

# ***SUPPLEMENT TO THE THIRTY-NINTH ISSUE OF SELECTED DECISIONS***

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AND  
SELECTED  
DOCUMENTS  
OF THE  
INTERNATIONAL  
MONETARY  
FUND

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WASHINGTON, DC  
FEBRUARY 28, 2018

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## PREFACE

The Fund's Legal Department has produced this *Supplement to Selected Decisions and Selected Documents of the IMF, 39<sup>th</sup> Issue*, with the aim of making available in convenient form selected policy decisions and documents issued after the publication of the 39<sup>th</sup> Issue but before the issuance of the forthcoming 40<sup>th</sup> Issue. The Supplement will be published in PDF format on the external website of the Fund ([www.imf.org](http://www.imf.org)).

In this Supplement, stand-alone policy decisions and documents are reproduced in full. In the case of decisions amending other decisions, amendments generally are incorporated in the amended decisions. However, where a relatively short amendment pertains to a relatively long document, the amending decision is included as a stand-alone document. The order of documents in the Supplement follows the order of the Articles in the Fund's Articles of Agreement.

Rhoda Weeks-Brown  
*The General Counsel*  
*Director of the Legal Department*



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## Article III

### Quotas and Subscriptions

#### EXTENSION OF THE PERIOD FOR CONSENT TO QUOTA INCREASES UNDER THE FOURTEENTH GENERAL REVIEW OF QUOTAS

Pursuant to paragraph 4 of Resolution No. 66-2, Fourteenth General Review of Quotas and Reform of the Executive Board, the Executive Board decides that notices of consent from members to increases in their quotas must be received in the Fund by 6:00 p.m., Washington D.C. time, on June 29, 2018. (SM/17/339, 12/20/17)

*Decision No. 16320-(18/1),  
December 27, 2017*

#### EXTENSION OF THE PERIOD FOR PAYMENT OF QUOTA INCREASES UNDER THE 2008 REFORM

Pursuant to Paragraph 4 of the Resolution of the Board of Governors No. 63-2, Reform of Quota and Voice in the International Monetary Fund, the Executive Board decides to extend the period for payment of quota increase by [two Fund members] through June 29, 2018. (SM/17/339, 12/20/17)

*Decision No. 16322-(18/1),  
December 27, 2017*

#### EXTENSION OF THE PERIOD FOR PAYMENT OF QUOTA INCREASES UNDER THE FOURTEENTH GENERAL REVIEW OF QUOTAS

Pursuant to paragraph 5 of Board of Governors Resolution No. 66-2, Fourteenth General Review of Quotas and Reform of the Executive Board, the Executive Board decides that each member shall pay to the Fund the increase in its quota under the Fourteenth General Review by the later of (a) June 29, 2018, or (b) 30 days after the date on which it notifies the Fund of its consent. (SM/17/339, 12/20/17)

*Decision No. 16321-(18/1),  
December 27, 2017*

## Article IV

### Exchange Arrangements and Surveillance

*The Chairman's Summing Up—  
2018 Interim Surveillance Review  
Executive Board Meeting 18/31, April 5, 2018*

Executive Directors welcomed the Interim Surveillance Review (ISR) and broadly supported its main conclusions and recommendations. They noted that significant progress had been made in advancing the priorities laid out in the 2014 Triennial Surveillance Review (TSR). This has enabled the Fund's surveillance to be more integrated and risk-based and better adapt to evolving developments and challenges facing the membership. Directors welcomed the progress in the Fund's risk work and inward spillovers, fiscal and external sector assessments, and in the quality and integration of macrofinancial analysis into Fund surveillance. They considered the ISR's detailed stocktaking a valuable input to the Comprehensive Surveillance Review (CSR) scheduled for 2019.

Directors noted that better integration of bilateral and multilateral surveillance has resulted in a deeper understanding of global risks and spillovers in the flagship reports and an increased focus on inward spillovers in Article IV consultations. They noted that, while outward spillover work is being developed via a range of surveillance outputs, this work should feature more prominently in Article IV consultations. They thus encouraged staff to make further efforts to understand and ensure deeper and more consistent coverage of outward spillovers in surveillance, including through outreach with member countries.

Directors recognized the efforts being made to strengthen external sector assessments. These efforts include the External Balance Assessment (EBA) methodology and the External Sector Report (ESR), which have helped promote greater multilateral consistency for major economies and adoption of the EBA-lite methodology for other countries. Directors looked forward to the upcoming discussion on the refinements of the EBA and EBA-lite methodologies to further improve them and their application. In this context, they highlighted the need to further enhance consistency and transparency, ensure careful and clear public communication about the nature of the exercise and role of judgment, and better integrate external assessments into the broader policy discussion. Directors noted that the Fund's Institutional View (IV) on capital flows is now being embedded in surveillance, with greater attention to country circumstances, and encouraged more consistency in applying the framework across the membership as experience accumulates. A few Directors saw merit in fine tuning implementation of the IV, drawing on experience thus far, including further nuancing the distinction between macroprudential and capital flow measures.

Directors noted that fiscal policy advice continues to adapt to the evolving challenges of the membership, reflecting greater attention to anchors and the use of debt sustainability analyses, especially in low-income countries. They emphasized that with the recovery strengthening and financing conditions expected to tighten, rebuilding buffers, reversing the build-up in debt levels and vulnerabilities, and limiting procyclicality in the upturn will become more pressing.

Directors welcomed ongoing work to investigate the impact of technology and digitalization on fiscal policy, as on other areas. In this context, a few Directors called for further work on fiscal space, while a few others asked for additional analysis on fiscal rules.

Directors welcomed the progress in integrating macrofinancial analysis into bilateral surveillance and called for continued efforts to mainstream macrofinancial surveillance and extend its coverage, including the use of the balance sheet approach and assessment of risks from outside the banking sector and technological innovation. They recognized that the macrostructural pilot initiative has facilitated better integration of structural issues into macroeconomic analysis, and improved the depth and granularity of coverage in country papers, noting that there remains scope to increase the country-specificity of policy advice. Directors generally viewed pilot initiatives as an effective approach to build knowledge and experience in addressing emerging issues, with analysis to be incorporated into surveillance where macrocritical, and considered for mainstreaming where the issue is relevant for a large part of the membership, within the Fund's resource constraints. A few Directors supported more systematic tackling of climate change. Directors underscored the importance of better leveraging external expertise in areas where Fund expertise is limited. They also looked forward to a conceptual framework for macrostructural analysis in low-income and developing countries.

Directors acknowledged the efforts in support of evenhandedness by developing a shared understanding of the issues, establishment of an evenhandedness mechanism, and progress in risk-adjusted surveillance. While internal resource allocation is increasingly informed by country vulnerabilities, Directors emphasized the need for continuing progress in aligning surveillance inputs with risks.

Directors saw a need to better leverage the Fund's expert analysis in its core areas of expertise and lessons from cross-country experience. They agreed that both technology and people-based solutions are needed to identify and disseminate these lessons effectively, building on the Fund's knowledge management strategy. Directors also called for better integration of capacity development with surveillance. They looked forward to further efforts to address data gaps, particularly in the areas of public debt and financial sector work, and anticipated that the Fund's budget framework, capacity development, human resources, and information technology strategies should help attain surveillance goals.

Directors underscored that the forthcoming CSR should evaluate the traction of Fund surveillance and emphasized the importance of the planned engagement with members and other stakeholders to identify priorities for the CSR. They saw merit in the CSR adopting a forward-looking focus to enable the Fund to continue supporting member countries and effectively address the impact arising from evolving global challenges. Director emphasized the importance of tailoring policy advice to reflect members' specific circumstances.

SU/18/48  
April 10, 2018

*The Chairman's Summing Up—  
Approaches to Macrofinancial Surveillance in Article IV Reports  
Executive Board Meeting 17/16, March 6, 2017*

Executive Directors welcomed the opportunity to discuss the approaches to integrating macrofinancial surveillance in Article IV reports. They commended the progress made by the staff in mainstreaming macrofinancial analysis in line with the recommendations of the 2014 Triennial Surveillance Review and the Managing Director's Action Plan. Directors agreed that financial sector issues are crucial to countries' growth and stability and a well-integrated analysis of these issues would be vital for effective Article IV Surveillance. They appreciated the wide range of macrofinancial issues covered in the Article IV consultations of the diverse group of countries chosen initially for this initiative. Directors supported the Fund's macrofinancial surveillance initiative and agreed that it is appropriate to progressively mainstream macrofinancial surveillance across the membership.

Directors supported the staff's focus on integrating macrofinancial analysis, given its significance to the Fund's core mandate, into baseline projections, risk assessments, and policy advice in Article IV staff reports. Going forward, they underscored that surveillance should include a two-way assessment of macrofinancial risks and macroeconomic stability, and that financial sector recommendations should be appropriately integrated with the Fund's advice on fiscal, monetary, and structural policies.

Directors considered that the efforts to integrate macrofinancial analysis are strengthening the traction of Fund surveillance by fostering a more effective dialogue with country authorities. Directors urged the staff to continue being flexible and pragmatic in their approach as they extend this work, taking into account country-specific circumstances. They underscored the importance of a deep understanding of a country's institutions, policy frameworks, economic structures, and policy challenges. In addition, macrofinancial analysis should ensure consistent high quality and evenhanded surveillance across the membership. Directors emphasized that staff should continue to engage with country authorities to identify those macrofinancial issues of greatest relevance to a country's economy. A number of Directors emphasized that country surveillance should take due account of the circumstances of members participating in economic or monetary unions.

While recognizing the overall progress, Directors noted that gaps remain and should be addressed, with due account to legal constraints on the provision of confidential supervisory data. These include giving greater attention to how the financial sector would condition the outlook for credit and output, deepening the analysis of the macroeconomic effects of financial shocks, incorporating quantitative approaches to assess financial risks, and improving the availability of financial data. Directors also supported efforts to explore the contribution of the financial sector to long-run growth and financial inclusion. Staff should consider how to integrate macrofinancial perspectives more fully into advice on the overall policy mix and anchor advice on micro- and macroprudential policies on a solid risk assessment informed by a view about systemic risk.

Directors recognized the considerable efforts involved to develop staff's capacity and experience

in undertaking macrofinancial analysis work. Taking into account the Fund's mandate and existing resource constraints, they encouraged the staff to continue to focus on efficient ways to support knowledge-sharing, with a number of Directors emphasizing that this initiative be advanced within the Fund's existing budgetary envelope. Directors called on staff to strengthen cooperation and share expertise of other multilateral institutions as appropriate. They looked forward to discussing progress at the time of the Comprehensive Surveillance Review in 2019.

March 10, 2017  
BUFF/17/14

#### ARTICLE IV CONSULTATION CYCLES

This Decision is adopted pursuant to Article IV, Sections 3 (a) and (b) of the Fund's Articles. It establishes a framework for the periodicity of consultations between the Fund and each member on the member's policies under Article IV, Section 1.

1. Except as provided for in paragraphs 2 and 3 below, consultations with members shall be conducted in accordance with the principles set out in this paragraph.

In principle, Article IV consultations with members will take place annually. Article IV consultations that take place on the standard twelve-month cycle will be subject to a grace period of 3 months and, accordingly, will be expected to be completed within 15 months of the date of the completion of the most recent consultation.

The Fund may decide to place a member on a consultation cycle that is longer than 12 months but, in any event, is not longer than 24 months (hereinafter an "extended cycle") only if the member does not meet any of the following criteria:

- (a) the member is of systemic or regional importance;
- (b) the member is perceived to be at some risk because of policy imbalances or particular threats from exogenous developments, or the member is facing pressing policy issues of broad interest to the Fund membership; or
- (c) the member has outstanding credit to the Fund under all facilities above one hundred forty-five percent (145%) of the member's quota.

The Fund will place a member on an extended cycle only after consulting with the Executive Director for the member and obtaining the member's consent.

2. Whenever a Fund arrangement (other than an arrangement under the Flexible Credit Line (FCL) or Precautionary and Liquidity Line (PLL)), Policy Coordination Instrument (PCI), or a Policy Support Instrument (PSI) is approved for a member, that member shall automatically be placed on a 24-month consultation cycle. Article IV consultations with such members shall be conducted in accordance with the procedures specified below.

(a) Article IV consultations with such a member will be expected to be completed within 24 months of the date of completion of the previous Article IV consultation with that

member. The consultation cycle will be shortened where a program review under an arrangement for the member is not completed by the date for completion specified in the arrangement: in these circumstances the next Article IV consultation with that member will be expected to be completed by the later of (i) 6 months after the date specified in the arrangement for completion of the review, and (ii) 12 months, plus a grace period of 3 months, after the date of completion of the previous Article IV consultation, provided, however, that, where the relevant program review is completed before the later of the dates specified in (i) and (ii) above, the next Article IV consultation will be expected to be completed within 24 months of the date of completion of the previous Article IV consultation with that member.

(b) A member that has completed an arrangement (other than an FCL or PLL arrangement) by drawing all amounts, or a PCI or PSI by completing all reviews, shall remain on the cycle determined pursuant to paragraph 2(a) above, unless at the time of the final review under the arrangement, PCI, or the PSI, the Executive Board determines, based on the criteria specified in paragraph 1, that a different cycle shall apply. Where the arrangement, PCI, or PSI is cancelled by the member, or the arrangement expires with undrawn amounts or the PCI or PSI expires with uncompleted reviews or is terminated, the member concerned shall remain on the cycle determined pursuant to paragraph 2(a) above, unless the Executive Board determines, based on the criteria specified in paragraph 1, that a different cycle will apply.

3. Whenever an FCL or a PLL arrangement is approved for a member, that member will automatically be placed on a 12-month consultation cycle. Article IV consultations with such members will be conducted in accordance with the procedures specified below:

(a) if, prior to the approval of the FCL or PLL arrangement, the member was on an extended cycle, the next Article IV consultation with that member will be expected to be completed by the later of (i) 6 months after the date of approval of the arrangement, and (ii) 12 months, plus a grace period of 3 months, after the date of completion of the previous Article IV consultation;

(b) if an FCL or a PLL arrangement is completed by drawing all amounts, expires with undrawn amounts, or is cancelled by the member, that member will remain on the standard 12-month cycle, unless the Executive Board determines that a different cycle will apply.

4. At the conclusion of each Article IV consultation with a member, the Fund will specify the cycle that will apply to the next Article IV consultation with the member.

5. Decision No. 12794-(02/76), adopted July 15, 2002, as amended, is hereby repealed. (SM/10/253, 9/21/10)

*Decision No. 14747-(10/96),  
September 28, 2010,  
as amended by Decision Nos. 15017-(11/112), November 21, 2011,  
15945-(16/14), February 17, 2016, and  
16232-(17/162),  
July 14, 2017*

## Monetary Unions

*The Chairman's Summing Up—  
Program Design in Currency Unions  
Executive Board Meeting 18/15, February 21, 2018*

Executive Directors welcomed the opportunity to discuss proposals with regard to program design for members of currency unions within the Fund's lending framework. Consistent with the approach taken in the Integrated Surveillance Decision, which recognizes the important role that currency union institutions play in Fund surveillance, Directors supported establishing general guidance on Fund engagement with currency union institutions in circumstances where the policies of these institutions are critical to the success of Fund-supported programs. They noted that this would help ensure that safeguards for program success and the use of Fund resources are applied in a consistent and evenhanded manner.

Directors agreed that the design of Fund-supported programs for the members of currency unions should account for how the nature of the currency union affects the member's balance of payments need, and ensure that there is sufficient adjustment to resolve the member's balance of payments problem within the period of the program. In this regard, they noted that in currency unions with a fixed exchange rate, there may be an inherent interconnection between the external viability of the union and the external stability of the members of the union. They took note of the fact that certain monetary policy operations by currency union central banks may impact their members' balance of payments. Most Directors supported staff's proposal to follow a consistent framework in measuring the balance of payments need of currency union members in the future, while a number of Directors emphasized that the proposed approach should take into account the specific features of the respective currency unions.

Directors emphasized that the Fund has not only the authority, but also the obligation to implement policies on the use of its resources in order to assist members to solve their balance of payments problems and to provide adequate safeguards to Fund resources. Under this obligation, when policies under the purview of union-level institutions have been necessary to a member's program implementation, these have been incorporated into Fund-supported programs in an ad hoc way. Accordingly, a number of Directors saw merit in extending the scope of the Guidelines on Conditionality to encompass actions by union-level institutions, on grounds of consistency and evenhandedness. Most Directors believed that separate guidance should apply to assurances from union-level bodies, when needed, in recognition of the fact that decision-making by union-level institutions generally involves all currency union members, and not only the borrowing member. In the spirit of consensus, Directors endorsed staff's proposal to formalize current practices, with the modalities and operational aspects as outlined below.

Directors underscored that program design should be based, to the extent possible, on policies over which the national authorities of the member have direct or indirect control. They agreed that, insofar as currency union members have delegated important economic and financial policies to union-level institutions, assurances with respect to actions by these institutions would be sought when the member's adjustment policies alone could not meet the program's objectives. The scope of such actions would normally be limited to the specific member country, mindful of the need to mitigate their potential impact on the rest of the currency union. The threshold for the



Fund to make the use of its resources conditional on a policy action by a union-level institution is the same as for policies under the member's own control: the measure must be deemed critical to program success. Directors recognized that criticality is a judgment call, although a number of them sought greater clarity on its scope in the context of Fund-supported programs for currency-union members. A few Directors saw value in considering cost efficiency alongside criticality, and assessing whether union-level actions can achieve the program's objectives at a lower cost, within the mandates of union-level institutions.

Directors recognized that, in very exceptional cases, the Fund may need to seek assurances regarding adjustments in union-wide policy settings that affect other members of the currency union. These exceptional circumstances could occur when policies at the union level, such as unsustainable foreign exchange interventions, have contributed to the balance of payments problem facing the union's members, or when a critical mass of the union's members face a contemporaneous balance of payments problem.

Noting that legal, institutional, and policy frameworks differ across currency unions, Directors stressed that such differences need to be taken into account, on a case-by-case basis, in the design of programs with members of currency unions. In exercising this flexibility, the Fund would be evenhanded in its treatment of members in different currency unions, as well as in relation to the rest of the Fund's membership.

Directors concurred that, consistent with the approach taken in all programs with member countries, the Fund will not seek policy assurances from a union-level institution that would involve it taking actions that are inconsistent with that institution's mandate and legal and institutional frameworks. They acknowledged that, when an institution provides policy assurances, it does so voluntarily and in accordance with its own assessment of what policies are appropriate. Consequently, the provision of such assurances would not intend to intrude, and should not be construed as intruding, on the independent authority of the institution concerned. In the event that an institution is prevented by its mandate or legal and institutional frameworks from providing the assurances being sought, Directors agreed that the Fund will make every effort to work with the borrowing member to adapt the program design in such a way that its objectives can be met with an alternative policy mix.

Directors agreed that assurances over critical policy actions need to be clear, specific, monitorable and—where necessary—timebound. Policy assurances must be appropriate, taking into account the nature of the specific policy action in question. They would be provided in writing, in the form of a letter from the relevant union-level institution to the Managing Director, or a published statement by the union-level institution. In a narrow set of circumstances—those identical to conditions established under existing policies—the assurance could be provided in a confidential form. Directors noted that confidential side letters could be used only when the conditions of the side letter policy are met. In highly exceptional circumstances, oral understandings could be accepted to complement written assurances, although measures judged critical to a member's program must be provided in writing.

Directors emphasized that the measures for which assurances have been sought must be critical to the success of the member's program. In the event that such a measure is not fully

implemented, a decision by the Executive Board to approve the use of Fund resources by the member would be contingent on a finding that the objectives of the member's program can nevertheless be met. Such a finding would be based on staff's assessment that the shortfall in policy implementation is minor or temporary, or that sufficient corrective action has been taken.

Directors highlighted the merits of early engagement with relevant currency union institutions when assurances are likely to be sought from them. The assurances will normally be obtained by the time Fund staff submits the documents for interdepartmental review, and in line with the practice on prior actions, the communication conveying these assurances from the currency union institution should be made available to the Executive Board no later than five working days before the Board meets to discuss the use of Fund resources by the member, but in any event no later than the time of the Board meeting. The written communications will be part of the program documentation, and published following a similar approach to the one that applies to the publication of policy intention documents from the national authorities.

Directors emphasized that the Board should be regularly updated on the status and implementation of previously agreed understandings with currency union institutions, and of any proposed amended or new understanding. Such assessments are expected at the time of each review. When programs with several countries rely on a shared set of policy assurances, these assessments could refer to other recent Board assessments, where relevant, provided that the assurances are assessed at least semi-annually, and the Board considers proposed new or amended assurances at the earliest relevant juncture.

Directors expected that the staff report for the member's program provides a clear explanation as to why the resolution of the member's balance of payments need cannot be achieved solely with domestic policies and why the union-level assurance is critical for program success. They stressed the need for the Board to express its view on the criticality of these assurances, which would be reflected in both the summing up and the Chairman's statement.

Directors concurred that staff background papers on a union-wide situation could be useful, especially where—such as in the case of a union-wide shock or inadequate union level reserves—adjustment in several currency union members is required, or where the measures under consideration potentially create spillovers or have a union-wide impact. They expected staff to exercise judgment in determining when such a report is necessary, although when several countries in a union have concurrent Fund-supported programs and union-level actions are critical, one union-wide background paper within a six-month period would likely suffice.

This guidance shall take effect immediately, or from the next program review in the case of current arrangements.

SU/18/24, Corrected: 3/1/18  
February 26, 2018

## Capital Flows, Trade, Sovereign Wealth Funds

*The Acting Chair's Summing Up—  
Increasing Resilience to Large and Volatile Capital Flows—  
The Role of Macprudential Policies  
Executive Board Meeting 17/55, June 28, 2017*

Executive Directors welcomed the discussion on the role of macroprudential policies in increasing resilience to large and volatile capital flows and a conceptual framework for identifying and assessing macroprudential measures (MPMs), which in some cases may also be capital flow management measures (CFMs). They appreciated the detailed country case studies, which provide a valuable insight from international experience in this policy area. Directors recognized that capital flows

deliver significant benefits but also have the potential to contribute to a build-up of systemic financial risk, especially if they are large and volatile. They also reiterated that macroeconomic policies, including exchange rate flexibility, need to play a key role in managing risks associated with capital flows, and that MPMs and CFMs should not be used to substitute for warranted macroeconomic adjustment.

Directors agreed that macroprudential policies, in support of sound macroeconomic policies and strong financial supervision and regulation, can play an important role in helping countries harness the benefits of capital flows. MPMs can help mitigate systemic financial risks and improve the capacity of the financial systems to safely intermediate cross-border flows. Specifically, Directors noted that the use of MPMs can increase countries' resilience to aggregate shocks, including those associated with capital flows, and can contain the build-up of systemic vulnerabilities over time. The proposed conceptual framework does not modify the Institutional View on the liberalization and management of capital flows as agreed in 2012, and Directors did not suggest changes to it.

A number of Directors suggested an in-depth discussion of the question of whether CFMs can be used preemptively to manage systemic risks that may arise from capital flows. The Institutional View does not support the preemptive use of CFMs—a point reiterated by a few Directors at the meeting—although a few others saw merit in reconsidering the case. Directors also noted that the strengthening of macroprudential policy frameworks can usefully form part of broader efforts to enhance risk management, and prudential regulation and supervision so as to support capital flow liberalization.

Directors highlighted that capital outflows should be handled primarily by macroeconomic policies. Nevertheless, where sufficient buffers are in place, a relaxation of MPMs may assist in countering financial stress from outflows. Directors emphasized the need to carefully calibrate decisions on relaxing particular MPMs, mindful of the need to preserve market confidence and the financial system's resilience to future shocks.

Directors concurred that the conceptual framework laid out in the staff paper provides a helpful basis for guiding staff assessment of measures with the goal of providing consistent, evenhanded,

and well-targeted policy advice to member countries in the context of surveillance. They stressed that the context, calibration of the measure, and other country-specific circumstances should be taken into account in applying the framework. Noting the degree of judgment involved, Directors considered that a well-documented justification would be useful to understand how staff has reached a particular judgment and help inform efforts to ensure consistent and evenhanded application of the framework, as well as greater clarity regarding the basis for assessment. Some Directors urged staff to proceed with caution in categorizing measures and avoid prescriptive advice that may trigger an adverse market reaction.

Directors observed that, while experience in the use of MPMs is growing, policymakers are still learning how best to calibrate them, with a view toward maximizing their benefits and minimizing costs to financial institutions, borrowers, and economic growth. Gauging the effectiveness of specific MPMs, notably in terms of the reduction in risk and severity of crises, remains challenging. Accordingly, Directors emphasized the need to progressively build up expertise and allow the macroprudential framework to evolve over time to incorporate new experience and insights.

Directors encouraged staff to continue deepening the understanding of macroprudential policies and their effectiveness, as well as how to apply the conceptual framework appropriately, drawing lessons from country experiences. They supported the plans to compile a database of MPMs reported by member countries and to integrate staff findings into Fund surveillance and technical assistance. Directors also called for continued close engagement with member countries and relevant international institutions in this area, including on use of MPMs to address risks from cross-border capital flows. They encouraged staff to provide further opportunity to follow up on these and other issues related to capital flows, including the issues requested by the Board.

BUFF/17/50  
July 4, 2017

## **Governance and Military Issues**

*The Chairman's Summing Up—  
The Role of the Fund in Governance Issues—  
Review of the Guidance Note—Preliminary Considerations  
Executive Board Meeting 17/66, July 21, 2017*

Executive Directors welcomed the preliminary assessment of the Fund's approach to addressing governance issues in its engagement with member countries, as laid out in the 1997 Guidance Note. They noted the progress being made since then and the areas in which further analysis, including possible amendments to the Guidance Note, would be warranted.

Directors appreciated the various initiatives introduced by the Fund to promote good governance in member countries. They agreed on the importance and value of these initiatives, including the Fund's extensive work on helping countries to improve public financial management; establish standards and codes in fiscal and monetary areas; conduct financial sector assessments; strengthen central bank governance; improve the quality, timeliness, and transparency of

statistical data; and assess frameworks for anti-money laundering and combating the financing of terrorism. They noted that, while these efforts were not specifically targeted at corruption, they played an important role in helping to limit opportunities for corruption. In this context, some Directors noted that this stocktaking exercise could have focused more deeply on assessing the implementation of these initiatives, while a number of other Directors considered that it could have shed more light on issues such as regulatory capture, tax evasion, and illicit financial flows.

Directors generally concurred that, while the 1997 Guidance Note identified corruption as an important aspect of governance that the Fund should address when it is assessed to have a significant macroeconomic impact, there has been an increasing recognition since then that systemic corruption has a particularly pernicious effect on economic performance. They noted that corruption can undermine a country's capacity to support sustainable and inclusive growth by impairing the execution of key state functions such as the conduct of fiscal and monetary policies, the design and implementation of market regulations, financial sector oversight, and public order and enforcement. Moreover, the impact of corruption on a state's ability to carry out its functions increases as corruption becomes more systemic and acute, and systemic corruption can exacerbate inequality because of the distortions in expenditure created by corruption. Directors looked forward to further staff analysis of the link between corruption and inclusive growth.

Against this background, most Directors agreed that the Fund should continue to engage in addressing corruption where it is assessed to have a significant macroeconomic impact. Many noted that a strong and focused effort to tackle corruption can help improve the effectiveness of economic policy and institutions in member countries, and also help protect the Fund's reputation and integrity. Many Directors also considered that a broader definition of corruption would be more appropriate to capture its various forms across countries, as well as both the demand and supply sides of corruption. Directors agreed that the Fund should maintain its focus on broader governance issues and institution-building. However, some Directors believed that the Fund should limit its engagement to the areas where it has a clear competence and where it could have better traction in its dialogue with member countries. These Directors felt that the Fund may not have the expertise and capacity to assess corruption generally and that reliance on external indicators that are not fully transparent risks weakening the credibility of Fund policy advice. Directors cautioned that, as flagged in the Guidance Note, the Fund, in undertaking such engagement, should not seek to interfere in national politics, adopt the role of an investigative agency or guardian of financial integrity, or act in a manner that may be prejudicial to domestic legal enforcement processes.

Directors broadly agreed that, despite progress under the 1997 Guidance Note, there remains significant scope to strengthen Fund engagement. They welcomed the breadth and depth of coverage of corruption-related issues in staff reports and other efforts in countries where corruption appears to be particularly severe. They pointed out several areas where existing practice could be further strengthened. This includes the coverage of corruption in Fund engagement, which has varied significantly across countries, even among those facing broadly comparable corruption challenges. They noted that, while such cross-country differences may be justified (for example, reflecting different policy priorities and concerns), it is important to adhere to the principle of uniformity of treatment, including by justifying the basis for focusing

on corruption in individual cases in light of country-specific circumstances. Many Directors also considered that having greater clarity in staff's reporting and recommendations regarding corruption-related issues would be helpful. A few other Directors cautioned, however, that the use of direct language could have an adverse effect on Fund engagement with its members.

Most Directors concurred with the staff proposal for conducting further work on how to strengthen Fund engagement on corruption issues in its areas of expertise. They agreed that the Guidance Note should be revisited in selected areas, with a view to providing more specific Board-endorsed guidance on how the Fund should handle corruption issues in country engagement to ensure an evenhanded and consistent approach. Such guidance could cover how to consistently assess the nature, sources, extent, transmission channels, time horizon, and impact of corruption, and how the Fund could tailor its policy advice or program conditionality, taking into account member countries' implementation capacity and anti-corruption measures already in place. Directors also highlighted the need for robust methodologies for evaluating the link between corruption and macroeconomic outcomes, and for collaborating with the World Bank and other institutions, as well as with the private sector and civil society organizations, to leverage their expertise and knowledge.

Most Directors underscored the importance of clear guidance on the transparent and judicious use of third-party indicators, and noted that these indicators could serve as an input to staff's analysis and dialogue with relevant member countries. A number of Directors, however, cautioned against using such indicators without a full understanding of their source and underlying methodology. A number of Directors also emphasized that the Fund should not engage in publishing rankings of member countries based on perceived corruption levels.

In light of today's discussion, staff will prepare a follow-up paper to propose possible approaches to ensure more systematic and evenhanded Fund engagement on governance and corruption.

BUFF/17/66  
July 28, 2017

*The Chairman's Summing Up—  
Review of 1997 Guidance Note on Governance—  
A Proposed Framework for Enhanced Fund Engagement  
Executive Board Meeting 18/32, April 6, 2018*

Executive Directors welcomed the review of the 1997 Guidance Note on the Role of the Fund in Governance Issues (the "1997 Governance Policy"). They concurred that, while the 1997 Governance Policy remains an appropriate basis for the Fund's work in this area, further guidance from the Executive Board is needed to enhance the effectiveness of Fund engagement. To that end, they noted that today's adoption of the Framework for Enhanced Fund Engagement will promote a more systematic, candid, and evenhanded engagement on governance issues, including on corruption. Directors underscored that, in circumstances where corruption is systemic, the failure of the Fund to address these issues in surveillance and in Fund-supported

programs gives rise to reputational risks and could also undermine the safeguarding of Fund resources.

Directors agreed that the Fund's engagement should continue to be guided by the 1997 Governance Policy. They emphasized that the overall objective of the policy is to assist members in strengthening governance, including the tackling of corruption. Directors welcomed the systematic approach relied on in the Framework for Enhanced Fund Engagement to assess the severity of governance. They concurred that the state functions identified are appropriate given the Fund's mandate regarding economic activity. In that context, they emphasized that the analysis of the rule of law should focus on those aspects that are critical to economic performance and, in particular, the protection of property and contractual rights. Directors also emphasized that governance vulnerabilities may manifest themselves in regulatory capture, including in the area of financial sector oversight.

Directors agreed that the Fund's assessments of governance vulnerabilities should be holistic, relying on both quantitative and qualitative information. They also agreed that, to the extent possible and where relevant, staff would rely on information already obtained by the Fund, including from member authorities, in the context of existing Fund activities. In that regard, Directors emphasized that, whenever data gaps exist, they should be specifically acknowledged. They also stressed that the use of third-party indicators should be consistent with the Fund's policy in this area, and should only complement—and not displace—the analysis of Fund staff and that of other international organizations, including the World Bank and regional development banks. They noted that collaboration with these organizations, and the use of information provided by them, will be consistent with Fund policy. Directors agreed that the Fund should not publish country rankings of its assessment of corruption or other general governance vulnerabilities.

Directors also agreed that the Fund should continue to address governance issues and corruption in surveillance when the applicable standard of the Integrated Surveillance Decision has been met. Given the evidence of the negative association between weak governance and corruption, on the one hand, and inclusive growth and fiscal performance, on the other hand, Directors agreed that a determination as to whether governance and corruption vulnerabilities are relevant to surveillance will be based on an assessment of whether they are sufficiently severe to significantly affect prospective or present balance of payments and domestic stability. They supported the flexibility in the timing of the inclusion of these issues—where warranted—in Article IV consultations, in line with the approach taken for other long-term issues. With respect to use of Fund resources (UFR), Directors emphasized that reforms to address governance and corruption vulnerabilities should be conditions for UFR when these vulnerabilities are assessed as severe and addressing them is of critical importance for achieving the goals of a member's program. Directors also stressed the need to recognize any ongoing governance reforms in the member country since the responsibility for governance issues lies primarily with the national authorities.

Directors emphasized that Fund policy advice should be informed by the diagnosis of the vulnerabilities, and be specific and tailored to member countries' circumstances and implementation capacity, taking into account the inherent complexity of these issues. They

stressed the importance of early and close engagement with the authorities on these issues. Directors also emphasized that, in the context of surveillance, the authorities' own views should be adequately reflected in the relevant staff report. The authorities will be informed sufficiently in advance of the intention to discuss these issues and the discussions will be open and transparent. Directors underscored the need for candid discussions in staff reports, using clear and direct language.

Directors acknowledged that there are likely to be areas where the Fund does not have a comparative advantage relative to other international institutions. They, therefore, urged the staff to continue to rely on the expertise of other institutions, especially the World Bank, in these areas. More generally, they noted that the Fund should collaborate with other institutions to minimize duplication of work. For example, with respect to AML/CFT, Directors emphasized that the Fund should continue to rely on existing division of responsibilities with other assessor bodies, particularly the FATF.

With respect to capacity development in governance and corruption, Directors agreed that the Fund's support to member countries should be appropriately prioritized with—and well-integrated into—surveillance and UFR. Given that entrenched weaknesses require sustained efforts, particularly in the context of fragile states, Directors emphasized that the Fund's capacity development strategy in this area needs to be anchored within a longer-term framework.

Directors supported the increased emphasis in the Framework on measures to prevent private actors, including those involved in organized crime, from offering bribes or providing services that facilitate concealment of corruption proceeds, thereby helping to reduce illicit financial flows. Given the importance of the transnational dimension, Directors welcomed the decision made by several jurisdictions to volunteer to have their legal and institutional frameworks assessed in the context of future Article IV consultations, and encouraged other jurisdictions to volunteer as well. The assessments will determine whether: (a) they criminalize and prosecute the bribery of foreign public officials; and (b) they have an effective AML/CFT system that is designed to prevent foreign officials from concealing the proceeds of corruption. Directors emphasized that these assessments should also take into account the effectiveness of implementation.

Directors took note of Management's plan to adopt a centralized institutional process for the assessment of the severity and impact of governance and corruption vulnerabilities to ensure that similarly-situated countries are treated similarly in both surveillance and UFR. The centralized process will be implemented by a standing Working Group with a key role in ensuring an evenhanded implementation of the Framework.

Directors welcomed Management's intention to assess the resource implications of the application of the Framework in the Administrative Budget for FY 2020. They looked forward to regular updates from the staff on the implementation of the Framework and a review by the Executive Board within three years of its adoption.

SU/18/49  
April 11, 2018



## Article V, Section 2(b)

### Technical Services

*The Acting Chair's Summing Up—  
The 2017 Joint Review of the Standards and Codes Initiative  
Executive Board Meeting 17/63, July 17, 2017*

Executive Directors welcomed the 2017 review of the standards and codes (S&C) initiative. They agreed that the initiative continues to make a substantial contribution to promoting international financial stability and there are no major gaps in its overall architecture. Directors noted that while implementation of the recommendations of the 2011 S&C review has been mixed with uneven coverage across certain policy areas and member countries, several policy areas have demonstrated considerable dynamism in S&C work.

Directors appreciated the Review's updates on the developments in the underlying S&C and individual policy areas led by the Fund and the World Bank and agreed that these provide member countries helpful tools to strengthen their policy frameworks. They generally concurred that the Fiscal Transparency Code provides a good way forward, including its outcome-focused, modular, and graduated approach, to increase the relevance of Fund-set transparency S&C.

Directors endorsed the proposed strategic approach to devolve operational reviews and responsibilities to individual policy areas, including leveraging progress made so far, while ensuring strategic oversight at the level of the overall initiative. In this context, structured consideration of good practices and reporting should help sustain momentum between S&C reviews and ensure alignment of S&C work with member needs and the Fund's strategic priorities. A number of Directors pointed to the need to consider the resource implications of individual policy area decisions for effective strategic oversight. A few Directors noted that a more decentralized approach could lead to fragmentation of the framework.

Directors welcomed the progress that has been made in establishing a standard for crisis resolution and operationalization of its assessment methodology, including through close collaboration between the Financial Stability Board as the standard setter and the Fund and the Bank. They endorsed the Key Attributes of Effective Resolution Regimes for Financial Institutions as they apply to the banking sector and the related assessment methodology, which will underpin work in the Crisis Resolution and Deposit Insurance policy area.

Directors looked forward to the forthcoming Fund-led policy area reviews. They emphasized that these area reviews should consider the scope for improvements based on identified best practices drawn from across the policy areas, and should include an assessment of how new elements could improve linkages to surveillance and capacity development. Given recent trends in coverage in certain policy areas, particularly for emerging markets and low-income and developing countries, and resource intensity of assessments, Directors looked forward to discussions of these issues in the context of the forthcoming policy area reviews. They also agreed that increased collaboration across policy areas and close engagement with external Standard Setting Bodies and member countries should support the vitality of the initiative. A

number of Directors looked forward to the forthcoming Board paper on Islamic banking.

Directors recognized that progress toward the key objective of strengthening the link between S&C work and Fund surveillance should take into account that surveillance can guide priorities for S&C assessments as much as assessments should feed into surveillance. In this context, they noted that a direct operational link to surveillance may be less important if S&C work continues to increase its orientation around risks and outcomes, thereby aligning with surveillance in another, more fundamental way. Directors agreed that facilitating cross-fertilization of innovation across policy areas, as appropriate, could further promote alignment with surveillance as well as capacity development efforts.

Directors generally supported the staged revision of the Monetary and Financial Policy Transparency (MFPT). They took note that the process will start with an early update to ensure that the monetary part of the code can serve as a diagnostic tool in capacity development by providing benchmarks of good practices for members at different stages of development. This should be followed by timely subsequent consideration of, if and how an updated financial part of the MFPT could be a helpful supplementary tool to support diagnostic financial sector work. A few Directors underscored that the revision should focus narrowly on gaps and complementing the transparency elements in the financial standards, and seek to avoid an overly complex structure that is too resource-intensive.

In the area of data policy, Directors noted its key role in promoting transparency and saw merit in the value of revisions to support effective economic decision-making, with the outcome of pilot exercises and refinement of the module to be taken up in the 10th review of the Fund's data standards. A few Directors emphasized the need for further testing and undertaking cost-benefit assessments before implementing data policy recommendations.

Noting the importance of increasing traction of S&C work with policy-makers and market participants, some Directors recommended that the results of some assessments be presented in a non-technical manner for ease of understanding. Directors agreed that the next review of the S&C initiative should be undertaken in due course, following experience gained with operationalizing the recommendations of the current review.

BUFF/17/61  
July 20, 2017

#### THE 2017 JOINT REVIEW OF THE STANDARDS AND CODES INITIATIVE

1. The Fund takes note of the Financial Stability Board's Key Attributes of Effective Resolution Regimes for Financial Institutions (the "Key Attributes") and the Key Attributes Assessment Methodology for the Banking Sector.

2. The Fund endorses the Key Attributes as they apply to bank resolution regimes and the related assessment methodology for the purposes of undertaking assessments and preparing Reports on the Observance of Standards and Codes (ROSCs). (SM/17/166, 06/20/17)

*Decision No. 16237-(17/63),  
July 17, 2017*

## Financial Services

### REVIEW OF THE INVESTMENT STRATEGY FOR TRUST ASSETS

1. Section VII, paragraph 3 of the Instrument to Establish the Poverty Reduction and Growth Trust (PRGT), annexed to Decision No. 8759-(87/176) ESAF, adopted December 18, 1987, as amended, shall be amended to read as follows:

“Any balances held by the Trust and not immediately needed in operations shall be invested. Investments shall be made as determined by the Trustee in accordance with guidelines adopted by the Trustee from time to time.”

2. Pursuant to Section VII, paragraph 3 of the PRGT instrument as amended in paragraph 1 of this decision, Section IV, paragraph 1 of the Trust for Special Poverty Reduction and Growth Operations for the Heavily Indebted Poor Countries and Interim ECF Subsidy Operations, annexed to Decision No. 11436-(97/10), adopted February 4, 1997, as amended, Section IV, paragraph 1 of the Instrument to Establish the Catastrophe Containment and Relief Trust, annexed to Decision No. 14649-(10/64), adopted June 25, 2010, as amended, and Article V, Section 12(h) of the Articles of Agreement, the Fund adopts the Guidelines for Investing PRG, PRG-HIPC, and CCR Trust Assets as set forth in the Annex I of SM/17/28. (SM/17/28, 02/22/17)

*Decision No. 16152-(17/20),  
March 22, 2017*

*The Acting Chair's Summing Up—  
Eligibility to Use the Fund's Facilities for Concessional Financing, 2017  
Executive Board Meeting 17/38, May 15, 2017*

Executive Directors welcomed the opportunity to review the PRGT-eligibility framework and the associated list of PRGT-eligible countries. They emphasized that PRGT eligibility should continue to be guided by a framework that is transparent and rules-based, ensures uniformity of treatment among members in similar circumstances, and preserves the Fund's scarce concessional resources for the use of low-income members that are most in need, while maintaining the self-sustainability of PRGT lending. Directors reiterated that the eligibility framework should remain broadly aligned with International Development Association (IDA) practices, while allowing scope for some differences given the different mandates of the two institutions.

Directors generally concurred that the existing framework remains broadly appropriate, and did not see a need to introduce changes at this time. In this context, they noted that none of the countries that graduated recently from the PRGT-eligibility list are currently at risk of re-entering it.

Directors agreed that no members are currently eligible for entry onto, or graduation from, the list of PRGT-eligible countries. They encouraged staff to continue monitoring closely the

potential demand for PRGT resources, underscoring the importance of maintaining the self-sustained capacity of the PRGT. In this regard, Directors welcomed that the decision to keep the list of PRGT-eligible countries unchanged at this review is consistent with the principle of self-sustainability of the PRGT. Noting that 13 countries meet the income and/or market access criteria but are assessed to face serious short-term vulnerabilities,

Directors emphasized the importance of continuing to help these countries address these vulnerabilities and move towards graduation.

Directors agreed that the next review of PRGT eligibility would be held on the standard two-year cycle.

BUFF/17/27,  
May 17, 2017

LARGE NATURAL DISASTERS — ENHANCING THE FINANCIAL SAFETY NET FOR DEVELOPING  
COUNTRIES — AMENDMENTS TO THE RAPID CREDIT FACILITY

Section II, paragraph 2(b) [of Decision No. 8759-(87/176) ESAF, as amended, December 18, 1987] shall be amended to read as follows:

“(b) The access of each eligible member under the RCF shall be subject to an annual limit of 18.75 percent of quota and a cumulative limit of 75 percent of quota, net of scheduled repayments; provided that: (A) the annual and cumulative access limits under the RCF shall be 37.5 percent of quota and 75 percent of quota, respectively, net of scheduled repayments, in cases where (i) the member requests assistance under the RCF to address an urgent balance of payments need resulting primarily from a sudden and exogenous shock, and (ii) the member's existing and prospective policies are sufficiently strong to address the shock; and (B) the annual and cumulative access limits under the RCF shall be 60 percent of quota and 75 percent of quota, respectively, net of scheduled repayments, where (i) the member requests assistance under the RCF to address an urgent balance of payments need resulting from a natural disaster that occasions damage assessed to be equivalent to or to exceed 20 percent of the member's gross domestic product (GDP) and (ii) the member's existing and prospective policies are sufficiently strong to address the natural disaster shock Outstanding credit by a member under the rapid-access component of the ESF or outstanding purchases from the General Resources Account under emergency post conflict/natural disaster assistance covered by Decision No. 12341-(00/117), shall count towards the annual and cumulative limits applicable to access under the RCF. With effect from July 1, 2015, any purchases from the General Resources Account under the Rapid Financing Instrument shall count towards the annual and cumulative limits applicable to access under the RCF.” (SM/17/76, 04/11/17)

*Decision No. 16182-(17/35),  
May 5, 2017*

*The Acting Chair's Summing Up—  
Large Natural Disasters—  
Enhancing the Financial Safety Net for Developing Countries  
Executive Board Meeting 17/35, May 5, 2017*

Executive Directors welcomed the proposals for enhancing the financial safety net for countries hit by natural disasters. They recognized that, while these countries can avail themselves of the Rapid Credit Facility (RCF) and Rapid Financing Instrument (RFI), annual access limits under these instruments may be low relative to the size of balance of payment needs caused by large disasters, to which small states are most vulnerable. They noted that, when access limits under the RCF and RFI were halved with the doubling of Fund quotas under the 14th General Review of Quotas, members that received the lowest quota increases were at a disadvantage and have not benefitted fully from the previous reforms that were intended to address an erosion of access limits.

Accordingly, Directors supported the proposed establishment of new windows under the RCF and RFI to provide annual access of up to 60 percent of quota for countries experiencing urgent balance of payments needs arising from large natural disasters. They noted that this will better help meet the immediate needs of these members and enhance the Fund's catalytic role in mobilizing other external financing. Directors agreed that, pending next year's comprehensive review of the Fund's facilities for low-income countries, the current cumulative access limits for both the RCF and the RFI should remain unchanged at 75 percent of quota. A few Directors saw a case for considering how to further enhance the financial safety net for fragile states.

Directors agreed that qualification for higher access under the large natural disaster windows within the RCF and RFI should be conditional, inter alia, on meeting a disaster damage threshold of 20 percent of the member's GDP. They considered that this threshold strikes the appropriate balance between providing emergency financing to disaster-hit countries on the one hand, and safeguarding Fund resources and discouraging facility shopping on the other hand. Directors also supported the staff's approach to estimating disaster damage, drawing on a range of third-party information and collaborating closely with other organizations, while ensuring that the Fund's response is timely and consistent with its mandate.

Directors welcomed the staff's assessment that the reform proposals would be consistent with the self-sustainability of the Poverty Reduction and Growth Trust (PRGT), and that demand for PRGT resources associated with the proposed damage threshold would not pose significant risks to the robustness of the Trust under a broad range of scenarios.

Directors underscored the importance of closely monitoring the experience with the use of the RCF and RFI, future financing demand, and the PRGT lending capacity as part of the regular reviews of Fund facilities. They also stressed the need for vulnerable countries to continue to enhance economic and financial resilience to shocks and strengthen policy frameworks, including risk reduction planning, noting in this regard that the Fund's surveillance and technical assistance can play an important role in helping these countries improve disaster preparedness.

*The Acting Chair's Summing Up—  
Social Safeguards and Program Design in PRGT and PSI-Supported Programs  
Executive Board Meeting 17/43, May 26, 2017*

Executive Directors welcomed the opportunity to review the experience with the use of social safeguards measures in PRGT and PSI-supported programs, while recognizing that a more comprehensive assessment of the effectiveness of social safeguards would require further analysis, including from outside the Fund. They generally welcomed the findings in the staff paper that Fund-supported programs with low-income countries had helped to safeguard social spending in most programs, as reflected in indicative targets generally being met. At the same time, Directors saw scope to strengthen the effectiveness of these safeguards in protecting the poor and most vulnerable. In this regard, they generally supported staff's proposals to improve the design of social safeguards measures in PRGT and PSI-supported programs. Directors looked forward to the upcoming IEO evaluation on the "IMF and Social Protection," and encouraged the staff to draw on Board-endorsed policies based on its findings when preparing the staff guidance note that would help clarify how to treat social safeguards measures in Fund-supported programs and surveillance. They indicated that the lessons learned from these experiences, as well as broad consultations with external stakeholders, could usefully feed into the holistic review of low-income facilities scheduled for early-2018. Directors also stressed the importance of pro-active outreach and clear communications on the work of the Fund in this area and on collaboration with other development partners and stakeholders.

Directors welcomed the use of program floors for social and other priority spending as an important safeguard for outlays favoring vulnerable groups. They called for careful definition of the types of expenditures included in program floors to prioritize safeguarding resources for vulnerable groups, especially in cases where fiscal space is limited and the short-term needs of the poor are significant. At the same time, Directors indicated that country authorities should retain flexibility in setting spending targets, to better reflect national priorities. They encouraged staff to support the adoption of spending targets by advising on questions of coverage, on how to strengthen the quality of spending, and on strategies for creating the fiscal space necessary to support such spending.

Directors welcomed the adoption in Fund-supported programs of concrete measures to strengthen social safety nets, noting that such reforms may require time to design and implement. In general, staff should consider national capacity to operate social safety nets, and should seek to strengthen such capacity, where appropriate, with technical assistance and training provided by the Fund and other development partners.

Directors underscored the merits of early and consistent engagement with country authorities, development partners, and other external stakeholders, including civil society organizations, on social safeguards issues. Where social safeguards have the potential to affect domestic or balance-of-payments stability, staff should provide analysis and advice as part of Fund surveillance, with input from development partners where possible. This would provide a strong

foundation where there is subsequent engagement under a Fund-supported program, including by taking stock of existing social safety nets; identifying safeguards gaps; exploring technical assistance and training needs; identifying and addressing data gaps; and developing strategies for increasing fiscal space, where necessary.

Directors called for closer and more effective collaboration with the World Bank and other development partners, drawing on the specialist expertise of these agencies and catalyzing their support. Collaboration can also help in identifying possible adverse distributional effects of policy measures and the need to mitigate these through social safeguards.

Directors supported the recommendation to strengthen the documentation of social safeguards measures in country documents for PRGT and PSI-supported programs. They indicated that documentation should cover policy goals for social safeguards; the design of safeguards measures; the factors explaining realized outcomes regarding spending targets and social safety net reform measures; and the corrective policy measures taken, or to be taken, in response to missed program goals. In addition, collaboration with the World Bank, other development partners, and external stakeholders could also be reflected in documents. Where Fund-supported programs include policy measures with a potentially adverse distributional impact, Directors called on staff to document the steps taken to protect vulnerable groups, with input from other development partners and external stakeholders, where possible.

BUFF/17/32  
June 1, 2017

*The Acting Chair's Summing Up—  
Review of the Debt Sustainability Framework for Low Income Countries—  
Proposed Reforms  
Executive Board Meeting 17/79, September 27, 2017*

Executive Directors welcomed the comprehensive review of the Debt Sustainability Framework for Low-income Countries (LIC DSF) and appreciated the extensive consultations with country authorities, the Executive Board, and external stakeholders. They noted that the LIC-DSF is a vital tool for country authorities to help strengthen fiscal policy and debt management and this review has highlighted areas where the framework can be reformed. Directors agreed that the proposed reforms would make the framework more comprehensive and transparent and that the revised LIC-DSF would continue to play a critical role in informing borrowing and lending decisions by more accurately flagging potential debt distress with the aim of avoiding unnecessarily constraining LICs' ability to finance their development. They agreed that the new Guidance Note, templates, and training of officials will be necessary to ensure that the framework is fully accessible to users. Directors also underscored the importance of facilitating the use of the LIC DSF by as many actors as possible, including non-traditional bilateral and commercial creditors.

Directors welcomed that the review maintains the main features of the existing framework. They considered it appropriate that the framework continues to classify countries based on their assessed debt-carrying capacity, estimates threshold levels for a set of key debt burden

indicators, evaluates baseline projections and stress test scenarios relative to these thresholds, and combines rules and staff judgment to determine ratings of the risk of entering into external debt distress.

Directors welcomed the proposed composite measure to assess a country's debt-carrying capacity, based on both the CPIA and a set of macroeconomic variables. They observed that the inclusion of macroeconomic variables takes better account of country-specific features, and enables a fuller understanding of, and policy discussions on, how economic policies affect debt carrying capacity. This, in turn, will enhance the contribution of the DSF to policy formulation.

Directors endorsed the proposed new thresholds for debt stock and debt service indicators. They noted that, for countries whose assessment of debt-carrying capacity remains unchanged, the revised framework may imply additional borrowing space, provided countries manage debt service well. Directors observed that the quality of the framework's outputs depend heavily on the quality of the inputs. Against this background and given deep concerns that debt levels in a number of LICS are on the rise again, Directors highlighted the need for borrowers to implement prudent debt management practices, and encouraged countries to further strengthen their Medium-Term Debt Management Strategies, including the capacity to compile needed data. They also expressed concern about "uncaptured debt" in the Fund's work. In this light, they strongly encouraged staff, Management and country authorities to strengthen efforts to ensure full and transparent disclosure and reporting of all debt—including private, quasi-public, and official—noting that the responsibility for doing so was shared between borrowers and lenders. Promoting the Fund's statistical and reporting standards and rules could help in this regard.

Directors agreed that the proposed new tools to assess the plausibility of macroeconomic projections will facilitate a more thorough scrutiny of baseline assumptions. They welcomed the tools' focus on the sources of debt accumulation, the realism of fiscal adjustment, as well as the projected impact of public investment and fiscal adjustment on growth.

Directors supported the proposed streamlining of debt thresholds and standardized stress tests. They welcomed the recalibration of shocks and the introduction of interactions between key macroeconomic variables in these tests, which should enhance the insights generated by the stress-testing.

Directors agreed that adding tailored scenario stress tests will help evaluate risks of particular importance for some member countries – including those emanating from natural disasters, volatile export prices, market-financing shocks, and contingent liability exposures. They called for clear disclosure in debt sustainability analyses of the key assumptions made in calibrating these tests.

Directors welcomed the re-estimation of benchmarks for assessing total public debt levels, which should improve the quality of the analysis of risks linked to elevated levels of overall public debt. They appreciated the attention given to evaluating rollover risks related to external commercial borrowing. Directors also welcomed the additional information on debt vulnerabilities generated by the more granular assessment of the debt position of countries assessed to be at moderate risk of debt distress.



Directors considered that the prudent application of judgement as a complement to model-based mechanical results, while avoiding excess discretion, remains essential for the final determination of a country's risk rating. They underscored the importance of even-handedness in applying judgment, and called for careful attention to providing guidance to staff in exercising this judgment in a new Guidance Note. Directors underscored that a Board discussion prior to the finalization of the Guidance Note will be helpful. Directors also agreed with the shortening of the projection horizon from 20 to 10 years, with consideration being given to identifiable and material factors that have an effect in the later years.

Directors generally saw merit in maintaining a unified discount rate of five percent for the LIC DSF, the DLP, NCBP, and the calculation of grant elements. Directors called for revisiting the determination of discount rates in future DSF reviews, or sooner if needed.

Directors welcomed staff assurances that the new framework is expected to become operational in the second half of 2018, six months after the completion of the associated Guidance Note and template. They noted that the proposed July 1, 2018 timeline for the implementation of the revised LIC DSF could be challenging. Directors called on the staff, in collaboration with the World Bank, to update guidance materials and conduct outreach and provide training opportunities to all relevant parties, including staff and LIC authorities, especially those with weak capacity, with enough lead time to ensure that the timeframe would prove feasible. Going forward, staff should continue to monitor the implementation of the framework and bring forward the next review, if warranted.

BUFF/17/72  
September 29, 2017

## Article V, Sections 3(a), 3(b), and 3(c)

### Use of Fund Resources

*The Acting Chair's Summing Up—  
Adequacy of the Global Financial Safety Net—  
Review of the Flexible Credit Line and Precautionary and Liquidity Line, and  
Proposals for Toolkit Reform  
Executive Board Meeting 17/56, June 30, 2017*

Executive Directors welcomed the discussion of the review of the Flexible Credit Line (FCL) and Precautionary and Liquidity Line (PLL), and proposals for toolkit reform, as part of the Fund's broader work stream to strengthen the global financial safety net (GFSN). They recognized the complementarity of key reform proposals, and appreciated the staff's efforts and outreach to build consensus around a reform package. They welcomed the significant progress that has been made since the Board last discussed the issue in November 2016.

Directors generally endorsed the main conclusions of the FCL and PLL review. They broadly concurred that the FCL has provided effective precautionary support against external tail risks, and that successor arrangements and access levels have been consistent with the assessment of external risks and potential balance of payments needs. Nevertheless, most Directors remained concerned about the prolonged use of high-access precautionary arrangements and thus saw scope for strengthening price-based incentives. Many of them saw merit in introducing time-based commitment fees, some favored steepening the commitment fee structure to discourage unnecessarily high precautionary access, and a few saw scope for a combination of both options. Some other Directors reiterated that exit should continue to be state-dependent and did not see a case for stronger price-based incentives. Directors emphasized the need to ensure that staff reports for successor arrangements are explicit about the expectation of exit and exit strategies.

Directors broadly supported the proposal to use the core indicators and thresholds set out in Box 3 of the main paper to help guide judgment on FCL qualification by both staff and the Board. They agreed that this would help improve the transparency and predictability of the FCL qualification framework, ensuring that the FCL's high qualification standard is fully preserved, although a few Directors emphasized the need for flexibility in assessing qualification against certain benchmarks. Directors also welcomed the staff's plan to update the FCL guidance note to strengthen the implementation of the external stress index, with a few Directors suggesting a broader set of considerations to help inform discussions on access and exit. A number of Directors saw merit in considering additional reserve drawdown in adverse scenarios as a way to support lower access levels, while a few others were concerned about its possible negative consequences.

Directors recognized that the proposal for a new liquidity instrument represents an important step toward strengthening the GFSN, complementing other layers. Most Directors supported the creation of a new Short-term Liquidity Swap (SLS) as a special facility to provide liquidity support for potential balance of payments needs of a short-term, frequent, and moderate nature, resulting from volatility in international capital markets. Most Directors considered that the

proposed key design elements are broadly reasonable, with some calling for swift implementation of the new instrument. A number of Directors had reservations about some key features that, in their view, depart significantly from current Fund principles and policies, and hence warrant further reflection.

Directors welcomed the proposal to align the SLS qualification criteria and indicators with those of the FCL to ensure that it is used by members with very strong fundamentals and policies. While the alignment of qualification would facilitate transition from the FCL to the SLS (and vice versa) as external risks evolve, Directors stressed that it will be important that a request for any arrangement follow the respective processes for full qualification and approval. Directors noted that the proposal to make SLS qualification available year-round, like the FCL, helps address the concern that prequalification in the context of Article IV consultation could risk undermining the quality and candor of surveillance.

Regarding the proposed specific features of the SLS, most Directors could support revolving access capped at 145 percent of quota, with a 12-month repurchase obligation. A few Directors would prefer higher access for the facility to be more attractive and useful for member countries facing larger potential liquidity needs. Most Directors also considered the proposed service charge and non-refundable commitment fee as broadly reasonable, noting that given the special balance of payments need and revolving nature of the SLS, the overall pricing is comparable to that applied to other Fund facilities. Some other Directors were not convinced that the proposed differential fee structure is warranted or provides the right incentives.

Directors appreciated staff efforts and suggestions to minimize the perceived stigma of Fund support, which many Directors could support. Nevertheless, there remained concerns over the possibility of a central bank sole signatory, the absence of exit expectations, and the extension of an offer or the conditional approval of an SLS arrangement. Some Directors were also concerned about the negative signaling effect of de-qualification, particularly in the case of synchronized extension of offers, although others shared the staff's assessment that these risks should be manageable.

Directors reiterated the importance of maintaining a streamlined and coherent toolkit. To this end, they generally supported eliminating the PLL. While some Directors were concerned that elimination may be premature and would create a new gap in the Fund's toolkit, most considered that the benefits outweigh the costs, given the low use of the PLL and broader concerns about tiering and proliferation of instruments.

Directors welcomed the analysis on the resource implications of the proposals. They noted the staff's expectation that the SLS could be accommodated comfortably within the Fund's existing quota-based resource envelope. Some Directors pointed to constraints facing the Fund's resource envelope and the potential that demand for the new instrument could be large. In this regard, some felt that staff estimates may be on the low side, considering also a possibility that potential SLS users could also request higher access under the FCL. A few Directors expressed concern that encumbering the Fund's balance sheet with insurance-type instruments, for a subset of the members that would qualify, could squeeze the resource envelope available for financing actual balance of payments needs.

Directors broadly supported the proposal to review the SLS after two years, or sooner if aggregate outstanding credit and commitments under the SLS and FCL exceed SDR150 billion. Given the innovative nature of the SLS and the potential effects on Fund resources, many Directors favored a clause establishing a timeframe for the Board to consider whether to renew or terminate the facility. A few other Directors did not see a need for such a clause, noting that it would undermine the usefulness of the new facility. On balance, most Directors were willing to go along with an emerging consensus. Directors generally supported full scoring of precautionary arrangements in calculating the Fund's forward commitment capacity (FCC) to provide clear assurance that committed resources will be available to the membership in all circumstances. Nevertheless, a few Directors saw some scope for flexibility in scoring these commitments against the FCC, given the low probability of drawing under such arrangements.

Directors encouraged staff to revisit outstanding issues and refine the proposals in light of today's discussion. They looked forward to a follow-up meeting to consider the package of reforms. They recognized that the reform proposals discussed today, if adopted, would require consequential changes to existing Fund policies.

BUFF/17/54  
July 10, 2017

*The Acting Chair's Summing Up—  
Adequacy of the Global Financial Safety Net—  
Review of the Flexible Credit Line and  
Precautionary and Liquidity Line, and Proposals for Toolkit Reform—  
Revised Proposals  
Executive Board Meeting 17/98, December 6, 2017*

Directors welcomed the opportunity to further discuss the review of the Flexible Credit Line (FCL) and Precautionary and Liquidity Line (PLL), and proposals for Fund toolkit reform, as part of the Fund's work to strengthen the global financial safety net (GFSN). They also highlighted other recent achievements in this work stream, particularly the establishment of the non-financing Policy Coordination Instrument (PCI) and the operational principles and framework for future Fund engagement with regional financing arrangements (RFAs).

Many Directors regretted that there was insufficient support to establish the Short-Term Liquidity Swap (SLS) at this juncture, particularly given heightened global uncertainty and ongoing geopolitical risks. They noted that this type of liquidity facility could be an important addition to the Fund's lending toolkit and that several proposed features of the SLS could serve as a blueprint for further consideration of such a facility in the future. Some Directors recalled their reservations regarding the SLS proposal. Many Directors encouraged further consideration of the coherence of the lending toolkit and coverage of the GFSN going forward.

Directors agreed to complete the scheduled review of the FCL and PLL. A few Directors expressed preference to eliminate the PLL on the basis of its low usage, perceived tiering vis-à-vis the FCL, and overlap with precautionary Stand-By Arrangements (SBAs). Other Directors

reiterated concerns that eliminating the PLL could open up a new gap in the toolkit. On balance, most Directors supported the retention of the PLL.

With the PLL remaining part of the toolkit, Directors supported the proposal to extend to the PLL the use of the same core indicators and thresholds already adopted as part of the FCL qualification framework, as set out in Box 1 of the Board paper. They noted that these indicators and thresholds will help guide assessments on PLL qualification by staff and the Board without changing the PLL qualification standards. Directors stressed that judgment should continue to be applied in FCL and PLL qualification assessments. Directors welcomed the plan to revise the FCL and PLL guidance notes to reflect the new indicators, as well as to improve the implementation of the external economic stress index and the assessment of the impact of reserve drawdown on access levels.

Directors discussed the merits of strengthening incentives for a timely exit from arrangements in the credit tranches that provide members with very high access to Fund resources over a prolonged period. They broadly concurred that the FCL has provided effective precautionary support against external tail risks, and that successor arrangements and access levels have been consistent with the assessment of external risks and potential balance of payments needs. Some Directors also noted the staff's finding that there was no evidence of unjustified prolonged use of the FCL. Directors agreed that exit from precautionary Fund support should be state-contingent. Nonetheless, most Directors considered that the proposal of introducing a time-based commitment fee (TBCF) could strengthen price-based incentives to exit from prolonged use of high-access arrangements on a precautionary basis. A number of Directors, however, were not in favor of introducing a TBCF on the basis that it would run counter to the principle that exit from precautionary Fund support should be state-dependent. A few also expressed concerns that a TBCF could make requesting Fund arrangements for precautionary purposes less attractive to potential users. On balance, the proposal to establish a TBCF was not adopted.

Directors agreed that staff reports for successor FCL and PLL arrangements should continue to provide details on an exit strategy, including a statement on the expectation that access will normally decline when the right conditions (as set forth in BUFF/10/125) are in place, underpinned by a sound and transparent analysis of the risks facing the member country and the authorities' efforts to increase the country's resilience, in order to guide market expectations while ensuring that exit continues to be state-contingent.

In accordance with the Board decision on streamlining policy reviews, the experience with the use of the FCL and the PLL will be reviewed in five years or more, or on an as-needed basis, while many Directors expressed a preference for the timing of the next review to be less open-ended and take place within five years.

BUFF/17/93  
December 15, 2017

THE FUND'S FINANCING ROLE—REFORM PROPOSALS ON LIQUIDITY AND EMERGENCY  
ASSISTANCE—RAPID FINANCING INSTRUMENT (RFI)

1. The Fund decides that resources in the credit tranches may be made available under the Rapid Financing Instrument (RFI), in accordance with the terms and conditions specified in this Decision.

2. The Fund will approve a member's request for resources under the RFI only where it is satisfied that:

(a) the member is experiencing an urgent balance of payments need that, if not addressed, would result in an immediate and severe economic disruption;

(b) the member either (i) has a balance of payments need that is expected to be resolved within one year with no major policy adjustments being necessary, or (ii) is unable to design or implement an upper credit tranche-quality economic program given the urgent nature of the balance of payments need or due to its limited policy implementation capacity; and

(c) the member will cooperate with the Fund in an effort to find, where appropriate, solutions for its balance of payments difficulties. Where warranted, the Managing Director may request that the member implement upfront measures before recommending that the Fund approve a purchase under this Decision.

3. If a member has made a purchase under this Decision within the preceding three years, any additional purchases under this Decision may be approved only if the Fund is satisfied that (a) the member's urgent balance of payments need was caused primarily by an exogenous shock; or (b) the member has established a track record of adequate macroeconomic policies over a period of at least six months immediately prior to the request.

4. A member requesting assistance under this Decision shall describe in a letter the general policies it plans to pursue to address its balance of payments difficulties, including its intention not to introduce or intensify exchange and trade restrictions and other measures or policies that would compound these difficulties. The member shall also commit to undergoing a safeguards assessment, provide staff with access to its central bank's most recently completed external audit reports and authorize its external auditors to hold discussions with Fund staff. The timing and modalities for the safeguards assessment for a member that has received assistance under the RFI would be determined on a case-by-case basis, but normally the safeguards assessment would need to be completed before Executive Board approval for the member of any subsequent arrangement to which the Fund's safeguards assessment policy applies.

5. Assistance under this Decision shall be made available to members in the form of outright purchases. Access by members to resources under this Decision shall be subject to (a) an annual limit of 37.5 percent of quota, and (b) a cumulative limit of 75 percent of quota, net of scheduled repurchases, provided that the annual access limit shall be 60 percent of quota where (i) the member requests assistance under the RFI to address an urgent balance of payments need resulting from a natural disaster that occasions damage assessed to be equivalent to or to exceed 20 percent of the member's gross domestic product (GDP), and (ii)

the member's existing and prospective policies are sufficiently strong to address the natural disaster shock. (SM/17/76, 04/11/17)

6. In order to carry out the purposes of this Decision, the Fund will be prepared to grant a waiver of the limitation of 200 percent of quota in Article V, Section 3(b)(iii), whenever necessary to permit purchases under this Decision or to permit other purchases that would raise the Fund's holdings of the purchasing member's currency above that limitation because of purchases outstanding under this Decision.

7. Decision No. 12341-(00/117), adopted November 28, 2000, which established the special GRA policy on emergency assistance, is hereby repealed. (SM/11/284, Sup. 3, 11/22/11)

*Decision No. 15015-(11/112),  
November 21, 2011,  
as amended by Decision Nos. 15595-(14/46), May 21, 2014,  
15820 (15/66), July 1, 2015,  
15821 (15/66), July 1, 2015, and  
16183-(17/35),  
May 5, 2017*

*The Acting Chair's Summing Up—  
Adequacy of the Global Financial Safety Net—  
Proposal for a New Policy Coordination Instrument  
Executive Board Meeting 17/62, July 14, 2017*

Executive Directors approved the proposal to establish the Policy Coordination Instrument (PCI), as part of the Fund's broader effort to strengthen the global financial safety net (GFSN). They generally agreed that a new non-financial instrument, designed for countries seeking to unlock financing from multiple sources and/or to demonstrate a commitment to a reform agenda, could enhance the effectiveness of the Fund's toolkit, promote a more efficient allocation of global resources, and help improve coordination with regional financing arrangements and across different layers of the GFSN.

Directors broadly endorsed the objective of the PCI and, with a few caveats, supported its key design features. They agreed that the PCI should aim to help countries design and implement a full-fledged macroeconomic program to prevent crises and build buffers, enhance macroeconomic stability, or address macroeconomic imbalances. Directors generally concurred that policies supported under the PCI should meet the standard required under an upper credit tranche (UCT) financial arrangement with the Fund. They also agreed that the PCI should be available to all member countries except those that need Fund financial support at the time of PCI approval or those with overdue obligations to the General Resources Account and the Poverty Reduction and Growth Trust (PRGT).

Directors supported the proposed modalities of the new instrument. They generally agreed that a review-based approach to monitoring program conditionality could help alleviate stigma and streamline the review process while preserving the UCT standard and the Executive Board's judgment regarding its decision to complete a review. Directors stressed the need to ensure that

the elimination of the requirement for a waiver of non-observance in cases where program quantitative targets were not met does not weaken the positive signaling effect of the PCI and undermine the UCT standard. Directors thus underscored that the completion of a program review under the PCI would require a Board assessment that any deviation from a quantitative or reform target was either minor or temporary, or that sufficient corrective action had been taken to achieve the objectives of the program. They recognized that the review-based approach proposed for the PCI would not have implications for Fund financial arrangements, as this issue had been thoroughly discussed and settled for financial arrangements in 2009.

Directors welcomed the flexibility built into the PCI design. Specifically, they supported a more flexible review schedule, with a short buffer period for authorities to implement overdue policies, take corrective actions, or mobilize necessary financing to close the financing gap. Directors appreciated that, beyond the buffer period, staff would provide an interim performance update for information to the Board. They called for careful communication in cases where non-completion of a review for a twelve-month period results in an automatic termination of the PCI.

Directors noted that an on-track PCI could facilitate access to Fund resources should the member experience a balance of payments need. While the concurrent use of the PCI and Fund financing under certain instruments would be possible, a few Directors saw a case for cancelling the PCI when a member requests Fund financing, noting conceptual and operational issues with such concurrent use. A number of Directors stressed that access to financing from other GFSN sources would need to respect the mandate and decision-making process of each institution, prompting a need for staff to engage with those prospective financing institutions. At the same time, Directors emphasized the importance of upholding the Fund's independence and reputation. They supported applying the publication regime and misreporting framework similar to those for the PSI, which they considered important to strengthen the signaling effect of the instrument and to safeguard the integrity of Fund assessments under the PCI.

Directors recognized the positive signaling effect of the PSI for PRGT-eligible countries. They noted, however, that the advent of the PCI could potentially give rise to overlaps between the PCI and the PSI, and for this reason, a few Directors would prefer eliminating the latter to maintain a streamlined toolkit. Directors broadly agreed to retain the PSI, pending a comprehensive assessment in the context of the review of facilities for low-income countries in 2018.

Directors noted that the PCI is a form of technical assistance and, as such, charging for the PCI will follow the relevant technical assistance policy. They supported reviewing the instrument after the approval of ten PCI-supported programs or after five years from the adoption of the PCI, whichever is triggered first, or earlier if warranted, given uncertainty about the potential demand for the instrument and resource implications.

BUFF/17/59  
July 20, 2017



## ADEQUACY OF THE GLOBAL FINANCIAL SAFETY NET—NEW POLICY COORDINATION INSTRUMENT —FRAMEWORK

### *General*

1. The Fund has established the Policy Coordination Instrument (the PCI) with the overall objective to support countries in designing and implementing policies through a full-fledged macroeconomic program to (a) prevent crises and build buffers, (b) enhance macroeconomic stability, or (c) address macroeconomic imbalances.
2. Upon request, the Fund will be prepared to provide the technical services described in this Decision to members that: (a) at the time of the request for a PCI do not require and are not seeking financial assistance from the Fund; and (b) seek to maintain a close policy dialogue with the Fund, through the Fund's endorsement and assessment of their economic and financial policies, under a PCI.
3. A PCI is a decision of the Executive Board setting forth a framework for the Fund's assessment and endorsement of a member's economic and financial policies. A PCI may be approved for a duration of six months to four years, and may be extended up to an overall maximum period of four years.
4. The PCI will be available to all member countries for the purposes outlined in paragraph 1, without further qualification criteria, except members with overdue financial obligations to either the Fund's General Resources Account or to the Poverty Reduction and Growth Trust.

### *The Member's Program Statement*

5. Program Statement. The member's program of economic and financial policies and objectives for the period of a PCI will be described in a Program Statement that may be accompanied by a technical memorandum ("Program Statement"). The initial Program Statement will include: (a) a macroeconomic policy framework, which is based upon a quantified framework, for at least the first twelve months under the PCI; (b) Standard Continuous Targets; and (c) either Quantitative Targets or Reform Targets, or both. Where established, Quantitative and Reform Targets shall be set for at least the first twelve months of the program period. The Program Statement will be updated, as appropriate, in the context of reviews under the PCI.

### *Approval*

6. A member's request for a PCI may be approved only if the Fund is satisfied that: (a) the policies set forth in the member's Program Statement meet the standards of upper credit tranche conditionality; (b) the member's program will be carried out, and in particular, that the member is sufficiently committed to implement the program, and (c) the member does not need and is not seeking Fund financial support at the time of approval of a PCI.

## *Program Reviews*

7.

a. The implementation of the member's program under a PCI will be assessed through program reviews. The Executive Board will establish a review schedule at the time it approves a PCI, and reviews will normally be scheduled at regular intervals of six months or less. A review can be completed only if the Executive Board is satisfied that the member's program is on track to achieve its objectives, based on relevant factors such as the member's observance of Standard Continuous Targets, Quantitative Targets, Reform Targets, as applicable, and its policy understandings for the future; and that conditions (a) and (b) for the approval of a PCI in paragraph 6, above, continue to be met.

b. Where reviews are scheduled semi-annually, if a scheduled review is not completed within three months from the scheduled review date, the Board will be provided with an interim performance update by staff, normally for information. A brief factual statement stating the issuance of the performance update would be published shortly after the issuance of the performance update to the Board, and the performance update report would be published subject to the member's consent. A press release, summarizing staff's views, may accompany a performance update report that is published. Where reviews are scheduled more frequently than semi-annually, the three-month period triggering the interim performance update will be reduced proportionally.

c. Once the time period established in paragraph 7(b) has passed, the review cannot be completed. The program may be brought back on track by completion of the subsequent scheduled review.

d. PCIs of less than one year would require at least one scheduled review.

8. Implementation of the program will be monitored as informed by Quantitative Targets, Reform Targets, Standard Continuous Targets, Prior Actions, and other relevant information:

(a) Quantitative Targets and Reform Targets.

(i) The Fund shall establish Quantitative Targets or Reform Targets, or both, that will be examined in a review's assessment of program performance.

(ii) Quantitative Targets will apply to clearly-specified quantitative variables that can be objectively monitored and are of critical importance for achieving the goals of the program or for monitoring program implementation.

(iii) Reform Targets will apply to key structural measures that are needed to meet the objectives of the program.

(iv) In order to complete a review, Quantitative or Reform Targets, where included in the program, must be established for the shorter of: (a) the next two scheduled reviews, or (b) the remaining period of the PCI.

(b) Standard Continuous Targets. The Fund shall establish Continuous Targets, that will apply on a continuous basis. Continuous Targets will relate to trade and exchange restrictions, bilateral payments arrangements, multiple currency practices and non- accumulation of external payments arrears, analogous to those provided in paragraphs 3(d) and 3(b)(ii), respectively, of Attachment A of Decision No. 10464-(93/130), adopted September 13, 1993 as amended.

(c) Prior actions. A member may be expected to adopt measures prior to the Executive Board's approval of a PCI or completion of a review.

9. Notwithstanding paragraphs 7 and 8, and subject to paragraph 20, following the approval of a stand-by arrangement ("SBA") or an arrangement under the Standby Credit Facility ("SCF arrangement") for a member implementing a program under a PCI, and for as long as the SBA or SCF arrangement remains in effect:

(a) reviews of the member's SBA-supported program or SCF-supported program shall normally be scheduled at such time as reviews of the implementation of the member's program under the PCI are scheduled;

(b) Quantitative Targets under the PCI shall normally be established for the same test dates and shall apply to the same variables and measures as performance criteria under the SBA or SCF arrangement; and

(c) documentation with respect to the conduct of a scheduled review under the PCI shall normally be issued to the Board at such time as documentation for a review under the SBA-supported program or SCF-supported program is issued.

#### Misreporting

10. Any decision approving a PCI or completing a review will be made conditional upon the accuracy of information provided by the member regarding implementation of prior actions or performance under associated Quantitative Targets or Standard Continuous Targets.

11. Whenever evidence comes to the attention of the staff indicating that the member's reporting of information noted in paragraph 10 above was inaccurate, the Managing Director shall promptly inform the member concerned.

12. If after consultation with the member, the Managing Director finds that, in fact, the member had reported such inaccurate information to the Fund, the Managing Director shall promptly notify the member of this finding.

13. In any case where a PCI was approved, or a review was completed, no more than three years prior to the date on which the Managing Director informs the member, as provided for in paragraph 11 above, the Executive Board shall decide whether misreporting has occurred and shall reassess program performance in the light of that determination.

14. The Fund shall proceed to make relevant information public in every case, except as provided for in paragraph 15(c), following an Executive Board decision regarding program performance under paragraph 13 above, with prior Executive Board review of the text for publication.

15. For the purposes of paragraphs 10 through 14:

(a) whenever the Managing Director considers there is evidence that the member's reporting of information noted in paragraph 10 above was inaccurate, but the inaccuracy was de minimis in nature, which is defined as so small as to be trivial with no impact on the assessment of performance under the relevant member's program, as illustrated by the examples set out in Table 1 of EBS/06/86, the communication referred to in paragraph 11 may be made by a representative of the relevant Area Department;

(b) if the Managing Director determines that, in fact, a member has reported such inaccurate information to the Fund, but the nonobservance was de minimis in nature, as defined in paragraph 15(a) above, the notification referred to in paragraph 12 may be made by a representative of the relevant Area Department, and the Executive Board shall be informed of the misreporting in a staff report on a review under the relevant PCI or, if no such review is provided for, a staff report which deals with issues other than the misreporting, and shall include a recommendation that the Executive Board find that the misreporting was de minimis in nature and had no effect on program performance under the PCI. In those rare cases in which no review is provided for, and no other such staff report on the member is to be issued to the Board promptly after the Managing Director concludes that misreporting has taken place, the Managing Director shall consult Executive Directors and, if deemed appropriate by the Managing Director, a stand-alone report on the misreporting will be prepared for consideration by the Executive Board normally on a lapse-of-time basis; and

(c) whenever the Executive Board finds that a member has misreported information referred to in paragraph 10, but that the nonobservance of the relevant Quantitative Target, Standard Continuous Target, or other specified condition was de minimis in nature as defined in paragraph 15(a) above: (i) the Executive Board shall also find that the misreporting had no effect on program performance; and (ii) the fact of misreporting shall not be published by the Fund.

*Applicability of Certain UFR and Other Policies*

16. The Guidelines on Conditionality (Decision No. 12864-(02/102), September 25, 2002) shall apply where relevant and except where this Decision sets forth different or more specific provisions.

17. In addition, the Fund's policies on the following subjects shall apply by analogy to PCIs: (a) requirement of full program financing; (b) arrears to official sector and external private creditors; (c) use of side letters; (d) Guidelines on Public Debt Conditionality in Fund Arrangements; and (e) the decision on Lapse of Time Procedures for Completion of Program Reviews.

18. All generally applicable policies on the financing of technical assistance established by the Fund shall apply to the technical services provided under this decision, including any charging policies or expectations of self-financing.

#### *Termination of a PCI*

19. A member may cancel a PCI at any time by notifying the Fund of such cancellation.

20. A PCI for a member will terminate upon: (a) the relevant member incurring overdue financial obligations to the GRA or PRGT; (b) noncompletion of a review for a twelve-month period; or (c) the approval for the relevant member of an arrangement with the Fund other than an SBA or SCF arrangement. Approval of access under the Rapid Financing Instrument or Rapid Credit Facility will not cause termination of a PCI.

21. In the case of cancellation or termination, a brief factual statement noting such shall be published.

#### *Periodic Review*

22. The Fund will review application of this Decision five years after its adoption or after the tenth PCI is approved by the Executive Board, whichever is first, or earlier if warranted. (SM/17/139, Sup. 3, 07/17/17)

*Decision No. 16230-(17/62),  
July 14, 2017*

#### ADEQUACY OF THE GLOBAL FINANCIAL SAFETY NET—AMENDMENT TO POST-PROGRAM MONITORING DECISION

1. If outstanding credit to a member exceeds any of the thresholds specified below: (a) 200 percent of quota for credit from the Fund's General Resources Account (GRA), or from the Fund as Trustee of the Poverty Reduction and Growth Trust (PRGT), or a combination thereof; or (b) an amount equivalent to SDR 1.5 billion for credit from the Fund's GRA; or (c) an amount equivalent to SDR 0.38 billion from the PRGT, and the member does not have a program supported by a Fund arrangement or is not implementing a staff monitored program with reports issued to the Executive Board, or the member does not have a program supported by a Policy Coordination Instrument ("PCI") or Policy Support Instrument ("PSI"), the member will be expected to engage in Post-Program Monitoring (PPM) with the Fund of its economic developments and policies upon the recommendation of the Managing Director. Where the above criteria are met, the Managing Director shall recommend PPM to the Executive Board, unless, in the view of the Managing Director, the member's circumstances (in particular, the strength of the member's policies, its external position, or the fact that a successor arrangement, PCI, PSI or a staff monitored program is expected to be in place within the next six months) are such that the process is unwarranted. PPM will normally cease when the member's outstanding credit falls below all of the applicable thresholds above.

2. The Managing Director may also propose PPM to the Executive Board in cases where outstanding credit as defined above is below the above-specified thresholds if, in the view of the Managing Director, there are developments that suggest the need for closer monitoring of the member's capacity to repay, and particularly, where developments call into question the member's progress toward external viability.

3. For members subject to PPM, there will normally be one standalone PPM paper issued for Executive Board consideration in a twelve-month period. The member will be expected to engage in discussions with staff on its policies, which shall include a quantified macroeconomic framework. The staff will report to the Executive Board on the member's policies, the consistency of the macroeconomic framework with the objective of medium-term viability, and the implications for the member's capacity to repay the Fund. PPM papers should also examine the risks to the member's capacity to repay the Fund.

4. The Executive Board's consideration of a PPM paper will be reflected in a press release. The publication of the press release will follow the normal press release procedure, including the requirement of the member's consent.

*Decision No. 13454-(05/26),  
March 14, 2005,  
as amended by Decision Nos. 13563-(05/85), October 5, 2005,  
14184-(08/93), October 29, 2008,  
14284 (09/29), March 24, 2009,  
15946-(16/14), February 17, 2016,  
16019-(16/61), July 1, 2016, and  
16233-(17/62),  
July 14, 2017*

## **Article VIII, Section 5**

### **Furnishing of Information**

#### **STRENGTHENING THE EFFECTIVENESS OF ARTICLE VIII, SECTION 5**

1. Pursuant to Article VIII, Section 5, the Fund decides that all members shall provide the information listed in Annex A to this decision, which is necessary for the Fund to discharge its duties effectively. Members shall provide the data specified in Annex A for the periods commencing after December 31, 2004, except as provided in paragraph 1(a). Reviews of Annex A shall be conducted together with reviews of data provision to the Fund for surveillance purposes, and the next review of Annex A and data provision to the Fund for surveillance purposes shall take place no later than April 30, 2013.<sup>1</sup>

(a) Members shall provide the data specified in paragraph (viii) of Annex A for the periods commencing after December 31, 2008.

2. When a member fails to provide information to the Fund as specified in Article VIII, Section 5 or in a decision of the Fund adopted pursuant to that Article including information listed in Annex A (hereinafter information required under Article VIII, Section 5), the procedural framework set forth in paragraphs 5 through 17 below shall apply. Failure to provide information includes both the nonprovision of information and the provision of inaccurate information.

3. A member has an obligation to provide information required under Article VIII, Section 5 to the best of its ability. Therefore, there is no breach of obligation if the member is unable to provide information required under Article VIII, Section 5 or to provide more accurate information than the information it has provided. However, a member that is unable to provide final data is obligated to provide provisional data to the best of its ability until it is in a position to provide the Fund with final data. When assessing a member's ability to provide information, the Fund will give the member the benefit of any doubt.

4. In the context of performance criteria associated with the use of the Fund's general resources, a member may be found in breach of its obligation under Article VIII, Section 5 only if (i) it has reported that a performance criterion was met when in fact it was not, or that a performance criterion was not observed by a particular margin and it is subsequently discovered that the margin of non-observance was greater than originally reported, and (ii) a purchase was made on the basis of the information provided by the member, or the information was reported to the Executive Board in the context of a review which was subsequently completed or of a decision of the Executive Board to grant a waiver for non-observance of the relevant performance criterion.

<sup>1</sup> Ed. Note: Pursuant to Decision No. 13814-(06/98), November 15, 2006, future reviews will be conducted on an "as needed" basis. The expectation going forward is that "as needed" would generally mean a lag of at least five years between any such reviews.

### **Procedures Prior to Report by the Managing Director to the Executive Board**

5. Whenever it appears to the Managing Director that a member is not providing information required under Article VIII, -Section 5, the Managing Director shall call upon the member to provide the required information; before making a formal representation to the member, the Managing Director shall inform, and enlist the cooperation of, the Executive Director for the member. If the member persists in not providing such information and has not demonstrated to the satisfaction of the Managing Director that it is unable to provide such information, the Managing Director shall notify the member of his intention to make a report to the Executive Board under Rule K-1 for breach of obligation unless, within a specified period of not less than a month, such information is provided or the member demonstrates to his satisfaction that it is unable to provide such information.

6. Whenever it appears to the Managing Director that a member has provided inaccurate data on information required under Article VIII, Section 5, the Managing Director shall consult with the member to assess whether the inaccuracy is due to a lack of capacity on the part of the member; provided however, that in de minimis cases, as defined in paragraph 1 of Decision No. 13849, the preliminary communications and consultations with the member may be conducted by the Area Department. If, after the consultation with the member, the Managing Director finds no reason to believe that the inaccuracy is due to a lack of capacity on the part of the member, he shall notify the member of his intention to make a report to the Executive Board for breach of obligation under Rule K-1 unless the member demonstrates to his satisfaction within a period of not less than one month that it was unable to provide more accurate information.

7. If the Managing Director concludes that the nonprovision of information or the provision of inaccurate information is due to the member's inability to provide the required information in a timely and accurate fashion, he may so inform the Executive Board. In that case, the Executive Board may decide to apply the provisions of paragraph 10 below.

### **Report by the Managing Director**

8. After the expiration of the period specified in the Managing Director's notification to the member, the Managing Director shall make a report to the Executive Board under Rule K-1 for breach of obligation, unless the Managing Director is satisfied that the member's response meets the requirements specified in his notification. The report shall identify the nature of the breach and include the member's response (if any) to the Managing Director's notification, and may recommend the type of remedial actions to be taken by the member.

### **Consideration of the Report**

9. Within 90 days of the issuance of the Managing Director's report, the Executive Board will consider the report with a view to deciding whether the member has breached its obligations. Before reaching a decision, the Executive Board may request from the staff and the authorities additional clarification of the facts respecting the alleged breach of obligation; the Executive Board will specify a deadline for the provision of such clarification.



10. If the Executive Board finds that the member's failure to provide information required under Article VIII, Section 5 is due to its inability to provide the information in a timely and accurate fashion, the Executive Board may call upon the member to strengthen its capacity to provide the required information and ask the Managing Director to report periodically on progress made by the member in that respect. The member may request technical assistance from the Fund.

11. (a) If the Executive Board finds that the member has breached its obligation, the Executive Board may call upon the member to prevent the recurrence of such a breach in the future and to take specific measures to that effect. Such measures may include the implementation of improvements in the member's statistical systems or any other measures deemed appropriate in view of the circumstances.

(b) In addition, if the Executive Board finds that the member is still not providing the required information, the Executive Board will call upon the member to provide such information.

(c) The Executive Board will specify a deadline for taking any remedial actions specified under (a) and (b); in principle, the deadline will not exceed 90 days for actions specified under (b). The decision may note the intention of the Managing Director to recommend the issuance of a declaration of censure if the specified actions are not implemented within the specified period. In order to assist the Executive Board in identifying the appropriate actions to address a breach of obligation under Article VIII, Section 5, the member may, before the Board meeting, provide the Executive Board with a statement specifying the remedial actions it intends to take and a proposed timeframe. The member may also request technical assistance from the Fund.

(d) At the expiration of the period specified by the Executive Board, the Managing Director shall report to the Executive Board on the status of the specified actions. If the member has not taken the specified actions within the specified period, and depending on the circumstances of such failure, the Managing Director may recommend and the Executive Board may decide: (1) to extend the period before further steps under the procedural framework are taken; (2) to call upon the member to take additional remedial actions within a specified timeframe; or (3) to issue a declaration of censure against the member.

### **Declaration of Censure**

12. If a member fails to implement the actions specified by the Executive Board before the established deadline, the Managing Director may recommend and the Executive Board may decide to issue a declaration of censure. Before the adoption of a declaration of censure, the Executive Board may issue a statement to the member setting out its concerns and giving the member a specified period to respond.

13. The declaration of censure will identify the breach of obligation under Article VIII, Section 5 and the specified remedial actions the member has failed to take within the specified timeframe. The declaration may specify a new deadline for the implementation by the member of the specified remedial actions; in addition, the declaration may identify further remedial actions for the member to implement before the specified deadline. It will note that the member's failure to implement any of the actions called for in the declaration

within the specified timeframe may result in the issuance of a complaint for ineligibility under Article XXVI(a) and the imposition of this measure. At the expiration of the period specified by the Executive Board, the Managing Director shall report to the Executive Board on the status of the specified actions.

### **Sanctions under Article XXVI**

14. Following the adoption of a declaration of censure, if the Executive Board finds that the member has failed to implement any of the actions called for in the declaration within the specified timeframe, the Managing Director may issue a complaint to the Executive Board and recommend that the Executive Board declare the member ineligible to use the general resources of the Fund for its breach of obligation under Article VIII, Section 5. The Executive Board decision declaring the member ineligible to use the general resources of the Fund will note that the member's persistence in its failure to fulfill its obligations under Article VIII, Section 5 following the declaration of ineligibility may result in the issuance of a complaint for the suspension of the member's voting and related rights and in the imposition of this measure.

15. If the member persists in its failure to fulfill its obligations under Article VIII, Section 5 for six months after the declaration of ineligibility, the Managing Director may issue a complaint and recommend that the Fund suspend the member's voting and related rights. The Executive Board decision suspending the member's voting and related rights will note that the member's persistence in its failure to fulfill its obligations under Article VIII, Section 5 following the declaration of suspension of voting and related rights may result in the issuance of a complaint for compulsory withdrawal and in the initiation of the proceedings for the compulsory withdrawal of the member from the Fund.

16. If the member persists in its failure to fulfill its obligation under Article VIII, Section 5 for six months after the suspension of its voting rights, the Managing Director may initiate proceedings for the compulsory withdrawal of the member from the Fund.

17. All the Executive Board decisions arising from a breach of obligation taken under the procedures described above, including a decision to issue the statement of concern referred to in paragraph 12 above, will give rise to a public announcement with prior review of the text by the Executive Board.

18. (a) The following procedures shall apply to cases in which a member provides inaccurate information required under Article VIII, Section 5:

(i) for the purposes of a performance criterion under an arrangement in the General Resources Account, or

(ii) for another purpose in circumstances where the relevant information is reported to the Fund with respect to a performance criterion under an arrangement under a facility of the Poverty Reduction and Growth Trust, a quantitative target under a Policy Coordination Instrument, or an assessment criterion under a Policy Support Instrument, and understandings have been reached between Fund staff and the relevant member that such reporting shall be made not only for the purposes of the relevant arrangement or instrument but for such other purposes as well, and where the deviation from the relevant performance criterion or

assessment criterion, as the case may be, is judged to be de minimis as defined in paragraph 1 of Decision No. 13849.

(b) Whenever the Managing Director considers a deviation described in paragraph 18 (a) to be de minimis in nature:

(i) the consultations and notifications contemplated in paragraph 6 may be made by a representative of the relevant Area Department, and

(ii) the report of the Managing Director contemplated in paragraph 8 shall, wherever possible, be included in a staff report on the relevant member that deals with issues other than the potential breach of Article VIII, Section 5 and, with respect to potential remedial actions for such breach of obligation, shall include a recommendation that no further action be taken by the Fund. In those rare cases in which such a document cannot be issued to the Board promptly after the Managing Director concludes that a breach of obligation under Article VIII, Section 5 has arisen, the Managing Director shall consult Executive Directors and, if deemed appropriate by the Managing Director, a stand-alone report under Rule K-1 will be prepared for consideration by the Executive Board normally on a lapse-of-time basis.

(c) Whenever the Executive Board, under paragraph 11(a), finds that a breach of obligation under Article VIII, Section 5 has occurred but that the relevant deviation was de minimis in nature as defined in paragraph 1 of Decision No. 13849,

(i) the Executive Board shall decide that no further action be taken by the Fund with respect to the breach, and

(ii) under paragraph 17, the finding of breach of obligation shall not be published by the Fund.

## **ANNEX A**

The data referred to in paragraph 1 of this decision are the national data on the following matters:

(i) reserve, or base money;

(ii) broad money;

(iii) interest rates, both market-based and officially determined, including discount rates, money market rates, rates on treasury bills, notes and bonds;

(iv) revenue, expenditure, balance and composition of financing (i.e., foreign financing and domestic bank and nonbank financing) for the general and central governments respectively<sup>2</sup>; the stocks of central government and central government-guaranteed debt, including currency and maturity composition and, if the debt data are amenable to classification on the basis of the residency or nonresidency of the holder, the extent to which the debt is held by residents or nonresidents;

<sup>2</sup> The general government consists of the central government (budgetary funds, extrabudgetary funds, and social security funds) and state and local governments.

- (v) balance sheet of the central bank;
- (vi) external current account balance;
- (vii) exports and imports of goods and services;

(viii) for the monetary authorities: international reserve assets (specifying separately any reserve assets that are pledged or otherwise encumbered), reserve liabilities, short-term liabilities linked to a foreign currency but settled by other means, and the notional values of financial derivatives to pay and to receive foreign currency (including those linked to a foreign currency but settled by other means);

- (ix) gross domestic product, or gross national product;
- (x) consumer price index;
- (xi) gross external debt<sup>3</sup>; and
- (xii) consolidated balance sheet of the banking system.

*Decision No. 13183-(04/10),  
January 30, 2004,  
as amended by Decision Nos.13814-(06/98), November 15, 2006,  
13849-(06/108), December 20, 2006,  
14107-(08/38), May 2, 2008,  
14354-(09/79), July 23, 2009, effective January 7, 2010, and  
16235-(17/62),  
July 14, 2017*

<sup>3</sup> Gross external debt is the outstanding amount of those actual current, and not contingent, liabilities that require payment(s) of principal and/or interest by the debtor at some point(s) in the future and that are owed to nonresidents by residents of an economy. (SM/03/386, Sup. 1, 1/23/04).

## Article IX, Section 5

### Archives

#### REVIEW OF THE FUND'S TRANSPARENCY POLICY—ARCHIVES POLICY

1. Outside persons, on request, will be given access under the terms specified in this Decision to documentary materials maintained in the Fund's archives.

2. Access will be given as follows:

(i) Executive Board documents that are over 3 years old;

(ii) Minutes of Executive Board meetings that are over 3 years old, with the exception of Minutes of Executive Board meetings discussing a member's use of (i) the Fund's resources, (ii) the Policy Support Instrument, and the Policy Coordination Instrument, to which access will be given after 5 years.

(iii) BUFF Statements by the Managing Director or Fund Staff to the Executive Board, BUFF/EDs, Gray Documents, and Green Documents that are over 3 years old, with the exception of such documents discussing a member's use of (i) the Fund's resources, (ii) the Policy Support Instrument, and (iii) the Policy Coordination Instrument, to which access will be given after 5 years.

(iv) Précis of Executive Board Meetings (replaced by Weekly Précis and Weekly Decisions Report), Executive Board Seminars Agendas and Minutes, Secretary's Journal of Executive Board Informal Sessions Minutes, and Executive Board Committee Minutes that are over 5 years old; and

(v) Other documentary materials maintained in the Fund's archives that are over 20 years old.

3. Access to Fund documents specified in paragraph 2 above that are classified as "Secret" or "Strictly Confidential" as of the date of this Decision will be granted only upon the Managing Director's consent to their declassification. It is understood that this consent will be granted in all instances but those for which, despite the passage of time, it is determined that the material remains highly confidential or sensitive.

4. Executive Board documents covered by Decision No. 15420-(13/61), adopted June 24, 2013, on the Fund's Transparency Policy, that are classified as "Strictly Confidential" after the date of this Decision will be automatically declassified when the respective time periods specified in paragraph 2 have elapsed, unless at the time of their initial classification as "Strictly Confidential, the authoring department specifies that the document in question shall not be subject to automatic declassification. If a specification is made that a document shall not be subject to automatic declassification, paragraph 3 of this Decision shall apply to the declassification of that document.

5. Access to the following will not be granted: (a) legal documents and records maintained by the Legal Department that are protected by attorney-client privilege; (b) documentary materials furnished to the Fund by external parties, including member countries, their instrumentalities and agencies and central banks, that bear confidentiality markings, unless such external parties consent to their declassification; (c) personnel files and medical or other records pertaining to individuals; and (d) documents and proceedings of the Grievance Committee.

6. To enable easier and wider public access to the Fund's Archives, archival material covered by this Decision may be made available through a variety of means, including through a designated section on the Fund's external website. Accordingly, a "request" under paragraph 1 of this Decision may be made orally in person at Fund Headquarters or by telephone; in writing by hardcopy or electronic means such as e-mail or facsimile; or through a portal in the Fund's external website designated for access to archival material. Requested material may also be conveyed to the public by hardcopy, electronic means and web-based modalities.

7. Since the Board's approval of the Policy on Access to Fund Archives in 1996, staff has continued to follow the long-standing policy of requesting Board consent for ad hoc exceptions to the policy on behalf of external researchers. A reasonable cost recovery scheme may be maintained for administering ad hoc requests for Board approval of exceptions to the terms specified under this Decision. No charge shall be assessed for requests received from government officials of member countries.

8. Decision No. 11192-(96/2), January 17, 1996, as amended, on the Opening of the Archives and Decision No. 12981-(03/34), April 9, 2003 on Review of the Policy on Access to the Fund's Archives are repealed.

9. This Decision is expected to be reviewed by the Executive Board at regular intervals in tandem with the regular reviews of the Fund's Transparency Policy, Decision No. 15420-(13/61), adopted June 24, 2013.

10. This Decision shall become effective on March 17, 2010. (SM/09/264, Sup. 3, 12/9/09)

*Decision No. 14498-(09/126),  
December 17, 2009,  
as amended by Decision Nos. 14766-(10/115), November 29, 2010, and  
15547-(14/19), February 27, 2014, and  
16234-(17/62),  
July 14, 2017*

## Article X

### Relations with Other International Organizations

*The Chairman's Summing Up—  
Collaboration between Regional Financing Arrangements and the IMF  
Executive Board Meeting 17/68, July 26, 2017*

Executive Directors welcomed the proposed framework for collaboration between regional financing arrangements (RFAs) and the Fund, which is part of a broader effort to enhance the global financial safety net (GFSN). They agreed that stronger Fund-RFA collaboration would bring substantial mutually-reinforcing benefits. These include promoting early engagement, exploiting complementarities, increasing the firepower, and mitigating contagion. Directors also concurred that a more structured approach would help enhance transparency, predictability, and effectiveness of collaboration in an increasingly multi-layered GFSN, with the Fund at its center. From the Fund's perspective, improved collaboration with RFAs would help increase its catalytic role and reduce stigma associated with the use of its resources. For some countries that do not have access to RFA resources, the Fund's role at the center of the GFSN, and its readiness to assist these countries, is even more critical.

Directors endorsed the six operational principles to guide future Fund-RFA collaboration, as laid out in the staff paper. They welcomed the fact that these principles were grounded in actual Fund-RFA co-financing experience and, at the same time, are generally in line with the existing high-level G20 principles. Directors underscored the importance of the Fund and the RFA respecting each other's mandate and independence; aiming at consistency and evenhandedness, and encouraging early cooperation. Directors also emphasized that the Fund's preferred creditor status must be fully respected. A number of Directors observed that operationalizing some of these principles may be challenging given the inherent tensions between them.

Directors broadly supported the proposed operational modalities for collaboration based on activities in the areas of capacity development, surveillance, non-financial support, and lending. This framework would allow the Fund to tailor its engagement with RFAs depending on the form of operations and the capacity of each RFA. At the same time, it would provide clear rules of engagement ranging from formal agreement for surveillance and capacity development, to more flexible modalities suitable where the situation may change rapidly, including for lending activities. Directors noted that the different modalities were necessary given the diversity and heterogeneity of RFAs. Directors generally saw mutual benefits from a regular exchange of views, and possible attendance of RFA staff in selected Article IV mission meetings with the consent of both the member country concerned and Fund mission chief. In the context of lending arrangements, Directors emphasized that the roles of the Fund and the RFA in program design and monitoring need to reflect their respective mandates and policies, as well as the capacity of the RFA. Where the RFA has limited capacity or its areas of responsibilities do not overlap with the Fund, the Fund should take a leading role in establishing the macroeconomic framework, policies, and conditionality. Where the RFA has expertise and room for a division of labor is limited, collaboration could in principle be based on a single coherent and consistent program framework and the independence of the parties involved. Directors observed that this second

model calls for careful implementation to strike the right balance between flexibility and evenhandedness while preserving independence, with a few suggesting that it could be helpful to develop clear criteria for determining RFA capacity. Directors stressed that, regardless of the modality used, it would be important to adhere to the six operational principles and for each institution to comply with its own governance structure. They highlighted, in particular, the need to preserve the Fund's high-quality lending standards and independence of assessments in its core areas of responsibility, including debt sustainability analysis, and to adhere to the Fund's policies.

Directors acknowledged the potential for difficulties in resolving fundamental differences of views over program design and conditionality in certain situations, which may have implications for public communication. They agreed that formal mechanisms for resolving difficulties may be counterproductive, although some saw merit in developing broad parameters *ex ante*. Directors noted that co-financing by the Fund would proceed only when the member's program, including the macroeconomic framework and conditionality, is consistent with the Fund's lending policies, and that the Fund's role in program design and monitoring would be independent of the share of overall financing it provides. In this context, efforts by the RFA to extend the maturity of its financing to better align with that of the Fund would help address financing assurances concerns. Some Directors emphasized that, in protecting its independence, the Fund must be prepared to withhold its participation whenever areas core to its mandate would be compromised, and noted in this regard that the recent IEO report on euro area programs provides insightful lessons.

Directors underlined the importance of sharing technical information between the Fund and RFAs, conditional on reciprocity and confidentiality assurances. They recognized that a clearly-defined legal identity and governance structure of the RFA could help facilitate collaboration in this area. A number of Directors also noted that consideration should be given to sharing country staff reports, especially in a lending context, with relevant RFAs at the time they are issued to the Fund's Executive Board for consideration. A few Directors noted that information sharing, and technical assistance more broadly, would particularly help smaller RFAs strengthen their capacity over time.

Directors regarded the proposals discussed today as an important first step toward stronger and more structured collaboration between the Fund and RFAs. They welcomed the proposed next steps, including continued dialogue between the Fund and RFAs, both individually and collectively, and joint test-runs. These efforts would help improve the operational preparedness of both sides, identify any impediments to co-financing operations and, as warranted, develop more concrete guidance. Directors encouraged staff to continue to draw on new experiences and *ex post* program evaluations, and provide an update to the Board once experience with the framework established here has been accumulated or as significant issues arise.

BUFF/17/67  
July 28, 2017



TRANSMITTAL POLICY—THE EXCHANGE OF DOCUMENTS BETWEEN THE FUND AND OTHER ORGANIZATIONS

1. (a) The Managing Director may transmit to international agencies having specialized responsibilities within the Fund's field of interest the following documents pertaining to common member countries of the Fund and the eligible international organization: (i) staff reports and related documents pertaining to (A) surveillance under Article IV, Section 3(a) and (b), (B) the use of Fund resources, and (C) the Policy Support Instrument and the Policy Coordination Instrument; and (ii) technical assistance reports.

(b) The transmittals described in paragraph 1(a) shall be subject to the reciprocal transmittal of comparable documents of the recipients to the Fund, and on the understanding with the recipients of the documents that the reports will be kept confidential and shall be carried out in accordance with the criteria and procedures set forth in SM/90/120 (6/20/90) and Correction 1 (7/17/90), SM/93/24 (1/28/93), and SM/17/283 (10/26/17), and in the light of the discussion and summing up of EBM/90/105 and EBM/90/106 (7/2/90). In the event confidentiality or reciprocity is not upheld, the document sharing arrangement with the eligible international organization may be suspended by the Managing Director until the Managing Director is assured that confidentiality or reciprocity will be maintained.

2. (a) The Managing Director may transmit to the central bank and executive body of an eligible currency union as set forth in the Annex to this decision the following staff reports and related documents pertaining to members of the eligible currency union: (i) surveillance under Article IV, Section 3(a) and (b) including Board discussions on common monetary and exchange rate policies of the eligible currency union; (ii) use of Fund resources; (iii) the Policy Support Instrument and the Policy Coordination Instrument.

(b) The Managing Director may transmit to the central bank and executive body of an eligible currency union as set forth in the Annex to this decision: (i) staff reports and related documents on Fund surveillance under Article IV, Section 3(a) and (b) pertaining to countries whose currencies are included in the basket of currencies that make up the Special Drawing Right; and (ii) the World Economic Outlook, the Global Financial Stability Report and the Fiscal Monitor.

(c) The transmittal of the documents in paragraphs 2(a) and (b) may take place shortly after their issuance to the Executive Board, provided that there is no objection by the member country to whom the document pertains.

(d) The Managing Director may transmit to the central bank and the executive body of the eligible currency union summings up relating to Board discussions on the documents covered under paragraphs 2 (a) and (b) after issuance to the Executive Board provided that there is no objection by the member country to whom the summing up pertains.

(e) The transmittals described in paragraph 2 shall be subject to the reciprocal transmittal of comparable documents of the recipients to the Fund, and on the understanding with the recipients of the documents that the documents will be kept confidential, and shall be carried out in accordance with the criteria and procedures set forth in SM/17/283 (10/26/17). In the event

confidentiality or reciprocity is not upheld, the document sharing arrangement with the relevant organization may be suspended by the Managing Director until the Managing Director is assured that confidentiality or reciprocity will be maintained.

3. Executive Directors concerned may share with the executive body of the eligible currency union informal notes and summaries prepared by Directors' offices relating to Board discussions for which the executive body of the eligible currency union receives related Board documents as set forth in paragraph 2 (a) and (b) of this decision. Such sharing would be subject to ensuring the safeguarding of the confidentiality of notes and summaries.

4. Nothing in this decision shall be read to discontinue or limit the dissemination of documents to any institution allowed by virtue of another decision of the Board or agreement between the Fund and such institution. In cases where this decision expands the scope of Fund documents to be transmitted or modifies the manner in which such documents are transmitted beyond what is provided for in an existing Board decision or under existing practice, this decision shall prevail over such other decisions and practices.

5. In addition, documents referred to in paragraph 11 of the Agreement between the Fund and the World Trade Organization may be transmitted to the World Trade Organization Secretariat on the sixth working day after their circulation to Executive Directors, provided that there is no objection by the member concerned. (SM/17/283, 10/26/17)

Decision No. A-9786-(93/20),  
February 11, 1993,  
as amended by Decision Nos. A-10615-(96/105), November 25, 1996, and  
16276-(17/89),  
November 9, 2017

### **Annex to Decision No.16276-(17/89)**

#### **Transmittal Policy—The Exchange of Documents Between the Fund and Other Organizations—Decision on Transmittal to Currency Unions**

The eligible currency unions, and their central banks and executive bodies for the purpose of the decision are: the Euro Area (the European Central Bank and the European Commission); the Eastern Caribbean Currency Union (the "ECCU") (the Eastern Caribbean Central Bank and the Monetary Council of the ECCU); the Central African Economic and Monetary Union (the "CEMAC") (the Banque des Etats de l'Afrique Centrale and the Commission of CEMAC); and the West African Economic and Monetary Union (the Banque Centrale des Etats de l'Afrique de l'Ouest and the Commission of WAEMU).

**SM/90/120**

...

(a) Criteria for access

The following three basic criteria would seem relevant in considering the appropriateness of (access to Fund documents):

- (i) Commonality of operational interest and need: documents would in principle be available to official international organizations that share with the Fund a current operational and financial interest in the particular member country concerned. Thus, organizations that are or will be providing substantial financial assistance to Fund members, primarily balance of payments support whose effectiveness is dependent on the macroeconomic environment, would a priori meet this criterion. Organizations would also have to be deemed to have an operational need for the information in Fund documents.
- (ii) Reciprocity: recipient organizations would need to be prepared to make arrangements as appropriate to ensure reciprocity of comparable country papers. The staff will need to explore the scope and nature of these papers in the case of each organization.
- (iii) Confidentiality: recipient organizations would need to assure the Fund that the documents provided will not be used for any purpose other than that specified in the organization's request and would be kept confidential. A senior official of the organization would submit a request to the Secretary of the Fund for the regular transmittal of documents, and provide assurance that the material in the documents was for the internal and exclusive use by staff only and that it would not be quoted from, either in whole or in part, or used in publication.

The agencies which meet these criteria at this time, and which could be expected to request regular transmittal of country documents, would include the AfDB, AsDB, Arab Monetary Fund, CDB, IsDB, IDB, EC Commission (see also Section V), EIB, and the UNDP on countries that are receiving technical assistance under the executing agency arrangement with the Fund. However, this indicative list can be expected to evolve over time with the agencies' scope of financial operations, and in terms of the countries of concern for each agency. For example, it might also be appropriate to include in this list at some point in the future the newly founded European Bank for Reconstruction and Development. Thus, the staff would keep agency and country indicative lists under periodic review in light of the basic criteria listed above.

**SM/93/24**

...

Given the clear need for a more timely release of country documents, certain modifications in the procedures set out in SM/92/90 may be helpful. These do not alter the guidelines and principles of the Board's decision of July 1990. The request for clearance of the document's transmittal could be made, on a "no objection" basis, in the Secretary's cover note to the document when it is first circulated to Executive Directors (see sample in Attachment III), with a considerable saving of paperwork and time. In this way, the document could be prepared for transmittal shortly after its circulation, and dispatched at a time indicated on the cover note. This time could be, according to the circumstances and on the basis of requirements to be indicated by the area department, either immediately

following consideration by the Board or, in what are expected to be exceptional cases, at a specific date before the Board discussion. The need to consider release prior to Board discussion could arise when the early availability of a document is seen to be required, for instance, in order to make available background information when preparations are being made for the provision by donors or other agencies of financial or technical assistance to members, or to facilitate Paris Club rescheduling discussions.<sup>4</sup>

The modified procedures for clearing the release of country documents will apply only to the transmittal of staff reports and REDs sent to various agencies on a regular basis. Ad hoc requests for country documents will continue to be cleared in the same way as in the past, with the area and issuing department, and with the concurrence of the Executive Director concerned.

#### EUROPEAN CENTRAL BANK—OBSERVER STATUS REVIEW OF DECISION

The decision on the observer status of the European Central Bank set forth in Decision No. 12925-(03/1), adopted December 27, 2002, as amended, shall be revised to read as follows:

1. The European Central Bank (ECB) shall be invited to send a representative to meetings of the Executive Board on: Euro-area policies in the context of the Article IV consultations with member countries under Decision No. 12899-(02/119); Fund surveillance under Article IV over the policies of individual euro-area members; Use of Fund resources by individual euro-area members; Role of the euro in the international monetary system; World Economic Outlook; Global Financial Stability Reports; Fiscal Monitor Report; and World Economic and Market Developments.
2. In addition, the ECB shall be invited to send a representative to meetings of the Executive Board on agenda items recognized by the ECB and the Fund to be of mutual interest for the performance of their respective mandates. It is understood, for purposes of this paragraph and provided that there is no objection from the member concerned, that the ECB shall be invited to send a representative to meetings of the Executive Board on: Fund surveillance under Article IV over the member countries whose currencies are included in the SDR currency basket; Fund surveillance under Article IV over, and on use of Fund resources by, the non-euro area member countries of the European Union; and Fund surveillance over the policies of, and on use of Fund resources by, members that have been placed by the European Commission on the list of candidate countries to the European Union. The Executive Board will be informed by management, after consultation with the Presidency of the Council of the European Union, of any changes to the list of candidate countries to the European Union.
3. At Executive Board meetings, the representative of the ECB will have the status of observer and, as such, will be able to address the Board with the permission of the Chairman on matters within the responsibility of the ECB. The ECB representative may circulate written statements in

<sup>4</sup> Ed. Note: Not included in this volume.

advance of Board meetings to which the ECB has been invited. Such statements may be acknowledged by the Chairman to become part of the record of the Board meeting.

4. The Fund shall communicate to the ECB:

(i) the agenda for all Board meetings, and

(ii) the documents for the Executive Board meetings to which the ECB has been invited.

5. The Board notes that the ECB has agreed to preserve the confidentiality of all information and documents communicated by the Fund to the ECB, as specified by the Fund, and that any such information and documents shall be solely for the internal use of the ECB. (EBD/17/32, 07/26/17)

*Decision No. 12925-(03/1),  
December 27, 2002,  
as amended by Decision Nos. 13414-(05/01), December 23, 2004,  
13612-(05/108), December 22, 2005,  
14517-(10/1), January 5, 2010 and  
16259-(17/71),  
August 2, 2017*

## **Article XII, Section 6**

### **Reserves, Distribution of Net Income, and Investment**

#### **EXTENSION OF THE INTERIM ADMINISTERED ACCOUNT FOR WINDFALL GOLD SALES PROFITS**

1. Paragraph 12, first sentence of the Instrument to Establish the Interim Administered Account for Windfall Gold Sales Profits (the “Account”) adopted pursuant to Decision No. 15092-(12/19) approved on February 24, 2012, as amended, shall be amended to read as follows:

“The Account shall be terminated (a) on October 11, 2019, or (b) as promptly as practicable following the receipt of instructions from every contributing member regarding the distribution of its resources in the Account, whichever is earlier.”

2. The amendment set out in paragraph 1 shall become effective once all remaining contributors have consented to extension of the Account, provided that if no response is received from a contributor by September 25, 2017, such contributor shall be deemed to have consented to the extension of the Account, and provided further that contributors who are not in a position to consent to the amendment shall so notify the Fund by September 25, 2017 and shall receive their shares in the Account no later than October 10, 2017. (SM/17/213, 07/19/17)

*Decision No.16246-(17/69),  
July 26, 2017*

## Article XII, Section 7

### Publication of Reports

#### 2018 REVIEW OF THE FUND'S TRANSPARENCY POLICY

##### Preamble

Recognizing the importance of transparency, the Fund will strive to disclose documents and information on a timely basis unless strong and specific reasons argue against such disclosure. This overarching principle is reflected in the specific provisions of the Decision set forth below and of other Fund policies on transparency. The principle respects, and will be applied to ensure, the voluntary nature of publication of documents that pertain to member countries consistent with the need for the Fund to safeguard confidential information and with the provisions of Article XII, Section 8 of the Articles of Agreement concerning publication by the Fund of its views with respect to a member.

##### I. General Provisions on Authorization and Consent

1. The Managing Director shall arrange for publication by the Fund of Country Documents, Fund Policy Documents and Multi-Country Documents in accordance with the principles set forth in the attached Indicative List. Country Documents shall be documents pertaining to individual countries, including documents relating to surveillance, use of Fund resources, the Policy Support Instrument (PSI) and the Policy Coordination Instrument (PCI), and certain reports arising from Fund technical assistance. Documents pertaining to regional surveillance discussions on common policies of a currency union shall be considered to be Country Documents. Fund Policy Documents shall be documents on general policy issues, including but not limited to, surveillance, use of Fund resources, technical assistance and Fund administrative matters. Multi-Country Documents shall be documents covering multiple countries as further defined in paragraph 17.

2. a. The publication of Country Documents is subject to the consent of the member concerned. The publication of Fund Policy Documents requires the approval of the Executive Board. The publication of Multi-Country Documents requires the consents of the members concerned or the approval of the Executive Board, as the case may be, as set forth in paragraphs 20-26. The publication of documents jointly authored by the Fund and the World Bank requires the authorization of the World Bank.

b. Under paragraphs 3(b), 14, 21(b) and 24 of this Decision, prompt publication shall mean that a document is expected to be published no later than (a) fourteen calendar days after the Executive Board has considered the document, or (b) twenty-eight calendar days after the document has been issued to the Executive Board, whichever is later.

##### II. Country Documents

###### A. Consent

3. a. A member's consent to Fund publication of Country Documents shall be voluntary but presumed. This presumption shall mean that the Fund encourages each member to consent to the publication by the Fund of such documents. For the purposes of encouraging members and obtaining their consent to publication, the following procedures shall apply.

b. Except as otherwise provided in this Decision, Fund publication of an applicable document will occur, unless, prior to the conclusion of the Executive Board meeting at which that document is considered or the date of adoption of a decision on a lapse-of-time basis to which that document relates, the member concerned notifies the Fund that it: (i) objects to the publication of the document; or (ii) requires additional time to decide whether or not to publish; or (iii) consents to publication but subject to reaching agreement with the Fund on deletions to the document. In the absence of a notification referred to in (i), (ii), or (iii) above, Country Documents shall be published by the Fund promptly after the relevant Executive Board meeting or the date of adoption of a decision on a lapse-of-time basis to which the document relates. Members who notify the Fund as provided for in (ii) or (iii) above are expected to reach a decision on publication of the document in question within twenty-eight calendar days of the Executive Board meeting or decision. Where a member provides the Fund with a notification as provided for in (i), (ii), or (iii) above, the applicable document shall not be published unless the member's explicit consent is received by the Fund.

c. With respect to Documents 3, 5, 10 and 15-16, paragraph 3(b) will only apply if the applicable document has been circulated to the Executive Board in the context of a meeting or a proposal for lapse-of-time approval of a decision. If the document has been circulated for information only, paragraph 28 will apply and the member's explicit consent must be provided to the Fund prior to publication.

d. Paragraph 3(b) will not apply to a Press Release containing a Chairman's Statement for the use of Fund resources (Document 7), a Press Release containing a Chairman's Statement in the context of a PSI (Document 20), a Press Release containing a Chairman's Statement in the context of a PCI (Document 20), or a Press Release for an Article IV consultation, a regional surveillance discussion or a Board consideration of Financial System Stability Assessment (FSSA) report (Document 4). A member's consent to the publication of these documents is governed by paragraphs 11 and 12 of this Decision.

e. In respect of any document that is subject to the procedures set out in paragraph 3(b), the Secretary's cover memorandum will indicate that the document will be published promptly after the relevant Executive Board meeting or the date of adoption of a decision on a lapse-of-time basis, unless the member concerned notifies the Fund as provided for in paragraph 3(b)(i), (ii), or (iii) above.

4. a. The Managing Director will not recommend that the Executive Board approve (i) an arrangement under the Poverty Reduction and Growth Trust (PRGT) or completion of a review under such arrangement, or (ii) a Heavily Indebted Poor Countries (HIPC) decision point or completion point decision, or (iii) a member's request for a PSI or the completion of a review under a PSI, if the member concerned does not explicitly consent to the publication of its Interim Poverty Reduction Strategy Paper (I-PRSP), Poverty Reduction Strategy Paper (PRSP), PRSP



preparation status report, PRSP annual progress report (APR) or Economic Development Document (“EDD”) (Document 10 or Document 15, as the case may be).

b. The Managing Director will generally not recommend that the Executive Board approve a request for (i) access to resources in the General Resources Account or the PRGT, or (ii) access to Fund resources under the HIPC Trust, or (iii) assistance through a PSI or a PCI, unless that member explicitly consents to the publication of the associated staff report. For purposes of this paragraph 4(b), approval of the use of the Fund’s resources includes the completion of a review under an arrangement and assistance through a PSI or a PCI includes the completion of a review under the PSI or the PCI. In the case of the PCI, where a member does not provide consent to publication of an interim performance update, the Managing Director may take this into account when determining whether to recommend that the Executive Board approve a subsequent review of the member’s PCI.

5. Except as provided in paragraphs 11 and 12, a member’s explicit consent shall, for the purposes of this Decision, be communicated in writing, normally to the Secretary of the Fund. Such consent may be communicated by the Executive Director elected, appointed, or designated by the member.

#### B. Member’s Statement Regarding Fund Staff Reports

6. If a Fund staff report (Documents 1, 6, 14 and 19) 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.

#### C. Deletions and Rephrasing in Country Documents

7. a. For purposes of publication, deletions may be made to Country Documents, except for country policy intention documents on poverty reduction strategies (Documents 10 and 15), in accordance with paragraph 8 below. Deletions should be limited to: (i) highly market-sensitive material, mainly on the outlook for exchange rates, interest rates, the financial sector, and assessments of sovereign liquidity and solvency; and (ii) material not in the public domain, on a policy the country authorities intend to implement, where premature disclosure of the operational details of the policy would, in itself, seriously undermine the ability of the member to implement those policy intentions. For purposes of this Decision, highly-market sensitive material shall mean material that (a) is not in the public domain, (b) is market relevant within the near term, and (c) is sufficiently specific to create a clear risk of triggering a disruptive market reaction if disclosed. Politically sensitive material shall not be deleted unless the material satisfies (i) or (ii) above. Information relating to any performance criterion or structural benchmark (Documents 1, 6 and 11-12), or to any quantitative or structural benchmark (Documents 13-14), or to any assessment criterion or structural benchmark (Documents 1, and 17-19), may not be deleted, unless the information is of such character that would have enabled it to be communicated to the Fund in a side letter pursuant to Decision No. 12067-(99/108), September 22, 1999.

b. If the Managing Director determines that the proposed deletions satisfy criteria (i) or (ii) in

paragraph 7(a), the Managing Director may decide that the deletions shall be accompanied by minor rephrasing of text, whenever such rephrasing would help retain maximum candor or minimize the risks of misinterpretation.

8. a. Requests for deletions to a Country Document, except for country policy intentions documents on poverty reduction strategies (Documents 10 and 15) may be made by the member concerned. Except as otherwise provided in this paragraph 8, other members may also request deletions to Documents 1-3, 6, 14, and 19 if (i) the text to be deleted relates to that other member, (ii) the member to whom the document relates consents to the deletion, and (iii) the criteria set out in paragraph 7 are met. Criterion (ii) in this paragraph 8(a) shall not apply to staff reports for Article IV consultation and regional surveillance discussions (Documents 1 and 2).

b. Deletions shall be requested in writing. Such requests are expected to be communicated to the Fund no later than two business days before: (i) the Executive Board meeting at which the document is discussed or (ii) the date of adoption of a decision on a lapse-of-time basis to which the document relates. In any event, requests for deletions shall normally be made no later than (a) seven calendar days after the Executive Board has considered the document, or (b) twenty-one calendar days after the document was issued to the Executive Board, whichever is later.

c. Once approved by the Managing Director, deletions and related rephrasing shall be circulated to the Executive Board in redlined form. The modified document circulated to the Executive Board shall include the justification for each modification made.

d. Procedures for resolving disputes arising from requests for deletions are set forth below.

(i) In the case of a serious disagreement between the Managing Director and a member regarding that member's request for deletions, the Managing Director, or the Executive Director elected, appointed, or designated by that member, may refer the matter to the Executive Board.

(ii) In the case of staff reports for Article IV consultation and regional surveillance discussion (Documents 1 and 2), if the Managing Director approves deletions requested by other members, and the member to whom the document relates disagrees with the assessment of the Managing Director, the Managing Director, or the Executive Director elected, appointed, or designated by that member, may refer the matter to the Executive Board.

(iii) If the Managing Director is of the view that the requested deletions would result in a document that, if published, would undermine the overall assessment and credibility of the Fund, the Managing Director shall recommend to the Executive Board that the document not be published.

#### D. Corrections to Country Documents

9. Corrections to Country Documents covered under this Decision shall be limited to the correction of (i) data and typographical errors, (ii) factual mistakes, (iii) mischaracterization of views expressed by the authorities concerned, and (iv) evident ambiguity. Corrections shall normally take the form of substitution of text in existing sentences rather than the addition or deletion of entire sentences.

10. Corrections to a Country Document are expected to be requested no later than two business days before the conclusion of the Executive Board's consideration of the document or the adoption of a decision on a lapse-of-time basis to which the document relates. In any event, corrections made after Executive Board consideration shall be limited to (i) cases where the correction is brought to the attention of the Executive Board before the conclusion of the Executive Board's consideration of the document, or (ii) cases where the failure to make the correction would undermine the overall value of publication. Corrections shall be circulated to the Executive Board in redlined form. Those corrections with significant implications for the substance of the document shall be discussed and justified in a supplementary staff report or in a corrections memorandum issued to the Executive Board.

#### E. Press Releases in Respect of Use of Fund Resources, the Policy Coordination Instrument, or the Policy Support Instrument

11. After the Executive Board (i) adopts a decision regarding a member's use of Fund resources (including a decision completing a review under a Fund arrangement), or (ii) adopts a decision approving a PSI or a PCI, or conducts a review under a PSI or a PCI, or (iii) completes a discussion on a member's participation in the HIPC Initiative, or (iv) completes a discussion on a member's I-PRSP, PRSP, PRSP preparation status report, APR, or EDD in the context of the use of Fund resources or a PSI, a Press Release, which will contain a Chairman's statement on the discussion, emphasizing the key points made by Executive Directors, will be issued 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 I-PRSP, PRSP, PRSP preparation status report, APR, or EDD in the context of use of Fund resources or a PSI. Waivers for nonobservance, or of applicability, of performance criteria, and any other matter as may be decided by the Executive Board from time to time (Document 21), and waivers for nonobservance of assessment criteria, and any other matter as may be decided by the Executive Board from time-to-time (Document 22), will be mentioned in the factual statement section of the Press Release or in a factual statement issued in lieu of a Chairman's statement as provided for in paragraph 13(b). Before a Press Release is issued, it will, if any Executive Director so requests, 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 minor revisions, if any, and to consent to its publication immediately after the Executive Board meeting. Notwithstanding the above, no Press Release published under this paragraph shall contain any reference to a discussion or decision pertaining to a member's overdue financial obligations to the Fund, where a Press Release following an Executive Board decision to limit the member's use of Fund resources because of the overdue financial obligations has not yet been issued. In the case of an Executive Board meeting pertaining solely to a discussion or decision with respect to a member's overdue financial obligations, no Chairman's statement will be published.

#### F. Press Releases for Article IV Consultations, Regional Surveillance Discussions or Stand-alone Executive Board Consideration of Financial System Stability Assessment Reports

12. Following the completion of an Article IV consultation for a member or a regional

surveillance discussion, or a stand-alone Board consideration of an FSSA report, the Fund may issue a Press Release reporting on the results of the consultation or regional surveillance discussion (Document 1), or stand-alone Board consideration of an FSSA report (Document 3). If a member has consented to the publication of Documents 1 and/or 3, such publication will be made along with the publication of a Press Release. A Press Release will be in accordance with the following terms:

a. The Press Release will be brief (normally 3-4 pages) and will consist of two sections:

(i) a background section, a draft of which should be attached to the staff report whenever possible, with (a) in the case of an Article IV consultation or a regional surveillance discussion, factual information on the economy of a member and a table of economic indicators, and (b) in the case of a stand-alone Board consideration of an FSSA report, factual information on the member's financial system; and

(ii) the Fund's assessment of (a) the member's prospects and policies in the case of an Article IV consultation or a regional surveillance discussion, and (b) the stability of the financial system in the case of a stand-alone Board consideration of an FSSA report. This section will correspond closely to the Chairman's summing up of the Executive Board discussion.

b. The Executive Director concerned will have the opportunity to review the draft Press Release prior to its issuance to propose changes, if any, consistent with paragraphs 7 through 10 above.

c. In case of a serious disagreement between the Managing Director and the Executive Director concerned on the draft, either may request the Executive Board to consider the matter.

d. In an Article IV consultation, a regional surveillance discussion or a stand-alone Board consideration of an FSSA report, in a case where a staff report is not expected to be published within seven calendar days of the Board consideration, a Press Release will be issued shortly after the Board consideration, if the member has consented to publication of the staff report. In a case of a combined Board consideration of an Article IV consultation with use of Fund resources, a PCI, or a PSI, as the case may be, a single Press Release covering these matters will normally be issued immediately after the Board consideration. In any event, a Press Release under this paragraph will not be issued before the circulation of the summing up as a Fund document.

e. Issuance of Press Releases shall not affect the summing up process for Article IV consultations, regional surveillance discussions, or FSSA Board discussions. In particular, the Chairman's summing up will continue to be provided to the Executive Director concerned for review following the Executive Board meeting, and the possibility of issuing Press Releases shall not affect in any way the staff's reporting to the Executive Board on discussions with members.

G. Non-publication of Press Releases in Selected Cases—Issuance by the Fund of Factual Statements in Lieu

13. A brief factual statement will be issued in the circumstances and within the time frames set

forth in this paragraph 13.

a. With respect to the Executive Board's consideration of an Article IV consultation, a regional surveillance discussion, an FSSA report, a post-program monitoring, an ex post assessment or an ex post evaluation:

(i) If, after twenty-eight calendar days from the relevant Board consideration, a member does not consent to the publication of a Press Release pertaining to the Board consideration, a brief factual statement will be issued stating the fact of the Board's -consideration of the matter.

(ii) If, after twenty-eight calendar days from the relevant Board consideration, the staff report has not been published, a brief factual statement will be issued stating the fact of the Board's consideration of the matter and clarifying the authorities' publication intention with respect to the staff report.

b. With respect to the Executive Board's consideration of use of Fund resources, a PCI, or a PSI, a brief factual statement shall be issued in accordance with the following provisions:

(i) If a member does not consent to the publication of a Press Release containing a Chairman's statement (Documents 7 and 20) under paragraph 11 where one would be applicable, or if no Chairman's statement has been issued because a decision was taken on a lapse-of-time basis, a brief factual statement will be issued immediately after the Board consideration. The factual statement will describe the Executive Board's decision relating to (a) that member's use of Fund resources (including HIPC initiative decisions (Document 8), waivers (Document 21), and consideration of PRSP documents and EDDs (Document 10), when relevant), or (b) the approval of a PSI or a PCI for that member, or the conduct of a review under that member's PSI or PCI (including waivers (Document 22) and consideration of PRSP documents and EDDs (Document 15), when relevant).

(ii) With respect to the consent provisions set forth in paragraph 4(b), if, after twenty-eight calendar days from the relevant Board consideration, the staff report has not been published, a brief factual statement will be issued stating the fact of the Board's -consideration of the matter and clarifying the authorities' publication intention with respect to the staff report.

### III. Fund Policy Documents

#### A. Authorization

14. After the Executive Board meets on Fund policy issues in a formal Board meeting or informal session, or adopts a decision on a lapse-of-time basis, it shall be presumed that the staff report under consideration (Document 23) and/or a Press Release (Document 24) pertaining to the consideration will be published. This presumption will, inter alia, apply to matters upon which deliberation is ongoing, but it is recognized that the risk of undermining the Fund's decision making process may constitute a reason not to publish immediately in such cases. The presumption will not apply to policy issues dealing with the administrative matters of the Fund, except with respect to matters pertaining to the Fund's income, financing or budget matters that

do not involve market sensitive information. Publication of a policy paper or Press Release will require a decision of the Executive Board. Staff is expected to set out a recommendation on publication of a Board policy paper and/or its related Press Release in the cover memorandum of the relevant document and, where publication is not recommended, to explain why. Except as specified in paragraph 15 below, whenever publication is approved, the paper and/or Press Release will normally be published promptly after an Executive Board meeting or an informal session, or date of adoption of a lapse-of- time decision to which the documents relate. Whenever publication is proposed of a paper or Press Release prepared for an informal Executive Board session, publication will be deemed to have been approved by the Board unless an Executive Director objects by the date set forth in the Secretary's cover memorandum.

#### B. Press Releases on Fund Policy Issues

15. A Press Release pertaining to Board consideration of Fund policy issues will be based on the decision adopted by the Executive Board and/or the Chairman's summing-up, or the Chairman's Concluding Remarks, as the case may be. It will also include a short section setting out background information. In a case where a policy staff report is not expected to be published within seven calendar days of the Board consideration, a Press Release will be issued shortly after the Board consideration.

#### C. Corrections, Deletions and Related Rephrasing with Respect to Fund Policy Staff Reports

16. Prior to the publication of a Fund policy staff report, the Managing Director may make necessary factual corrections, deletions, and related rephrasing with respect to the report (including of highly market-sensitive material and country-specific references). However, staff's proposals in a report shall not be modified prior to its publication. In cases where confusion might arise from differences between staff's proposals in the report and the Executive Board's conclusions regarding those proposals as reflected in the Press Release pertaining to the Executive Board consideration, it would be clearly indicated in the published version of the report which staff proposals the Executive Board did not endorse.

#### IV. Multi-Country Documents

17. Multi-Country Documents comprise (i) Multilateral Policy Issues Documents, (ii) Country Background Pages and (iii) Cluster Documents. Multilateral Policy Issues Documents address multilateral global economic issues. Country Background Pages are characterized by specific information pertaining to individual countries and to individual country data but the analysis of respective -individual countries and individual country data is not integrated. -Cluster Documents are documents that include analysis of issues affecting a group of countries where each individual country analysis is integrated into the broader analysis.

18. Multi-Country Documents pertain to both individual documents and material sections within individual documents. Material sections shall mean whole chapters or appendices. A single Multi-Country Document may comprise (i) a Multilateral Policy Issues Document, (ii) a Country

Background Pages, (iii) a Cluster Document, or (iv) some combination of the above.

19. For Multi-Country Documents, the Secretary's cover memorandum will indicate the publication rules governing the document.

#### A. Multilateral Policy Issues Documents

20. The provisions applicable to the publication of Fund policy staff reports and Press Releases pertaining thereto set forth in paragraphs 14-15 shall apply to Multilateral Policy Issues Documents and Press Releases for Multilateral Policy Issues Documents. Paragraph 16 regarding modification rules for Fund policy staff reports shall apply to all Multilateral Policy Issues Documents, except for the World Economic Outlook (WEO), the Global Financial Stability Report (GFSR) and the Fiscal Monitor (FM). In accordance with established practice, staff may modify the WEO, GFSR and FM prior to publication in order to, inter alia, take into account views expressed at the relevant Executive Board meeting.

#### B. Country Background Pages

21. For the purpose of publishing Country Background Pages, the following provisions shall apply:

a. The consent of the member to which a document or a material section of a document pertains (the "member concerned") is required to publish such a document or section.

b. Fund publication of a Country Background Pages or material sections within such a document will occur, unless, prior to the conclusion of the Executive Board meeting at which that document is considered or the date of adoption of a decision on a lapse-of-time basis to which that document pertains, a member concerned notifies the Fund that it: (i) objects to publication; or (ii) requires additional time to decide whether or not to publish; or (iii) consents to publication but subject to reaching agreement with the Fund on deletions. If no member concerned provides a notification referred to in (i), (ii) or (iii) above, the document or section shall be published by the Fund promptly after the relevant Executive Board meeting or the date of adoption of a decision on a lapse-of-time basis.

c. In a case where one or more members concerned object to publication of information pertaining to it, the Managing Director may (i) decide to publish the Country Background Pages without the information pertaining to the objecting member, or (ii) recommend to the Executive Board not to publish the Country Background Pages and/or, as the case may be, the associated Multilateral Policy Issues Document or Cluster Document, if the non- publication would substantially undermine the overall analysis and substance of the document.

22. For the purpose of deletions and corrections, the member concerned has the right to request deletions or corrections to information pertaining to it in accordance with the criteria and procedures applicable to Country Documents as set forth in paragraphs 7-10 of this Decision.

#### C. Cluster Documents

23. The consent of each member to which a Cluster Document pertains (the “members Concerned”) is required for publication of the report and a Press Release pertaining to the report. In a case where one or more members concerned object to publication, the document shall not be published. If the members concerned have consented to the publication of the report, such publication will be made along with the publication of a Press Release.

24. Fund publication of a Cluster Document would occur promptly after the relevant Executive Board meeting or the date of -adoption of a decision on a lapse-of-time basis, unless, prior to the conclusion of the Executive Board meeting at which that document is considered or the date of adoption of a decision on a lapse-of-time basis to which that document pertains, one or more members concerned notifies the Fund that it: (i) objects to the publication of the document; or (ii) requires additional time to decide whether or not to publish; or (iii) consents to publication but subject to reaching agreement with the Fund on deletions to the document.

25. For the purpose of deletions and corrections, each member concerned has the right to request deletions or corrections in accordance with the criteria and procedures applicable to Country Documents as set forth in paragraphs 7-10 of this Decision, subject to the following considerations. In the case of serious disagreement amongst the members concerned regarding requests for deletions, the Managing Director shall propose a solution to the members concerned. If a commonly acceptable solution cannot be found, then the Managing Director, or Executive Directors elected, appointed, or designated by the members concerned, may refer the matter to the Executive Board.

26. a. In a case where a Cluster Document is not expected to be published within seven calendar days of the Executive Board consideration, a Press Release will be issued shortly after the Board consideration, if the members concerned consent to issuance of the Press Release. In any event, a Press Release pertaining to a Clustered Document will not be issued before the circulation of the summing up as a Fund document.

b. If, after twenty-eight calendar days from the relevant Board consideration, one or more members concerned do not consent to the publication of a Press Release pertaining to the Board consideration, a brief factual statement will be issued stating the fact of the Board’s consideration of the matter.

c. If, after twenty-eight calendar days from the relevant Board consideration, the staff report has not been published, a brief factual statement will be issued stating the fact of the Board’s -consideration of the matter and clarifying the publication intention of the members concerned with respect to the staff report.

## V. Other Matters

### A. Other Changes to Documents

27. Before a document is published, the following shall be -removed: (i) references to unpublished Fund documents, (ii) references to certain internal processes that are not disclosed to



the public under existing policies, including inquiries regarding possible misreporting and breaches of members' obligations, and (iii) any discussion of a breach of obligation under Article VIII, Section 5 or misreporting under applicable Fund policies that the Managing Director has proposed be treated as de minimis in nature as defined in paragraph 1 of Decision No. 13849-(06/108), December 20, 2006.

#### B. Timing and Means of Fund Publication

28. Documents may be published under this decision only after their consideration by the Executive Board, except for documents that are circulated for information only including: (i) I-PRSPs, PRSPs and EDDs; and (ii) Reports on Observance of Standards and Codes (ROSCs) and Assessment of Financial Sector Supervision and Regulation (AFSSR) Reports. Documents covered by this paragraph may be published immediately after circulation to the Executive Board.

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

#### C. Article XII, Section 8

30. 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.

#### D. Non-Members

31. In the case of a document pertaining to a country which is not a member of the Fund: (i) all references to "member" in this decision shall be taken to mean "country"; and (ii) all references to "Executive Director elected, appointed, or designated by that member" shall be taken to refer to the appropriate authorities of the country concerned.

#### E. Review

32. This decision is expected to be reviewed in light of experience no later than 2018.

#### Indicative List of Documents Covered by the Decision

(1) This list is indicative and is not intended to be exhaustive. Country Documents, Fund Policy Documents and Multi-Country Documents that may be created in between reviews of the Transparency Policy will be subject to this Decision, unless the Executive Board decides otherwise on a case-by-case basis.

(2) The publication rules applicable to Multi-Country Documents will be explained in the Secretary's cover memorandum for the documents.

(3) Country Documents and Fund Policy Documents pertain to individual documents. Multi-Country Documents pertain to both individual documents and material sections within individual Multi-Country Documents. Material sections shall mean whole chapters or appendices.

(4) To the extent that the coverage of any document is not clear, publication of such documents will be guided by the overarching principles set forth in the preamble to the Transparency Policy Decision.

## I. Country Documents

### A. Surveillance and Combined Documents

1. Staff Reports for Article IV consultations and Combined Article IV consultation/Use of Fund Resources Staff Reports, Combined Article IV consultations/PSI, Combined Article IV consultations/PCI, and regional surveillance discussions.

2. Selected Issues Papers and Statistical Appendices

3. Reports on Observance of Standards and Codes (ROSCs), Financial System Stability Assessment (FSSA) Reports, and Assessment of Financial Sector Supervision and Regulation (AFSSR) Reports

4. Press Releases following Article IV consultations, regional surveillance discussions, and stand-alone Board consideration of FSSA reports

### B. Use of Fund Resources Documents

5. Joint Fund/World Bank Staff Advisory Notes (JSANs) on Interim Poverty Reduction Strategy Papers (I-PRSPs), Poverty Reduction Strategy Papers (PRSPs), PRSP Preparation Status Reports, and RSP Annual Progress Reports (APRs)

6. Staff Reports for Use of Fund Resources, Post-Program Monitoring, Ex Post Assessment, and Ex Post Evaluation of exceptional access arrangements (excluding staff reports dealing solely with a member's overdue financial obligations to the Fund)

7. Press Releases containing a Chairman's Statement for Use of Fund Resources

8. Preliminary, decision point, and completion point documents under the Heavily Indebted Poor Countries Initiative

9. Press Releases following Executive Board discussions on post-program monitoring, ex post assessments or ex post evaluations

10. I-PRSPs, PRSPs, PRSP Preparation Status Reports, APRs, and EDDs

11. Letters of Intent and Memoranda of Economic and Financial Policies (LOIs/MEFPs)

12. Technical Memoranda of Understanding (TMUs) with policy content

C. Staff Monitored Program (SMP) Documents

13. LOIs/MEFPs for SMPs

14. Stand-alone Staff Reports on SMPs

D. Policy Support Instrument (PSI) and Policy Coordination Instrument (PCI) Documents.

15. I-PRSPs, PRSPs, PRSP Preparation Status Reports, APRs, and EDDs in the context of PSIs

16. Joint Fund/World Bank Staff Advisory Notes (JSANs) on I-PRSPs and PRSPs in the context of PSIs

17. Letters of Intent and Memoranda of Economic and Financial Policies (LOIs/MEFPs) for PSIs and Program Statements for PCIs

18. Technical Memoranda of Understanding (TMUs) with policy content for PSIs and PCIs

19. Staff Reports for PSIs and PCIs

20. Press Releases containing a Chairman's Statement for PSIs and PCIs

21. Statements on Fund decisions on waivers of applicability, or for nonobservance, of performance criteria, and any other matter as may be decided by the Executive Board from time-to time

22. Statements on Fund decisions on waivers of nonobservance of assessment criteria, and any other matter as may be decided by the Executive Board from time-to-time

II. Fund Policy Documents

23. Fund Policy Issues Papers

24. Press Releases following Executive Board consideration of policy issues

III. Multi-Country Documents

25. Multilateral Policy Issues Documents such as, the World Economic Outlook, the Global Financial Stability Report, the Fiscal Monitor, and Spillover Reports

26. Press Releases following Executive Board consideration of Multilateral Policy Issues

27. Country Background Pages

28. Press Releases following Executive Board consideration of Country Background Pages

29. Cluster Documents

30. Press Releases following Executive Board consideration of Cluster Documents

*Decision No. 15420-(13/61),  
June 24, 2013,  
as amended by Decision Nos.15805-(15/62), June 22, 2015,  
16231-(17/62),  
July 14, 2017*

## Article XIX, Section 2

### Special Drawing Rights: Additional Uses

*The Chairman's Summing Up—  
Considerations on the Role of the SDR  
Executive Board Meeting 18/27, March 30, 2018*

Executive Directors welcomed the opportunity to discuss whether the SDR could play a broader role in contributing to the smooth functioning and the stability of the international monetary system (IMS). Many Directors noted that the IMS had shown considerable resilience and strength, including during the global financial crisis (GFC), and a few noted that it had been further strengthened after the GFC. Directors noted, however, that the IMS continues to face several important challenges, mainly related to external adjustment mechanisms, gaps in official provision of international liquidity, and systemic side-effects of large-scale reserve accumulation. In this context, Directors reflected on whether an enhanced role for the SDR could help in mitigating the observed weaknesses of the IMS and complement other efforts such as global policy coordination, enhanced surveillance, and a strengthened global financial safety net (GFSN), alongside countries' own efforts to increase resilience through sound domestic macroeconomic policies and strong policy frameworks. Most Directors were uncertain or unconvinced that there is a role for the SDR in addressing the weaknesses of the IMS. A number of Directors, however, considered that there is a potential for the SDR to address these gaps and saw merit in continuing to explore its future role.

Directors discussed whether an expanded role of official SDRs (O-SDRs) could help smooth external adjustment, augment the supply of safe global assets, and reduce incentives for precautionary reserve accumulation. In this context, while a number of Directors saw a potential for additional O-SDR allocations to help foster greater IMS stability, most were not convinced that it could be effective in addressing the IMS gaps. Many Directors noted that the 2009 SDR allocation played an important role in mitigating the impact of the GFC. Nevertheless, many Directors also cautioned that such allocations could raise moral hazard concerns, including reluctance in some recipient countries to enact needed policy adjustments, although a few felt that such concerns might be overstated and could be mitigated through increased transparency and effective surveillance. Some Directors also doubted whether voluntary trading participants would be willing to support high volumes of O-SDRs. A number of Directors expressed skepticism regarding alternative targeting mechanisms for SDR allocations, such as allocations contingent on global conditions or meeting policy criteria, noting that it would blur the distinction between conditionality-based Fund lending and the role of the SDR as reserves. Many Directors noted that such alternatives would require amending the Articles of Agreement and resolving a number of operational considerations, such as the allocation of credit risk.

Most Directors saw limited scope for market based-SDRs (M-SDR) and SDRs as a unit of account (U-SDR) to contribute to systemic stability. Despite the benefits of diversification and stability of payments and receipts, uptake would be hard to achieve even with official sector support to reduce transaction costs and develop market liquidity and infrastructure. A number of Directors, however, saw merit in exploring these issues further, and a few called for a more

active role for the Fund to contribute to the development of SDR market infrastructure.

Directors welcomed a preliminary discussion of economic and technological transitions, such as a potential move toward a multipolar global economy and adoption of financial technologies, and their impact on the IMS. Most supported further analysis of how these developments could reshape the IMS in the future, noting that the role of the SDR either should not be the central question in this analysis or need not be explored at all. It was also suggested that staff should focus more on issues such as exchange rate adjustment, excess reserve accumulation, and global rebalancing.

SU/18/47  
April 6, 2018

## **Article XXVI**

### **Remedial Measures on Overdue Financial Obligations to the Fund**

#### **REVIEW OF THE FUND'S STRATEGY ON OVERDUE FINANCIAL OBLIGATIONS**

The Fund has reviewed progress under the strengthened cooperative strategy with respect to overdue financial obligations to the Fund, as described in EBS/17/80. The Fund reaffirms its support for the strengthened cooperative strategy and agrees to extend the availability of the rights approach until end-August 2022. (EBS/17/80, 07/20/17)

*Decision 16247-(17/69),  
July 27, 2017*