EXECUTIVE BOARD AND SENIOR OFFICERS

International Monetary Fund

Managing Director and Chairman of the Executive Board
Michel Camdessus

First Deputy Managing Director
Stanley Fischer

Deputy Managing Directors
Alassane D. Ouattara   Shigemitsu Sugisaki

Executive Directors	Alternate Executive Directors	Executive Directors	Alternate Executive Directors
Karin Lissakers	Barry S. Newman	Dinah Z. Guti	José Pedro de Morais, Jr.
Bernd Esdar	Wolf-Dieter Donecker	Ewen L. Waterman[1]	Jung-Ho Kang[2]
Yukio Yoshimura	Hideaki Ono	A. Shakour Shaalan	Yacoob Yousef Mohammed
Marc-Antoine Autheman	Ambroise Fayolle	ZAMANI Abdul Ghani	Subarjo Joyosumarto
Gus O’Donnell	Jon Shields	Aleksei V. Mozhin	Andrei Vernikov
Willy Kiekens	Johann Prader	Daniel Kaeser	Danuta Gotz-Kozierkiewicz
J. de Beaufort Wijnholds	Yuriy G. Yakusha	Abbas Mirakhor	Mohammed Daïri
Juan José Toribio	Javier Guzmán-Calafell	Alexandre Kafka	Vacant[3]
Enzo R. Grilli	Nikolaos Coumbis	M.R. Sivaraman	H.B. Disanayaka
Thomas A. Bernes	Charles X. O’Loghlin	ZHANG Zhixiang	HAN Mingzhi
Eva Srejber	Benny Andersen	A. Guillermo Zoccali	Nicolás Eyzaguirre
Abdulrahman A. Al-Tuwaijri	Sulaiman M. Al-Turki	Koffi Yao	Alexandre Barro Chambrier

Senior Officers

Michael Mussa
Economic Counsellor

K. Burke Dillon
Director, Administration Department

Evangelos A. Calamitsis
Director, African Department

Hubert Neiss
Director, Asia and Pacific Department

Michael C. Deppler
Director, European I Department

John Odling-Smee
Director, European II Department

Shailendra J. Anjaria
Director, External Relations Department

Vito Tanzi
Director, Fiscal Affairs Department

Mohsin S. Khan
Director, IMF Institute

François P. Gianviti
General Counsel, Legal Department

Paul Chabrier
Director, Middle Eastern Department

Manuel Guitián
Director, Monetary and Exchange Affairs Department

Jack Boorman
Director, Policy Development and Review Department

Michael Mussa
Director, Research Department

Reinhard Munzberg
Secretary, Secretary’s Department

Carol S. Carson
Director, Statistics Department

David Williams
Treasurer, Treasurer’s Department

Claudio M. Loser
Director, Western Hemisphere Department

Massimo Russo
Special Advisor to the Managing Director

Warren N. Minami
Director, Bureau of Computing Services

Patrice Guilmard
Acting Director, Bureau of Language Services

Lindsay A. Wolfe
Director, Office of Budget and Planning

Eduard Brau
Director, Office of Internal Audit and Inspection

Kunio Saito
Director, Regional Office for Asia and the Pacific

Christian Brachet
Director, Office in Europe (Paris)

Alan A. Tait
Director and Special Trade Representative, Office in Geneva

J.B. Zulu
Director and Special Representative to the UN, Office at the United Nations

Ian S. McDonald
Chief Editor

---
[1]Effective May 10, 1997, Gregory Taylor replaced Ewen L. Waterman.
[2]Effective May 1, 1997, Okyu Kwon replaced Jung-Ho Kang.
[3]Effective May 1, 1997, the vacancy was filled by Hamid O’Brien.

Box 1

Revised Country Classification: Advanced Economies

Beginning with the May 1997 issue of the *World Economic Outlook*, the newly industrialized economies in Asia (Hong Kong, China; Korea; Taiwan Province of China; and Singapore), as well as Israel, are considered as advanced economies together with the group of countries traditionally known as industrial countries.

The reclassification reflects the advanced stage of economic development these economies have now reached. In fact, they all now share a number of important industrial country characteristics, including relatively high per capita income levels well within the range indicated by the group of industrial countries, well-developed financial markets and high degrees of financial intermediation, and diversified economic structures with relatively large and rapidly growing service sectors.

Rather than retaining the old industrial country label, the expanded group is labeled the “advanced economies” in recognition of the declining share of employment in manufacturing common to all of these economies.

Box 2

Role of EMU in the International Monetary System

The role of European Economic and Monetary Union (EMU) in the international monetary system was featured at a conference held at the Fund on March 17–18, 1997. Participants included academics and government officials from around the world, as well as members of the Fund's Board and staff. There was a broad consensus on several issues, but it was also agreed that there would be considerable uncertainty even after the start of monetary union.

Most participants considered that EMU was likely to start as scheduled on January 1, 1999, although there was some risk of a postponement if key countries were unable to satisfy the criteria for monetary union on the basis of their 1997 data. It was generally accepted that the euro, the designated currency for participants in the EMU, would most likely be a strong currency, backed by conservative fiscal policies and a monetary policy oriented toward price stability. There was concern, however, that the dollar would be more volatile against the euro than it currently was vis-à-vis the European currencies. Some participants pointed to the dangers of instability resulting from the European Central Bank (ECB) being less concerned about the exchange rate because the external trade of the euro area would be a small share of its GDP. Other participants were concerned about the consequences of a sharp shift of portfolios out of the dollar and into euro-denominated assets. Several participants noted the difficulties of managing a single currency with inadequate labor market flexibility and uncoordinated fiscal policies.

It was generally agreed that the attractiveness of the euro would be determined mainly by the macroeconomic policy stance in Europe and, in particular, by the success of the ECB in achieving low inflation. There was also general agreement that the ECB would follow the Bundesbank's example of dedication to price stability and would remain independent of political interference as provided for in its statutes. Other factors, including the development of integrated, liquid, and efficient European financial markets, would also be important determinants of the euro's international use. Reserve currency use was likely to evolve slowly, but the euro would start out as the second most important reserve currency and could, over time, rival the dollar. However, it was pointed out that this would no more confer any special economic benefits on Europe than had been the case for the United States over the past fifty years.

Creation of the euro was viewed as having generally positive effects on neighboring countries, provided that the euro was stable and neither too strong nor too weak, but negative effects if it were volatile. It was hoped that European integration would increase cooperation between the European Union and neighboring countries and that the euro would become an important pole for exchange rate stability.

The prospects for international economic policy coordination were considered in some detail at the conference. The two aspects of this issue that received the most attention were what EMU would mean for the effectiveness of coordination by the Group of Seven industrial countries and how the Fund would need to adapt its procedures and relationships with its European Union members when the ECB became responsible for monetary policy and the euro replaced national currencies.

As regards the relationship between the Fund and its members, although it was clear that EMU would not affect the rights and obligations of members under the Articles of Agreement, the transfer of monetary policy responsibilities to the ECB and the replacement of existing currencies by the euro raised a number of issues, including how surveillance was to be carried out, whether and how Fund resources could be made available to EMU members, how Fund quotas might be affected, whether the composition of the SDR needed to be redefined, and how the euro would be used in Fund operations. No simple answers were yet available, and work on these questions was urgently needed.

Box 3

Interim Committee Declaration on Partnership for Sustainable Global Growth

The following Declaration on Partnership for Sustainable Global Growth *was adopted at the conclusion of the forty-seventh meeting of the Interim Committee of the Board of Governors of the Fund, September 29, 1996.*

The Interim Committee has reviewed the *Declaration on Cooperation to Strengthen the Global Expansion*, which it adopted two years ago in Madrid. It notes that the strategy set out in the Declaration, which emphasized sound domestic policies, international cooperation, and global integration, remains valid. It reiterates the objective of promoting full participation of all economies, including the low-income countries, in the global economy. Favorable developments in, and prospects for, many industrial, developing, and transition economies owe much to the implementation of sound policies consistent with the common medium-term strategy.

The Interim Committee sees a need to update and broaden the Declaration, in light of the new challenges of a changing global environment, and to strengthen its implementation, in a renewed spirit of partnership. It attaches particular importance to the following:

- Stressing that sound monetary, fiscal, and structural policies are complementary and mutually reinforcing: steady application of consistent policies over the medium term is required to establish the conditions for sustained noninflationary growth and job creation, which are essential for social cohesion.
- Implementing sound macroeconomic policies and avoiding large imbalances are essential to promote financial and exchange rate stability and avoid significant misalignments among currencies.
- Creating a favorable environment for private savings.
- Consolidating the success in bringing inflation down and building on the hard-won credibility of monetary policy.
- Maintaining the impetus of trade liberalization, resisting protectionist pressures, and upholding the multilateral trading system.
- Encouraging current account convertibility and careful progress toward increased freedom of capital movements through efforts to promote stability and financial soundness.
- Achieving budget balance and strengthened fiscal discipline in a multiyear framework. Continued fiscal imbalances and excessive public indebtedness, and the upward pressures they put on global real interest rates, are threats to financial stability and durable growth. It is essential to enhance the transparency of fiscal policy by persevering with efforts to reduce off-budget transactions and quasi-fiscal deficits.
- Improving the quality and composition of fiscal adjustment, by reducing unproductive spending while ensuring adequate basic investment in infrastructure. Because the sustainability of economic growth depends on development of human resources, it is essential to improve education and training; to reform public pension and health systems to ensure their long-term viability and enable the provision of effective health care; and to alleviate poverty and provide well-targeted and affordable social safety nets.
- Tackling structural reforms more boldly, including through labor and product market reforms, with a view to increasing employment and reducing other distortions that impede the efficient allocation of resources, so as to make our economies more dynamic and resilient to adverse developments.
- Promoting good governance in all its aspects, including by ensuring the rule of law, improving the efficiency and accountability of the public sector, and tackling corruption, as essential elements of a framework within which economies can prosper.
- Ensuring the soundness of banking systems through strong prudential regulation and supervision, improved coordination, better assessment of credit risk, stringent capital requirements, timely disclosure of banks' financial conditions, action to prevent money laundering, and improved management of banks.

The Committee encourages the Fund to continue to cooperate with other international organizations in all relevant areas. It welcomes the recent strengthening of Fund surveillance of member countries' policies, which is an integral part of the strategy. It reaffirmed its commitment to strengthen the Fund's capacity to fulfill its mandate. It will keep members' efforts at achieving the common objectives of this strategy under review.

Box 4

Dissemination Standards Bulletin Board on the Internet

The Fund's electronic bulletin board for the Special Data Dissemination Standard on the Internet provides public access to information about the data dissemination practices of subscribing member countries or territorial entities. These subscribers undertake to follow sound practices regarding (1) the coverage, periodicity, and timeliness of the data; (2) access by the public; (3) the integrity of the data; and (4) the quality of the disseminated data. The bulletin board posts information on the practices of subscribers in each of these areas—the so-called metadata.

Countries and entities that had subscribed to the Special Standard by the end of April 1997 are listed below, and subscribers for which metadata had been posted are indicated with an asterisk:

Argentina*	Australia	Austria
Belgium	Canada*	Chile*
Colombia*	Croatia*	Denmark*
Finland*	France*	Germany
Hong Kong, China*	Hungary*	Iceland
India	Indonesia	Ireland*
Israel*	Italy*	Japan*
Korea	Latvia	Lithuania*
Malaysia*	Mexico*	Netherlands*
Norway*	Peru*	Philippines*
Poland*	Singapore*	Slovak Republic
Slovenia*	South Africa*	Spain
Sweden*	Switzerland*	Thailand*
Turkey*	United Kingdom*	United States*

Electronic links (hyperlinks) between the bulletin board and actual data on national data sites were also established by the end of April 1997. These hyperlinks allow data users to move quickly between the bulletin board, which describes the statistical practices of subscribers, to their actual data. At the end of the financial year, such links were in place for Canada; Hong Kong, China; Israel; Mexico; Singapore; South Africa; and Switzerland. The existence of such links is not intended to signal Fund endorsement of the data. Data users can access the DSBB at the Internet address (http://dsbb.imf.org) or through the Fund's public Internet site (http://www.imf.org). (See also Box 11 in Appendix IV.)

Box 5

Fund Facilities and Policies

The Fund provides financial assistance to its members through several facilities and policies tailored to members' needs. The size of the Fund's financial support and the conditionality attached to it vary according to the nature of the macroeconomic and structural problems that the member seeks to address and the Fund facility or policy designed to meet this need. Access to Fund resources is determined in relation to a member's quota. In October 1994—in order to give confidence to members that the Fund would be able to respond quickly and on an appropriate scale in support of strong programs of economic adjustment—the Board increased for three years the annual access limit in the General Resources Account from 68 percent to 100 percent of quota, while keeping the cumulative access limit unchanged at 300 percent of quota.

Regular Facilities

Credit Tranche Policies. The Fund's credit under its regular facilities is made available to members in four tranches or segments of 25 percent of quota each. For first credit tranche purchases, members are required to demonstrate reasonable efforts to overcome their balance of payments difficulties. Upper credit tranche purchases are normally associated with Stand-By Arrangements. These typically cover periods of one to two years and focus on macroeconomic policies—such as fiscal, monetary, and exchange rate policies—aimed at overcoming balance of payments difficulties. Performance criteria to assess policy implementation—such as budgetary, credit, and external debt ceilings and targets for reserves—are applied during the period of the arrangement, and purchases are made in quarterly installments. Repurchases are made in 3¼ to 5 years.

Extended Fund Facility. In addition to Stand-By Arrangements, the Fund makes credit available for longer periods under Extended Fund Facility arrangements. Under this facility, the Fund supports medium-term programs that generally run for three years (up to four years in exceptional circumstances) and are aimed at overcoming balance of payments difficulties stemming from macroeconomic and structural problems. Typically, a program states the general objectives for the three-year period and the specific policies for the first year; policies for subsequent years are spelled out in program reviews. Performance criteria are applied, and repurchases are made in 4½ to 10 years.

Special Facilities

Compensatory and Contingency Financing Facility (CCFF). The purpose of this facility is twofold. The compensatory element provides resources to members to cover shortfalls in export earnings and services receipts and excesses in cereal import costs that are temporary and arise from events beyond their control. The contingency element helps members with Fund arrangements to maintain the momentum of reforms when faced with a broad range of unforeseen adverse external shocks, such as declines in export prices, increases in import prices, and fluctuations in interest rates. Repurchases are made in 3¼ to 5 years.

Buffer Stock Financing Facility. Under this facility the Fund provides resources to help finance members' contributions to approved buffer stocks. Repurchases are made in 3¼ to 5 years.

Emergency Assistance

In addition to balance of payments support under its regular and special facilities, the Fund provides emergency assistance in the form of purchases to help members overcome balance of payments problems arising from sudden and unforeseeable natural disasters or in postconflict situations. Such purchases involve neither performance criteria nor, normally, the phasing of disbursements. Repurchases must be made in 3¼ to 5 years.

Facilities for Low-Income Countries

Structural Adjustment Facility (SAF) and Enhanced Structural Adjustment Facility (ESAF). Under these facilities the Fund provides resources on concessional terms to support medium-term macroeconomic adjustment and structural reforms in low-income countries facing protracted balance of payments problems. The member develops and updates, with the help of the staffs of the Fund and the World Bank, a medium-term policy framework for a three-year period, which is set out in a policy framework paper. Within this framework, detailed yearly policy programs are formulated and are supported by SAF or ESAF drawings. SAF and ESAF programs include quarterly benchmarks to assess performance. The rate of interest on SAF and ESAF loans is 0.5 percent, and repayments are made in 5½ to 10 years.

ESAF arrangements differ from SAF arrangements in the scope and strength of structural policies, and in terms of access levels, monitoring procedures, and sources of funding. All available resources under the SAF were fully utilized as of December 1995, and no further SAF commitments are expected. There was broad consensus in the Board at an April 1995 meeting that an ESAF-type facility should continue to be available, provided that the revolving nature of the Fund's resources and the monetary character of the Fund were respected. Directors also agreed that the basic modalities of the existing ESAF had worked well and should be retained.

Box 6

Group Travel by Executive Directors

A trial program of group travel by Board members during 1996/97 was initiated to broaden Directors' understanding of the economic problems and policies in individual member countries.

Such travel by groups of up to five Directors would, in the Board's view, enable Directors to observe at first hand economic conditions in Fund member countries they might not otherwise have an opportunity to visit. As a result, they would gain a better understanding of the economic situation in these countries, the policy challenges facing the authorities—including political and social issues—and the authorities' responses to these challenges. This improved understanding would enable Directors better to contribute to the Board's discussions on country items relating to surveillance and the use of Fund financial resources and, consequently, enhance the overall effectiveness of the Fund's work.

During the trial program, Directors participated in two group travel visits. The first group of Directors, in June 1996, went to Egypt, Jordan, and the Republic of Yemen, spending two to three days in each country. The second, in October, traveled to Georgia, Hungary, and Ukraine. During both visits, Directors met not only with government and central bank officials who were already familiar with the Fund's work, but also with representatives of other groups, such as political parties, the private sector, employer and employee organizations, nongovernmental organizations, and the news media. These contacts included press conferences, meetings with representatives of both governmental and opposition parties, and travel outside the capital city.

The Board considered the report of the group that traveled to the Middle East in September 1996. Participants in the visit commented that their on-site experience increased their understanding of the three countries' economic and political situations. Such visits "humanized" the Fund's image, in their view, and helped to promote a better understanding of the institution. Participants noted that it was important to include in a group visit at least one Director from a program country and said they found value in meeting with a wide variety of political parties and interest groups, including representatives of opposition parties. Board members generally expressed support for group travel, while agreeing on the need to avoid weakening staff and management negotiations with the countries that were visited. The trial group travel program will be kept under review by the Board.

Box 7

External Evaluation of ESAF

In October 1996 Directors approved an evaluation of several aspects of ESAF-supported programs to be undertaken by independent external experts. These experts are Dr. Kwesi Botchwey, Harvard Institute for International Development; Professor Paul Collier, Oxford University; Professor Jan Willem Gunning, Free University, Amsterdam; and Professor Koichi Hamada, Yale University.

The project, which will be undertaken in the framework of Fund policy for the evaluation of key Fund instruments, is being coordinated by a group of Directors on behalf of the Board. The experts are to concentrate particularly on three topics related to ESAF-supported programs: developments in countries' external positions; social policies and the composition of government spending; and the determinants and influence of differing degrees of national ownership of the programs. The experts are to have full access to all information in the Fund and have been invited to conduct all consultations they judge appropriate. They are expected to complete their report by the end of 1997.

It is intended to undertake other evaluations, which will also be coordinated by a group of Directors on behalf of the Board.

Box 8

Operational Budget

In accordance with principles laid out in the Fund's Articles of Agreement, the Board adopts for each upcoming quarterly period an operational budget specifying the amounts of SDRs and selected member currencies to be used in purchases, repurchases, and other Fund financial operations and transactions expected to take place during that period.

Assessment of Members' External Positions

A member's currency is proposed for inclusion for transfers (that is, to finance the extension of credit) under the quarterly operational budget if the member's balance of payments and gross reserve positions are judged to be "sufficiently strong." This assessment is made by taking account of (1) recent and prospective movements in gross reserves, (2) balance of payments developments, (3) the relationship of gross reserves to a member's imports and to its Fund quota, and (4) developments in exchange markets. To the extent that recent data are available, changes in a member's net reserves are also taken into account. The balance of payments and gross reserve positions are a combined concept, wherein strength in one element may compensate for moderate weakness in the other. Although these indicators are used to maintain consistency and equity among members, a significant element of judgment is involved in the assessment of the strength of a member's external position.

Convertibility

Members whose currencies are used in transfers by the Fund are obliged to convert them into one of the five freely usable currencies at the request of purchasing members. In exchange for the use of their currencies in transfers, "strong members" receive a claim on the Fund in the form of a reserve tranche position that can be drawn in case of balance of payments need.

Guidelines on the Use of Currencies

The Board has established a set of guidelines governing the allocation of the amounts of currencies to be used in both transfers and receipts under the Fund's operational budget. The present guidelines call for the use of currencies on the transfers side of the budget to be determined in proportion to members' holdings of gold and foreign exchange reserves. A limit is placed, however, on the use of a member's currency in transfers so that the Fund's holdings of that currency do not fall appreciably below the Fund's average holdings, expressed in percent of quota, of other members' currencies included in the budget. The guidelines call for transfers of U.S. dollars to be made on the basis of ad hoc proposals, with the aim of maintaining, to the extent possible, the Fund's holdings of U.S. dollars relative to quota close to the average level of the Fund's holdings of other members' currencies included for transfers in the operational budget. On the receipts side, the guidelines specify that the allocation of currencies is to be made in relation to members' reserve tranche positions in the Fund, up to the norm for remuneration. Members that have relatively large reserve tranche positions in the Fund, but that are not otherwise considered sufficiently strong, may have their currencies used with their agreement on just the receipts side of the budget to facilitate the payment of repurchases.

The Board reviews these guidelines periodically to ensure that the objective of promoting "balanced positions" in the Fund over time is achieved. On the occasion of the last review, completed in December 1996, it was decided to reduce the level of the floor below which the Fund's holdings of a member's currency will not be allowed to fall to one-half (compared with two-thirds previously) of the average holdings of currencies relative to quota of other members included in the operational budget.

Box 9

Designation Plan

Article XIX of the Fund's Articles of Agreement provides for a designation mechanism under which participants whose balance of payments and reserve positions are deemed sufficiently strong are obliged, when designated by the Fund, to provide freely usable currencies in exchange for SDRs up to specified amounts. The designation mechanism ensures that, in the case of need, participants can use SDRs to obtain freely usable currencies at short notice. The participant wishing to sell SDRs in a transaction with designation is required to make a representation to the Fund that it has a need to use its SDRs. While a request to sell SDRs through designation cannot be challenged at the time of use, the Fund examines recent developments in the participant's combined balance of payments and reserve position immediately afterward to determine that the requirement of need was met—that is, the use of SDRs was in accordance with Article XIX, Section 3(*a*). If, in the judgment of the Fund, the transaction was not in accordance with that Article, the participant may be designated to receive SDRs in order to offset the effect of the previous use. Adherence to the principle of this Article ensures that SDRs are not used under designation for the sole purpose of changing the composition of reserves.

The designation mechanism is executed through quarterly designation plans, approved by the Board, which list participants subject to designation and set maximum limits to the amounts of SDRs they can be designated to receive during the quarter. Apart from a participant being "sufficiently strong" for designation, the amounts of designation for individual participants are determined in a manner that promotes over time equality in the "excess holdings ratios" of participants (that is, SDR holdings above or below allocations as a proportion of participants' official gold and foreign exchange reserves). A participant will therefore be subject to designation if its excess holdings ratio is below the projected common ratio used in calculating the proposed plan. A participant's obligation to provide currency against SDRs in designation is limited, however, to its holdings of SDRs not exceeding 300 percent of its net cumulative allocations, unless the participant and the Fund agree to a higher limit.

Since September 1987 there have been no transactions with designation because potential exchanges of SDRs for currencies have been accommodated through voluntary transactions by agreement with other participants, primarily the 12 participants that have established with the Fund standing arrangements to buy or sell SDRs for one or more freely usable currencies at any time, provided that their SDR holdings remain within a certain range. These arrangements have helped to accommodate members' desires to both buy and sell SDRs and have facilitated the circulation of SDRs in the system.

Box 10

External Evaluation of Technical Assistance in Monetary and Exchange Affairs

In developing the evaluation function in the Fund (see *Annual Report, 1996,* Box 13, page 219), the Board and Fund management commissioned an external evaluation of technical assistance provided in recent years by the Monetary and Exchange Affairs Department (MAE). The three-member independent panel convened in June 1995 and submitted its report in January 1996. Terms of reference for the study were to evaluate the department's technical assistance activities—with the emphasis on institution building—in terms of the quality of advice given, its usefulness to the recipient authorities, its adaptation to specific country circumstances, its implementation and modes of delivery, and the coordination of technical assistance with other related Fund activities. The sample for the study consisted of some 20 countries that the panel chose from the roughly 130 members that had received technical assistance during 1992–94,[1] taking into account geographical balance and economic size, the type and importance of technical assistance received, and the absence or presence of a concurrent Fund program.

The Independent Panel's Findings

The panel's main findings were that MAE technical assistance had been critical in supporting recipients' structural reforms in central banking and financial markets and had made a valuable—in some cases essential—contribution to the transition to a market economy; that the technical assistance had, on the whole, been relevant and useful to recipients; and that the analytical and technical quality of the assistance had generally been of high standard. In the panel's view, technical assistance advice designed to build and improve central banks' capacity to operate in a changing environment had contributed to the countries' ability to cooperate with the Fund in meeting performance criteria under Fund programs and to participate in the Fund's surveillance function. However, full integration of technical assistance with the macroeconomic work of the Fund appeared to be harder to achieve in cases where the economic transformation process had been incomplete.

In addition to recommendations tailored specifically to the provision of technical assistance by MAE, the panel made recommendations pertaining to the provision of technical assistance by the Fund generally. First and foremost, assistance should be confined to the Fund's areas of expertise. Second, given the changing role of technical assistance, such assistance—particularly that provided to central banks—should be viewed as self-liquidating. Third, since provision of technical assistance at below-market price had entailed excess demand, alternative rationing devices—such as positive pricing, conditionality based on past performance in implementing technical assistance, and tranching of technical assistance beyond some benchmark—should be considered.

The Board's Response

At the Board's meeting in May 1996, most Directors commended the panel's work and agreed with its findings that the quality and usefulness of MAE's technical assistance had been high. In particular, the department's cooperative program with central banks in the transition economies had made an essential contribution to the process of transformation to a market economy. The Board also concurred that certain areas of MAE's technical assistance delivery could be strengthened further. Directors supported the panel's finding that the scope of technical assistance be carefully reviewed, to ensure that it pertained to areas of core interest to the Fund. Continued assistance in such areas as banking supervision and restructuring, accounting, and the payments system, in which the Fund would play a largely coordinating role, would be appropriate because it contributed to effective macroeconomic policy.

Directors agreed with the report's recommendation that the monitoring and evaluation of MAE's technical assistance should be improved, and they urged staff to enhance self-evaluation. Directors also concurred with the report's emphasis on training the staff of institutions receiving MAE's technical assistance. In the Board's view, the current framework of courses in the context of activities of the IMF Institute and the Joint Vienna Institute, MAE workshops, and the department's training projects with cooperating central banks—with European Community financing—provided a solid basis on which to build and adapt to changing needs. The Board also agreed that specific technical assistance activities should in principle be self-liquidating, but Directors recognized that during the next several years demand would continue to strain available resources.

The Board gave considerable attention to the report's proposals to ration technical assistance, given the excess demand, including through the introduction of Letters of Intent and a certain measure of conditionality. Many Directors took a negative view of conditionality for technical assistance; other Directors thought that the subject merited further consideration. There was broad agreement, however, on the importance of assessing a recipient's track record in implementing the recommendations of past technical assistance before agreeing to additional requests. A number of Board members stressed that further consideration should be given to the issue of the pricing of technical assistance. Other Directors pointed out that technical assistance was recognized as one of the Fund's core activities alongside surveillance, to which no charge was applied; further, it was precisely those countries with the least ability to pay that needed technical assistance the most.

[1]Bolivia, Bulgaria, China, Egypt, El Salvador, Fiji, Guyana, Indonesia, Kyrgyz Republic, Lithuania, Madagascar, Mongolia, Namibia, Poland, Russia, Solomon Islands, Tanzania, Thailand, Vietnam, and Zambia.

Box 11

Fund's Public Web Site

To broaden general knowledge about the institution and its work, a selection of Fund information was made publicly accessible on the Internet and World Wide Web beginning in 1994/95 (see *Annual Report, 1995*, page 197). Since then, the Fund's use of this rapidly evolving electronic medium has grown markedly. An internal web site, giving Fund staff easy on-line access to a wealth of institutional information and data, was opened in April 1996. The Fund's public web site, created and maintained by the External Relations Department in cooperation with other departments, opened in September 1996 at the address http://www.imf.org. The contents of the site are fully indexed, cross-referenced, and searchable, and users' comments are invited. From the home-page menu (*see figure*), hypertext links lead to various submenus that in turn connect with other links and sites, many of them also indexed and searchable.

Fund's Home Page on the World Wide Web:
http://www.imf.org

International Monetary Fund

Members
Executive Directors
Officers
Organization

- About the IMF
- News
- Publications
- Dissemination Standards Bulletin Board
- What's New
- Special Drawing Rights (SDRs)
- Recruitment
- The IMF Institute
- Joint World Bank - IMF Library
- Other Organizations & Publications

[Members] [Executive Directors] [Officers] [Organization] [Index] [Site Search]

Please send us your comments

Box 12

Departments of the Fund and Their Major Responsibilities

The Fund's departmental structure supports its major activities in the areas of surveillance, the use of Fund resources, and technical assistance (see Figures 12 and 13). Surveillance-related activities, including multilateral surveillance work and the data dissemination initiative, form the largest category of the Fund's work load, directly absorbing about 28 percent of Administrative Budget resources. Use of Fund resources work comprises about 26 percent of administrative costs. Technical assistance and training, mainly in the central banking, fiscal, and statistical fields, uses about 14 percent of administrative resources. Other activities include administrative support, support for the Board of Governors and Executive Board, training, professional development, and related activities, and external relations.

Area Departments

The *area departments* advise management and the Board on the economies and economic policies of the countries in their areas, assist in the formulation of Fund policies toward these countries, and carry out these policies. Area department staff also negotiate arrangements for the use of Fund financial resources and review performance under Fund-supported arrangements. Together with other departments, the area departments provide member countries with policy advice and technical assistance, and maintain contact with regional organizations and multilateral institutions in their areas.

Much of the Fund's bilateral surveillance work is carried out by the area departments through their direct contacts with member countries, supplemented by staff in functional departments. To strengthen surveillance, particular attention is given to those economies that are of systemic importance to the international monetary system. In addition, more than 70 staff members are assigned to member countries as resident representatives.

Functional and Special Services Departments

The *Fiscal Affairs Department* is responsible for all activities involving the public finance of member countries. It participates in area department missions on fiscal issues, reviews the fiscal content of Fund policy advice and of Fund-supported adjustment programs, and provides technical assistance in public finance. It also conducts research and policy studies on fiscal issues, as well as on income distribution and poverty, social safety nets, public expenditure policy issues, and the environment.

The *IMF Institute* provides technical assistance through training officials of member countries, particularly developing countries, in such topics as financial programming and policy, external sector policies, balance of payments methodology, national accounts and government finance statistics, and public finance.

The *Legal Department* advises management, the Board, and the staff on the applicable rules of law. It prepares most of the decisions and other legal instruments necessary for the Fund's activities. It serves as counsel to the Fund in litigation and arbitration cases, provides technical assistance on legislative reform, and responds to inquiries from national authorities and international organizations on the law of the Fund.

The *Monetary and Exchange Affairs Department* provides technical assistance to central banks in such areas as monetary and exchange rate policies, banking supervision, and prudential regulation, and on issues related to payments systems. Experts are assigned to central banks requesting technical assistance. The department works with area departments by reviewing topics in its area of expertise in the context of surveillance and requests for the use of Fund resources. It also contributes to the exercise of Fund jurisdiction on exchange practices and restrictions.

The *Policy Development and Review Department* plays a central role in the design and implementation of Fund financial facilities and operations, in surveillance policies, and in other areas. Together with the Research Department, it takes a lead in the areas of multilateral surveillance, policy coordination, and associated review and support activities. With area departments, it helps to mobilize other financial resources for members using Fund assistance, including work on debt and program financing (through the Paris Club and international banks).

The *Research Department* carries out policy analysis and research in areas relating to the Fund's work. The department plays a prominent role in the development of Fund policy concerning the international monetary system and surveillance. It cooperates with other departments in formulating the Fund's policy advice to member countries. It also coordinates the semiannual World Economic Outlook exercise and the *International Capital Markets* report, as well as analysis for the Group of Seven policy coordination exercise and for the Board's seminars on World Economic and Market Developments. The department also develops the Fund's contacts with the academic community and with other research organizations.

The *Statistics Department* maintains a database of country, regional, and global economic and financial statistics and reviews country data in support of the Fund's surveillance role. It is also responsible for developing statistical concepts in balance of payments, government finance, and money and financial statistics, and for producing methodological manuals. The department provides technical assistance and training to help members develop statistical systems and produces the Fund's statistical publications. In addition, it is responsible for the development and maintenance of standards for the dissemination of data by member countries.

The main functions of the *Treasurer's Department* are formulating the Fund's financial policies and practices; conducting financial operations and transactions in the General Department, SDR Department, and Administered Accounts (including the ESAF Trust and related accounts); controlling expenditures under the administrative and capital budgets; and maintaining the Fund's accounts and financial records. The department's responsibilities include work on quotas, borrowing, the Fund's liquidity, the Fund's policies on the SDR, its policies on its currency and gold holdings, and its policies on accounting and on financing its capital projects and expenditures.

Information and Liaison

The *External Relations Department* is responsible for the editing, production, and distribution of the Fund's nonstatistical publications; providing information services to the press and the general public; and maintaining contacts with nongovernmental organizations and parliamentary bodies.

The Fund's offices for Asia and the Pacific, in Europe, in Geneva, and at the United Nations maintain close contacts with other international and regional institutions in the areas of their responsibilities.

Support Services

The *Administration Department* manages recruitment, training, and career planning programs; supervises the operation of the headquarters building and leased space; provides administrative services to the Fund; and administers the Joint Fund-Bank Library.

The *Secretary's Department* assists management in preparing and coordinating the work program of the Board and other official bodies, including scheduling and assisting in the conduct of Board meetings. The department also manages the Annual Meetings, in cooperation with the World Bank, and is responsible for the Fund's archives, communications, and security program.

The Fund's *bureaus and offices* are responsible for such aspects as computer services, language services, auditing, budget matters, technical assistance, work practices, and investments under the staff retirement plan.