



# Office Memorandum

To: Members of the Executive Board

March 18, 1999

From: The Secretary

A handwritten signature, likely of the Secretary, is written in dark ink. It consists of a stylized, cursive 'M' followed by a few loops and a dot.

Subject: **Summing Up on Transparency and Fund Policies—Revision**

In response to requests by several Executive Directors, on page 2 of the summing up on Transparency and Fund Policies, the third full sentence has been revised and a new sentence has been added, as indicated, to read:

Several speakers felt that voluntary release of staff reports would serve to enhance the effectiveness of Fund advice by heightening public scrutiny of the staff's analytical work and by better informing the debate of members' policies, *thereby strengthening Fund accountability*. Directors opposed to the voluntary release of staff reports *were concerned that such a release would likely impair the candid nature of the dialogue between the staff and the authorities, as well as the frankness of the staff's report to the Board.*

The revised summing up is attached.

Attachment



BUFF/99/29

Revised: 3/18/99

March 10, 1999

**Summing Up by the Acting Chairman  
Transparency and Fund Policies—Further Steps; and Review  
of the Policy on Access to the Fund's Archives  
Executive Board Meeting 99/23  
March 8, 1999**

Executive Directors welcomed the opportunity to review the Fund's recent experience with transparency and to consider possible next steps in this area. They noted that since the July 1998 Board meeting, there has been continuing discussion—both in the Fund and other forums—of the value of the timely release of information on members' policies, including the Fund's assessment of these policies. Directors generally agreed that there had been a significant move toward greater transparency in Fund policies and operations. In particular, Directors observed the increasing frequency with which members agreed to the release of Public Information Notices (PINs) following the conclusion of Article IV consultations, the declining average lag between the issuance of the summing up and the issuance of a PIN, and the declining frequency of modifications to the Executive Board assessment in the PIN. They also welcomed the increasing publication by members of Letters of Intent/Memoranda of Economic and Financial Policies (LOIs/MEFPs) and Policy Framework Papers (PFPs), and the Fund's greater openness in releasing other documents concerning its policies and operations. In this regard, many Directors were of the view that there should be a presumption in favor of releasing information on surveillance, programs and Fund policies, and that efforts should be made over time to make this principle fully operational.

On promoting enhanced transparency in the context of surveillance, Directors agreed that PINs provide an important means of communicating the Fund's views of members' policies to the public, and therefore agreed that the Fund should continue to actively encourage the release of PINs following Article IV consultations. Directors agreed to retain the current policies, namely, that deletions in the Executive Board's assessment should be minimal and limited only to highly market-sensitive information, which consists mainly of Fund views on exchange rate and interest rate matters, and that in cases of serious disagreement regarding such deletions, the matter will be considered by the Board. Some Directors suggested that there was scope for making PINs more reader friendly. Directors agreed that it would be appropriate to review the experience with PINs following Article IV consultations again in one year.

Directors considered the staff's proposal to authorize the voluntary public release of staff reports for Article IV consultations and use of Fund resources. All Directors stressed the importance of maintaining the Fund's role as confidential advisor to each member country, as

well as the quality and candor of staff reports, in particular to ensure the effectiveness of Board discussions. However, they differed in their assessment of the extent to which these aims would be at risk if the Fund decided to proceed immediately with the voluntary release of staff reports. Directors supporting the proposal were encouraged by the successful experience with regard to the release by members of PINs and LOIs/MEFPs and PFPs,

\* including the absence of any evidence of adverse market reactions. Several speakers felt that voluntary release of staff reports would serve to enhance the effectiveness of Fund advice by heightening public scrutiny of the staff's analytical work and by better informing the debate

\*\* of members' policies, thereby strengthening Fund accountability. Directors opposed to the voluntary release of staff reports were concerned that such a release would likely impair the candid nature of the dialogue between the staff and the authorities, as well as the frankness of the staff's report to the Board. Moreover, those Directors considered that any adverse public reaction that could arise from public issuance was likely to have a disproportionately larger effect in the case of smaller countries, for which the Fund's policy advice was the most visible—and often the only—external assessment of a country's policies. The staff was also requested by a few Directors to prepare a note on the legal aspects of the publication of staff reports and the applicability of Article XII, Section 8 for the release of staff reports. The Board will come back to the issues raised by the release of staff reports in the near future, taking into account Directors' comments, in particular as to whether ways could be found that bridge the considerations of openness and confidentiality through appropriate safeguards.

On transparency and the use of Fund resources, Directors agreed that the current policy of strongly encouraging publication of LOIs/MEFPs and PFPs—and posting them on the Fund's web site—has generally been working well. The Board agreed to continue the current policy, and several Directors thought it would be important to revisit the issue of mandatory release of these documents in the near future.

Directors agreed there was scope for improving the dissemination of information to the public on the assessment of members' programs supported by the use of Fund resources. The Board agreed on the public release of a short statement by the Chairman emphasizing the key points made by the Board in approving or reviewing the arrangement with the member. With regard to voluntary release of summing ups or PINs for UFRs, it was agreed to revisit the issue in the near future.

The Board agreed to the proposal to provide a mechanism for the release of PINs following discussions of policy papers. While noting that the substance of many policy discussions had been communicated to the public in recent months through a variety of documents, Directors agreed that a more systematic approach to the release of this information would be beneficial in inviting a better informed public debate on Fund policies. Accordingly, they supported having the Chairman solicit views of Directors at the time of a

\* sentence revised

\*\* sentence added

Board meeting on policy issues as to the desirability of releasing a PIN. The PINs for policy discussions would be based on a summary of the paper and the Chairman's summing up of the Board meeting. The experience with PINs for policy discussions would be reviewed in one year.

Executive Directors welcomed the opportunity to review the current archives policy and to consider proposals to liberalize access to the archives. They believed that further liberalization of access would contribute to a better understanding of the Fund's policies and practices, and would be a transparency-enhancing step. There was broad support for a reduction of the 30-year rule to 5 years for access to Executive Board documents, and to 20 years for other archival contents. Taking into account the work involved in preparing the archives for a wider opening, Directors supported the staff proposal for a transition period of six months before the new policy goes into effect. Limitations on access established at the original opening of the archives will remain unchanged. Directors agreed that staff should prepare proposals on additional categories of material that could be released under the 5-year rule. Directors agreed to review the experience with the new access policy in two years, with a view to a possible further liberalization of access.

A Secretary's understanding of the agreed amendment to the decision relating to the opening of the Fund's archives will be issued shortly.

Following the forthcoming Board discussion on side letters, Directors agreed to revisit before the Spring meetings the issues of the release of staff reports for Article IV consultations and use of Fund resources, summings up and PINs following UFR discussions, and LOI/MEFPs and PFPs, as well as any needed revisions to Board decisions.