconomic policy area, including exchange rate policy. On the face of it, this would seem to imply some problems for the Fund, given that these areas fall within the Fund's primary area of responsibility. But having spoken to the staff of both institutions, I suspect that what is being referred to is a relatively healthy creative tension between the two institutions, reflecting understandable differences of judgment about the speed of adjustment that is realistically achievable in different countries. It is often useful for such differences of judgment to be properly debated and discussed, so long as this is done in private between the two institutions.

A second point, mentioned in paragraph 22, is that in preparing policy framework papers there should be more joint missions with single mission chiefs, particularly appointed by the Bank. I wonder whether this is a sensible idea. In most countries, separate Fund and Bank teams will already be present, and where there is a single mission chief it will often be appropriate for the Fund to lead. This area of possible concern was thus, upon reflection, less worrying.

On areas where more might be done, I have three specific suggestions. First, and in many ways most important, I would like to see more done to encourage the exchange of staff between the two institutions. This, perhaps more than any other single measure, would improve understanding between the two institutions and make contacts easier. The key is for management in both institutions to make it clear that to have worked for a period at the sister institution is an important, if not essential, step in any career progression toward senior management positions. I urge both managements to give this matter serious consideration.

Second, paragraph 22 suggests considering the possible use of policy framework paper (PFP)-type documents for countries beyond those eligible to use the structural adjustment facility. This idea has some merit in the following sense. These papers have been seen as particularly useful for countries in need of substantial aid flows, but for other countries a document written in cooperation with both institutions, drawing together both macroeconomic policy and structural policy, could be valuable for the member concerned, for the Bank, for the Fund, and for the two Boards. I have in mind in particular the previously centrally planned economies, but other countries could benefit as well, and I would be interested to hear other Directors' comments. Interestingly, the two institutions are already working on such a document for a nonmember, the U.S.S.R.

Third, an issue in the area of Bank-Fund cooperation that is not touched on in the progress report, and indeed not covered by the Joint Memorandum, is coordination on administrative matters. In the last year or so, many awkward problems of parallelism and consistency of treatment have emerged on issues as varied as staff salaries, the staff retirement plan, benefits policies, and, most recently, Assistants to Executive Directors' remuneration. All of this leads me to suggest that there is a strong case for setting up some form of joint committee of Executive Directors to consider administrative matters, to try to ensure parallelism, and to identify potential differences early enough to allow them to be discussed by the two Boards at an early stage. There may also be scope for cooperation in the provision of more common services, similar to the present arrangements for the joint library.

I should stress that this proposal for a joint committee would not mean that the two institutions must in all cases adopt identical policies. It would on occasion be quite appropriate for the two institutions to adopt different policies, but when they do, these differences should be justified to the Boards and identified and agreed at an early stage. As a joint Director, I feel this problem particularly keenly. If there is further support around the table for this proposal, I wonder whether as a first step the staffs of the two institutions might be asked to provide a paper, setting out how such a joint committee might work, which the two Boards could then consider further.

Mrs. Filardo made the following statement:

Bank-Fund collaboration is and will continue to be a very delicate matter so long as the two institutions have overlapping functions. The report describes the collaboration between the institutions following implementation of the Joint Memorandum agreed by both Boards a year ago. This memorandum recapitulating the guidelines for collaboration practiced in the past was necessary because of frictions observed in program negotiations for countries such as Argentina and Honduras. To consider whether progress has been made or whether improvement is needed in some areas is complex. Nevertheless, we have drawn some conclusions from the report and would like to contribute our own experience.

We agree that the Joint Memorandum of the heads of both institutions dated March 30, 1989 contains the appropriate framework for Fund-Bank coordination and collaboration. The question is how to choose the best arbiter so as to have a balanced view on an issue without affecting the interests of the member country and the relationship among the participants. Progress seems to have been made in some areas under the current procedures. Nevertheless, in many other areas, the agreed guidelines are superficial, probably because of the overlapping functions of both institutions, the continued differences in their approaches to achieving development and growth, and their mutual desire to play the lead role in fundamental world economic issues. These factors can lead to practical problems in conducting consultations and, in some cases, to difficult relations between the staffs of both institutions and between them and the authorities. The situation also creates confusion and can lead to some governments holding the view that one institution is better able to solve their problems than the other.

Specific areas where some progress can be observed include, first, the PFP process for countries under the structural adjustment facility (SAF) and the enhanced structural adjustment facility (ESAF); second, the provision of joint technical assistance missions in different areas; and third, the implementation of the debt strategy, with similar guidelines and coordinated efforts to assist member countries to achieve an appropriate debt structure, consistent with balance of payments viability, economic growth, and the restoration of creditworthiness.

Notwithstanding this progress, fundamental issues involving advice to countries on program design will require further attention from the institutions, notably when a member country undertakes a medium-term growth-oriented adjustment program with both institutions that requires great coordination in the recommendation of economic policies. Also, new challenges have emerged in international economics with respect to Eastern Europe and the U.S.S.R. as well as more fundamental issues such as poverty and the environment.

On program design, the two institutions should reach an early understanding on the sequence of structural reforms and on how to integrate these reforms into the stabilization program of the Fund. This is fundamental, because, in spite of continuous communication between the two staffs, there may not necessarily be agreement, for example, with respect to the fiscal impact of public enterprise reform and privatization. One of the most relevant components of the adjustment effort is fiscal policy. In developing countries, the size of the state is very large, therefore fiscal reforms have to be comprehensive and time-consuming, involving public enterprise restructuring, privatization, expenditure restraint, and revenue enhancement. Difficulties can arise in program implementation as a result of fiscal targets being defined at the beginning of the program while reforms occur at a later stage. Because these reforms can hardly be quantified, they produce, in most cases, net losses and a negative fiscal impact, which in turn produce delays and fatigue in the negotiations between the two staffs and the authorities. Ultimately, the coordination process must be improved to render it more effective.

Also, differences of views on exchange rate adjustment continue to be frequent. Even though it is a major responsibility of the Fund, exchange rate management has critical implications for sectoral policies and development strategies that are a main concern of the Bank. Therefore, joint meetings as well as relevant and early discussions on appropriate exchange rate policies for specific countries are required.

Another area that warrants more coordination is the mitigation of the social costs of adjustment programs. Although this is an issue of growing concern for both institutions, little progress has been made beyond the targeting of specific subsidies to the poorest segment of the population. In program design, insufficient attention is given to policies for human development, such as education, nutrition, and public health, which constitute the fundamental basis for development. The question then arises of whether appropriate macroeconomic policies will suffice to constitute a good program. In our view, strenuous efforts should be made to study the implementation of special policies in order to obtain lasting solutions to the social costs of adjustment.

The possibility of implementing a process of PFP-like documents for middle-income countries has been discussed on several occasions related to a country's request for an extended arrangement. While this process could prove useful, our main concern continues to be the coordination required to ensure policy consistency and which institution would be appropriate to put together a reasonable and well-coordinated program. As I mentioned, the sequence of policies and structural reforms should be considered carefully by the two staffs before entering into discussions with the authorities; it would probably be worthwhile to have an outline of the main items in the program and their sequence.

Finally, I continue to believe that as long as the two institutions have overlapping functions and different approaches to achieving economic growth, development, and the well-being of the population, it will be very difficult to have efficient coordination. In that respect, as the report indicates, we could exchange staff between the two institutions or make an effort to streamline the institutions' functions, or we could simply think about the possible integration of both institutions in the long run.

Mr. Dawson made the following statement:

We welcome this first progress report on Bank-Fund collaboration since last year's Joint Memorandum of understanding. Given the increasing complexity of many countries' problems and, indeed, of Bank and Fund operations themselves, effective collaboration between the two institutions is of critical importance. While the benefits of collaboration are not easily measured, more effective cooperation between the Bank and the Fund can only help to improve the quality of the two institutions' advice to member governments. It is, therefore, encouraging to see that the arrangements agreed in the Joint Memorandum have contributed to more communication between the two institutions. Differences of views continue to arise, as mentioned by Mrs. Filardo, for example, with respect to exchange rate policy, but the agreed procedures provide a practical means for resolving most of them and for determining which institution is to prevail in cases when agreement cannot be reached. Over the past year, effective cooperation has become increasingly important in the contexts of the debt strategy and the arrears strategy. By and large, we believe that the Bank and the Fund have collaborated reasonably well in both areas.

As regards the debt strategy, the institutions developed similar guidelines for support of debt and debt-service reduction operations in May 1989 and subsequently provided timely, coordinated financing for such operations. Although, in many ways, this has been a promising beginning, the conclusions of the Bank and Fund Boards diverged in some important respects at their spring 1990 reviews of the debt strategy. Looking to the future, it is imperative for the ultimate success of the debt strategy that both institutions continue to operate under broadly similar guidelines. Moreover, it will be important that collaboration focus on developing comprehensive and coherent medium-term adjustment programs. It should not be misused as a vehicle to thrust the institutions into negotiations between heavily indebted countries and their commercial banks, or to set debt and debt-service reduction targets.

On the arrears strategy, the Bank and the Fund will need to continue cooperating closely, especially on issues of burden sharing. While simultaneous clearance of arrears will continue to be the preferred course, situations may arise where sequential clearance will be required, and this will call for particularly close cooperation between the two institutions. Further consideration should also be given to ways in which the Bank and the Fund can work together to prevent the emergence of new arrears.

New opportunities for intensified Bank-Fund collaboration are also emerging in Eastern Europe. I believe there is a particular need for close cooperation in these countries, given the relative inexperience of both institutions in much of the region. The staffs of the Bank and the Fund should be encouraged to collaborate closely and at as early a stage as possible, before the respective lending programs become entrenched.

The PFP concept is certainly worthy of application in that context. The progress report describes at some length the cooperation that occurs in the preparation of these papers. We strongly support the efforts to date to improve the content of the policy framework papers by increasing the coverage of social and environmental issues and prioritizing structural policy measures. This should make for better balanced, and ultimately more successful, reform programs.

We regret, however, that more serious consideration has not been given to the possibility of preparing PFP-like documents for middle-income countries. More than a year ago, the Joint Memorandum stated that the matter would be presented to the Executive Boards for consideration after further consultations between the two staffs and managements. The progress report presents a few reasons against the idea, but in our view this does not constitute the balanced evaluation that we believe was called for in the Joint Memorandum.

The reasons given in the paper for not preparing PFP-like documents for middle-income countries did not strike us as very compelling. First, it was noted that countries had not requested such documents. I doubt that very many countries--my own included--actually relish the thought of the Bank and the Fund scrutinizing their policies and programs, but most accept such scrutiny as an obligation, if not always an immediate benefit, of membership. Thus, if the Boards of the two institutions agreed that the preparation of PFP-like documents for middle-income countries using Bank and Fund resources would advance the policy reform process, then it would be incumbent upon members to "accept" or "agree to request" the preparation of such documents on their economies, just as they agree to Article IV consultations.

Second, the paper states that given the importance of non-official financing in middle-income countries, PFP-like documents for those countries would not be able to perform one of the policy framework paper's main tasks, which is to catalyze other types of official assistance. We consider that the main purpose of the policy framework paper is to develop a more intensive and comprehensive policy dialogue among the Bank, the Fund, and the country involved, leading to greater consistency in Fund and Bank policy advice, fuller involvement of the country authorities in developing appropriate policy recommendations, and ultimately, a strengthened country reform program. These continue to be valid aims which should not be confined to SAF-eligible countries. Moreover, we believe that by helping to improve the overall quality of the country's reform program, PFP-like documents could have an important catalytic effect, even for countries that rely primarily on commercial sources of finance. The quality, and therefore the credibility, of the reform program is, after all, a critical factor in a country's securing additional financing. In sum, we do not consider that the issue of PFP-like documents for non-SAF-eligible countries has been adequately addressed, and we would like to know when the issue will be presented for Board consideration as the Joint Memorandum indicated.

One issue of Bank-Fund collaboration which the paper overlooks is that of cooperation on administrative issues. The discussions over the past several months on Assistants to Executive Directors' salaries are only the most recent example of the potential inequities and conflicts that can arise when the two institutions fail to coordinate their actions and of the tremendous amount of time, effort, and frustration involved in trying to reconcile separate policy decisions after the fact. Like Mr. Peretz, I believe that there is a pressing need to establish a joint standing committee of the Bank and Fund Executive Boards to consider administrative issues that affect both institutions. I, therefore, support his request that the staff examine the modalities of setting up such a joint committee and report to the Boards on this matter as soon as possible.

In conclusion, we welcome the report that Bank-Fund collaboration has improved over the past year or so. However, we hope that neither institution will consider that it can now rest on its laurels. Improvements can continue to be made. I have suggested two major areas where we believe collaboration could be substantially improved, and I hope the institutions themselves will continue to look for additional ways to enhance the cooperation between them.

The Acting Chairman observed that the compensation of Assistants to Executive Directors was a matter that pertained to the Board and not to staff or management; in that connection, the differences that had arisen between the two Boards in resolving the issue had been illuminating.

Mr. Landau made the following statement:

This chair gave its strong support to the Joint Memorandum which was approved last year. This document contains two basic elements which we endorse: first, it defines more clearly the areas of primary responsibility for each institution; and second, it suggests administrative procedures to solve the possible areas of conflict. In general, the outcome of 16 months of implementation appears quite positive and I share, on this point, the candid assessment provided by the progress report. First, the primary responsibility of each institution has been fulfilled without major difficulties. This was made possible by closer contacts between the staffs of both institutions, which enabled them to reach common views on a number of issues where differences of views can inevitably emerge. Second, the procedures elaborated in the memorandum have worked with great flexibility and have avoided the risk of too much bureaucratization and undue delays that could penalize member countries. This was made possible by the resolution of divergences at an early stage of the discussions. We believe that this practice has reinforced the ability of both institutions to serve member countries. Third, it is a matter of satisfaction that the Boards of both institutions did not have to solve any conflict--if I do not include the question of the remuneration of Assistants to Executive Directors. I share the view that this issue concerns the Boards, and not the staffs, but I am unsure that a joint standing committee on administrative matters would be useful.

I would like to underline two other positive elements: coordination in the financial area has also been improved, since an increasing number of countries have access to the resources of both institutions; furthermore, it is encouraging to see that in cases where there is no agreement with the Fund, the World Bank has requested the Fund's advice on macroeconomic policies for its structural adjustment loans.

Collaboration between both institutions has been highly satisfactory in two important areas: elaboration and implementation of the debt strategy--mentioned by Mr. Dawson--as the institutions' guidelines were similar and concrete implementation has not met with coordinating difficulties; and resolution of the difficult cases of countries in arrears.

This being said, I would like to make a few specific comments and suggestions. First, we consider collaboration "in the field" between the staffs of both institutions very important. In this area, the elaboration of policy framework papers has played a positive role. Given the function of these papers in the Fund--serving as the basis for the use of financial resources under the SAF and the ESAF--there is a strong case for the head of mission to be from the Fund staff. However, it is very important that these papers play a more operational role on the Bank side and that the link with the use of Bank financial resources be reinforced. This is all the more important as the contribution of the Bank staff on structural issues constitutes a significant part of the document. On this issue, we would examine proposals from the Bank's management with great interest.

The idea of preparing PFP-like documents for middle-income countries certainly deserves more precise study, and I would appreciate the opportunity to consider it further, noting the consequences from the points of view of both the Fund and the Bank. I wonder in particular about the idea raised in paragraph 12 of the progress report that, for these countries, "official financial assistance, which the PFP is intended to help catalyze, is not central in their financing situation." It is important to remember, as the case is made in other Fund papers, that many of these countries--for example, most ESAF-eligible countries--have a large amount of public debt. This issue deserves more attention. In particular, I would like to stress that a broadening of the PFP process to middle-income countries should be linked to the use of Fund resources. In particular, extended arrangements seem appropriate because of the importance of structural reform.

Finally, to reinforce contacts between the staffs of both institutions, which are of the essence to Bank-Fund collaboration, I suggest that more concrete steps be taken to facilitate cross secondments and even more permanent exchanges between the staffs of both institutions, and I strongly support the comments of Mr. Peretz in this connection.

Mr. Grosche made the following statement:

The report before us points to the progress that has been made in improving collaboration, but also to the potential drawbacks in terms of staff time. The call to ensure that adequate resources are available for promoting effective collaboration seems to be a call to expand the bureaucracies, something we certainly need to avoid. We have to keep in mind that the different mandates and characters of both institutions inevitably generate different approaches and views, sometimes necessarily leading to tensions. We cannot, and should not, try to remove those differences completely by pushing cooperation too far, thereby compromising the mandates and the comparative advantages of each institution. To devote much staff time and many meetings to the resolution of the last remaining differences would not only increase costs but might lead to the unwanted conformity and passivity to which the staff alluded. Indeed, differences can be fruitful if the competing views are channeled in a productive manner and if conflicting advice to the country can be avoided.

Fortunately, it appears that the Joint Memorandum provides a framework that seems to produce a reasonable balance between the different mandates of the two institutions on the one hand, and the need for consistent policy advice to the member on the other. The rather delicate compromise we reached last year, as well as the encouraging experience so far, leads me to share the staff's conclusion that there is indeed no need for any revisions or additional procedures at this time.

Some minor improvements might be appropriate, however, and the staff especially mentioned two. As regards the first, I would support further encouragement of staff exchanges. Second, on the policy framework papers, I would not object to more frequent use of single mission chiefs, particularly from the Bank. I have some doubts, however, whether the use of PFP-type documents beyond the SAF-eligible countries could really assist middle-income countries in putting their house in order. But I do not wish to be dogmatic on this issue. The PFP-type approach can perhaps be useful in specific cases, provided the caveats the staff mentions are taken care of.

On the suggestion of Mr. Peretz and Mr. Dawson, some Directors may recall that an ad hoc committee of Executive Directors from both organizations had also proposed the idea of having a standing joint committee of both Executive Boards on administrative matters. I continue to be ready to discuss this suggestion in the Board, provided one feature is added, namely, that no chair can serve on this committee longer than two years, or be re-elected, before each and every other chair has served on the committee.

Mr. Al-Jasser made the following statement:

Since the report before us consists of generalized statements, it does not lend itself to a detailed and comprehensive discussion. Therefore, I will briefly touch on the following points. First, I agree with the staff that, in general, Bank-Fund collaboration has been progressing smoothly. Indeed, as the report indicates, in most cases collaboration has markedly increased the effectiveness of support for macroeconomic and structural adjustment in member countries. Nevertheless, the few exceptions to this welcome development merit our attention.

Even in the cases where differences emerged between the staffs of the Bank and the Fund, there was agreement on the nature of the needed adjustment and on the specific measures involved. Hence, difficulties in implementing the collaborative process were country specific rather than issue specific. In fact, the staff notes that divergences of view often reflected differences in emphasis and technical evaluations, such as the appropriate speed, mix, and sequencing of complex structural measures. Given that neither institution has a watertight technical grasp of these intricate issues, a great deal of judgment is needed by each institution in formulating its position. Consequently, it may be helpful, in such cases, to brief Directors informally on the status of discussions between the two institutions. This would enable Directors to have a clear understanding of the reasons behind the deadlock in the collaborative effort and may even facilitate the resolution of some problems. Clearly, this is essential, as the primary concern of both institutions is to improve the economic conditions of the member concerned.

Second, with respect to the policy framework papers, I am encouraged that the process is improving as practical experience is gained. These papers represent the crystallization of the collaborative effort between member countries, the Bank, and the Fund. Therefore, like Mr. Peretz, I encourage the preparation of PFP-like documents for some middle-income countries, if they so desire, particularly as the papers would provide a blueprint for adjustment and a catalyst for financial flows.

Third, as the Fund embarks on its strengthened cooperative strategy on overdue obligations, a clear understanding between the Bank and the Fund on the financing of members' adjustment, while they are normalizing their relations with both institutions, is needed. Hence, I would have liked to see the issue of financing and burden sharing addressed more clearly in the context of collaboration. Consequently, further elaboration from the staff would be appreciated.

Fourth, I note the absence of any discussion concerning the appropriate blending of Bank and Fund resources once agreement on an adjustment strategy has been reached. I raise this issue because I believe that it is essential to provide countries that confront major development challenges with concessional financing. Hence, greater attention to the mix of financing provided by the two institutions is needed.

Finally, regarding the exchange of staff, I am not sure that secondments at senior professional levels are absolutely necessary, since contact between the Bank and the Fund at those levels is extensive and satisfactory. Therefore, it may be more beneficial to exchange staff members at lower levels, in order to expose them to the procedures and modes of operation in the other institution.

Mr. Finaish made the following statement:

When one compares the experience of the past 18 months with the situation that existed before the March 1989 Joint Memorandum on collaboration procedures, one tends to agree with the staff's conclusion that these procedures are working reasonably well. The absence of any major differences pending between the Fund and the Bank is certainly a significant achievement given the cost which prolonged conflicts of views can inflict not only on the two institutions, but more importantly on their memberships. But it should be kept in mind that the objective of collaboration is not only to facilitate the resolution of conflicts when they arise, but also to ensure that the quality of advice given to members is not compromised as a result. One should also keep a watchful eye on how much of the staff's time and energy is spent on collaboration, which, with a given pool of staff resources, is bound to be at the expense of work in the staff's respective areas of expertise. Moreover, collaboration should not lead to protracted and unwarranted delays in finalizing agreements between members and either--or both--institutions.

I am sure that many on the Fund and Bank staffs would have liked the world to be such that they did not have to worry about the views of their counterparts. It is difficult enough to deal with interdepartmental differences of views within each institution. But, unfortunately, one sometimes has to make the best of a less than ideal situation. The roles of the two institutions had evolved over the years in such a way that increased areas of overlap had necessitated the type of collaboration procedures which we have at present. In retrospect, one could perhaps argue that in shaping their roles over time, the two institutions did not pay enough attention to what the other one was doing. This is a question for historians. But one hopes that in the future, as each institution attempts to reshape its evolving role through new functions, new activities, and new facilities, more attention will be given to the questions of overlap and duplication.

Let me make three additional points. First, by defining the areas of primary responsibility of each institution, the Joint Memorandum has certainly provided a necessary and useful reference point for collaboration. But we have the impression that some of the difficulties that have been experienced over the past year and a half, and which are referred to in the report, may be due to a misinterpretation of what primary responsibility means.

Primary responsibility does not mean that the staff of one institution should be less interested in those areas where the other institution has primary responsibility. For example, the interest of the Fund staff in structural reforms that are more in the Bank's domain should not be limited to the effects of such reforms on macroeconomic stabilization. The Fund staff should be equally concerned about the implications of various stabilization paths for structural reform. The reverse is true for the Bank staff. But my impression is that this has not always been the case. In some instances, the concept of primary responsibility may have been taken by the Fund staff to mean that its role is simply to define a macroeconomic adjustment path that it believes is optimal without sufficient attention to what that means for structural and sectoral reforms. The same is probably true for the Bank staff. While it may be understandable that people would give priority and more attention to areas in which they have more to say, there is a danger that territoriality may obscure the fact that in the final analysis the objectives of adjustment and reform have to be looked at as one whole. It would be wrong to conclude that because one has primary responsibility in one area it is therefore more important in the larger scheme of things. For example, perhaps the staff could explain further the divergences of view that had arisen in the case of Egypt, as cited in paragraph 42 of the report.

Second, regarding interinstitutional secondments, one problem appears to have been the administrative disincentives to such staff movements. This matter can and should be corrected without much delay. If we judge secondments as useful, it does not make much sense to make them costly to staff in terms of career progression. While on this issue, I wonder to what extent the training given to new staff members includes familiarization with the other institution's operations and procedures. It would be useful to make this an integral part of the staff's initial training, if it is not already.

Third, to the extent that any major change in the roles of, and collaboration between, the Fund and the Bank is not expected in the foreseeable future, it is important that recruitment policies reflect the areas of specialization of the two institutions. This is probably more relevant to the World Bank where in recent years, particularly following its reorganization, a large number of economists with no special expertise in the Bank's areas of primary responsibility were recruited. It is natural for such staff to have more interest in macroeconomic issues than the type of sector-specific questions on which the Bank staff is supposed to focus. There is also the perception that working on macroeconomic issues is somehow more glamorous and puts one in the center instead of the periphery of discussions with the authorities. Perhaps this latter problem cannot be completely avoided, but a more specialized Bank staff would certainly help to improve resource allocation and reduce the feeling of discontent on the part of some staff.

Although some difficulties have been encountered in the procedures on collaboration, they appear to have by and large worked reasonably well. This in my view is no small feat, particularly after having passed through the Boards' experience of trying to agree on a parallel compensation system for Assistants to Executive Directors. Compared with this experience, I believe that management and staff deserve commendation for their collaboration performance.

Mr. Prader made the following statement:

It is reassuring to learn that the Board's recent experiences with Bank-Fund collaboration in the area of the salaries of Assistants to Executive Directors are only partly indicative of the quality of collaboration at management and staff levels. As the increasingly complementary roles of the Bank and the Fund come closer and closer to overlapping, effective collaboration is essential for ensuring the best possible service to member countries without the conflicts and waste of resources that would result from duplication of effort. These concerns were first raised by the Joint Memorandum of the President and the Managing Director of March 30, 1989, and today's progress report informs us that since then they have been addressed quite successfully.

On the basis of the report's conclusion that the Joint Memorandum has established a pattern of positive collaboration between the Bank and the Fund without any immediate need for revising procedures, my remarks can be limited to a few points. First, the report on the status of collaboration was prepared jointly by the staffs of the Bank and the Fund. Clearly, this cannot be the ideal way of dealing with such a matter: the authors of the report are parties sitting in judgment on themselves, a situation with evident conflicts of interest that are reflected in a writing style which can hardly be termed direct. In terms of procedure, the state of collaboration between our two institutions should ideally be evaluated by an outside observer. If there are reasons for not following that path, an alternative might be to have separate evaluation reports, in which the Fund would judge how the Bank collaborates and the Bank would judge how the Fund collaborates, with both reports being submitted for discussion by both Boards.

Divergences of views between the Fund and the Bank are unavoidable, and the progress report indeed mentions that divergences have occurred. When divergences cannot be avoided, it is the way in which they are resolved that becomes crucial. The report states that the procedure set in place by the Joint Memorandum has been applied to reconcile these divergences but does not mention whether they have actually been resolved. Besides this omission, there are a number of ideas which in my view could benefit from further clarification by the staff. For example, the staff states that "there is a need to ensure that adequate resources are available for promoting effective coordination.... there is also a limit beyond which the elimination of divergences should not be sought....the importance of close adherence by both staffs to the guiding principles and existing procedures for collaboration." Could the staff explain more explicitly what it had in mind when it wrote these words? I would also like to know more about the 125 staff days devoted to the collaboration effort in the case of Egypt and the 140 days in the case of Morocco, as mentioned in the report.

The progress report states that staff contacts in the field have been extensive. The empirical evidence on which such an assessment rests is provided in particular by the number of joint or parallel missions. These absolute numbers, as presented in the appendix to the progress report, are difficult to interpret because they are not related to a comparator, that is, they are not expressed as a percentage of the total of all missions conducted by the Fund and the Bank. Without such a comparison, it is difficult to tell whether the extent of collaboration between the two institutions is really increasing. Also, even though the number of parallel missions is increasing, does this necessarily mean that collaboration is increasing? We all know that parallels meet only at infinity. This leads me to ask for the exact definition of "parallel missions"; I note that the text generally refers to "joint or parallel missions." Are these terms synonymous? If not, how do they differ?

The staff also points out that "comparative staff strengths were also an important element in the formulation of policy advice." Since the World Bank can usually assign more staff to a mission, does this imply that the Bank's views have tended to prevail over Fund advice when differences of views have emerged? One could draw divergent conclusions from this situation: is it true that Fund missions are often understaffed compared with World Bank missions? Or that World Bank missions are overstaffed?

On areas where more might be done, when we discussed the Joint Memorandum, we welcomed the idea of a mutual exchange of staff personnel on a two- to three-year secondment basis. The fact that these exchanges have been hindered by staff concerns over possible long-run career implications is unfortunate and can only point to a manifest lack of faith in genuine collaboration. We would therefore like to know more details on the reasons for these concerns, and whether steps have been or are going to be taken to encourage this most promising collaboration device.

I agree with Mr. Peretz that serious consideration should be given to the idea of a policy framework paper for Eastern Europe, as for the middle-income countries: the reasoning is compelling. On the proposal to establish a standing joint committee on administrative matters, like Mr. Landau I am not convinced that such a committee would always be useful.

Mr. Clark made the following statement:

A year ago, agreement was reached on a Joint Memorandum that was intended to clarify further the relationship between the two institutions and to form the basis for strengthened cooperation in the period ahead. It also set out new and expanded procedures for collaboration. It is reassuring to learn from the progress report that the procedures are working reasonably well, that collaborative practices have become more systematic, and that the closer contact between the staffs of the two institutions is proving use ful, both in reconciling differences of view and improving the quality of advice to member countries.

We regard Fund-Bank collaboration as essential. Both institutions have an important role to play in assisting member countries to follow better policies and improve the prospects for sustained growth. Given their different, but complementary, areas of responsibility, it is clear that, for either institution to be fully effective, there has to be close collaboration. However, as Mr. Grosche noted, given the differing natures of the two institutions, it is to be expected that there will be differences of view. We regard this as natural and healthy, provided there are adequate procedures for resolving differences, that these procedures are used on a timely basis, and that conflicting advice to member countries is avoided.

It is obvious that close and continuous contact between the staffs of the two institutions at the working level is the best way of ensuring understanding and of reconciling differences at an early stage. I can certainly vouch for this in terms of managing support groups for clearing arrears. Furthermore, as the progress report points out, collaboration can also be helpful from a management perspective, as it helps to avoid duplication of work and permits more efficient use of staff resources at a time of staffing constraints.

We agree that there is no apparent need at this time to modify or add to the current procedures on collaboration. Like Mr. Peretz, however, we consider that staff exchanges, not just at a senior level but at all levels, could be helpful in encouraging better understanding of the particular concerns of the two institutions. We therefore support building such exchanges formally into staff mobility policies.

The report also raises the question of the possible usefulness of PFP-type reports for non-SAF eligible countries. This question takes on added importance in light of the reform efforts being undertaken in East European countries, increasingly with the support of the Fund and the Bank. There may be merit in considering the preparation of PFP-type documents for certain middle-income countries, in particular where strong official financial assistance is important to the success of the reform strategy. However, we are very conscious that the PFP process is time consuming, and any extension would add substantial demands on already strained staff resources. The extension of these papers to middle-income countries, particularly when staff resources are already coming under severe strain as a result of the demands flowing from developments in Eastern Europe, needs to be carefully assessed, and, if done, limited to those countries where it is seen as significantly strengthening adjustment efforts. We would be interested in hearing the views of the staff on how demanding the extension would be on staff resources, and whether there are differing degrees of interest in the Fund and the Bank in extending the process to a wider range of countries.

With respect to the proposal for a standing joint committee of the two institutions on administrative matters, I would support the preparation of a joint paper on this proposal. However, I recommend that the chairpersons of the institutions' two administrative committees meet more regularly to avoid conflicts.

Mr. Monyake made the following statement:

Collaboration between or among any parties is good for the collaborators. Its effects--either positive or negative--often extend to third parties that are not themselves participants in the collaboration. The founding fathers intended that the two Bretton Woods institutions would be complementary and that they would work together. That is why their defined spheres of competence overlap. It is, therefore, reassuring to learn that, by and large, this collaboration is working. Care should be taken to ensure that member countries, and not just the institutions, benefit from this collaboration. Its success or failure, effectiveness or noneffectiveness, should be measured against the benefits derived by member countries, especially the developing countries.

The progress made in a number of areas toward strengthening Bank-Fund collaboration, the procedures for which were embodied in the Joint Memorandum agreed by the managements of both institutions last year, is to be commended. The advances made under this collaborative approach and highlighted in the progress report, particularly with regard to the preparation of policy framework papers, the provision of technical assistance in support of adjustment programs, the undertaking of research activities, and interaction on debt issues through the joint task force, are most encouraging.

Concerning debt issues, we note the substantive steps that have been taken in preparing financial packages in support of debt and debt-service reduction, including financing such operations for middle-income countries, and we look forward to their early and successful implementation. However, little or almost no success seems to have been achieved in this field toward reducing the deep-rooted debt pressure that continues to constrain the growth and development of low-income countries. Notwithstanding the recent establishment of a very limited IDA facility for debt reduction, more significant assistance is needed from both the Bank and the Fund. Thus, it is essential that both institutions find a joint solution to this problem for early consideration by their respective Executive Boards.

Institutional independence has been stressed in the Joint Memorandum, and with it the need to avoid cross-conditionality.

Some paragraphs of the progress report, however, indicate that these guidelines have not always been followed, specifically the guidelines referring to collaboration on the extension of financial support to member countries and in the case of overdue obligations. The recommendation concerning the two institutions' ultimate responsibility does not seem to have been implemented; we would therefore welcome some comments by the staff on this issue.

Both the Fund and the Bank have complementary roles within each other's areas of primary responsibility and expertise, and a divergence of views has been faced in the past and will probably tend to persist in the future owing to the differing objectives of these institutions. Notably, a divergence of views on the sustainable level of investment or spending is to be expected in certain instances, especially during the preparation of adjustment programs for those countries facing deep-seated structural problems. We believe, however, that if a spirit of cooperation and flexibility prevails on the part of each institution, it could help to bring about a convergence of views in the best interest of the adjustment and development needs of the member countries. It is also the contention of our authorities that, where such a divergence of views exists, they should be given the opportunity to choose the option best suited to their particular situation.

Mr. Quirós made the following statement:

The World Bank and the Fund share the objective of promoting the sustained growth and development of their member countries. In pursuing this broad objective, they must take into consideration that they have been assigned differing roles with complementary qualifications. To obtain the best results, it is important that each organization should fulfill its objectives, but a sincere spirit of collaboration will make the task less difficult.

Besides, the world has been moving, at a very rapid pace, toward globalization, and the recent impressive developments in Eastern Europe and the shifts--including in the U.S.S.R.--toward market-oriented economies point to the need for greater and more efficient collaboration in the future. Also, an increasing number of developing country economies are beginning to move from extremely government-regulated schemes to more flexible systems. This will put additional pressure on both institutions, making collaboration between the staffs a necessity in order to increase the number of successful exercises or, as it is often said, to prevent exercises in futility.

The report provides an overview of the general experience with collaboration during the past year, based on a recent survey of 16 countries--including Colombia and Guyana, two members of our constituency--by the staffs of the Fund and the Bank. The results concluded that the present procedures have worked reasonably well but that continued efforts must be maintained.

Reading through the document (DC/89/4, 3/14/89) of the Joint Ministerial Committee of the Boards of Governors on the Transfer of Real Resources to Developing Countries (Development Committee), the conclusion can be reached that there are ten policy areas related to the problems of structural reform: exchange control; international trade; public expenditures; taxation; public enterprises; prices; marketing of agricultural products; industry; energy; and the financial system. The joint effort of the Boards of Governors has provided a basic framework within which to identify the areas of greater relevance for each institution.

We should continue to emphasize the benefits of a division of labor between the staffs of the Fund and the Bank according to their respective expertise. For example, with regard to the areas mentioned earlier, the Fund should preside over exchange control, monetary policy, fiscal policy, and international trade, while the Bank is in a better position to handle industrial policies, public enterprise policies, and marketing of agricultural products. The issues handled by the Fund staff, by definition, seem to be more rigid than those facing the Bank, and it can and should be further involved in areas such as poverty and environment, where there is more flexibility.

Apparently collaboration between the Fund and the Bank is interrupted when a country falls into arrears, but it is precisely at this time that coordinated efforts are extremely important. When banks or financial institutions find that a client is beginning to fall behind in its payments, they provide continued attention; similarly, collaboration should not be interrupted.

Joint staff seminars should be continued. It would be worthwhile to have one on Latin America, and probably others on different areas of the world. The agenda could include a discussion of appropriate macroeconomic policies to induce growth, to increase the quality of life, and to service debt.

Mr. Yoshikuni made the following statement:

In March 1989, after long discussions, the managements of the Fund and the Bank reached a compromise on the important subject of collaboration, as laid out in their Joint Memorandum. Since we endorsed the memorandum and called for efforts by both institutions to strengthen the collaboration process, I welcome this opportunity to review the progress report on experience under the new guidelines.

It is encouraging to note that substantial progress has been made since adoption of the Joint Memorandum in terms of the close contact between the staffs of the two organizations within a more explicit and systematic framework. Like other Directors, I believe that this attests to the effectiveness of the Joint Memorandum in strengthening collaboration. Like the staff, I do not see any need to revise it. At the same time, however, there seem to be a number of cases in which the differences of views are still quite large, and further efforts are necessary to strengthen collaboration. In this connection, the report refers to cases such as Egypt, Morocco, and Zaïre. It is often said that in these cases, the general tendency is for the advice of the Bank on macroeconomic policies to be more gradualistic than that of the Fund, and the authorities are inclined to support the Bank's approach, thereby delaying the negotiation process. Although the Fund has a mandate with regard to general macroeconomic issues, the advice of the Bank on structural policies would have important implications for macroeconomic policies as well. For example, a gradualistic approach to the liberalization of public prices would delay the process of fiscal consolidation and exacerbate the medium-term external position.

As the staff rightly notes, such divergences of views should be resolved at an early stage so as not to influence negotiations with the authorities. At any rate, it is of paramount importance that the Fund staff should take the initiative in macroeconomic policy formulation through extensive discussions with the staff of the Bank. In this connection, the procedures set out in the Joint Memorandum are helpful, but they cannot replace the efforts of the Fund staff to persuade the Bank staff through its own expertise. Mr. Peretz's suggestion for more extensive staff exchanges could be instrumental in this regard.

As regards the PFP process, I will not elaborate on its usefulness in support of the adjustment efforts of low-income countries since we have already discussed this matter on the occasion of the review of the SAF and ESAF. Nonetheless, I would like to stress the need to improve policy framework papers by defining the necessary measures more clearly and concisely and by specifying priorities more explicitly. Also, we have advocated the idea of using policy framework papers or PFP-type documents more extensively, for example, in formulating programs under extended arrangements for middle-income indebted countries or in dealing with the reform of centralized economies. I fully agree with Mr. Posthumus that such extensive use of policy framework papers would also help to strengthen Bank-Fund collaboration since it would lead to closer and more systematic cooperation between the staffs of both institutions. At the same time, however, such efforts should be made in parallel with efforts to streamline the PFP process in order to alleviate the pressure arising from the already heavy work load of the two institutions.

I generally share the staff's view that collaboration in the context of the debt strategy has been intensified, particularly since the issuance of the Joint Memorandum and subsequent developments in the debt strategy. As a matter of fact, the close collaboration between the Bank and the Fund has been one of the most important factors bringing about the successful implementation of the strengthened debt strategy in a number of countries, including Mexico, the Philippines, and Venezuela.

That said, we should bear in mind that a divergence of views still exists between the two institutions regarding the orientation of the debt strategy. For example, although the preparation of the joint background papers on the debt strategy for the Development Committee is one of the achievements of Bank-Fund collaboration, the initial orientation of the papers by the Bank staff was unsatisfactory, as many Directors, including this chair, noted at the Board discussion on the agenda for the Development Committee. Bearing in mind the nature of the Bank as a development institution, I do not consider it possible or even desirable for the views of the Bank to always coincide with those of the Fund. As Mr. Grosche rightly pointed out, the difference of views is sometimes helpful. Nonetheless, we should make every effort to reconcile the differences as far as possible so as to avoid giving the wrong signal to the international financial community.

As regards collaboration on overdue obligations, I commend the effort by both institutions to eliminate arrears to international financial institutions, which has already brought about a successful outcome in a number of countries. I look forward to the continuation of cooperative efforts aimed at eliminating overdue obligations in the context of the strengthened debt strategy.

Finally, although the report did not address administrative issues, I would stress the importance of collaboration in this area. I strongly support the recent efforts in the joint meetings of the Fund's Committee on Executive Board Administrative Matters and the Bank's Committee on Directors' Administrative Matters on the compensation of Assistants to Executive Directors. In this connection, I can go along with Mr. Peretz's suggestion for a joint standing committee.

Mrs. Sirivedhin said that the procedures for promoting Bank-Fund collaboration had worked reasonably well in the past year. The quality of analysis and policy recommendation seemed to have been enhanced by more uniform and systematic collaboration. She could also understand that because of the distinct nature of the two institutions, a divergence of views in certain areas was inevitable. In that regard, she agreed with the staff that there was a limit beyond which the elimination of differences should not be sought, as to do so might not be in the best interest of member countries. At the same time, she commended the staffs of both institutions for their efforts in ironing out differences at an early stage. She was also pleased to note that the pursuit of closer collaboration had been implemented in a flexible manner and that advantage had been taken of the comparative strengths of the staffs of both institutions and their respective responsibilities in formulating policy advice to member countries. That arrangement had been working quite well in more than one member country in her constituency.

Nonetheless, in at least one area, namely, financial sector reform, both institutions had become increasingly active, and she would be interested in learning whether any problems had arisen and how the respective responsibilities were determined, if at all, Mrs. Sirivedhin inquired. While seeking close collaboration had been time consuming in some cases, she concurred with the staff that such endeavors were a worthwhile investment for both institutions in fostering a closer relationship as well as improving the quality of analysis and policy design.

Mr. Thorláksson made the following statement:

> The Joint Memorandum on Bank-Fund collaboration provided the two institutions with reasonably well-defined areas of responsibility and laid out procedures to strengthen their collaboration. The progress report indicates that collaboration between the Bank and the Fund has been functioning quite well, and I can fully subscribe to the main conclusion that no fundamental changes are needed at this time. However, continued monitoring is necessary, and corrective measures should be taken when needed. In light of the recent strengthening of the Fund's arrears strategy, including the adoption of the rights approach, intensive dialogue between the two institutions seems to be necessary, as Mr. Dawson and others have already mentioned, to find solutions to individual arrears cases.
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> With respect to the main issues--listed in paragraph 22 of the report--needing further strengthening of cooperation between the institutions, first, the PFP procedure is an area where cooperation can avoid overlapping of work and minimize technical frictions. In that context, more frequent use of single mission chiefs, in the Bank as well, could be practical. However, due consideration should be given to the fact that the policy

framework paper is an integral part of arrangements under the SAF or ESAF, and the Fund's position in program negotiations should not be weakened.

Second, this report, like last year's Joint Memorandum, indicates that the possible use of PFP-type documents beyond SAF-eligible countries is still under consideration. This could be of particular relevance to new member countries in which structural problems are extraordinarily complex. We would appreciate further information from the staff on progress in this matter.

Third, we do not consider the exchange of staff in itself an area for collaboration. Although such an exchange may enhance the qualifications of the staff and the respective institutions and thus should be facilitated, we do not think that it should be formally built into the staff policies of the Bank and the Fund.

Lastly, on the question of a joint committee on administrative matters, this chair, like Mr. Landau, Mr. Prader, and others, has strong reservations regarding its merits. An examination by the staff of the implications of such a committee is necessary before any decision to establish it can be made.

Mr. Mawakani made the following statement:

Bank-Fund collaboration over the past year has been implemented in the context of the administrative and procedural guidelines laid out in the Joint Memorandum of the Managing Director and the President of the World Bank in March 1989. Indeed, from the general experience of the 16 countries surveyed for this report, there seems to be some progress in strengthening Bank-Fund collaboration, and the modalities of collaboration have generally worked well. This welcome development seems to reflect the fact that the staffs of both institutions have now become greatly aware of the need to ensure the successful and smooth implementation of the modalities of collaboration. The scheduling of regular meetings at all levels, from management to operational staff, to review all aspects of Bank-Fund collaboration is an important development.

Paragraph 18 of the report states that cases of conflict and differences of view arising from the distinct purposes and mandates of the Fund and Bank, which are to be expected, did not create a significant problem in terms of conflicting advice to member countries. In any event, I must stress that experience in the countries of my constituency gives a somewhat different picture. The cases of divergences of views between the staffs of the two institutions were significant and led to substantial delays in providing needed assistance; I have in mind the cases of the Congo, Guinea, Madagascar, Niger, Senegal, and Zaire. Without going into detail, I urge the staffs of both institutions to endeavor to streamline their perspectives on country problems and policies, the financing requirements to support adjustment programs, and technical assistance needs. This approach should enhance the harmonization of differing views and avoid the incidence of conflicting signals to country authorities who are committed to strong policy reforms and who need consistent and timely policy advice.

On the PFP process, I welcome the information that has been provided and the recognition that the process is not only an integral part of Bank-Fund collaboration but is also an element aimed at ensuring consistency in policy advice and the coordination of financial assistance to complement both Fund- and Bank-supported programs and operations, as well as those of donors and creditors. From the perspective of the 1990s, I am of the view that the new focus of the PFP process to better reflect the priorities of policy actions in a few key areas, including poverty and other social issues, is in the right direction. This is all the more so, given the greater involvement of our authorities in the drafting and the follow-up discussions with the staffs of the two institutions and the international aid and donor community.

Despite the unfortunate experiences of some of our countries, we find useful the degree of cooperation that has taken place between the two institutions in respect of the debt strategy, overdue financial obligations to the Fund and the Bank, as well as other activities, such as research projects and the creation of a methodology to evaluate the effects of Fund- and Bank-supported programs. While the overall progress made in enhancing the collaboration of the two institutions over the past year is commendable, continued improvement in cooperation is required in most areas of Bank and Fund activity, and to this end we should continue to implement the principles and procedures of the Joint Memorandum for another year or so in order to gain further experience.

Responding to a query by the Acting Chairman, Mr. Mawakani explained that differences of view on the part of the staffs of the Bank and the Fund had arisen in several areas. For example, on fiscal policy, although the Fund had agreed with certain of the country authorities cited on the amount for investment projects to be included in the budget, the Bank had subsequently caused the decision to be reversed in some cases. Or, on exchange rates, the respective advice given by the Fund and Bank staffs had sometimes been conflicting and unworkable, and thus the authorities had not agreed with the proposals. Such situations and the problem of conflicting advice could be avoided through joint missions to a country.

Mr. Filosa made the following statement:

> I am pleased to note that, following the approval of the Joint Memorandum of the President of the World Bank and the Managing Director of the Fund, substantive progress has been achieved in the collaboration between the two institutions. The report is reassuring on most of the aspects that, last year, called for a review and strengthening of both the substance of and procedures for Bank-Fund collaboration. I broadly share the staff's assessment and, therefore, I will focus on those aspects of collaboration that deserve attention and, perhaps, further progress.
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> While I am glad to learn that, in general, divergences of views between the two organizations were identified and resolved at an early stage, I also note that "alternative prescriptions" concerning the timing and nature of policy advice emerged in a number of difficult cases--Bangladesh, Egypt, Ghana, Guyana, Morocco, and Zaïre. The staff points out that those differences of view stemmed from differing adjustment perspectives of the two institutions, from a less than strict observance of procedures, and from different technical evaluations.
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> I am confident that the problem arising from the observance of guidelines will be solved soon. I am concerned, however, that inconsistent policy prescriptions emerging from the different viewpoints and analyses of the two institutions may continue to arise in the future, particularly in those difficult cases in which complex adjustment policies and pervasive structural reform are the sine qua non for Fund and Bank intervention.
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> The different mandates of the Fund and the Bank offer little or no justification for divergent approaches to the reform process. Political and social circumstances might suggest different speeds of adjustment and different emphasis on some aspects of policy action, and the negotiation process might lead to different solutions in broadly similar economic conditions. At the operational level, however, it is difficult to accept that the two staffs can offer different recommendations to the authorities. If so, it is because the basic technical work in one institution, or in both, has flaws. The solution, therefore, is to strengthen substantially the analytical basis of policy prescriptions and to increase the number of occasions on which the staffs of the two institutions can discuss the merit of alternative approaches before discussion with the authorities of the countries concerned. As a matter of fact, in some cases the statistical basis is weak, and the analytical work available for developing countries does

not always include the comprehensive research carried out for industrial countries, as the Board noted in discussing the surveillance procedure some weeks ago.

Also, the effect of structural reform is not easy to assess, and, more generally, despite Fund experience, there is no agreed blueprint or model for the transition to market-oriented reforms. For example, difficulties have been encountered in assumptions about basic commodity prices; the timing and scope of interest rate liberalization; the role and design of income policy in both industrial and developing countries; and the feasibility and desirability of exchange rate management as an anchor against inflation or, alternatively, as an instrument to maintain competitiveness. All these examples suggest that there is still scope, and a need, to intensify contacts between the staffs of the two organizations, to organize policy-oriented seminars, and to encourage the secondment of staff with a view to achieving greater consensus on the basic rationale for possible solutions to the adjustment strategy.

Another issue is the usefulness of PFP-like documents for middle-income countries. The main advantages of the preparation of such documents--the greater involvement of the recipient governments, the more systematic design of structural measures, and the usefulness of more sharply focused priorities in key policy areas--would also prove to be helpful in the case of middle-income countries requesting the use of Fund resources, in particular in conjunction with the extended Fund facility. In some cases, a PFP-like document could also provide a medium-term perspective to stand-by arrangements, particularly in those circumstances where stand-by arrangements are seen as a preliminary step toward arrangements envisaging debt and debt-service operations.

The staff has indicated that the authorities did not request the preparation of such documents. I wonder whether it would be possible to suggest to the authorities that they follow this procedure in all cases in which the complexity of the required reform process suggests a unified, long-term perspective for the adjustment effort. Finally, I share the view that it is important to establish, in the field of administrative matters, joint committees for those specific subjects that might adversely affect parallelism between the Fund and the Bank.

Mr. Kwon remarked that he was pleased that the procedures set out in the Joint Memorandum on Bank-Fund collaboration had had their intended effect and that, overall, collaboration seemed to have proceeded smoothly over the past year or so. Of course, that successful outcome had not happened of its own accord--it was the result of many days of consultation between the staffs of each institution. Indeed, the time devoted to consultations on some individual countries could only be characterized as astounding and provided a somewhat sobering indication of the resources that could be involved in ensuring the best possible results from the efforts of the Bank and the Fund.

He agreed that while it was somewhat difficult to ascertain the ultimate effects of better coordination of the resources of the two institutions, he was sure that they were far from negligible and that improved collaboration had benefited member countries, Mr. Kwon said. Also, as the staffs of the respective institutions learned from their experiences with collaboration and as the level of understanding increased, the time devoted to collaboration would decrease.

He could add little to the progress report, other than to agree that the need for continued close collaboration remained and that the experience to date indicated there was no need to re-examine the basic framework of Bank-Fund collaboration, Mr. Kwon continued. It was worth examining whether staff exchanges, which had the potential to play an important role in enhancing collaboration, might be encouraged if they were a more formal part of mobility policies.

On the question of wider use of a PFP-like document for middle-income countries, he concurred with the views expressed by previous speakers that it would play a useful role in assessing the overall economic situation of the countries in question with a medium-term perspective, which would enhance the effectiveness of Fund-Bank assistance to those countries, Mr. Kwon noted. Like Mr. Grosche, however, his chair was inclined to be flexible on the issue in the belief that the matter should be dealt with on a case-by-case basis, taking into account both the needs and the desire of the relevant member.

Finally, given the progress made in Fund-Bank collaboration at staff and management levels, it was regrettable that collaboration between the two institutions at the Board level appeared to be lagging behind, as exemplified recently by the issue of salaries for Assistants to Executive Directors, Mr. Kwon commented. Taking that into account, the proposal by Mr. Peretz to set up a joint committee on administrative matters was worthy of serious consideration.

Mr. Posthumus said that he had some difficulty with the discussion because of the inherently positive nature of "collaboration" as defined. The outcome of the discussion could only be that collaboration was good and that it should be continued. But the opposite of collaboration was, to some extent, competition, and in discussions on other matters, the Board had supported more competition. Therefore, the Board should be cautious in considering the report, which he, like Mr. Prader, could not expect to contain much criticism of the current process.

Nevertheless, Mr. Posthumus continued, cooperation had improved since the work on intensified collaboration between the staffs of both institutions had begun. Admittedly, the process was a sensitive one, as reflected in the discussion, and therefore the Board should leave unchanged the procedures agreed by both managements in 1989, as set out in the report. However, the report focused on the coordination process itself, namely, on doing the same things in both institutions, then coordinating in order to do them better or, in any case, to avoid moving in different directions; but little attention was paid to collaboration in the sense of identifying the responsibilities of the Fund and of the Bank and of leaving the identified areas to the appropriate organization's purview. He agreed with Mr. Grosche that differences should not be removed by the coordination process but should be identified and then accepted; and, like Mr. Finaish, he urged that areas of duplication should be removed. The report also indicated that a lot of the staff's time had been invested in the collaboration process, and a number of speakers had cited specifically the cases of Egypt and Morocco. Perhaps in those cases the creative tension had been somewhat too creative, and the staff should be cautious in moving too far in that direction.

On the use of the PFP process for other than SAF-eligible countries, he agreed with Mr. Dawson that the matter should be discussed separately on the basis of a staff paper, Mr. Posthumus said. He had supported the PFP process in the case of programs supported by the ESAF because the facility was an activity that overlapped somewhat the responsibilities of the Bank. But a PFP-type process should also be available for other countries.

The differences in the approach of Fund and Bank programs should be made much clearer, Mr. Posthumus continued; after all, the real focus of coordination of Fund-Bank advice and support was the recipient country, and it was the organizations' responsibility to strengthen that focus. The report discussed effective collaboration with the Bank staff in areas such as poverty and the environment, in which the Fund did not have expertise; he agreed that such issues should be handled mainly by the Bank and that the Fund's role should be minimal. The exchange of staff, as suggested by Mr. Peretz, was beneficial and would allow the staff to become acquainted with the other institution's responsibilities and procedures.

On a joint committee on administrative matters, he was reluctant to move in that direction, Mr. Posthumus commented. The problems that had arisen in the past were not sufficiently grave to set up a cumbersome process of coordination between both Boards.

Mr. Demaestri observed that the progress report described an encouraging pattern of collaboration between the Fund and the Bank over the past year. The report attributed most of the improvement in collaboration to the set of guidelines agreed in 1989 to help structure the interaction. While he agreed with the assessment, he hoped that in the future the institutions could build on that success to achieve collaboration that relied less on relatively rigid guidelines and more on the natural tasks of those working toward common goals in areas of different primary responsibilities and expertise.

Although collaboration between the Fund and the Bank had become more constructive, the reality that conflicts and disagreements were still elements of such interaction should not be overlooked, Mr Demaestri remarked. Actually, analysis of the most commonly occurring difficulties could allow the development of strategies to respond directly to those issues; the report had identified some of the problem areas. He suggested that a joint Bank-Fund team prepare a paper describing those particular issues in greater detail and that Executive Directors offer their reactions and suggestions, in line with Mr. Mawakani's comments on the difficulties that had been observed.

The experience gained from the successful cooperation of the past year and the lessons that could be learned from further examination of the difficulties that had arisen would allow the institutions to move beyond the current guidelines, Mr. Demaestri stated. He would like to see interaction that flowed smoothly between the participants and that did not depend upon the existence of a set of strict guidelines. Although the guidelines had been useful in establishing a productive pattern, the institutions should aim to rely more on actual experience and on the views of the authorities of those countries negotiating with both institutions. In sum, the goal should be to have constructive interaction that occurred so naturally that the existence of rigid guidelines would not be apparent to those involved in Fund and Bank dealings with member countries.

Mr. Dai made the following statement:

> The general experience of Bank-Fund collaboration over the past year shows that considerable progress has been made toward greater effectiveness in securing collaboration on broad policy issues, as well as on country matters, following the Board's review, and subsequently the Joint Memorandum, in early 1989.
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> In particular, with respect to collaboration in support of adjustment, conflicts of policy and primary responsibility have been avoided, while coordination and contacts between the two institutions have improved. As to helping countries in arrears overcome their financial problems, the joint efforts of the Bank and the Fund to mobilize adequate support for programs for Guyana and Honduras to clear their arrears deserve commendation. In general, I agree with the staff that the principles and procedures for Bank-Fund collaboration as laid out in the Joint Memorandum are appropriate and in no need of immediate revision; meanwhile, continued efforts are needed at all levels within the institutions to maintain smooth and effective collaboration.

The fundamental purpose of strengthening Bank-Fund collaboration is to pursue the common broad objective of promoting sustained growth and development of member countries with maximum effectiveness. To attain this objective, we should not focus only on how to reduce or avoid duplication or conflicts that arose in recent years owing to the increased overlapping of functions. The basic issue of the division of labor continues to warrant emphasis. In principle, the Fund should focus its efforts on short- and medium-term macroeconomic equilibrium in member countries--leaving issues such as the environment, poverty alleviation, and women's role in development to the Bank--while the Bank should focus on long-term development in member countries, especially developing countries. While the Fund specializes in macroeconomics, the Bank should devote its efforts to development economics; assisting in projects, strengthening infrastructure, alleviating poverty, and undertaking other major tasks related to development should continue to be the Bank's primary responsibility.

Experience has shown that a divergence of views between the Bank and Fund staffs is inevitable. Nevertheless, such a divergence of views may not be entirely undesirable. It can provide the member countries with a wide perspective of varied views from different angles. It may help the authorities choose the optimal policy advice. The important thing is to provide the opportunity for a full discussion and exchange of views between the authorities and the staffs of both institutions.

Finally, I share the concern of previous speakers about administrative matters. The recent differences that arose between the two institutions regarding the compensation system for Assistants to Executive Directors are regrettable. For many years, parallelism has been an important principle in dealing with the compensation of staff and management, as well as Executive Directors, of both institutions. But difficulties arose in reaching a compromise on the recent revision of the compensation system for Assistants to Executive Directors owing to the lack of timely coordination and close contact in the early stages between the two organizations. This experience provides an important lesson. Collaboration on some administrative matters, such as compensation, should be strengthened further if parallelism is to continue to be regarded by both institutions as a viable principle.

The Deputy Director of the Exchange and Trade Relations Department recalled that when the PFP concept had first been discussed in connection with the SAF, there had been strong opposition from the middle-income countries to spreading the application of policy framework papers beyond the SAF-eligible countries. Perhaps some change in that attitude was now taking place, with a greater willingness on the part of some of the middle-income countries, so that preparation of PFP-type documents could be explored. Some ambivalence on the matter in the progress report resulted from the fact that the status of the PFP process had not been defined by the Board, and the staff was seeking guidance. Although an important objective in proposing a broadening of the PFP process had been to help mobilize official resources for those eligible countries, another purpose was simply to force the staffs and the institutions to try to resolve the differences that existed between them and to strengthen collaboration.

If the PFP procedure was extended to middle-income countries, the paper would have to remain, as in the case of SAF-eligible countries, a document of the authorities, the Deputy Director continued; ultimately, all the decisions had to be taken in concert by the two staffs and the authorities in the final negotiations. The staff had endeavored to avoid the notion that had existed at the inception of the procedure that the mission arrived in the country with a ready-made document, and in all recent cases substantive drafting had taken place in capitals. It would be important to keep that issue in mind in the context of middle-income countries, and a staff note on the feasibility of the procedure might be helpful, as Mr. Dawson had requested. Perhaps the Board could give clearer indications of those forthcoming country operations that could usefully have policy framework papers associated with them, for example, for some prospective extended arrangements and for stand-by arrangements that were viewed as precursors to extended arrangements.

On the question of staff work load, undoubtedly the PFP process was time consuming, the Deputy Director commented. However, it was becoming less so as experience was gained--about 100 policy framework papers had been prepared--and the question was how productivity would differ as a result of broadening current procedures. Producing a policy framework paper might not be difficult if there was agreement between the staffs, but if specific differences were to be highlighted in the process, the paper might require increased staff resources and time. However, it should be noted that even in cases where policy framework papers were not prepared, similar issues had to be considered. For example, with respect to sequencing, as mentioned by Mrs. Filardo, a macroeconomic policy framework could not be developed without consideration of the structural reforms that would have to be implemented; but decisions on sequencing should be agreed by the two institutions before the staff visited the country.

Parallel Fund and Bank missions--as opposed to joint missions--were those that took place in the country at the same time but with separate functions, the Deputy Director explained. For joint missions, staff from the other institution participated directly as members of an institution's mission.

It was difficult to generalize with regard to collaboration on arrears cases: in some instances there were large arrears to the Fund with modest or no arrears to the Bank--for example, the case of Sudan--while the reverse also occurred, the Deputy Director observed. The pattern of financing needs thus differed tremendously with respect to the clearance of arrears up front versus the restoration of financial flows in subsequent years; for example, Zambia had extraordinarily large needs up front that would not continue in the next several years. Therefore, there was no alternative to the case-by-case approach.

One disappointing aspect of collaboration over the past year had been the exchange of staff, which should be encouraged, the Deputy Director noted. The exercise was an important one that would promote effective teamwork through greater knowledge of the institutions. Of course, there was a natural tendency on the part of the staff of any institution to feel that out of sight was out of mind. The opportunity for advancement could occur unexpectedly, and staff members would need reassurance that they would not be excluded from consideration if they were part of a staff exchange.

He could take up Mr. Finaish's question about Egypt bilaterally, the Deputy Director suggested. On the issue raised by Mr. Monyake concerning the staff's interpretation of the language in the Joint Memorandum that described primary responsibilities and the need to avoid cross-conditionality, the most important consideration was the determination of the ultimate decision-making authority. One institution did not transfer its authority over conditionality, tranche releases, approval of programs, and so forth to the other institution. It was recognized that the Bank would take the macroeconomic context into account in considering approval of programs. It was also clear that the Fund was interested in structural adjustment--a primary responsibility of the Bank--which was critical to the ability to implement macroeconomic policies. But in no instance had the ultimate decision-making authority not rested with the institution that had the authority to approve the use of resources; there had not been a transfer of specific conditionality of one institution to the arrangement of another.

The intention was to promote collaboration between the two staffs in the case of arrears, the Deputy Director said. However, some authorities had chosen to distance themselves from the institution after falling into arrears, making it difficult for the staff to be an active party in the collaboration process. But with the enhanced collaborative strategy and the process by which countries in arrears could help to rectify their situation, there was evidence in many cases that the situation was changing.

The comment had been made by Mr. Filosa that the differences of views between the staffs might be the result of flawed analytical work, the Deputy Director of the Exchange and Trade Relations Department recalled. Staff with high levels of education, good backgrounds, and the best of intentions could conduct analytical work and reach different conclusions; also, the impact of particular policies differed from one program to another and thus could result in dissimilar presumptions on the part of the staff. Such considerations reflected the importance of determining appropriate sequencing and of defining areas of primary responsibility. Mr. Posthumus had observed that competition could generate light on many subjects and that different perspectives on the part of the Fund and the Bank could prove fruitful. However, it was important to be mindful of the danger that competitive regulatory authority had sometimes led to the lowest common denominator in setting standards. While energy should not be expended unduly on eliminating differences so that there was agreement on all issues, the reasons for dissimilar views should be discussed so that they could be eliminated to avoid conflict and achieve a consistent framework between the two institutions. Of course, the staff was aware of some of the differences cited by Mr. Mawakani; however, he had some concerns about Mr. Mawakani's perception of widespread problems, and he would take up the matter on a bilateral basis.

Mr. Mawakani noted that the staff's response with respect to cross-conditionality did not address the issues cited in paragraphs 10, 79, and 81. For example, if a member was in arrears to the Fund, that status would negatively affect the member's relationship with the Bank.

The Deputy Director of the Exchange and Trade Relations Department remarked that the Joint Memorandum set out, for instances where a member was in arrears to one institution while the other institution might be considering a lending operation, procedures, first, to assess the creditworthiness of the country in light of the arrears to the other institution, and second, if management should decide nevertheless to proceed, to have the Board of that institution react informally to management's plans. The Joint Memorandum also described the procedure in the situation where one institution had substantive problems with the thrust of a country's policies while the other institution was moving forward with financial assistance--for example, if despite the Fund's negative assessment of a member's macroeconomic situation, the Bank decided to proceed with an adjustment loan, the Bank Board would be informed informally of the Fund's position and given an opportunity to explore the situation before reaching a decision on approval or disapproval of the loan. Incidentally, the latter situation had not arisen since the Joint Memorandum had been agreed.

Mr. Filosa said that he agreed with the staff's comment that differences in views did not necessarily result from flaws in analysis; however, there were important cases in which a sound analytical base had been lacking. For example, the oil projections for Mexico had been based mistakenly on the future price, which had no scientific or predictive value. In other less dramatic but more important cases--for example, Poland--the statistical base had been inadequate to make projections. In the cases he had described, the staff had not made convincing arguments with economic theory, data, or experience that its proposed path was the best one. It would be beneficial to have the Bank and Fund staffs become familiar with their respective views and thus avoid the adverse effects of dissimilar prescriptions.

Mr. Posthumus inquired whether the comment in paragraph 20 of the report--that the Fund staff was discussing steps for effective collaboration with the Bank staff in areas such as poverty and the environment--indicated that the Fund was building up expertise in order to collaborate with the Bank or that the Fund was simply trying to define its role in those areas.

The Deputy Director of the Exchange and Trade Relations Department replied that the latter position was more accurate. Within the context of Fund-supported programs, poverty and the environment had to be addressed to a certain extent, following the Board's guidance. The Fund would look into ways in which program design could better take account of poverty issues, such as the way possible adverse effects on certain vulnerable groups in the population could be mitigated. However, the Fund would rely on the Bank to undertake the detailed body of work incorporating poverty profiles and household surveys, areas where the Fund did not intend to develop expertise. Similarly, the Bank had established an entire department devoted to environmental issues, and the Fund would play a complementary role.

Mr. Finaish commented that the case of Egypt served as an example to show that it was not sufficient to agree on areas of specialization for the Fund and the Bank. The Fund mission could not simply define the optimum adjustment path without paying attention to the implications for debt of structural reform. For Egypt, the Fund mission had recommended real positive interest rates at the outset of the program, while the Bank had considered that, given the state of the financial and banking system, such a policy would have serious negative implications for the banking sector. Fund-Bank coordination on such an issue was important, and the institutions should have made more of an effort to reach agreement.

The Acting Chairman made the following summing up:

Executive Directors reaffirmed the importance of strong collaboration between the World Bank and the Fund in order to serve members with maximum effectiveness. At the same time, Directors emphasized that each institution must retain its differing but complementary role and focus its efforts on its particular area of primary responsibility and expertise. The Bank should continue to focus on structural reforms and on policies for effective allocation of resources in both the public and private sectors, while the Fund should continue to focus on the aggregate aspects of macroeconomic policies and related policy instruments and institutions.

In reviewing recent experience, Directors agreed that the procedures laid out by the managements of the Bank and the Fund, as confirmed and expanded in their 1989 Joint Memorandum, have worked reasonably well. The working relationships had improved and the process of collaboration had become more transparent and systematic for all parties, namely, the staff, the Board, and the member. Requests for financial support had not been presented to one Board in the presence of substantive reservations by the other institution. Directors encouraged the staffs to maintain a close working relationship at the operational level, timely exchange of documents, and close contact in the field, including the use of joint and parallel missions and cross-participation in missions. The staff was also urged to draw as appropriate on the results of technical assistance provided by the other institution as well as by third parties.

A number of Directors noted that collaboration, though effective, was time consuming. While differences in judgment and policy recommendations could be readily identified by close staff interaction, their resolution still took time. Concern was expressed that collaboration not become too heavy or bureaucratic, and some Directors suggested the need to avoid excessive duplication of staff skills, whether related to macroeconomics on the one hand, or to issues such as poverty alleviation and the environment on the other.

It was recognized by all Directors that given the distinct purposes and mandates of the two institutions, and the complexity of the problems facing members, differences of view were to be expected. These differences could be helpful, provided that they were not translated into differing advice to member countries. Some Directors, drawing on their own experience, stressed that the resolution of differences of view between the two staffs should not lead to delays in the provision of financial assistance to member countries.

Directors saw no immediate need for revised or additional procedures. Nevertheless, Directors mentioned some areas where more effort could be focused, particularly overdue obligations, where close working relationships were seen as essential. Similarly, they pointed to the need for strengthened collaboration with respect to helping countries avoid arrears and to implementing the debt strategy, so that consistent policy guidelines and advice could be provided to member countries to resolve their debt difficulties. Some Directors emphasized that the staffs should work together on certain aspects of program design, for example, the sequencing of structural reforms.

With respect to policy framework papers in the context of the structural adjustment facility (SAF) and enhanced structural adjustment facility (ESAF), Directors considered that the process has evolved to better serve its original purpose through collaboration between the staffs and between the staffs and the country authorities. Further efforts should be made to promote a more central role for the recipient countries and a greater but informal involvement of donors.

A number of Directors addressed the question of PFP-like documents for middle-income countries. While some Directors endorsed the concept of developing joint PFP-like documents for such countries, the support of other Directors was qualified. Several Directors emphasized the usefulness that, in their view, such a document would have for centrally planned economies in transition or for economies undergoing major macroeconomic and structural transformation. Other Directors were less convinced of the desirability of having such a joint document for middle-income countries. The importance of the member country concerned agreeing to the PFP-like document was stressed. A paper could be prepared to examine the circumstances under which a document might be useful, but before initiating action the two managements will consult and report to their Boards.

On specific aspects of collaboration, most Directors encouraged the exchange of staff on two- to three-year secondments at middle or senior levels, perhaps as part of the mobility policies of the two institutions.

With respect to the procedures for PFP missions, some Directors felt that more frequent use of single mission chiefs, particularly from the World Bank, would be useful, while recognizing that the PFP is an integral element of SAF/ESAF arrangements, and therefore is closely related to Fund program negotiations. On another matter, the question of a standing joint committee on administrative matters was raised and there was support for the suggestion that a joint background paper on the pros and cons be prepared for the Board's consideration.

It is important that Executive Directors convey to the staff and to management any instances where they consider that Bank-Fund collaboration could be improved. Only in hearing directly from those Directors who have day-to-day contact with their authorities and consequently with the staffs of the Bank and the Fund in action in the field can we determine whether Bank-Fund collaboration is working well.

DECISIONS TAKEN SINCE PREVIOUS BOARD MEETING

The following decisions were adopted by the Executive Board without meeting in the period between EBM/90/125 (7/30/90) and EBM/90/126 (8/8/90).

2. THE BAHAMAS - TECHNICAL ASSISTANCE

In response to a request from the Bahamian authorities for technical assistance in the central banking field, the Executive Board approves the proposal set forth in EBD/90/222 (7/30/90).

Adopted August 2, 1990

3. CAPE VERDE - TECHNICAL ASSISTANCE

In response to a request from the Cape Verdean authorities for technical assistance in the fiscal field, the Executive Board approves the proposal set forth in EBD/90/217 (7/25/90).

Adopted July 30, 1990

4. MYANMAR - TECHNICAL ASSISTANCE

In response to a request from the Myanmar authorities for technical assistance in the fiscal field, the Executive Board approves the proposal set forth in EBD/90/226 (8/2/90).

Adopted August 7, 1990

5. EXECUTIVE DIRECTORS' OFFICES - ELECTRONIC DATA PROCESSING (EDP) SUPPORT

The Executive Board approves the recommendation of the Committee on Executive Board Administrative Matters regarding the Global Reports Service pilot as set forth in EBAP/90/204 (7/30/90).

Adopted August 1, 1990

6. EXECUTIVE DIRECTORS' OFFICES - TEMPORARY STAFFING

The Executive Board approves the recommendation of the Committee on Executive Board Administrative Matters regarding the request for an extension of the temporary additional positions in Executive Directors' offices as set forth in EBAP/90/206 (7/30/90).

Adopted August 1, 1990

7. ASSISTANTS TO EXECUTIVE DIRECTORS

The Executive Board approves the appointments of Assistants to Executive Directors as set forth in EBAP/90/208 (8/1/90) and EBAP/90/210 (8/1/90).

Adopted August 6, 1990

8. APPROVAL OF MINUTES

The minutes of Executive Board Meetings 89/157 through 89/160 are approved.

9. EXECUTIVE BOARD TRAVEL

Travel by Executive Directors as set forth in EBAP/90/200 (7/27/90), EBAP/90/205 (7/31/90), and EBAP/90/207 (8/1/90), by Advisors to Executive Directors as set forth in EBAP/90/207 (8/1/90) and EBAP/90/212 (8/3/90), and by Assistants to Executive Directors as set forth in EBAP/90/202 (7/27/90), EBAP/90/203 (7/27/90), and EBAP/90/211 (8/3/90) is approved.

APPROVED: August 5, 1991

JOSEPH W. LANG, JR.
Acting Secretary