

INTERNATIONAL MONETARY FUND

The Fund’s Transparency Policy—Review of the Experience and Next Steps

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(In consultation with the External Relations and other Departments)

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EXECUTIVE SUMMARY

1. This paper reviews the experience with transparency of the Fund's activities and its members' policies. Transparency of the Fund as an institution has now become much more systematic. Fund missions consult more regularly with a broad group of interested parties. The Independent Evaluation Office has been established to provide objective and independent evaluation of issues related to the Fund. The Fund's transparency has also been increased through external consultations on, and independent evaluations of, its own policies and more systematic publication of policy papers. Finally, the Fund has enhanced the provision of information to the public through its website, and a substantial percentage of documents covering a wide range of topics is now published. Overall, activities of the Fund are now subject to much greater public scrutiny.

2. This review of implementation of the Fund's publication policy which was established in January 2001 suggests that there has been a significant increase in the availability of information about the Fund and its assessments of members' policies. Prior to 1994, mostly research-oriented working papers and some background papers to Article IV staff reports were published by the Fund. The only publicly available information on an Article IV consultation was a brief summary for selected countries in the Fund's Annual Report. Details of Fund programs and Article IV consultations were considered highly confidential. Now the Fund publishes a wealth of information about its economic policy advice, lending activities, and analysis of key topics in a wide range of countries and issues. Currently, nearly all country policy intention documents of the authorities are published. Under the present policy, over half of use of Fund resources (UFR) and 60 percent of Article IV staff reports are published, although their release by members varies considerably across regions.

3. The steps taken by the Fund to increase its transparency have been favorably received outside the Fund. However, some would like to see more progress, including:

- more systematic publication of Article IV staff reports and use of Fund resources (UFR) staff reports; they deem the current pace of publication insufficient;
- clearer and more direct language in published country staff reports;
- quicker access from archives of Executive Board minutes and the voting record of the Executive Directors;
- wider debate on the Fund's policy development; and
- publication of documents in languages other than English.

4. The guiding principles adopted by the Board have helped guard against the risk of loss of candor in staff reports and that staff reports become negotiated documents.

Nevertheless:

- the objective of publication may encourage staff to shade the presentation in staff reports and encourage the authorities to avoid sensitive issues in their discussions with staff; and
- while the number of deletions to published documents has been limited, the volume of corrections continues to be large and some changes may be serving as a vehicle for some redrafting of staff reports.

5. This paper proposes the following steps enhancing Fund transparency:

- encourage more systematic release of Article IV and UFR staff reports, examining the merits of voluntary and presumed publication;
- move to a policy of presumed publication of key policy papers and policy Public Information Notices (PINs);
- allow publication of Letters of Intent and Memoranda of Economic and Financial Policies (LOIs/MEFPs) at the request of the authorities after their circulation to the Board and before Board discussion;
- extend the deletions policy to include highly market-sensitive performance criteria and structural benchmarks that could be communicated in a side letter; and
- accelerate the access from the archives of Board minutes from 20 to 5 years.

6. This paper also proposes that the Board complete the next review of the Fund's transparency policy in about 18 months.

7. Later in 2002, Directors will review the Fund's external communication policy, including the issue of publication in languages other than English. The topic of publication of technical assistance documents will be taken up in the forthcoming review of Fund technical assistance in June 2002. The review of the Fund's archives policy is now envisaged for Board discussion in late 2002.

I. INTRODUCTION¹

8. In January 2001, in implementing the Fund's transparency policy the Executive Board adopted a decision on voluntary publication of country documents.² Under this policy, the Fund encourages the publication of country documents, while taking into account the specific circumstances of each member, including those relating to different institutional and political contexts; publication of country policy intention documents is presumed. This policy recognizes that for some members publication could be a longer-term objective.

9. A public information notice (PIN) summarized the policy of voluntary publication and other steps taken by the Fund to increase its transparency, and articulated the following broad aims: (i) to encourage more widespread analysis of the members' policies by the public; (ii) to enhance the accountability of policymakers and the credibility of policies; and (iii) to promote consensus building on domestic policy.³

10. When taking the publication decision, the Board also agreed on a set of guiding principles and the modalities, which together delineated the Fund's publication policy in line with the broad objectives of Fund transparency. The *publication decision* adopted by the Board defined the key elements of the Fund's publication policy (Box 1) and it provides for a review of its implementation after 18 months, and periodically thereafter. The *guiding principles* (Appendix I) aimed in particular at ensuring that frankness in policy discussions is maintained, striking the appropriate balance between transparency and confidentiality, and continually improving the quality of staff reports. The *modalities* provide the specific guidelines for the implementation of the key elements of the Fund's publication policy.

11. This paper reviews the experience with greater transparency of the Fund's operations and its members' policies. It is organized as follows: Section II focuses on the experience with the publication of country reports, together with the treatment of deletions and corrections; Section III proposes continuation of the present policy of voluntary publication for Article IV and combined Article IV/UFR staff reports and discusses the merits of moving to presumed publication of staff reports, presumed publication of policy papers and PINs,

¹ The principal contributors to this paper are Przemek Gajdeczka and Ydahlia Metzgen.

² See Publication Policies of the Fund; Decision No. 12405-(01/02) January 4, 2001. See also Public Information Notice: "IMF Reviews the Experience with the Publication of Staff Reports and Takes Decisions to Enhance the Transparency of the Fund's Operations and the Policies of Its Members." January 12, 2001. The text of the *publication decision*, *modalities* and *guiding principles* are reproduced in Appendix I. The Fund's archives policy was modified in 1999, and the key changes were to allow access to Executive Board documents that are five years old and other documents that are 20 years old (except for strictly confidential and secret material); see Decision No. 11915-(99/23), March 8, 1999.

³ IMF Reviews the Experience with the Publication of Staff Reports and Takes Decisions to Enhance the Transparency of the Fund's Operations and the Policies of its Members, Public Information Notice No. 01/3, January 12, 2001.

publication of LOIs/MEFPs after issuance to the Board but before Board discussion, extension of the deletions policy to market-sensitive performance criteria and benchmarks, and public access to Executive Board minutes after 5 years instead of 20 years. The final section presents issues for discussion.

Box 1. Key Elements of the Fund's Publication Policy

- Voluntary publication of staff reports (Article IV; combined Article IV/Use of Fund Resources (UFR) staff reports; and stand-alone UFR staff reports).
- The presumption that Letters of Intent/Memoranda of Economic and Financial Policies (LOIs/MEFPs) and other documents stating a government's policy intentions would be published; however, a member may notify the Board of its decision not to consent to Fund publication of a document.
- Publication of PRSPs, I-PRSPs, and PRSP progress reports is required for management to recommend endorsement by the Executive Board.
- Voluntary publication of Public Information Notices (PINs) following Article IV consultations and Board discussions on regional surveillance papers, concluding mission statements, background documentation for Article IV consultation discussions, and documentation for staff-monitored programs.
- Publication of staff reports on policy issues, together with PINs, based on case-by-case decisions of the Board.
- Deletions should be limited to highly market-sensitive information, mainly exchange rate and interest rate matters.
- Corrections should be limited to factual changes and characterizations of the authorities' views.
- The member concerned has the right of reply and may publish a statement with the staff report commenting on the staff or Executive Board assessment or both.

II. IMPLEMENTATION OF THE FUND'S TRANSPARENCY POLICY

A. Key Developments

12. The Fund has further enhanced transparency of its operations, and the experience with publication of country documents has been encouraging.⁴ (See Table 1.) As the membership has embraced transparency, the number of members publishing their policy intention documents and agreeing to publication of staff reports has gradually increased.

⁴ All statistics used in this section refer to documents discussed by the Executive Board as of February 28, 2002 and published as of March 31, 2002.

Table 1. Country Documents Published Under the Transparency Decision

(Board Documents Discussed During January 04, 2001 to February 28, 2002 1/)

(Published as of March 31, 2002)

Document Types	Number of Documents		Documents Published (In percent of documents discussed)	Published Documents		Lag in Publication (Average number of working days since Board discussion)
	Discussed	Published		Deletions (in percent of documents published)	Corrections	
Staff Reports	268	171	64	12	53	22
Article IV (excluding Combined)	107	63	59	13	67	22
Article IV combined with UFR or PPM	41	26	63	12	46	25
UFR (excluding Combined)	73	41	56	22	61	23
Post Program Monitoring (stand-alone)	4	1	25	0	0	35
Staff Monitored Program (stand-alone)	2	0	0	0	0	...
Joint Staff Assessments	32	31	97	0	10	11
HIPC Country Papers	9	9	100	0	89	40
REDs/Selected Issues/Statistical Annexes	153	89	58	1	40	30
FSSAs	22	11	50	18	73	36
ROSC modules	130	95	73	0	...	...
Public Information Notices (PINs) 2/	154	129	84	3	4	15
Regional Surveillance Discussions	5	3	60	0	100	10
Country Policy Intention Documents	248	236	95	1	13	4
LOIs/MEFPs	126	118	94	1	14	4
TMUs	90	86	96	2	12	4
PRSPs, I-PRSPs, and related reports	32	32	100	0	9	4
UFR Chairman's Statements	...	108	...	...	...	...
Authorities' statements issued for staff reports 3/	...	67	...	...	...	...

1/ Transparency and Fund Policy - Decision and Modalities recommends that documents be released within 10 working days following the Board discussion. Data include documents issued for information and for consideration on a lapse of time basis by the Executive Board.

2/ Includes PINs issued following Board discussion of staff reports on Article IV consultations, Post-Program Monitoring, and Regional Discussions.

3/ Does not account for authorities' statements that are included in ROSCs.

13. The publication policy has delivered the following results:

- An important initial step in bringing greater transparency to the Fund's lending operations was the publication of LOIs/MEFPs.⁵ Currently, nearly all country policy intention documents of the authorities (subject to presumed publication policy) are published. In addition, almost all Chairman's Statements, created as an instrument in 1999 for summarizing Executive Board views on members' programs, have been published. Under the policy established in January 2001, over half of staff reports covering the use of Fund resources are now released. Publication rates are highest for Central and Eastern Europe, CIS countries and Asia, and lowest for Western Hemisphere, Middle East and Africa.
- For surveillance, the extent of the publication of information is significant. The release of Executive Board views in the form of PINs is now the norm. Some 60 percent of Article IV staff reports (including combined Article IV/UFR reports) are published (see Chart 1). All industrial countries and nearly all countries in Central and Eastern Europe authorized publication of the staff reports. Publication rates were lowest for countries in the Middle East (20 percent), Asia (36 percent) and Africa (46 percent). Mission concluding statements are also published following many Article IV missions, and 43 such statements were published through end-March 2002.
- In addition, about three-quarters of the Reports on the Observance of Standards and Codes (ROSCs) and about half of the Financial System Stability Assessments (FSSAs) are published. Some 58 percent of background papers for Article IV consultations are also published, providing additional information on economic and financial developments in member countries.

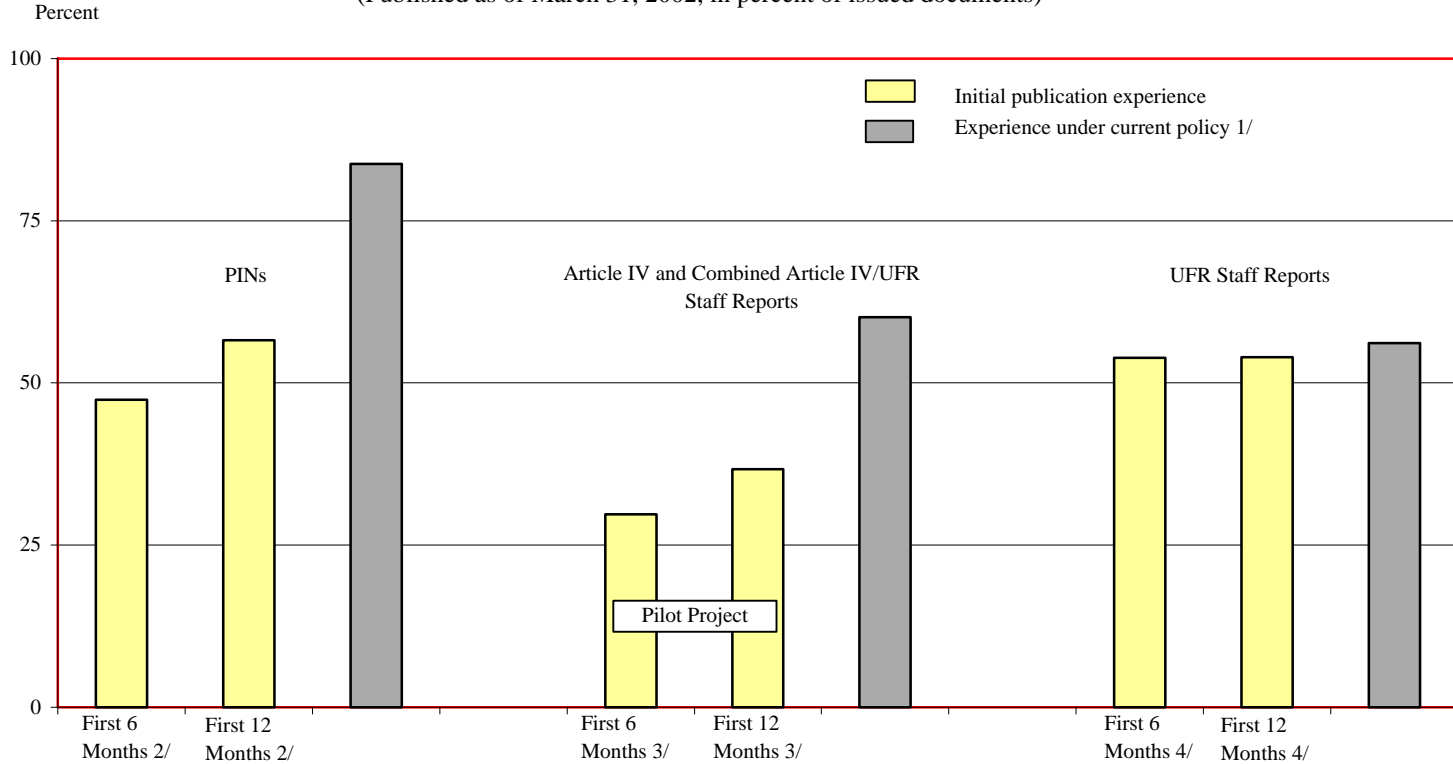
14. As noted, the Fund is now more transparent in its own policies and operations. To illustrate this, twenty-one of twenty-six staff papers on policy issues were published in 2001, accompanied by PIN/Summings Up of the Executive Board discussions in about half of these cases.⁶ In addition, the Fund has conducted a dialogue with the general public on some key policy issues. In June 2001, the Managing Director's work program statement was published for the first time.

⁵ *Transparency and Fund Policies—Decision and Modalities for the Pilot Project for the Publication of Article IV Staff Reports* Decision No. 12405-(01/02), January 4, 2001; and Decision No. 11973-(99/58).

⁶ Papers on Fund policy issues that resulted in a summing up; excluding other non-country papers that resulted in a summing up (e.g., WEO) and papers on administrative issues (e.g., budget) of the Fund.

Chart 1. Change in Publication Rates of Country Documents Following Publication Decisions

(Published as of March 31, 2002, in percent of issued documents)



1/ Documents discussed during January 4, 2001 through February 28, 2002 and published as of March 31, 2002.

2/ Since May 1, 1997 (Decision on Release of Press Information Notices),).

3/ Since June 3, 1999 (Pilot Project for the Publication of Article IV Consultation Staff Reports, Decision No. 11973-(99/58)).

4/ Since January 4, 2001.

15. As called for under the Fund's publication policy, the number of authorized deletions has been limited. However, the number of corrections remains large.⁷ The processing of deletions and corrections was a key factor extending publication lags relative to the experience reported in the previous review (14 days). The average publication lag for Article IV and UFR staff reports ranged from 22 to 25 days, well above the 10-day guideline. The shortest lags were for country policy intention documents and Joint Staff Assessments (JSAs) (4–11 days), while the longest lags (40 days) were for HIPC country papers.

16. In recent years, the Fund has increasingly sought external views on key policy issues. Such outreach activities have had different formats (conferences, seminars, workshops and forums) and have covered a broad spectrum of issues, including conditionality, transparency, standards and codes, poverty reduction strategies, the experience with the Financial Sector Assessment Program (FSAP), and public debt and foreign exchange reserve management guidelines.⁸ These initiatives have been favorably received by the public.

17. An important change has also taken place in the Fund's mission work. Fund missions now consult more systematically with a broad group of interested parties, including representatives of civil society and the markets.

18. In July 2001, the Executive Board established the Independent Evaluation Office (IEO) to provide objective and independent evaluation of issues related to the Fund. It is intended to *inter alia* strengthen the Fund's external credibility and promote greater understanding of the work of the Fund throughout the membership. The IEO operates independently of management and at arm's length from the Fund's Executive Board, while supporting the Board in its governance and oversight. The IEO's work program is made public, its issues papers are posted on the Fund website for public feedback, and there is a strong presumption that IEO reports will be published.

19. The Fund has systematized and enhanced the provision of information to the public, in particular through its website. Information is now shared with the public on the internal operations of the Fund, its liquidity position, finances, and lending operations, as well as on other aspects of its operations, such as employment policy, the code of conduct and financial disclosure requirements of the staff, and such administrative activities as its procurement policies. There has been also an increased use of the Fund's archives.

⁷ Management approved deletions in 30 published country documents. There were 1,076 corrections on 542 pages of the 90 published staff reports.

⁸ Since January 2001, there have been 16 Fund seminars with external participation, conferences, and workshops.

B. The Impact of Transparency

20. As noted, substantial progress has been achieved in the dissemination of information to markets and the public generally about members' policies and the Fund's operations and policies. However, transparency is not an end in itself. Systematic and timely publication of Article IV staff reports and PINs is intended to strengthen Article IV surveillance by facilitating better risk assessment and strengthening public support for countries to adopt and maintain good policies. The effectiveness of surveillance also depends on the Fund's ability to remain a confidential and candid advisor to members—a longstanding concern of the Board. Similarly, the published UFR staff reports establish a context for understanding LOIs/MEFPs, PRSPs and I-PRSPs, thereby enhancing information on Fund-supported programs provided to markets. This section reviews both the impact of publication on markets and the public and the Fund. On balance, the overall impact of the Fund's increased transparency appears positive.

Transparency, private markets, and the public

21. As part of this review of experience under the transparency policy, the staff conducted several limited surveys to assess the reaction of the public to published staff reports.⁹ The feedback received has been rather modest and thus conclusions drawn must be interpreted with caution as they may not be fully representative of a broader sample. This feedback is broadly consistent with the results of the comprehensive (and resource intensive) exercise completed for the August 2000 review.¹⁰ The forthcoming paper on the Fund's external communication policy will provide a more systematic measure of public perceptions not only with respect to published documents, but Fund transparency more generally.

22. The responses to the surveys indicated that staff reports are an important source of information on countries and contributed to a better understanding of economic policy issues

⁹ These comprised an electronic website survey and an survey of journalists, NGOs and others (conducted by the External Relations Department) on published staff reports and other documents. However, the number of responses was low and the respondents did not include financial market participants.

¹⁰ The 2000 review had several components. Most significant as a basis for systematically measuring perceptions—on the part of market participants, academia, civil society, Executive Directors, the authorities and staff—was the work of the external consultant. Surveys and interviews were also conducted by staff with media representatives and financial markets and civil society. In addition, to supplement this approach information was collected systematically based on surveys completed by mission staff and the authorities. A pilot project mailbox and online surveys were established as part of the outreach. Finally, a comparison of coverage of sensitive issues in published and unpublished reports was undertaken. For this review, staff did not undertake an independent and systematic review of this nature to reduce costs and in light of the previous (and recent) extensive review. Surveys were conducted, but the response rate was disappointingly low.

in member countries and appeared to influence the policy debate.¹¹ Some respondents thought that widespread coverage of a staff report in the press limited their ability to decline to publish in the future and some authorities expressed concern about the impact that published staff reports would have on their country's credit rating.¹² Respondents noted the high quality of reports, although the comments on the format of reports were largely negative. There was perception that the language was unnecessarily technical and filled with jargon, in comparison to PINs and Chairman's Statements, which were found to be clearer. Respondents were uncertain about how to interpret the qualified number of Executive Directors reported to express an opinion in PINs.¹³

23. The publication of staff reports and other steps taken by the Fund to enhance transparency of its members have been recognized in several public fora and by many commentators. The Fund has also been applauded for the variety of material it now publishes and for its outreach activities (see Section II.A). At the same time, several observers have called for more progress, in particular with regard to the access to Executive Board minutes and voting records and publication of documents in languages other than English.¹⁴ Some representatives of the official sector and external observers have also called for higher publication rates for staff reports and more transparency of Fund operations.¹⁵

24. Finally, there is growing evidence of increased differentiation in investors' attitudes to emerging market economies during the recent period when some emerging markets came under pressure.¹⁶ The ability of investors to discriminate better across country risks can be at

¹¹ Feedback was received from the electronic survey that accompanied each staff report published on the Fund website, voluntary survey of staff and members' authorities and the external feedback questionnaire sent to journalists and NGOs.

¹² A related concern about the "asymmetrical impact" (larger impact on smaller countries) of publication of staff reports was raised in the context of the 2000 review of the pilot project. While these concerns remain, there was at least one event when according to news reports publication of the staff report for the United States affected the exchange rates of major currencies; see "U.S. Slowdown May Last, Dollar Seen Falling, IMF Says" Bloomberg, August 14, 2001.

¹³ For example, the respondents did not understand how to interpret "a few" or "many" Directors referred to in the PINs.

¹⁴ For example, in the IMF Economic Forum: "Transparency at the International Monetary Fund: The Road Ahead" held at the IMF, in Washington, D.C. on December 13, 2001, Mr. Bradlow criticized the lack of transparency in the way the Fund makes decisions and conducts its operations. See also Disclosure Policy Workshop, organized in Washington, D.C. in May, 2001 by the Carnegie Endowment for International Peace.

¹⁵ See for example the October 2001 US Treasury "Report on Implementation of Recommendations Made by the International Financial Institutions Advisory Commission."

¹⁶ See International Monetary Fund, *Global Financial Stability Report, Market Developments and Issues*, March 2002. See also *Report of the Managing Director to the International Monetary and Financial Committee on the Fund's Crisis Prevention Initiatives* (IMFC/Doc/4/01/10, November 14, 2001).

least in part attributed to increased availability of information on countries' economic performance and policies. Publication of staff reports has contributed to this availability.

Transparency and candor

25. In the context of past discussions of transparency policy, one important concern of Directors was that the Fund maintain its confidential relationship with its members, and preserve the candor of consultation discussions and reporting to the Board. Reports submitted to the Board must not be significantly affected by publication prospects, if they are to provide an adequate basis for Board assessment of economic developments and members' policies. As noted, the Board adopted a set of principles for the Fund's publication policy with a view to (i) achieving transparency while maintaining confidentiality; by (ii) pressing frankness in policy discussions and reporting to the Board; and (iii) improving the quality of staff reports by subjecting them to public scrutiny.¹⁷

26. Among the key considerations in establishing the publication policy has been that Article IV staff reports properly characterize views of the authorities and other country counterparts and provide a candid account of discussions on key issues, including exchange rate and interest rates, the financial sector, and macroeconomic vulnerability assessments. Executive Directors also emphasized that UFR staff reports should continue to include assessments of risks and of members' capacity to repay the Fund.

27. As the Board has recognized, there are risks that greater transparency may lead to less candor in Article IV consultation discussion and reporting to the Executive Board. Recognizing the difficulty in assessing the candor of staff reports, staff looked at two measures—a comparison of published and unpublished staff reports, and surveys of authorities and mission chiefs. Staff used differences in the coverage of sensitive issues in published and unpublished reports as an indicator of the impact of publication on candor. This review found no pattern suggesting that publication has led to significant disparities in the coverage of sensitive issues between published and unpublished reports.¹⁸ This broad result was supported by the surveys of the authorities and of involved staff, although staff working on surveillance cases were more likely to expect publication to put pressure on them to consider its potential impact when writing staff reports. As with Article IV staff reports, the review of stand-alone UFR staff reports revealed little difference in coverage between

¹⁷ Public Information Notice: "IMF Reviews the Experience with the Publication of Staff Reports and Takes Decisions to Enhance the Transparency of the Fund's Operations and the Policies of Its Members," January 12, 2001.

¹⁸ Staff reviewed 144 Article IV and combined Article IV/UFR staff reports for coverage of exchange rate and interest rate issues, external and financial sector vulnerability assessments; and identification of the authorities' views on key policy issues. 111 UFR and combined Article IV/UFR staff reports were reviewed for their assessment of members' capacity to repay the Fund and assessment of risks to the macroeconomic outlook.

published and unpublished reports suggesting there was no impact on the candor of published reports.¹⁹ However, these are very limited measures as the coverage of sensitive issues in staff reports does not necessarily reflect candor.²⁰

28. Some area department staff have expressed concern about pressures they faced to adjust their drafts to facilitate publication. Self-censorship can arise because of concerns about the impact of publication on the authorities' ability to implement policies in the face of internal political processes and the desire to maintain good relations with the authorities so as to preserve access. In the context of this review, Departments indicated that the authorities have occasionally put pressure on staff not to include certain information in staff reports, or the staff have omitted such information in anticipation of such pressures. However, most of these staff thought that these pressures had not adversely affected the substance of staff reports, although it might have affected how the issues were presented.²¹ While key issues are covered in the reports, allowing in their view the effective conduct of surveillance by Executive Directors, the language used may be more guarded and subtle. Staff have also reported a tendency to minimize the discussion of market-sensitive issues in staff reports, to avoid dealing with subsequent time-consuming requests for deletions and corrections.²²

C. Experience with Deletions and Corrections

29. During the August 2000 review of the pilot project for the voluntary publication of Article IV staff reports, Executive Directors expressed concerns about the extent and nature of modifications to published staff reports, noting the pressure on staff from country authorities, in particular those of some industrial countries, not to include certain information in staff reports. To address these concerns the Board adopted policies governing deletions and corrections.²³ Accordingly, the main objectives of the deletions and corrections policies

¹⁹About two-thirds of published and unpublished reports discussed the members' capacity to repay the Fund, and nearly all provided staff recommendations on the use of Fund resources. These assessments are consistent with the conclusions of the 2002 Biennial Surveillance Review, which noted that the core areas of Fund expertise are typically well covered in Fund surveillance. See Public Information Notice No. 02/44, April 18, 2001, "IMF Executive Board Reviews the Fund's Surveillance."

²⁰ Staff have not assessed differences in *how* the reports covered sensitive issues owing to limited resources.

²¹ Respondents to the voluntary survey of staff and members' authorities indicated that the release of staff reports had not affected the candor of the dialogue or the quality of the analysis of reports and publication appeared to enhance the quality of the public debate on economic policy. They also thought, however, that publication had led to more requests for modifications to documents, and that there was pressure to modify staff reports or share drafts with authorities or Executive Directors.

²² The low number of deletions can also be interpreted as consistent with this tendency.

²³ Public Information Notice: "IMF Reviews the Experience with the Publication of Staff Reports and Takes Decisions to Enhance the Transparency of the Fund's Operations and the Policies of Its Members," January 12, 2001

are to safeguard the candor of reporting to the Executive Board, to prevent the trend toward negotiated staff reports, and to ensure that published staff reports are in general the same reports provided to the Executive Board. Under these policies, deletions are allowed but should be minimal and limited to highly market-sensitive information; corrections are to be limited to factual changes and the proper characterization of the authorities' views. Executive Directors asked to be informed of modifications in the published version as close to the Board discussion as possible, with the staff showing clearly the changes to the staff report and indicating the motivation for them.²⁴

Deletions

30. The experience with the implementation of this policy on deletions can be summarized as follows:

- **Deletions have been limited and have mostly conformed with the principles of the policy.** As of end-March 2002, management approved 46 deletions involving 30 documents.
- **A larger proportion of stand-alone UFR staff reports had deletions** (22 percent) than Article IV and combined Article IV/UFR staff reports (13 percent). Nearly all deletions from UFR staff reports covered market-sensitive references to banking problems and future actions of the authorities; in some cases references to the same issue were removed from two or more reports. Most deletions from Article IV reports concerned exchange rate issues and banking problems.
- **For country policy intention documents, deletions were rare.** Specifically, deletions were approved in one MEFP and in two TMUs. In one case, the authorities requested a deletion of a performance criterion assessed by staff as market sensitive. However, such deletions are not allowed under the current policy. In July 2001, a change in policy was proposed to provide for the deletion of market-sensitive performance criteria or structural benchmarks that could be communicated to the Fund in a side letter, but Directors deferred a decision on this issue to the present review.²⁵

²⁴ According to the *Modalities for the Publication of Staff Reports and Other Selected Documents* attached to the January 4, 2001 Publication Policies Decision, authorized deletions and corrections are to be circulated to the Board as close to the Board discussion as possible, preferably in advance of the meeting. The rationale underpinning these modifications should be provided in the Secretary's memorandum on deletions and corrections. A redlined version of the relevant sections of the document should be circulated to provide context for the deletions and corrections.

²⁵ Public Information Notice: "IMF Reviews the Experience with the Publication of Staff Reports and Takes Decisions to Enhance the Transparency of the Fund's Operations and the Policies of Its Members," January 12, 2001.

- Very few **requests for deletions by third parties** were made, and consistent with the deletions policy all such requests were declined.
- Requests for the **deletion of politically sensitive information** (inconsistent with the policy) were few, and one was approved. In four other cases, corrections were made to modify politically sensitive information.
- There were no cases where actual deletions compromised the substance of the report and thus jeopardized the credibility of the Fund.

Corrections

31. The experience with corrections can be characterized as follows:

- The **number of corrections remains high**. More than half of published country staff reports had corrections.²⁶ About sixty percent of all corrections were introduced in stand-alone Article IV consultation reports, compared with about one-fifth in stand-alone UFR staff reports. Over half of the corrections to Article IV staff reports were requested by industrial countries, although this group represented only one-third of the staff reports published.
- **More than half of corrections were made after Board meetings**. Their volume and content raises the question of whether at the time of their discussions Executive Directors could have been better informed.
- The **corrections** process has, **in some cases accommodated deletions** not consistent with the principles of the policy, modifying the staff 's analysis of economic developments and policies.
- In line with the decision on publications policy, **the Board has been systematically notified of corrections and deletions**. However, in most cases, notifications of corrections (and deletions) did not include an explanation of the substantive reason for the changes and they were not redlined. In addition, about half of the corrections to staff reports were circulated to the Board after its discussion and thus Directors could not benefit at the time of Board meeting from information that would later appear in published staff reports.

²⁶ As compared to about forty percent of unpublished reports.

32. Both area and functional departments perceive the implementation of the deletions and corrections policy as very **resource intensive** for staff, management, the authorities, and Executive Directors.²⁷

III. NEXT STEPS

A. Publication Policy for Article IV and UFR Staff Reports: Voluntary or Presumed?

33. In the context of the substantial progress achieved in enhancing the Fund's transparency, several proposals have been put forward for more transparency as a means for further strengthening Fund surveillance and the effectiveness of Fund programs. Executive Directors have discussed on several occasions the benefits and costs of publishing country staff reports. Advocates of more systematic publication of Article IV staff reports (for example, under a presumed publication policy) advanced a number of arguments:²⁸

- Efficient operation of markets could be facilitated by improving access to information and staff analysis, thereby enhancing the capacity of markets to price risk properly.
- Policy makers would be helped in mobilizing public support for taking timely corrective actions to address the identified vulnerabilities.
- The Fund's accountability for its policy advice would be increased as the public would be able to observe over time and compare across countries the Fund's policy recommendations.
- The quality of staff reports would improve as the staff's analysis is subjected to public and market scrutiny.

34. The arguments above and several others can be advanced for presumed publication of UFR staff reports:

- LOIs/MEFPs provide an incomplete picture of the economic policies that underpin an arrangement supported by the Fund. By providing the broader context for the program, the fuller explanation of the country's strategy, and the staff's assessment, the staff report could improve the prospects for program success.

²⁷ The processing of complicated deletions requests in a sample of six staff reports required, on average, involvement of 16 persons extending over 71 days, and an exchange of 51 written communications (e-mails and memoranda) covering 229 pages.

²⁸ For example the statement by the UK Chancellor of the Exchequer Gordon Brown, in "Let IMF publish health checks on economies," by Alan Beattie, *Financial Times*, November 15, 2001 (page 11).

- Greater information on program content can reduce risk premia associated with uncertainty and strengthen the catalytic role of Fund supported programs.
- Releasing details of the program in staff reports could promote greater ownership.
- Releasing staff reports could increase accountability of the Fund for its decisions and improve the incentives faced by staff for providing a carefully balanced appropriately comprehensive picture in program documents.

35. There are also important arguments for maintaining the present voluntary publication policy for both Article IV and UFR staff reports:

- This policy has only been in place for one year, and the full membership not yet had the opportunity to publish under the current policy;²⁹
- The voluntary publication is delivering results while respecting different institutional and political contexts of member countries and giving more time to certain members to take the political and institutional measures that would ultimately allow them to participate. Hence, publication rates, while still relatively low, are rising and member participation is broadening;³⁰
- Notwithstanding the procedures in place to guard against negotiated documents and a shift in audience of staff reports, moving beyond voluntary publication could create greater incentives for the authorities to speak less candidly with staff, for self-censorship by staff, or for the negotiated presentation of sensitive issues in staff reports;
- Presumed publication of UFR staff reports could deter some authorities from approaching the Fund for support at an early stage of emerging balance of payments difficulties;
- Publication of Article IV reports in delicate circumstances could trigger a crisis, while non-publication of a staff report for a member who had previously published a report could also signal a problem; and

²⁹ Article IV consultations have not yet been completed for all members. During January 4, 2001 to February 28, 2002, Article IV consultations were concluded for 140 members, and 60 percent of the associated staff reports were published.

³⁰ The experience with PINs shows that high publication rates can be achieved under the voluntary approach. In the first six months of the PINs policy (since May 1997), publication rates were below 50 percent, while currently they exceed 80 percent, and over 90 percent of members have already published a PIN at some point following an Article IV consultation.

- The content of staff reports is poised to change by strengthening sustainability analysis, analyses of external vulnerabilities and the assessment of program risks, which may reinforce resistance to publication and place additional burdens on the deletions policy.

36. The staff propose to continue to encourage more systematic release of staff reports. The staff believe that the Board should discuss the relative merits of moving to presumed publication of Article IV staff reports and UFR staff reports.

B. Proposed Modifications to the Policies on Corrections and Deletions

37. The review suggests that on balance the deletions and corrections policies have been followed, but the large volume, timing and content of corrections suggest cause for concern.

38. A large number of corrections to staff reports are requested by the authorities (and staff) before publication (but after the Board meeting). As a result, the Board does not benefit from these presumably important changes and the difference between the published staff reports and the ones discussed by Directors increases, contrary to one of the objectives of the Fund's transparency policy. It would thus be important to enhance the incentives to ensure that the Board is fully informed at the time of its discussion. Therefore, staff propose to introduce a presumption that all corrections to staff reports be circulated prior to Board discussion.³¹ This proposed change should also help reverse the trend of increasing publication lags. The motivation for corrections should also be provided. Corrections would continue to be limited to factual changes and misrepresentations of the authorities' views. Staff will continue to monitor implementation of the corrections policy and raise issues with the Board.

39. Staff propose to extend the deletions policy to cover performance criteria and structural benchmarks that are highly market sensitive and that could be communicated to the Fund in a side letter. Given the small incidence of requests for "third party" deletions in staff reports and notwithstanding the use of cross-country comparisons in most Article IV staff reports, staff do not propose a change in those aspects of the deletions policy.

C. Transparency of the Fund's Policies and Publication of Board Minutes

40. **Publication of Policy Papers and Policy PINs.** Under the current policy, after the Executive Board meets on a policy issue, it may decide to publish staff papers with a policy PIN or just a stand-alone PIN. The decision should be guided by whether the discussions

³¹ Under the present policy, there is a preference that modifications to Board documents be circulated prior to Board discussions. This paper proposes to strengthen this policy by moving to the presumption.

have reached completion, and whether informing the public is deemed useful.³² This policy has considerably widened public access to information about Fund policies, and, as indicated above, during 2001 almost all policy papers were published. The staff propose that the current practice of publication of policy papers be codified. That is, the Board would **adopt a policy of presumed publication for policy papers** after the Executive Board meeting (with the exception of papers on administrative matters of the Fund).³³ PINs presenting the Executive Directors' views on the issues were released in half of these cases.³⁴ Adopting a presumption that PINs would be published following discussions of policy issues would be important so that Board views are also disseminated to the public. To improve the process for publication of PINs and to provide an opportunity for Executive Directors to consider the text, it is proposed that draft background sections of policy PINs be circulated to the Board with the policy paper, if staff are recommending publication of the staff paper.

41. **Transparency of Fund decision-making:** At present, the summaries of Board discussions (PINs and Chairman's statements) are released contemporaneously. In comparison, public access to minutes of Board meetings is only with a 20-year lag. Though this compares favorably with the practices of other international organizations and of many central banks, staff propose that the Fund accelerate the access to Executive Board minutes from the archives to 5 years.³⁵ This would enhance transparency, while allowing sufficient time to dampen market-sensitivity of issues covered in Board discussions.

D. Other Issues and Proposals

Transparency and Article IV surveillance

42. **PINs following lapse-of-time conclusion of Article IV consultations:** Under the lapse-of-time procedures for conclusion of Article IV consultations, unless an Executive Director calls for a meeting, a decision is taken stating that the Board endorses the thrust of the staff appraisal of the Article IV consultation report. If the interested authorities wish to

³² The staff's recommendation on the desirability of publication of the staff paper and/or a PIN is indicated on the cover of the staff policy paper.

³³ The proposal does not apply to papers on administrative matters (such as budget, personnel policies, pension and asset management) of the Fund. The Board may return to this issue in the context of discussion of the degree of confidentiality required for the Fund's effective operation.

³⁴ According to the transparency decision, staff should make a recommendation on the publication of a staff policy paper and/or a PIN on its cover. This procedure was designed to facilitate the publication of policy papers and PINs. While this has been effective in facilitating the publication of policy papers, the outcome with respect to PINs has not.

³⁵ Open access to a range of documents was discussed in the 1999 review of transparency and Fund policies, but this proposal was not made at that time.

agree to the issuance of a PIN, the “Executive Board Assessment” section of the PIN would reflect the Board endorsed staff appraisal. In order to ensure that the Executive Board is fully informed of the content of draft Board assessment sections of PINs before their publication, the staff propose that the draft PINs for Article IV consultations to be concluded on a lapse-of-time basis be circulated to Executive Directors (i) separately from the staff report; and (ii) at least three business days before the deadline for lapse-of-time approval. The staff also propose that no reference be included in the PIN to the fact that the Article IV consultation was completed on a lapse-of-time basis, to avoid possible public misunderstanding as to the Board’s ownership of this assessment, which concluded the surveillance process for cases when consultations are completed on a lapse-of-time basis.³⁶

43. **Changes to PINs.** In a few cases, the authorities have challenged the Executive Board’s assessment in the PIN which repeats the summing up, and have proposed a re-draft. Any change to the summing up needs to be checked against the record of a Board meeting and is also subject to Board approval. No change in this procedure is proposed. Other changes to the Executive Board assessments in PINs are limited to deletions of highly market-sensitive information, and it is not proposed to change this policy. There have also been a few requests to update information in background sections of PINs. Revisions to background sections of PINs (circulated to the Board as an attachment to the staff report) will continue to be made to take account of updated information provided in staff supplements and statements issued to the Board.

Transparency and use of Fund resources

44. **Publication of LOIs/MEFPs prior to Board meetings:** Under the present policy, publication of LOIs/MEFPs is presumed, and should take place after the Board meeting. In the context of the PRGF review, this policy was criticized by some civil society organizations and external contributors as insufficiently timely. The staff propose to allow publication on the Fund’s website of LOIs/MEFPs for all Fund-supported programs, on a voluntary basis, after their circulation to the Fund Board, but prior to the Board meeting. The presumption of publication after the Board meeting would remain.³⁷ This proposed flexibility in the timing of publication responds to some authorities’ desire to publish their policy intentions before the

³⁶ From a legal and substantive perspectives, there is no difference between an Article IV Consultation concluded at the Board meeting and one concluded on a lapse-of-time basis.

³⁷ There is no presumption of publication of LOIs/MEFPs for staff monitored programs (SMPs). In the context of the 2002 Biennial Surveillance Review, many Directors supported greater transparency in this area. Other Directors expressed concern that a presumption of publication in SMP cases “may be inconsistent with the Fund’s transparency policy and may, in fact, further blur the distinction between SMPs and Fund arrangements.” It was agreed that a further discussion of signaling SMPs would be useful. See Public Information Notice: “IMF Reviews the Experience with the Publication of Staff Reports and Takes Decisions to Enhance the Transparency of the Fund’s Operations and the Policies of Its Members,” January 12, 2001. A paper on monitoring members’ policies for signaling purposes is now scheduled for Board discussion in August 2002.

Board meeting, and would address criticism by civil society/NGOs. In implementing such a policy, no deletions of prior actions would be permitted and the authorities could decide to publish the LOIs/MEFPs after prior actions were implemented (or before if they so requested). The no deletions rule would avoid having to update the LOIs/MEFPs later and minimize possible credibility problems. This proposal potentially raises questions about the role of the Board, though these documents could be published on the Fund's website with a disclaimer pointing to the need for Board approval.

45. **Overdue obligations:** Under present policy, Chairman's Statements in respect of UFR may not contain any reference to discussions of a member's overdue financial obligations to the Fund. However, there is not explicit guidance on whether or how such material should be presented in other Fund documents.³⁸ At the same time, extensive information is available on the Fund's external website on a member's past and future obligations, its financial position, and other financial information and careful observers would be able to use this information to detect overdue financial obligations in the month following their occurrence. It is therefore proposed to include references to overdue obligations in PINs and Chairman Statements after a press release on such obligations has been issued, if agreed by the member.

46. **Repurchase expectations:** In the context of Board discussion related to the extension of a repurchase expectation under the Supplementary Reserve Facility (SRF) for Argentina, a question arose as to whether a Chairman's Statement should be issued to report on the Board's decision. The publication policy decision does not provide guidance in this regard, although it does state that Chairman's Statements should not refer to a discussion on a member's request to amend a repurchase expectation schedule for purchases in the credit tranches and under the Extended Fund Facility (EFF). Given that in the case of the SRF (and CCL), it is important to inform the markets that the repurchase expectation is extended, the staff propose that information on the extension of repurchase expectations for CCL and SRF could be mentioned in a Chairman's Statement or press release if agreed by the member. A press release was issued following the January 2002 Board decision to extend Argentina's SRF repurchase expectation by one year.

47. **The text of Fund arrangements and Technical Memoranda of Understanding TMUs:** At the August 2000 review, Directors agreed to revisit the publication policy on the text of Fund arrangements and TMUs after further consideration of the coverage of these documents. Given that the text of a Fund arrangement (and decision) must include a reference to a performance criterion or structural benchmark that is communicated in a side letter, the Board did not agree to publication of these documents. Since there were no new

³⁸ The issue of publicizing members' overdue obligations was discussed by the Board on August 22, 2001; on that occasion no decision was taken on whether references to such matters could be included in other Fund documents such as PINs and published staff reports other than UFR staff reports dealing solely with a member's overdue obligations to the Fund.

developments to inform this decision and no new issues have arisen in the implementation of the publication policy with regard to these documents, it is proposed to maintain the current policy of non-publication of the text of Fund arrangements, and publication of TMUs with policy content.

Publication of documents in languages other than English

48. At the 2000 transparency review, Executive Directors requested that staff examine options for publication of documents in languages other than English. At the March 2002 review of the PRGF, Directors again emphasized the merits of publishing LOIs/MEFPs and PRSPs in original languages when original language versions of these documents are provided by the authorities.³⁹ A Publication Policy Task Force has been convened to address these among other issues, and will report its recommendations including budgetary costs at the time of the forthcoming review of the Fund's external communications strategy. Meanwhile, at the request of a few Executive Directors, management has asked staff to add links from the Fund website to non-English versions of country policy intention documents on member countries' official websites. Procedures for adding these links, with a disclaimer regarding the content, were communicated to Directors and the area departments on March 19, 2002.⁴⁰

Coverage of the publication decision

49. The **coverage of the publication decision** will be amended to reflect the fact that Financial System Stability Assessments and Debt Sustainability Analyses are authorized for publication (Appendix II). Following Board consideration of the policy on the dissemination of technical assistance reports, including on module 2 Offshore Financial Center assessments and detailed assessments of standards, the publication decision will need to be amended, as appropriate.

Resource costs

50. The proposals in this paper do not entail additional resource costs or reallocation of resources. However, both area and functional departments perceive the cost of implementing the Fund's publications policy to be high. The Budget Reporting System as currently designed does not have a separate code for tracking staff time allocated to transparency and publication issues. Notwithstanding the experience gained so far, the cost of transparency is

³⁹ See *IMF Executive Board Reviews the Poverty Reduction and Growth Facility (PRGF)*, PIN No. 02/30, March 15, 2002.

⁴⁰ The disclaimer is necessary because the verification of the integrity of documents in national languages has a high cost and is difficult to manage, as the site owners can modify content at their discretion (the link could be to a document different from the one originally verified).

likely to remain high as the resources absorbed in iterations and discussions between staff, the authorities, management and the offices of the Executive Directors are not likely to change significantly. These efforts are necessary to ensure that authorized requests are carefully considered and decisions are consistent with the broader objectives of the Fund's transparency policy. In addition, there will be costs associated with the publication of documents in languages other than English and enhanced access to Fund Archives (to be discussed later this year).⁴¹

IV. ISSUES FOR DISCUSSION

51. This paper assesses the experience with the Fund's transparency policy as broadly favorable. Transparency has now become much more systematic in Fund operations.

52. Under the Fund's publications policy the availability of information about members' policies and the Fund's policy advice has increased. The release of PINs and Chairman's Statements providing Board views on surveillance and Fund-supported programs, respectively, is now common. The publication rate for Article IV and UFR staff reports is about 60 percent of documents discussed by the Board and nearly all policy intention documents are published. Feedback from authorities, staff and external observers, though limited, shows signs that publication of staff reports is enhancing the quality of the public debate and having some market impact. *Are Directors satisfied with the progress achieved so far in implementing the Fund's transparency policy and the impact of increased publication of staff reports?*

53. Surveys of staff raise some concern that the publication policy creates incentives for staff to shade the presentation of staff reports in anticipation of, and in response to, pressures from the authorities. *Do Directors believe that pressures to publish and publication of staff reports have come at the expense of the candor of discussions in staff reports?*

54. *Against the backdrop of the arguments outlined above (see Section III.A), do Directors agree to continue to encourage more systematic release of staff reports? How do Directors view the relative merits of moving to presumed publication of Article IV staff reports and UFR staff reports?*

55. The deletions and corrections policies have been on balance followed. Yet there are indications of some misuse with implications for candor in reporting to the Board. There are also concerns about the large volume and nature of corrections to documents after the Board meeting and uniformity of the application of the deletions policy with respect to performance criteria and structural benchmarks. In this regard, the paper proposes that: there should be a

⁴¹ The associated resource costs will be provided in the forthcoming reviews of the Fund's external communication strategy and Archives policy.

presumption that corrections to staff reports would be circulated prior to Board discussion; the deletions policy for requests by third parties would not be changed; and that the current deletions policy would be maintained except to allow the deletion of highly market sensitive performance criteria and benchmarks that could be communicated in a side letter. *Do Directors agree with these proposals?*

56. Under the present policy, publication of LOIs/MEFPs is presumed, and should take place after the Board meeting. This paper proposes to allow publication of all LOIs/MEFPs on the Fund's website, if requested by the authorities, after their circulation to the Fund Board, but prior to the Board meeting. Prior actions would not be deleted. The presumption of publication after the Board meeting would remain. *Do Directors agree with this proposal?*

57. Under the current publication policy, after a discussion on a policy issue, the Executive Board may decide on a case-by-case basis to publish staff papers with a PIN or a stand-alone PIN. Almost all such policy papers were published, and half of them with PINs. The paper proposes to adopt a policy of presumed publication for policy papers and PINs after the Executive Board meeting (with the exception of administrative papers). To facilitate more systematic publication of PINs with policy papers staff propose that draft background sections of policy PINs be circulated to the Board with the policy papers when proposed for publication. *Do Directors agree with this proposal?*

58. At present, minutes (official transcripts) of Board meetings are available from Fund Archives with a 20-year lag. In response to calls for more transparency of the Fund's decision making, the paper proposes to accelerate access of Executive Board minutes from the archives to 5 years. *Do Directors agree with this proposal?*

59. For Fund surveillance this paper proposes: (i) not to include references in the PINs that the Article IV consultation was completed on a "lapse-of-time" basis; and (ii) circulate the draft PIN for Article IV consultation to be concluded on a "lapse-of-time" basis at least three business days before the expiration of the "lapse-of-time" deadline. *Do Directors agree with these proposals?*

60. For use of Fund resources this paper proposes to: (i) include references to overdue obligations in Chairman's Statements after a press release (overdue obligations over three months) has been issued, if agreed by the member; and (ii) publicize information on the extension of repurchase expectation for CCL and SRF through a Chairman's Statement or a press release, if agreed by the member. *Do Directors agree with these proposals?*

61. *Do Directors agree to a review of the Fund's transparency policy in about 18 months?*

INTERNATIONAL MONETARY FUND

Transparency and Fund Policies

Executive Board Decision – January 4, 2001

PUBLICATION POLICIES OF THE FUND—DECISION

Authorization and Consent

1. The Managing Director shall arrange for publication by the Fund of the documents on the attached list, subject to the consent of the member concerned in the case of Documents 1–11, 13, and 16–17 and to the authorization of the World Bank in the case of Documents 6 and 11. For purposes of this decision: (i) Documents 1–4, 6, 9–10, 11, 13, and 17 will be referred to as “Country Documents,” (ii) Documents 5, 7–8, and 16 will be referred to as “Country Policy Intentions Documents;” and (iii) Documents 14 and 15 will be referred to as “Fund Policy Documents.”
2. The Executive Board encourages each member to consent, where required, to the publication by the Fund of a document under this decision. It is recognized that for some members such publication would be a longer-term objective.
3. In the case of Documents 5–8 and 11, which pertain to a member’s use of Fund resources, a member’s consent for Fund publication shall be voluntary but presumed. Such presumption means that if, in a particular case, a member does not wish to consent to Fund publication of a document, the member will need to notify its decision and should provide an explanation, which may be done through an Executive Director appointed, elected, or designated by the member, before the Executive Board takes a decision relating to the member’s use of Fund resources. In the case of a Chairman’s Statement (Document 10), if the member does not consent to its publication by the Fund, a brief factual statement describing the Executive Board’s decision relating to the member’s use of Fund resources (including any information on waivers, HIPC initiative decisions, and endorsements of Documents 5) will be released instead. In the cases of Documents 1–4, 9, 13, and 16–17, publication shall be voluntary.
4. In the case of a member’s Poverty Reduction Strategy Paper (PRSP), Interim PRSP, or PRSP progress report (Document 5), the Managing Director will not recommend its endorsement by the Executive Board if the member concerned does not consent to its publication.
5. For the purposes of paragraph 1, a member’s actual consent shall normally be communicated to the Secretary of the Fund. Such consent may be communicated by the Executive Director elected, appointed, or designated by the member.

6. In respect of documents circulated to the Executive Board for which publication requires a member's consent, the Secretary's cover note will indicate whether a communication has been received from the member in this regard and, if so, the member's intentions.

Member's Statement Regarding Fund Staff Reports

7. If a Fund staff report (Documents 1, 9, and 17) on a member is to be published under this decision, the member concerned shall be given the opportunity to provide a statement regarding the staff report and the Executive Board assessment. Such statement shall be communicated to the Fund and published together with the staff report.

Deletions

8. Prior to publication of a Country Document, or a certain Country Policy Intentions Document (Documents 7–8) that has been the basis of a Fund decision, or Document 16, the member concerned may propose deletions to the Managing Director. In the case of a serious disagreement between the Managing Director and the member, the Managing Director, or the Executive Director elected, appointed, or designated by that member, may refer the matter to the Executive Board for its consideration. Deletions should be limited to highly market-sensitive information, mainly exchange rate and interest rate matters. In particular, deletions will not apply to information in the public domain or politically sensitive information that is not highly market sensitive. In the case of Documents 7–9 and 16, performance criteria (if applicable) and structural benchmarks may not be deleted.

9. Deletions will not generally apply to a PRSP, an Interim PRSP, or a PRSP progress report that has been the basis of a Fund decision.

Chairman's Statements in Respect of Use of Fund Resources

10. After the Executive Board adopts a decision regarding a member's use of Fund resources (including a decision completing a review under a Fund arrangement), or completes a discussion on a member's participation in the HIPC Initiative, PRSP, Interim PRSP, or PRSP progress report, a Chairman's statement on the discussion, emphasizing the key points made by Executive Directors, will be released to the public. Where relevant, the Chairman's statement will contain a summary of HIPC Initiative decisions pertaining to the member and the Executive Board's views on the member's PRSP, Interim PRSP, or PRSP progress report. Waivers for nonobservance, or of applicability, of performance criteria, if any, will be mentioned in the press release containing the Chairman's statement. Before the statement is released, it will be read by the Chairman to the Executive Board and Executive Directors will have an opportunity to comment at that time. The Executive Director elected, appointed or designated by the member concerned will have the opportunity to review the Chairman's statement, to propose very minor revisions, if any, and to consent to its publication

immediately after the Executive Board meeting. Notwithstanding the above, no Chairman's Statement released under this paragraph shall contain any reference to a discussion or decision pertaining to: (i) a member's overdue financial obligations to the Fund; or (ii) a request to amend a repurchase expectation schedule pursuant to paragraph 1(b) of Decision No. 5703-(78/39) or paragraph 10(a) of Decision No. 4377-(74/114). In the case of an Executive Board meeting pertaining solely to a discussion or decision described in either (i) or (ii) above, no Chairman's statement will be released.

Fund Policy Documents

11. After the Executive Board meets on policy issues, it may decide to publish the staff report considered at the meeting (Document 14) and/or a Public Information Notice (PIN, Document 15) on the discussion. The factors on which this decision shall be based shall include whether the discussions have reached completion or, if not completed, whether informing the public of the state of the discussions would be useful. The staff shall make a recommendation on the publication of a staff policy paper and/or a PIN on its cover. A PIN on policy discussions will be based on the decision that may have been adopted by the Executive Board or the Chairman's summing-up of the discussions. It will also include a short section setting out background information.

Timing and Means of Fund Publication

12. Documents may be published under this decision only after their consideration by the Executive Board, except for: (i) PRSPs, Interim PRSPs, or PRSP progress reports; (ii) documents circulated to the Executive Board for information only; and (iii) Reports on Observance of Standards and Codes (ROSCs). Documents under items (i) and (ii) may be published immediately after circulation to the Executive Board. Documents under item (iii) may be published after notifying the Executive Board of the intention to publish.

13. Publication by the Fund under this decision shall mean normally publication on its website but may include publication through other media.

Repeal of Superseded Decisions

14. The following decisions are repealed: (i) "Use of Fund Resources – Release of Chairman's Statement," Decision No. 11971-(99/58), adopted June 3, 1999; (ii) "Public Information Notices for Policy Matters," Decision No. 11972-(99/58), adopted June 3, 1999; (iii) "Publication of Letters of Intent, Memoranda of Economic and Financial Policies and Policy Framework Papers," Decision No. 11974-(99/58), adopted June 3, 1999; and (iv) "Release of Information—Reports on Recent Economic Developments and Statistical Appendices and Annexes," Decision No. A-10138-(94/61), adopted July 11, 1994. The decision set forth in EBD/98/64 (6/19/98), which was approved on a lapse-of-time basis on

June 24, 1998, is repealed to the extent that it relates to the publication of the final Decision and Completion Point documents under the HIPC Initiative.

Article XII, Section 8

15. Nothing in this decision shall be construed to be inconsistent with the power of the Fund to decide under Article XII, Section 8, by a seventy percent majority of the total voting power, to publish a report made to a member regarding its monetary or economic conditions and developments which directly tend to produce a serious disequilibrium in the international balance of payments of members.

Review

16. This decision shall be reviewed in light of experience not later than 18 months from the date of its adoption.

List of Documents Covered by the Decision

I. SURVEILLANCE AND SUPPORTING DOCUMENTS

1. Article IV and Combined Article IV/Use of Fund Resources Staff Reports
2. Recent Economic Developments Reports, Selected Issues Papers, Statistical Appendices
3. Reports on Observance of Standards and Codes (ROSCs)
4. Public Information Notices (PINs) following Article IV consultations and regional surveillance discussions

II. USE OF FUND RESOURCES BY A MEMBER

5. Poverty Reduction Strategy Papers (PRSPs), Interim PRSPs, and PRSP Progress Reports
6. Joint Fund/World Bank Staff Assessments of PRSPs, Interim PRSPs, and PRSP Progress Reports
7. Letters of Intent and Memoranda of Economic and Financial Policies (LOIs/MEFPs)
8. Technical Memoranda of Understanding (TMUs) with policy content
9. Use of Fund Resources and Post-Program Monitoring Staff Reports (excluding staff reports dealing solely with a member's overdue financial obligations to the Fund)
10. Chairman's Statements
11. Preliminary, decision point, and completion point documents under the HIPC Initiative
12. Statements on Fund decisions on waivers of applicability, or for nonobservance, of performance criteria
13. PINs following Executive Board discussions on post-program monitoring

III. FUND POLICY DOCUMENTS

14. Fund Policy issues papers
15. PINs following Executive Board discussions on policy issues

IV. OTHER DOCUMENTS

16. LOIs/MEFPs for Staff Monitored Programs (SMPs)
17. Stand-alone Staff Reports on SMPs

SOME MODALITIES FOR THE PUBLICATION OF STAFF REPORTS AND OTHER SELECTED DOCUMENTS

These modalities provide specific guidelines for the implementation of the key elements of the Fund's publication policies.⁴² The proposed procedures also reflect the general principles for publication endorsed by the Executive Board and presented in the document "Guiding Principles for the IMF's Publication Policy." Such principles aim in particular at preserving the candor of the staff reports to the Executive Board and guarding against a trend toward negotiated documents. Consistent with the Executive Board request that publication policies be continuously monitored and reviewed, some of the modalities presented below also aim at gathering information for this purpose.

1. Notification of the Decision to Release the Staff Report on Article IV Consultations or Use of Fund Resources

At the time the staff report is circulated to the Executive Board, the authorities' publication intentions would be noted in the Secretary's cover memorandum for the information of Executive Directors. This notification on the Secretary's cover memorandum would take one of the following forms:

- "As of the time that this paper is circulated to the Board, the Secretary's Department has not received a communication from the authorities of [Country X] indicating whether or not they consent to the Fund's publication of this paper; such communication may be received after the authorities have had an opportunity to read the paper."
- "As of the time that this paper is circulated to the Board, the Secretary's Department has received a communication from the authorities of [Country X] indicating that they consent to the Fund's publication of this paper."
- "As of the time that this paper is circulated to the Board, the Secretary's Department has received a communication from the authorities of [Country X] indicating that they do not consent to the Fund's publication of this paper."

The authorities could change their intentions on public release at any time up to publication notwithstanding having given prior consent. While the intention not to proceed with publication (i.e., the change in intentions) would be communicated to the Board, there would be no public announcement of these developments—although the authorities' themselves

⁴² IMF Reviews the Experience with the Publication of Staff Reports and Takes Decisions to Enhance the Transparency of the Fund's Operations and the Policies of its Members, Publication Information Notice No. 01/3, January 12, 2001.

could make their initial intention public. A member's decision to consent to publication of the staff report after the Executive Board meeting would not be ruled out, though the general expectation would be to indicate the authorities' decision on publication to Executive Directors in advance of the Board discussion. The Executive Board would be notified of a member's decision to consent to publication of the staff report after the Executive Board discussion.

2. **Policy Against Sharing Draft Staff Reports**

To guard against a trend toward negotiated documents, staff would not provide drafts of staff reports to country authorities, including the Executive Director, before the reports are issued to the Executive Board, and country authorities and Executive Directors would not seek such opportunities for review.

3. **Corrections to Staff Reports**

Corrections to staff reports would be limited to factual matters consistent with information available at the time the staff report was issued or with descriptions of the authorities' own views. In this regard, staff will take care to ensure that the views of counterparts among members' authorities are properly characterized as official views of authorities, views of institutions, or otherwise, as appropriate. Corrections should not be used as a mechanism to update the information in staff reports to reflect developments subsequent to the circulation of the staff report and staff supplements (see paragraph 6). Material containing the analysis of economic developments and trends, the policy assessment and the staff appraisal, which are the responsibilities of the staff, would not be subject to corrections once the staff report is issued.

4. **Treatment of Highly Market Sensitive Material**

The Executive Board adopted a uniform deletions policy for staff reports and a range of published Country Documents and Country Policy Intentions Documents. Under the policy, a member may propose the deletion of highly market sensitive information—mainly views on exchange rate and interest rate matters—from a document prior to its publication. Facts that are already in the public domain,⁴³ as well as politically sensitive information that is not highly market sensitive and, for Country Policy Intentions Documents, performance criteria and structural benchmarks, would not be candidates for deletion.⁴⁴ Case-by-case decisions

⁴³ That is, information which might otherwise be considered as market sensitive but which has already been made publicly available by the authorities.

⁴⁴ The general practice since June 1999, endorsed by the Board, has been for LOIs/MEFPs to be published with all performance criteria and structural benchmarks.

would be made by management on deletions proposed by the authorities or an Executive Director on their behalf. In cases of serious disagreements between management and the authorities on a proposed modification to a document, or for cases deemed useful to inform the Executive Board's thinking on the deletions policy, the matter could be brought to the Executive Board by the Managing Director or by Executive Directors—e.g., in their BUFF statement—for consideration.

5. Informing the Board of Authorized Deletions/Corrections Requested by the Authorities

Evenhanded and transparent implementation of the agreed deletions and corrections policy requires clear rules of circulation of information to the Executive Board. In this regard, authorized deletions and corrections would be circulated to the Executive Board as close to the Executive Board discussion as possible—preferably in advance of the meeting. It would be expected that the rationale underpinning these modifications would be provided in the Secretary's memoranda on deletions and corrections to the members of the Executive Board. In addition, as requested by Executive Directors, staff would circulate to the Executive Board a redlined version of the relevant sections of the document, to provide context for the deletions and corrections. Finally, the Secretary would continue to circulate to Executive Board members separate memoranda distinguishing deletions and corrections.⁴⁵ These procedures would also provide information for the review, requested by the Executive Board, of the application of deletions and corrections policy to be considered by the Executive Board before the Spring 2001 Meetings.

6. Updates to Staff Reports

New information available after the staff discussions with the authorities and circulation of the staff report could require updates of factual material or modifications of staff assessments on the basis of that material. Updates to staff reports would be limited to staff supplements or statements circulated to the Executive Board, rather than direct modifications to the content of the staff report after it has been circulated to the Executive Board, as follows:

(i) supplements to the staff report—for new information available one day or more prior to the Board meeting, and (ii) staff statements—for information available the day of the Executive Board meeting. Staff statements and supplements would explicitly state how the new information affects the thrust of the staff appraisal.⁴⁶ The staff would inform the Executive Director or the country concerned when supplements or staff statements are to be

⁴⁵ As is current practice with memoranda on deletions, management and heads of departments would continue to be copied.

⁴⁶ See memo on "Country Information Updates and Publication of Article IV Staff Reports," circulated by the Secretary to Executive Directors on May 12, 2000.

circulated. Supplements and staff statements would be published on the Fund's website with the staff report. In addition, the introductory paragraph of the cover note for the package published would clearly indicate the timing of the staff discussions with the authorities, underscoring that the staff report and other documents were based on information available at that time they were issued. It would also indicate the date of the Executive Board discussion.

7. **The Authorities' Statement**

The authorities would be free to provide additional or updated information and comment on any of the analysis and/or conclusions of the report and the Executive Board assessment in the statement by the authorities—a so-called “right of reply” which could be the Executive Director's BUFF statement or another document from the authorities. This statement, with the authorities' consent, would be published together with the staff report.

8. **Timing of Release**

Chairman's Statements will continue to be quick release news instruments. For all other documents, the Fund's policy would be to encourage prompt release, recognizing circumstances of individual members. As an indicative time limit for staff reports, the Executive Director would seek to obtain the authorities' consent for release on the Fund's website within ten working days of the Executive Board's discussion. This objective is consistent with the policy for the timing of the publication of Public Information Notices and staff reports under the pilot project. In cases where publication of a staff report is embargoed or delayed, the PIN should nevertheless be published within ten working days normally. Documents would not be posted on the Fund's website in advance of Executive Board discussion of the document, with the exception of Poverty Reduction Strategy Papers (PRSPs), Interim PRSPs, and PRSP progress reports, which are to be posted on the Fund website immediately after circulation to the Executive Board.⁴⁷ Reports on Observance of Standards and Codes (ROSCs) may be published after notifying the Executive Board.

⁴⁷ Unlike PRSPs, Interim PRSPs and PRSP progress reports, LOIs and MEFPs are not proposed to be published by the Fund upon circulation to the Executive Board. The reason is that these documents contain policy intentions, which form the basis for the Executive Board's decision to provide Fund resources to the member. As such, it would be odd for the Fund to publish an LOI/MEFP before the Executive Board has had a chance to consider the documents, since that could suggest a pre-judgment of the outcome of the Board meeting. For that reason, LOIs and MEFPs are to be published only after consideration by the Board. However, the member is free to publish these documents at any time, since they belong to the member.

9. **Publication of Staff Reports on the Fund's Website**

The cover page for the staff report packages published on the Fund's website would continue to reference all documents comprising the package and would also reference other relevant documents. The packages would include the following documents:

stand-alone Article IV staff reports will be published with the staff supplement and/or statement, the PIN and the statement by the authorities, and cross-referenced to other relevant published documents (e.g., RED, Selected Issues Paper, Statistical Appendix, ROSC documents and mission concluding statements);

stand-alone UFR staff reports will be published with the staff supplement and/or statement, and statement by the authorities, and the Press Release or News Brief containing the Chairman's Statement and cross-referenced to the relevant published documents (e.g., the LOI/MEFP and PRSP, Interim PRSP, or PRSP progress report);

combined Article IV/UFR staff reports will be published with the staff supplement and/or statement, the PIN and the statement by the authorities, and cross-referenced to other relevant published documents (e.g., RED, Selected Issues Paper, Statistical Appendix and ROSC documents, LOI/MEFP, and PRSP, mission concluding statement, and Interim PRSP or PRSP progress report).

10. **Website Cross-References and Languages**

Staff would continue to investigate options to facilitate access to documents on the Fund's website with the objective to establish systematic links between relevant documents. This would involve significant resource implications, which, together with the costs of implementing the various transparency initiatives agreed, would be taken up in the context of the next budget review exercise. Options for publication of documents in languages other than English would also be considered by the Executive Board in the period ahead.

11. **Other country documents**

In general, other Fund staff documents relating to country matters are the intellectual property of the Fund and, if they are not Executive Board documents, may be published if the Managing Director approves and the member concerned consents. In the specific case of mission concluding statements, management approval is granted generally, not on a case-by-case basis.

Guiding Principles for the IMF's Publication Policy

(as presented in PIN/01/03, January 12, 2001)

Improved provision of information to the markets and the broader public by the public and private sectors is a central element of the reform of the international financial system. In this vein, greater transparency of the IMF's assessments of economic developments in member countries and the authorities' policy commitments aims at

- encouraging more widespread analysis of the countries' policies by the public;
- enhancing the accountability of policymakers and the credibility of policies; and
- promoting consensus building on domestic policy.

The release of the IMF's views on macroeconomic developments in member countries could also

- provide more regular mechanisms for the exchange of views on macroeconomic developments between the representatives of private financial institutions and country authorities as well as between the staff and market participants;
- contribute to the substance and effectiveness of such discussions; and could inform financial markets by providing information to improve risk assessment thereby facilitating orderly and efficient markets; and
- help ensure the highest quality of the IMF's analysis and of its reports by exposing its advice to public scrutiny and debate.

Over recent years, the IMF has come a long way in increasing the transparency of its own activities as well as of the policies of its members. In particular, it has published a growing number of Country Documents (e.g., Public Information Notices and Article IV staff reports) and Country Policy Intentions Documents (e.g., Letters of Intent, Memoranda of Economic and Financial Policies, and Poverty Reduction Strategy Papers). The IMF has also continued efforts to explain its work better, to continue dialogue with the public on its activities, and to be more transparent with regard to its internal policies and operations. Specifically, the IMF carried out external evaluations of the Enhanced Structural Adjustment Facility (now Poverty Reduction and Growth Facility) and of IMF surveillance and IMF research; carried out consultations with NGOs and members of civil society as part of the comprehensive review of the HIPC Initiative; released key internal reports on Fund policies and operations, including papers and Board discussions on the Asian crisis and the link between debt relief and poverty reduction; and posted preliminary standards and codes for public comment. Furthermore, the IMF now releases more financial information about itself by providing timely information on members' financial position with the IMF, key IMF financial statistics, as well as IMF's

liquidity position and quarterly financial transactions. Lastly, the IMF has expanded substantially public access to its archives.

To further enhance the transparency of its operations and of the policies of its members, the IMF has adopted a policy of voluntary publication of staff reports and other Country Documents as well as Country Policy Intentions Documents. The IMF will encourage, in principle, the publication of these documents while considering the need to accommodate the specific circumstances of each country, including those relating to different institutional and political contexts. The IMF thus recognizes that for some members, publication may be a longer-term objective. Within this framework, publication of a member's Country Policy Intentions Documents would be presumed.

The Fund's publication policy for staff reports and other Country Documents will be guided by some key principles:

1. Continuing efforts are needed to maintain staff reports as candid and comprehensive reports, and to avoid the slippery slope of negotiated staff reports:
 - staff will take care to ensure that the views of counterparts in member countries are properly characterized as official views of authorities, views of institutions, personal views and assessments, or otherwise, as appropriate;
 - use of Fund resources staff reports would continue to include assessments of risks, consistent with both the need for the Fund to pay particular attention to the ability of the member to repay and, more generally, the recommendation for use of Fund resources;
 - staff are not to provide drafts of staff reports to country authorities or Executive Directors before the reports are issued to the Executive Board, and Executive Directors will not seek such opportunities for review;
 - updates to staff reports will be handled through staff supplements or statements circulated to the Executive Board, rather than through direct modifications to the content of staff reports after they have been circulated to the Executive Board;
 - corrections to staff reports are to be limited to factual matters consistent with the information available at the time the staff report was issued and to descriptions of the authorities' own views. The analysis of economic developments and trends, the policy assessment and the staff appraisal in the staff report are the responsibilities of the staff and not subject to correction once issued;
 - to ensure evenhanded treatment of all members, a uniform deletions policy will apply to all staff reports as well as other Country Documents and Country Policy Intentions Documents: deletions will be minimal and limited to highly market sensitive

information. The Executive Board would be advised of the deletions agreed by the management and of the basis for such decisions;

- a Public Information Notice or Chairman's Statement reflecting the views of the Executive Board shall also be published with the staff report; and
- country authorities shall have the right to have their response to the staff report and the Executive Board assessment included as part of the published package.

2. All staff reports, as well as other Country Documents and Country Policy Intentions Documents, will be published with an explanation of the nature of the documents being published, clearly distinguishing between documents of the authorities, those presenting Executive Board views, and staff assessments. More generally, staff will work to improve the presentation and clarity of the IMF's views to an outside audience by using clearer and more straightforward language in documents.

3. The timing of publication of documents is another major aspect of a reliable and consistent publication policy. Chairman's Statements will continue to be quick release news instruments. For all other documents, the IMF's policy would be to encourage prompt release, recognizing circumstances of individual members.

4. Progress achieved in the implementation of these transparency policies will be monitored continuously and reviewed periodically. In particular, close attention will be paid to ensuring that an appropriate balance between transparency and confidentiality in the dialogue between the IMF and its members is preserved. The first review by the Executive Board will take place after 18 months.

The Executive Board and the Managing Director are taking steps to implement the principles set forth in this statement.

**DOCUMENTS AUTHORIZED FOR PUBLICATION NOT COVERED
BY THE TRANSPARENCY DECISIONS**

Board Documents

- **Financial System Stability Assessments (FSSAs)**, which supplement Article IV consultations, are subject to a policy of voluntary publication “IMF Reviews Experience with the Financial Sector Program and Reaches Conclusions on Issues Going Forward,” PIN No. 01/11, February 5, 2001). However, the main volume of FSAP reports would continue not to be published.
- **Debt sustainability analyses** for countries that do not qualify for assistance under the HIPC Initiative authorized for publication.

Other Documents

- **Technical assistance reports** can be published voluntarily on a case-by-case basis with management’s approval. At the January 2001 review of technical assistance, the Board decided to revisit the publication of technical assistance documents in the next review, scheduled for May 2002.
- **Module 2 Offshore Financial Center Assessments**, which have the status of technical assistance reports, can be published voluntarily on a case-by-case basis with management’s approval.
- **Detailed assessments of observance of standards and codes** underpinning ROSCs. Following the review of the FSAP (PIN No. 01/11), Directors endorsed management’s intended policy to authorize the publication by the authorities of the **detailed assessments of observance of standards and codes included in FSAP Reports.**