INTERNATIONAL MONETARY FUND

Minutes of Executive Board Meeting 89/139

3:00 p.m., October 30, 1989

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

Executive Directors	Alternate Executive Directors
	C. Enoch
	G. C. Noonan
	Zhang Z.
T. C. Dawson	
	J. Prader
E. T. El Kogali	
	S.-W. Kwon
E. V. Feldman	M. Hepp, Temporary
	M. A. Fernández Ordóñez
R. Filosa	
	M. B. Chatah, Temporary
M. Fogelholm	
	O. Kabbaj
G. Grosche	
	S. P. Shrestha, Temporary
	L. E. N. Fernando
A. Kafka	
	J.-F. Cirelli
Mawakani Samba	
Y. A. Nimatallah	M. Al-Jasser
G. A. Posthumus	G. P. J. Hogeweg
K. Yamazaki	

L. Van Houtven, Secretary and Counsellor
D. J. de Vos, Assistant

Also Present

Administration Department: G. Rea, Director; H. J. O. Struckmeyer, Deputy Director; D. S. Cutler, N. S. Jackson, L. A. Wolfe. African Department: J. Artus. Asian Department: P. R. Narvekar, Director. European Department: M. Russo, Director; M. Guitián, Deputy Director. Exchange and Trade Relations Department: L. A. Whittome, Counsellor and Director; J. T. Boorman, Deputy Director; T. Leddy, Deputy Director; S. Kanesa-Thasan, J. Landell-Mills. Fiscal Affairs Department: V. Tanzi, Director. Legal Department: R. H. Munzberg, Deputy General Counsel. Middle Eastern Department: A. Tahari. Research Department: M. Goldstein, Deputy Director; B. B. Aghevli, G. Hacche, E. Hernández-Catá, D. Villanueva, P. Wickham. Secretary's Department: C. Brachet, Deputy Secretary; J. W. Lang, Jr., Deputy Secretary; G. Djeddaoui, R. S. Franklin. Treasurer's Department: D. Williams, Deputy Treasurer; D. Gupta, O. Roncesvalles, A. J. Tweedie. Western Hemisphere Department: S. T. Beza, Counsellor and Director. Bureau of Statistics: J. B. McLenaghan, Director. Special Advisor to the Deputy Managing Director: W. A. Beveridge. Advisors to Executive Directors: N. Adachi, Z. Iqbal, D. Powell, A. Raza, N. Toé. Assistants to Executive Directors: B. A. Christiansen, S. Gurumurthi, A. Hashim, J. Heywood, L. Hubloue, L. I. Jácome, K.-H. Kleine, R. Marino, J. A. K. Munthali, A. Rieffel, S. Rouai, M. J. Shaffrey, J. C. Westerweel, Yang J.

1. WORK PROGRAM

The Executive Directors resumed their consideration of the Managing Director's statement on the work program and a tentative schedule of meetings (Secretary's Circular No. 89/142, 10/23/89).

Mrs. Hepp made the following statement:

We basically agree with the work program and the work priorities proposed for the next months by the Managing Director.

As pointed out at the beginning of this discussion, the Ninth Review of Quotas should be the issue of highest priority on the agenda during the following few weeks, in order to complete the review by end-1989. We think that an early start is needed, and welcome the suggestion to hold a discussion on November 3, 1989.

On the world economic outlook, surveillance, and international capital flows, we can agree with the dates proposed for the various discussions. International capital flows, particularly capital repatriation, are critical issues in program design; they indeed merited special consideration in the recent Board discussions on the financing of debtor countries' external financing gaps (EBM/89/109 and EBM/89/110, 8/25/89). We will be highly interested in the staff's work on the determinants and systemic consequences of capital flows, which, as indicated by the Managing Director, will be available for Board discussion in mid-1990. If priorities are to be set, and if possible, we would favor advancing the discussion on this matter to the first quarter of 1990. Also, the structure and content of the related papers are a matter of great interest to this chair.

We look forward to the planned discussion in March 1990 reviewing the progress in implementing the debt strategy. We also welcome the preparation of other analytical papers on debt, which will be circulated in due course.

On access policies and the Fund's liquidity position, we agree with the issues proposed for discussion, particularly the review of the compensatory and contingency financing facility. Given the relatively low utilization of the facility, we hope that this discussion can lead to a more usable and effective instrument in future programs.

We agree with the Managing Director on the need for a cautious and prudent approach on the matter of establishing an independent evaluation unit. We would like to have the opportunity to further discuss this question, so that the Board can

clearly evaluate the potential costs and benefits that such a unit would have in terms of strengthening the internal review process.

We have noted the studies requested by the Development Committee. Given the need for setting priorities among these tasks, further analysis of the impact on developing countries of trade policies and protectionist measures in industrial countries could be included in the world economic outlook papers. We see this matter as an aspect of structural reform in industrial countries. The conclusions of the staff in the world economic outlook could be used as a basis for complying with the request of the Development Committee.

In the same line of thought, the paper on the Fund and poverty issues could be considered as a complement to the review of conditionality. This would help to enrich the discussion on the impact of conditionality, particularly in the cases of poor countries, by allowing a broader perspective in the review of conditionality, or an analysis of different angles of the same problem.

The Managing Director noted that the burden on the staff of the Development Committee's request that the Fund keep under study several particular issues would, unfortunately, not be lessened by transferring the work to the world economic outlook papers.

Mr. Fogelholm made the following statement:

The proposed work program is again ambitious, and is overloaded with issues that will need to be discussed before the Interim Committee meeting next spring. Clearly, it will pose a heavy work burden for both the staff and the Board, and will undoubtedly require that priorities be established. This is no easy task, however, as much of the work relates to ongoing business, or to special assignments by either the Interim Committee or the Development Committee. It is also difficult to identify items that, in practice, could be given a lower priority. However, matters that are studied primarily by other institutions or organizations--such as the effects of financial integration and tax issues--could be reported and commented on by the staff without the necessity for further research, or for the Board to hold further discussions.

I join other Directors in expressing regret at the heavy concentration of work during particular periods, which is a problem that we do not seem to be able to eliminate. In this connection, although it is perhaps a minor issue, it would be beneficial for planning by Directors' offices if the Secretary's Department adopted a practice of issuing the tentative schedule

regularly, for instance, every second week, regardless of the number of changes or additions to the schedule. Such regular schedules should not, of course, prevent the Secretary from issuing them on an ad hoc basis, whenever needed.

A negative effect of the uneven, albeit generally heavy, work load has been the periodic inability of the staff to provide the required background material on important policy issues with sufficient time for Directors' evaluation before Board discussions. This has also made it difficult to consult fully with home authorities. The review of the debt strategy, including the first country applications, is a case in point.

My authorities attach the highest priority to completing the Ninth Quota Review, and to the continuing work on the debt strategy. We can support the Managing Director's approach to dealing with the quota issue. However, a quick decision on the quota increase is required if the Board is to solve the remaining issues within the specified time frame.

We support the suggested outline of the world economic outlook, and are pleased that greater attention is being paid to assessing the evolution of potential output in the major industrial countries. We view this as a part of the Fund's ongoing efforts to remove structural impediments in industrial countries. We also welcome the proposed study on international capital flows, to be carried out by a working party of outside experts.

The experience gained so far with the revised debt strategy is relatively limited. Accordingly, a comprehensive evaluation and discussion of the current guidelines and the Fund's involvement would be of little value at this stage. Therefore, the principal discussion on the revised debt strategy should indeed take place in March 1990. In this connection, it would be worth examining the potential effects of the revised debt strategy on countries that have managed their economies successfully, despite high external debt.

The proposed schedule for discussion of the international monetary system and the questions regarding the SDR corresponds with my chair's priorities. We very much welcome continued discussions on the functioning of the exchange rate system, and support holding a seminar in February 1990 on major issues in the evolving international monetary system. It would be most productive if the staff provided a paper for this seminar. However, the specific studies on the SDR could be postponed until after the Annual Meetings to avoid a heavy strain on staff resources.

Fund conditionality has been dealt with in a fairly comprehensive manner during the past two years. While we attach great importance to ongoing reviews of this issue, we are not yet convinced of the need to establish an independent evaluation unit for this purpose--at least not until there has been a fuller assessment of the matter. We share management's view that the Executive Board should remain the final arbiter of the conditions for, and quality of, Fund-supported adjustment programs.

Bunching discussions on staff benefits and other personnel issues is desirable. We very much welcome the work under way regarding gift and estate taxes. Moreover, I appreciate the interest taken in exploring the possibility of simplifying the salary system for Directors' assistants. Like Mr. Jalan and Mr. Posthumus, I believe that the issues raised by the Ombudsman and the Staff Association would warrant discussion by the Board at some point. Such discussions, as well as other in-house administrative discussions--over which the staff has, in principle, full control--could well be scheduled for periods of low Board activity, such as in the weeks preceding the discussion on the work program.

We share management's view that the work relating to the reform of centrally planned economies merits high priority, and that this work will absorb a considerable amount of area departments' resources. This might even require a reallocation of staff resources, and/or a redesign of the Fund's surveillance functions in general. Against this background, and like Mr. Posthumus, I am concerned that we are constantly postponing the review of the procedures for surveillance.

The Development Committee has requested background information and studies on a variety of topics. Of these, we believe that work on the impact of debt relief measures warrants particular attention before the next Development Committee meeting.

In light of the increased importance of the external image of the Fund, we look forward to the Fund's study on poverty and the report on the institution's external relations activities.

Mr. El Kogali made the following statement:

Like other Directors, I would like the Board to make a head start on the work related to the Ninth General Review of Quotas. The Managing Director's suggested deadline of November 25, 1989, appears reasonable if the Board of Governors is to complete the Review by end-1989, in line with the decision of the Interim Committee. The proposed deadline is not far off, and I hope that it will be feasible to incorporate in the tentative work

schedule the suggested three to four Board discussions required. To this end, I was pleased to learn that an initial meeting has been scheduled for November 3, 1989.

We look forward to the discussion on the paper regarding policy coordination and balance of payments assistance of multilateral and bilateral aid agencies. As indicated by the Managing Director, this matter is closely related to the policy framework paper process, and it might therefore be useful to consider it in conjunction with the review of the structural adjustment and enhanced structural adjustment facilities, which is scheduled for some time before the Interim Committee's spring meeting. I do not have strong views on postponing that review to June 1990, if it would alleviate the heavy work load on the Board. The discussion on policy coordination and balance of payments assistance of aid agencies could be considered in December 1989 on its own as currently proposed. In this connection, I wish to request that the paper would explicitly address the role of the traditional development assistance needed for project financing and infrastructural development. My concern is that all external aid has become conditional.

Regarding the question of the establishment of an independent evaluation unit, the Managing Director has raised some legitimate points that should be taken seriously in further considerations of the matter. I see some merit in establishing such a unit, and would like to associate myself with the comments of Mr. Jalan and Mr. Kafka. The Fund could benefit from a sound, well-informed critique, which could further improve the effectiveness of the Fund's operations. This view should not conflict with the fact that the Board would remain the final arbiter of Fund-supported programs.

On the study under way on the experience with African monetary arrangements, I am sympathetic to the suggestion to extend that study to include the adjustment experiences outside those arrangements in sub-Saharan Africa. Such an extension could add an important dimension to the study. However, caution should be exercised in the study; in this connection, I associate myself with Mr. Mawakani's remarks.

I have nothing much to add to the Managing Director's well-balanced remarks on overdue financial obligations. I hope that the next six-monthly review will provide an opportunity to evaluate the effectiveness of the remedial measures implemented already. As we have repeatedly stressed in the past, much could be gained from emphasizing the cooperative aspects of the collaborative approach in appropriate balance with the implementation of remedial measures.

The proposal to follow closely the problems faced by some heavily indebted countries that are neither eligible for debt relief under the Toronto initiative nor the Brady plan is most welcome. I hope that appropriate relief measures for such countries would be designed expeditiously, and be put in place.

The studies requested by the Development Committee are very important. We place high priority on the evaluation of the impact of debt relief measures for the heavily indebted low-income countries. We also look forward to discussing the paper on the Fund and poverty issues. In this connection, we would hope to consider the design of Fund programs in the context of alleviating the burden of adjustment on the poorest members of society. I was pleased to hear the Managing Director's comment, in response to Mr. Jalan, that the Fund is already working cooperatively with the World Bank on this matter.

The Secretary and Counsellor noted that the staff would keep in mind the concerns expressed by Directors in proceeding with its work on the estimation and evolution of potential output.

He wished to reassure Directors that the staff's work on international capital flows would be carried out in a multipronged fashion which should make it possible to avoid problems of scheduling the various papers on capital flows for Board discussion, the Secretary continued. The working party of outside experts for the study on the measurement of international capital flows had yet to be commissioned; the staff study on the determinants and systemic consequences of capital flows was under way already; and the papers for the coming review of international capital markets in 1989 would shed further light on capital flows, as would aspects of the papers needed for the spring 1990 meeting of the Development Committee, and the next paper reviewing the implementation of the strengthened debt strategy. Moreover, in the framework of Article IV consultations, the question of capital flows would be examined in individual country cases.

The biennial review of the procedures for surveillance would not constitute a substantive reassessment of the principles of surveillance over exchange rate policies, but would primarily be an examination of the implementation of those procedures, the Secretary stated. It was apparently the Board's view that the biennial review should be postponed until after the spring 1990 meeting of the Interim Committee.

In the paper reviewing progress in the implementation of the strengthened debt strategy, to be discussed in March 1990, the staff would include analysis of the need to avoid diverting financial support from the countries that had been able to preserve their access to international financial markets, the Secretary remarked. The staff would also take into consideration the countries that were neither eligible for the Toronto Summit rescheduling terms nor likely to benefit much from the Brady

initiative. He hoped that the papers for the discussion on the management of the debt situation would satisfy a Director's wish for further work on the debt overhang. The paper in preparation on the introduction of a provision on early repurchases in connection with member's purchases derived from set-asides would be scheduled for Board discussion in the light of the specific operational needs that might arise in the coming country cases.

The Board appeared to favor holding the seminar on major issues in the evolving international monetary system in early 1990, the Secretary noted. In that connection, one Director had made a useful suggestion that the Fund encourage SDR transactions with individual members and explore means of increasing the number of participants in such two-way transactions.

The decision in the paper on the enlarged access policy and access limits for 1990 would be approved on a lapse of time basis, and subsequently be reviewed again in the light of the outcome of the Ninth Review of Quotas, the Secretary added. The staff hoped that there would be some flexibility in the timing of the review of the structural adjustment and enhanced structural adjustment facilities, keeping in mind the pace at which the Fund accumulated experience, the urgency of operational issues that might arise in regard to the two facilities, and the pressure on the Board in late March and April 1990. The Board might have to extend the December 1, 1989 deadline for the review of the compensatory and contingency financing facility, and consider, separately, the cereal imports component of that facility by December 1, 1989. He would examine whether it was possible to advance the paper on the prolonged use of Fund resources.

Careful note had been taken of the comments made by numerous speakers on the question of the possible establishment of an evaluation unit, the Secretary continued. Perhaps an exploratory memorandum examining the pros and cons of establishing such a unit, and outlining possible different approaches to a unit, might be circulated.

In view of the need to give multilateral and bilateral aid agencies timely feedback from the Fund, he hoped that the Board's consideration of the paper on the policy orientation and balance of payments assistance of those aid agencies would not be delayed for long, the Secretary said.

He wished to assure a Director that a thoroughly revised booklet on the operations of the Treasurer's Department had been drafted, and would be finished in the not too distant future, the Secretary commented.

Directors had fully endorsed the Managing Director's views on overdue financial obligations, the Secretary observed. An effort would be made to see whether it was possible to review the collaborative approach at an earlier date than envisaged; but he would assure Directors--in line with the progress report on developments regarding arrears for the May 1990 meeting of the Interim Committee--that the Board would be kept fully

informed of any developments in the area. Material on the financial consequences of compulsory withdrawal of member countries would be circulated to Directors in due course, but not necessarily during the period of the current work program, given that the question was not yet an operational one.

He had taken into account Directors' view that a piecemeal approach to dealing with administrative matters should be avoided, the Secretary remarked. The Staff Retirement Plan would first have to be considered by the Pension Committee before being taken up by the Board. The quadrennial survey of benefits should, in the meantime, be ready for Directors by late December or January 1990, and Directors should keep in mind that the survey had to be prepared in close collaboration with the World Bank. Work was proceeding on the review of the Medical Benefits Plan, and he would note that the paper on the eligibility criteria for staff benefits would not be for purposes of a comprehensive review, but only for addressing a few specific issues. Work on the comparatio was also proceeding.

With respect to the work program of area departments, he had noted the suggestions of Mr. Grosche, Mr. Enoch, and Mr. Jalan, the Secretary indicated. In particular, Directors had agreed on the importance that had to be attached to the Fund's work on market-oriented reform in centrally planned economies.

If Directors wished to hold a seminar on the paper on the principles for calculating currency amounts under the operational budgets, that desire could of course be accommodated, the Secretary added. The staff would certainly prepare material in a timely fashion on progress in the Uruguay Round, and on Fund/Bank collaboration.

He wished to reassure Directors that the staff's research into analytical and empirical issues in the design of Fund policy advice remained a high priority, and that the words used implied a broader focus of research than the term "program design," the Secretary pointed out. The staff believed that it would be of limited utility to submit a paper summarizing its research thus far; and in the light of operational experience, it was intensifying its examination of the issues that bore on Fund policy advice. To facilitate and intensify the staff's work, an interdepartmental group had been established to help identify issues in areas that required further analytical and empirical work.

The recently circulated papers on tax harmonization in the European Communities and on the international coordination of tax policies could be delayed if that was Directors' preference, the Secretary mentioned. He would attempt to provide additional tentative dates for the discussions of a number of further policy papers.

Mr. Nimatallah stated that the Fund should encourage trade liberalization beyond the Uruguay Round alone. It should keep trade issues under continuous study, and should coordinate its efforts with the GATT, the World Bank, and within regional trade agreements to that end.

The Managing Director commented that the responsibility for trade policies, in effect, had perhaps been shifted somewhat too much from the Interim Committee to the Development Committee. It might be necessary to encourage the Interim Committee to pay greater attention to trade issues during the follow up to the Uruguay Round, given the Fund's responsibilities under its Articles of Agreement for promoting free trade.

Mr. Posthumus said that it was important for the Board to have a clear understanding of the financial consequences of possible compulsory withdrawal of member countries before such an eventuality would have to be considered.

The Managing Director responded that the staff was looking closely at the financial consequences of possible compulsory withdrawal and that the relevant material would be forwarded to Directors soon.

Mr. Posthumus added that he also wished to point out, particularly in the context of the review of the principles and procedures of surveillance, that the question of exchange rate policy should be central to the staff's work on the design of Fund policy advice.

He also wished to note, Mr. Posthumous continued, that the paper circulated for the review of the enlarged access policy indicated that the policy would have to be reviewed in the light of the outcome of the Ninth General Review of Quotas, and no later than the effective date of a quota increase. It was important to have a conclusive discussion of the enlarged access policy well before that effective date.

The Secretary added that the 1977 document on the principles and procedures for surveillance called for a biennial review, although the majority of Directors had, on recent occasions, indicated that the document did not need to be reviewed substantively. With respect to the review of the implementation of surveillance, the Board had suggested that the staff should undertake a relatively broad review including, inter alia, the bicyclic consultation procedure. In operational terms, it would not be necessary to complete the review by April 1, 1990; it could, instead, be completed after the spring 1990 Interim Committee meeting.

The question of exchange rate policy and exchange rate regimes was uppermost in management and the staff's mind, the Secretary confirmed. The last paragraph of the Managing Director's opening statement had mentioned that the continuing research into analytical and empirical issues in the design of Fund policy advice would focus on exchange rate policy and exchange rate regimes, among other topics.

Mr. Grosche said that he agreed that it would be useful to review the enlarged access policy in the light of the outcome of the Ninth Quota Review. If the quota increase was small, the Fund would have to be careful and stay well within the maximum access limits. He wished to

inquire whether the paper for the review of experience with multilateral official debt rescheduling would be discussed by the Board, or be approved on a lapse of time basis.

The Managing Director responded that he was amenable to the suggestion of Mr. Posthumus and Mr. Grosche that the review of the enlarged access policy be delayed somewhat, to take into account the Ninth Quota Review. As for the paper on multilateral official debt rescheduling, in view of the heavy agenda, it would be useful to take it up on a lapse of time basis. However, it might be necessary for the Board to discuss the paper if particular questions arose within the following few months.

It was disappointing that it had not been possible to better distribute the work load during the period after the Annual Meetings, the Managing Director considered. By way of partial explanation, the intense series of discussions with Ministers and Governors at those meetings had made many staff papers obsolete. Every effort would be made to solve the problem of the Board's uneven work load.

He endorsed the response of the Secretary on the work on analytical and empirical issues in the design of the Fund's policy advice, the Managing Director said. The staff would not approach program design from a theoretical and rigid point of view, but would clearly identify the issues and areas that required further analytical and empirical work, with a view to improving the quality of the Fund's policy advice to countries with Fund-supported adjustment programs. To that end, a special working group had been established by the Deputy Managing Director, who would inform Directors of progress in due course.

The use of Article VIII in cases of exchange restrictions evidenced by payments arrears had been discussed in great detail earlier in 1989, without the Board having reached a consensus on that important question, the Managing Director continued. The Fund, in the meantime, had embarked on implementing the strengthened debt strategy, and it was therefore incumbent on the institution not to give commercial banks a wrong signal that the Fund was currently reverting to the matter. At present, the Fund had to convey the idea that it would make every effort to implement the strengthened debt strategy in a voluntary and cooperative fashion. If the role of the commercial banks in the strengthened debt strategy failed to meet the Fund's expectations, the guidelines for the Fund's involvement in the strategy were sufficient for the institution to apply its policy on financing assurances with appropriate flexibility. Beyond that point, the Fund would consider the use of all instruments at its disposal, including Article VIII, although he would prefer that the question of the use of Article VIII not be taken up by the Board in the following several months.

He was grateful to Directors for their suggestions on how to economize on the work load of the staff and the Board, including, in particular, the suggestion to streamline background papers on recent economic developments, the Managing Director remarked.

2. POLAND - REPORT BY STAFF

The Director of the European Department said that a mission had visited Poland prior to the Annual Meetings to establish contact with the new Government and to begin discussions that would lead to an agreement on a Fund-supported adjustment program. The discussions had continued in Washington during the Annual Meetings, at which the authorities had been able to indicate to other governments the broad outlines of their future policy package. As for himself, he would soon join a mission in Poland that was discussing the technical issues involved in the intended policy package. If the discussions were successful, that package would likely consist of a stand-by arrangement, which might later lead to a medium-term program of structural reform.

With the aid of several alternative scenarios, the aim of the mission currently in Poland was to quantify a policy package to meet the authorities' general objectives, the Director of the European Department continued. Upon its return, and after quantifying the financing gap, the mission would brief the Group of Twenty-Four donor countries. That gap included emergency imports, other aid, and medium-term credit for financing the expected structural reform--including export credits, as well as rescheduling under the Paris Club. The Polish authorities had indicated that they might also need a bridge loan for the purposes of supplementing their reserves and for ensuring confidence in exchange rate policies, rather than for financing a balance of payments gap. Once the financing that would be provided to Poland had been clarified, a staff mission would return to the country to finalize the negotiations on a policy package, and would help select the best alternatives among the various scenarios that had been put forth.

To enhance the chances for the success of a program, an interim staff mission, headed by a senior staff member of the Fiscal Affairs Department, would visit Poland to discuss questions of tax administration, tax reform, expenditure control, and the management of state enterprises, the Director of the European Department pointed out. That mission would overlap with the current mission, and would help the authorities and the staff already in Poland to devise detailed measures for achieving the agreed fiscal deficit target within the context of a medium-term reform of the tax system. At the authorities' request, a further mission, organized by the Central Banking Department, would help coordinate technical assistance to the Bank of Poland.

The pace of the discussions had been relatively slow thus far, because it was difficult to quantify the financing gap and also the probable trend in the balance of payments, in view of the uncertainties and recent disruptions--including in the collection of statistics--in the period before the new Government took office, the Director of the European Department observed. It was his understanding that the negotiations had been making progress and that the authorities were making serious efforts

to halt the economic deterioration in 1989. The issues were complex, and the new Polish authorities were few in number and were responsible for numerous tasks in addition to the current negotiations.

Mr. Posthumus noted that a number of countries had indicated that they were prepared to assist Poland, on the condition that a Fund-supported adjustment program was first in place. He was concerned that emergency aid might be included in that condition, and considered that the Managing Director should make an effort in the coming weeks to inform donors that delays in such aid would neither be helpful to Poland nor based on good reason.

The Managing Director said that he agreed with Mr. Posthumus's important point.

The Director of the European Department responded that emergency aid was being provided to Poland and that it was not subject to an agreement being reached with the Fund. It was not entirely clear, however, which of the promised financing would be disbursed in the absence of, or before or after, the conclusion of a stand-by arrangement. Even so, it would not be surprising if some of the financing promised would be disbursed in advance of the stand-by arrangement, particularly export credit. It was his understanding that export credits had been partly reopened to Poland. In any event, the difficult task would be devising the policy package, quantifying it, and then clarifying the various measures that could produce the intended results, but with different consequences for income distribution. The authorities could then weigh the merits of those measures and their various implications.

The Managing Director commented that, while it was essential to stabilize the Polish economy as soon as possible, the agreed program would need to be a good one. To ensure the quality of the program, and taking into account the fact that the new Government had been in office for only a short period, the Fund would have to run the risk of there being possible delays in securing an agreement, and therefore the associated risk of criticism that the program was tardy and was preventing the disbursement of other financing.

DECISIONS TAKEN SINCE PREVIOUS BOARD MEETING

The following decisions were adopted by the Executive Board without meeting in the period between EBM/89/138 (10/30/89) and EBM/89/139 (10/30/89).

3. GHANA - TECHNICAL ASSISTANCE

In response to a request from the Ghanaian authorities for technical assistance in the fiscal field, the Executive Board approves the proposal set forth in EBD/89/338 (10/24/89).

Adopted October 30, 1989

4. EXECUTIVE BOARD TRAVEL

Travel by an Assistant to Executive Director as set forth in EBAP/89/251 (10/27/89) is approved.

APPROVED: June 28, 1990

JOSEPH W. LANG, JR.
Acting Secretary