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AMENDMENT TO STEPS TO ADDRESS EXCESSIVE DELAYS IN THE COMPLETION OF ARTICLE IV CONSULTATIONS OR MANDATORY FINANCIAL STABILITY ASSESSMENTS AND APPLICATION TO THE CASE OF ARGENTINA

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Prepared in consultation with the Secretary's, Communication,
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INTRODUCTION

1. Management has received a request from the Argentine authorities to publish documents on economic developments in the country prepared by Fund staff for informal Board briefings in 2013–15. The Argentine authorities see publication of these papers as part of their commitment to transparency and accountability in their operations.¹ The documents were prepared pursuant to the Fund’s policy on excessive delays in the completion of Article IV consultations and mandatory financial stability assessments, which requires that staff informally brief Executive Directors every 12 months on the economic developments and policies of relevant members.^{2,3} The objectives of the policy are to promote re-engagement with members with excessively delayed consultations, and to share information with the Board to help it fulfill its surveillance function.

2. Under current policy, the briefing documents are not published. Instead, a short factual statement is issued in a press release, noting that the Board was given an informal staff briefing on the member’s economy based on available information. Under the policy, the Fund decided against publication of the briefing documents since it was considered that publication could expose the Fund to a significant reputational risk if the analysis set out in the documents missed key vulnerabilities due to large information gaps created by the lack of consultation with the member. Also, outside audiences may not appreciate that the documents represent the views of staff, not the views of the Board, and do not constitute an Article IV consultation. A further concern was that publication could reduce the pressure on members to proceed with an Article IV consultation. In light of the current policy, any publication of these documents would require a change in policy approved by the Executive Board.

PROPOSED AMENDMENT

3. Going forward, the general approach of non-publication remains appropriate. The reputational risks to publication of these documents remain significant, when they are based on incomplete information (e.g., with regards to economic developments and policies, economic and financial vulnerabilities and data). In addition, the risk of public confusion about the nature of the documents remains; outside audiences may not appreciate that the reports represent the views of staff and not those of the Board.

¹ The last Article IV consultation for Argentina was completed in July 2006, and thus is excessively delayed. Argentina is not one of the S29 systemic economies, and therefore it is not subject to the Fund’s framework for mandatory FSAs. On a voluntary basis, Argentina has requested an FSAP, and the FSSA was presented to the Board in July 2013.

² Decision No. 15106, adopted February 29, 2012, as amended. See also [Amendment to Steps to Address Excessive Delays in the Completion of Article IV Consultations or Mandatory Financial Stability Assessments](#).

³ Staff has so far briefed the Board on economic developments in Argentina, Eritrea, and Venezuela (which are delayed), and Ecuador and Madagascar (which subsequently resumed Article IV consultations).

4. However, the staff sees that publication could support the goals of the policy in certain cases where members are taking steps to normalize relations with the Fund with the aim of resolving the delay in the consultation. Publication could spread awareness of economic developments and challenges, and may help the authorities convince other domestic stakeholders of the benefits of re-engagement with the Fund. In those circumstances, staff sees that publication might be warranted, in particular if the risks referred to above could be mitigated. At the same time, the fact that an informal briefing takes place or briefing documents are published would in no way serve to discharge the member's obligation to consult with the Fund under Article IV.

5. Staff therefore favors a change in policy to make an exception to the general policy of non-publication that would allow publication of briefing documents when the following two conditions are met:

- The member requests publication; and
- The Fund determines that the member is cooperating with it to resolve the consultation delay and that publication of the briefing documents would facilitate such a resolution.

6. Publication would only be permitted in a given case upon adoption of a decision by the Executive Board in support of a member's request.

7. To mitigate the reputational risks referred to above, publication would be accompanied by a disclaimer (See template, Annex I).⁴ The disclaimer would clarify the following: that the documents represent the views of the staff, and not of the Executive Board; that the documents have been prepared based on publicly available data and without consultation with the member; and that the informal briefing in no way constitutes an Article IV consultation. The disclaimer would also seek to minimize the risk of misperception that the member is in compliance with its obligation to consult.

8. Accordingly, staff proposes a modification of the policy as outlined above. The proposed changes are shown in redline in Annex II.⁵

APPLICATION TO THE CASE OF ARGENTINA

9. In the particular case of Argentina, staff supports Argentina's request for publication of the briefing documents and recommends that the Board approve the request pursuant to

⁴ While such materials would not be subject to the Fund's Transparency Policy, the rules of the Transparency Policy would be applied by analogy to assess requests for modifications (corrections and deletions). Any corrections and deletions will be circulated to Executive Directors.

⁵ Please note that paragraphs 5-7 of the decision as copied in Annex II dictate the *original* dates of the decision's entry into force in 2012. The entry into force of the proposed new language in paragraph 3 would be immediate upon Board adoption.

the proposed new policy. First, Argentina has made a request. Second, it is the judgment of management that Argentina is working to resolve the consultation delay. The Minister of Economy has said publicly and confirmed bilaterally to management that Argentina intends to undertake an Article IV consultation later in 2016. The authorities believe that publishing past informal board papers is likely to build domestic consensus toward undertaking an Article IV consultation. The authorities are also supportive of accompanying the release by an appropriate disclaimer.

Proposed Decisions

The following decisions, which may be adopted by a majority of votes cast, are proposed for adoption by the Executive Board:

I. Amendment to Policy on Steps to Address Excessive Delays in the Completion of Article IV Consultations or Mandatory Financial Stability Assessments

Paragraph 3 of Decision No. 15106-(12/21), adopted February 29, 2012, as amended, shall be revised to read as follows:

"3. Whenever an Article IV consultation or a mandatory financial stability assessment for a member has not been concluded within 18 months of the expected deadline for conclusion, staff shall, except as provided below, informally brief Executive Directors on the economic developments and policies of the member or on its financial sector, as applicable. No such briefing shall be required to the extent that (i) staff discussions with the member for the Article IV consultation or mandatory financial stability assessment have been completed, or (ii) Executive Directors have, within the previous twelve months, been briefed on the member's economic developments and policies or on its financial sector, as applicable, in another context, or (iii) the Managing Director, in exceptional circumstances, determines that the available information is so inadequate as to seriously undermine the ability of Fund staff to conduct a meaningful analysis of the member's economic developments and policies or of its financial sector, as applicable. Following the initial briefing and, for so long as the conditions set out in (i), (ii) and (iii) have not been met, staff shall, in cases of delayed Article IV consultations, brief the Executive Directors on the economic development and policies of the relevant member every 12 months thereafter; and in cases of delayed mandatory financial stability assessments, brief the Executive Directors on the financial sector of the relevant member every 60 months

thereafter. Whenever a briefing under this paragraph is held, the Fund will make public the fact that the briefing took place. The Fund may authorize the publication of documents prepared for such briefings only if: (1) a member requests such publication; and (2) the Fund determines that the member is cooperating with the Fund in resolving the delay in completing an Article IV consultation or a mandatory financial stability assessment and that publication would facilitate such a resolution. The publication will be accompanied by a disclaimer clarifying that: (a) the documents do not represent the views of the Executive Board; (b) the documents were prepared based on publicly available data and without consultation with the member; and (c) the informal briefing does not constitute an Article IV consultation with the member. Whenever the Managing Director makes the determination specified in (iii) above, the Managing Director will inform the Executive Board that no such briefing will be held and the Fund will make public the fact that no briefing was held due to the lack of adequate information.”

II. Publication of Briefing Documents on Argentina

The Fund hereby authorizes publication of the documents prepared for the informal briefings on the economic developments and policies of Argentina for the years 2013, 2014 and 2015 pursuant to the policy on Steps to Address Excessive Delays in the completion of Article IV Consultations or Mandatory Financial Stability Assessments.

Annex I. Draft Disclaimer¹

This document on [economic developments and policies] [the financial sector] was prepared in the context of an informal Executive Board briefing on [Country] under the procedures for members with excessive delays in Article IV consultations or Mandatory Financial Stability Assessments. Under these procedures, IMF staff prepares an assessment of the member's [economy and policies] [financial sector] based on information that is publicly available and without consultation with the member. The document, which constitutes the views of IMF staff, is aimed at keeping the Board informed about developments in the country. Given the absence of a more complete set of information, and a more thorough policy dialogue with authorities, this document should not be characterized as an IMF [Article IV staff report] [Financial System Stability Assessment] nor should it be portrayed as representing the views of the Executive Board. Similarly, the associated informal Executive Board briefing does not constitute an Article IV consultation with the member.

¹ This language represents a template, and individual disclaimers would be adapted depending on whether the case concerned an Article IV consultation or mandatory FSA.

Annex II. Redlined Version of Policy of Steps to Address Excessive Delays in the Completion of Article IV Consultations or Mandatory Financial Stability Assessments

This decision is adopted pursuant to Article IV, Section 3(a) and (b) of the Fund's Articles. It establishes a framework for addressing cases where there are delays in the completion of Article IV consultations or mandatory financial stability assessments.

1. Whenever an Article IV consultation for a member or a mandatory financial stability assessment pursuant to Decision No. 14736-(10/92), September 21, 2010 (a "mandatory financial stability assessment") has not been concluded within 12 months of the expected deadline for conclusion, and staff discussions with the member have not been completed, the Managing Director shall notify the member in writing of the delay. The notification shall be calibrated to the circumstances of the member and, where appropriate, shall remind the member of its obligation to consult. Subsequent notifications shall be sent to the member at 12 month intervals as long as the Article IV consultation or mandatory stability assessment has not been concluded and staff discussions with the member have not been completed. If the Managing Director determines that: (i) the Article IV consultation or mandatory financial stability assessment has been delayed because of exceptional circumstances, such as extreme natural disaster, extreme civil unrest or war, or (ii) there is uncertainty as to the views of the international community regarding the recognition of an administration in effective control of the country, the Managing Director may postpone sending the notification of the delay to the relevant member until the Managing Director decides that the situation leading to the postponement no longer exists. The Managing Director will promptly inform the Executive Board of any decision to postpone or resume sending notifications to a member.

2. The Fund shall, at intervals of not more than six months, publish a list of all members whose Article IV consultation or mandatory financial stability assessment has, as of the date of publication, not been concluded within 18 months of the expected deadline for conclusion. For each such member, the list shall, in particular, specify (i) the fact of the delay in completion and (ii) the reasons for the delay. Where applicable, the list will note the cases when staff discussions with members have been completed.

3. Whenever an Article IV consultation or a mandatory financial stability assessment for a member has not been concluded within 18 months of the expected deadline for conclusion, staff shall, except as provided below, informally brief Executive Directors on the economic developments and policies of the member or on its financial sector, as applicable. No such briefing shall be required to the extent that (i) staff discussions with the member for the Article IV consultation or mandatory financial stability assessment have been completed, or (ii) Executive Directors have, within the previous twelve months, been briefed on the member's economic developments and policies or on its financial sector, as applicable, in another context, or (iii) the Managing Director, in exceptional circumstances, determines that the available information is so inadequate as to seriously undermine

the ability of Fund staff to conduct a meaningful analysis of the member's economic developments and policies or of its financial sector, as applicable. Following the initial briefing and, for so long as the conditions set out in (i), (ii) and (iii) have not been met, staff shall, in cases of delayed Article IV consultations, brief the Executive Directors on the economic development and policies of the relevant member every 12 months thereafter; and in cases of delayed mandatory financial stability assessments, brief the Executive Directors on the financial sector of the relevant member every 60 months thereafter. Whenever a briefing under this paragraph is held, the Fund will make public the fact that the briefing took place. The Fund may authorize the publication of documents prepared for such briefings only if: (1) a member requests such publication; and (2) the Fund determines that the member is cooperating with the Fund in resolving the delay in completing an Article IV consultation or a mandatory financial stability assessment and that publication would facilitate such a resolution. The publication will be accompanied by a disclaimer clarifying that: (a) the documents do not represent the views of the Executive Board; (b) the documents were prepared based on publicly available data and without consultation with the member; and (c) the informal briefing does not constitute an Article IV consultation with the member.

Whenever the Managing Director makes the determination specified in (iii) above, the Managing Director will inform the Executive Board that no such briefing will be held and the Fund will make public the fact that no briefing was held due to the lack of adequate information."

4. Any calculation of the deadlines in paragraphs 1, 2, and 3 above shall be made in accordance with Decision No. 14747-(10/96), September 28, 2010, as amended and Decision No. 14736-(10/92), September 21, 2010, as amended, taking into account any grace period, as applicable.

5. Paragraph 1 of this Decision shall begin to apply one month after the date of adoption of this Decision.

6. Paragraph 2 of this Decision shall begin to apply immediately upon the date of adoption of this Decision provided, however, that the first public announcement required under that paragraph shall take place no later than six months following the date of adoption of the Decision.

7. Paragraph 3 of this Decision shall begin to apply six months after the date of adoption of this Decision.

*Redline showing proposed changes to
Decision No. 15106-(12/21), February 29, 2012,
as amended by Decision No. 15494-(13/110),
December 2, 2013*