IV. Transparency Policy

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I. INTRODUCTION

1. The effectiveness of the IMF as a trusted advisor to member countries depends in part on members’ confidence that the information and dialogue, particularly if of a sensitive nature, will not be disclosed without their consent. Article XII, Section 8, of the IMF Articles of Agreement provides for the confidential treatment of the Fund’s views on a member’s economy and policies, barring the Fund from publishing its views on a member without the member’s consent (except under certain specific circumstances). The Fund is also required to safeguard confidential information provided by a member.1

2. At the same time, there has been a concerted drive since 1999 for increased transparency, motivated—in the wake of the financial crises of the 1990s—by a desire for greater openness in economic policymaking and in the dissemination of data on economic and financial developments in member countries.2 There was also a desire for increased disclosure of the policy discussions and advice that the IMF gave to member states. An important element of the IMF’s transparency policy has therefore been the component addressing the publication of country documents.3 This component includes guidelines on what corrections and deletions can be made to staff reports after Article IV surveillance and program missions in order to help safeguard confidentiality.

3. This background study is organized as follows: It first describes the evolution of transparency policy at the IMF, including publication and the treatment of confidentiality in country reports related to IMF programs and bilateral Article IV surveillance. Second, it reviews findings from both IMF staff and the IEO as to the probable effect of transparency policy and publication on the candor of policy dialogue and staff reports. Desk reviews of IMF transparency policy documents,4 recent Triennial Surveillance Reviews, and survey findings from both the 2007 IEO evaluation of IMF Exchange Rate Policy Advice and for the current evaluation of the Role of the IMF as Trusted Advisor (RITA) are used to document transparency policy and collate evidence related to its possible impact on candor. Finally, the report draws conclusions from these findings regarding the impact on the role of the Fund as a trusted advisor.

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2 The IMF’s Interim Committee (predecessor to the International Monetary and Financial Committee) emphasized in its October 1998 communiqué that “Greater transparency and reporting by both the public and private sectors is critical for better functioning financial markets.”

3 Ultimately, the IMF used country surveillance, program, and standards-and-codes reports as the principal means for dissemination of country-specific information.

4 In particular, the 2000, 2002–05, and 2009 Reviews of the Fund’s Transparency Policy.
II. TRANSPARENCY POLICY AND CONFIDENTIALITY

A. Evolution of Transparency Policy in the IMF

4. IMF policy has evolved from non-disclosure of country information in the Fund’s earliest years to extensive publication of country information in recent years (Box 1). The IMF’s original policy at its inception was one of non-disclosure of its consultations and policy discussions with member countries.

"Expert assistance to member countries constitutes one of the most vital functions and responsibilities of the Fund. Its scope results from the Agreement itself and encompasses technical and practical cooperation and advice on monetary, exchange, balance of payments and related problems...contacts (with authorities) have not been the subject of publicity. No public reports on these missions have been issued by the Fund; instead, it has been found that the most effective way of using the technical facilities of the Fund has been for its personnel to work quietly as consultants and advisors to the officials of the governments concerned" (IMF, 1947).

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1947</td>
<td>Policy of non-disclosure of Board documents.</td>
</tr>
<tr>
<td>1994</td>
<td>First routine publication of selected Board documents. Publication of Recent Economic Developments and country statistics.</td>
</tr>
<tr>
<td>1996</td>
<td>Opening of Fund archives. Board approves public access to archived documents over 30 years old (excluding those marked &quot;secret&quot; or &quot;strictly confidential&quot;).</td>
</tr>
<tr>
<td>1997</td>
<td>Publication of Public Information Notices (PINs) for Article IV reports on a voluntary basis approved by Board.</td>
</tr>
<tr>
<td>1999</td>
<td>(i) Pilot project for the voluntary publication of Article IV. (ii) Public access allowed to archived Board documents over 5 years old, and to other documents over 20 years old.</td>
</tr>
<tr>
<td>2001</td>
<td>“General policy of voluntary publication” of Article IV, UFR reports; alongside deletions policy.</td>
</tr>
<tr>
<td>2004</td>
<td>“Voluntary but presumed” publication of Article IV, UFR reports. Publication presumed unless authorities object.</td>
</tr>
<tr>
<td>2005</td>
<td>Deletions and corrections policy refined – specifies types of deletions and corrections allowed.</td>
</tr>
<tr>
<td>2009</td>
<td>“Voluntary but presumed” publication was extended to the FSSA, ROSC, AFSSR, and SMP reports and all policy documents. All country reports (except FSAP and technical assistance reports) published unless country formally objects within a limited timeframe.</td>
</tr>
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</table>
5. **Marginal changes occurred in the 1950s when the Fund began to publish research products.** For example, the Executive Board was notified in January 1950 that:

> The staff is preparing the first issue of a new publication to be entitled (IMF) Staff Papers. ... The papers will not deal with policy matters. Rather, they will present factual material and technical discussions of international financial problems. The publication will carry a statement that the views expressed in each paper are those of the writer and do not necessarily reflect the opinions of the Executive Board or the officials of the Fund. Care will, of course, be exercised to see that the papers do not contain material that may be embarrassing to the Fund (IMF, 1950).

6. **The main drive for increased transparency came much later in the 1990s as a succession of financial crises led the public to seek better access to country information and IMF policy advice.** The Interim Committee of the IMF’s Board of Governors, in its April 1998 communiqué, included a sub-section titled “greater availability and transparency of information regarding economic data and policies,” underscoring member countries’ obligation to provide timely and accurate data to the IMF as part of the new transparency measures. The Committee’s October 1998 communiqué spoke of “an urgent need to further develop and disseminate internationally accepted norms as a means to raise the transparency of economic policy and to enable financial markets to better assess borrowers’ creditworthiness.”

7. **In the late 1990s during the Asian crisis, civil society urged the IMF to increase transparency in its operations with member countries.**

> The Asian crisis also unleashed much deeper changes in IMF transparency. Not only were countries under pressure to come clean, but the IMF itself came under unprecedented pressure to reveal its policy advice to countries, that is, to be less secretive. To respond to these demands, the IMF started to urge its member countries to publish documents that had been kept outside the public eye. (Dawson, 2003)

The IMF faced increased scrutiny, with articles on it in the press peaking in 1998 (Figure 1).

8. **Public pressure contributed to a sustained trend of increasing disclosure of country information.** The IMF’s Director of External Relations, Thomas Dawson, explained in 2003 that, at the height of the 1997–98 Asian crisis, “so great was the clamor that the Fund had to defend its actions not just to its member countries but to a variety of audiences—the media, academics, civil society organizations and, indeed, the public at large.”
9. As noted by Dawson and others, in 1998 the IMF was widely regarded in the media as a secretive institution. Various IMF Board documents referred to civil society representatives, including NGOs, financial markets and others, criticizing the Fund for not giving country information to the public. A new IMF communications strategy, introduced in 1998, sought to address this concern. By 2003, the IMF was reporting that its transparency policy—introduced at the end of the 1990s—had largely overcome past perceptions that it was secretive about its surveillance policy and program advice. There were far fewer references in the media to the Fund being secretive, down from a peak in 1998 (Figure 2).

10. As a result of these developments, the Fund’s publication policy underwent some profound changes. After a pilot phase in publication of staff country reports in 1999, this policy progressed to one of voluntary publication of Article IV surveillance reports in 2001 (with a more stringent “voluntary but presumed” publication requirement for the use of Fund
resources (UFR)); and after that to the “voluntary but presumed” regime that pertains today for both surveillance and UFR reports. Since 2001, the policy has shifted from requiring country authorities’ explicit consent prior to publication (communicated to the Secretary of the Executive Board) to the current rules whereby a member’s consent to publication is typically obtained on a “non-objection” basis.

B. Publication Policy: Deletions and Corrections

11. A review of the 1999 pilot phase for publication of staff country reports showed a heavy incidence of requests for corrections and deletions from authorities, particularly from industrial countries. In view of these findings, the Executive Board urged the staff to ensure that the implementation of the new publication policy addressed the following objectives (see also IMF, 2002): (i) safeguarding the candor of staff reporting to the Executive Board, (ii) preventing the tendency towards negotiated staff reports, and (iii) ensuring published reports were to the extent possible generally the same as those provided to the Executive Board (by placing constraints on text that could be deleted following the Board discussion and prior to publication).

12. The Executive Board then issued new guidelines governing deletions and corrections. The Executive Board decided that permitted corrections (prior to the Board discussion) were to be limited to factual changes and proper characterization of authorities’ views (i.e., amending misrepresentations of authorities’ views in the report), while permitted deletions (post-Board discussion) were to be limited to market-sensitive information (IMF, 2000b). Deletions were not to be applied to information already in the public domain or to politically sensitive information that was not highly market-sensitive (IMF, 2001). Executive Directors required that they be informed of all corrections prior to and as close to the Board discussion of the country report as possible, and that staff show clearly the motivations for the different corrections. Observance of the rules governing corrections would ensure that the Board made a properly informed decision based on all the key information available and a true depiction of the staff’s discussions with and advice given to authorities.

13. In 2005 and 2009, the policy was refined to provide more explicit guidance on what corrections were allowed. The 2005 Fund policy on modifications, in addition to allowing correction of factual and typographical errors and allowing countries to edit in the views of authorities where they felt that these were mischaracterized or not adequately represented, also permitted staff to modify ambiguous text. Corrections generally take place

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5 Such presumption meant that if a member did not wish to consent to Fund publication of a document, the member had to notify the Fund of its decision and provide an explanation (including through its Executive Director) before the Executive Board took a decision relating to the member’s use of Fund resources. The definition of presumption has evolved through subsequent amendments to the Transparency Policy Decision. The presumption of publication is currently defined to mean that the Fund encourages each member to consent to the publication by the Fund of a document. See Transparency Policy Decision No. 13564, as amended.
prior to the presentation of the document to the Board. Corrections after the Board meeting were to be limited to situations where (i) the correction was brought to the Board’s attention before the conclusion of the Board’s consideration of the document; or (ii) the failure to make the correction would undermine the overall value of the publication.

14. **The guidelines further clarified what information could or could not be deleted; and in particular, what was market-sensitive information eligible for exclusion from the report to be published after the Board discussion** (IMF, 2005). “Highly market-sensitive” information eligible for deletion prior to publication included material that was: (i) not already in the public domain; (ii) relevant in the near term, e.g., 12 months; and (iii) specific enough to run a clear risk of triggering a disruptive reaction by market participants, if disclosed. The guidelines indicated that in most cases such information was related to the outlook for exchange rates, interest rates, the financial sector, or sovereign liquidity. The policy also specified material that constituted planned policy not in the public domain, where premature disclosure of policy intentions or operational details of the policy could seriously undermine the authorities’ ability to implement it. As in the past, deletions of text that was politically sensitive but did not meet the criteria would not be allowed.

15. **The revisions of 2009 also permitted third party deletions to published staff reports.** These comprised deletions that could be considered at the request of another (“third party”) member, as long as: (i) the text to be deleted related to the third party; and (ii) the member to whom the document related consented to the deletion. The same deletions criteria that applied elsewhere also held for these third party deletions. In general, third party deletions have been considered only rarely.

16. **The timeframe for modifications has also been shortened significantly** (IMF, 2009d; 2010a). Authorities are now required to submit requests for corrections to area department staff no later than two days before the relevant Board meeting, and requests for deletions in writing must be submitted in the same time frame, or else no later than three weeks after the Board meeting. The policy also now requires that country documents be published promptly after the Board meeting unless the member notifies the Fund before the conclusion of the relevant Board meeting that it objects to publication, requires additional time to decide whether or not to publish, or else consents to publication subject to reaching agreement with the Fund on deletions to the document (Figure 3).

C. Publication and Confidentiality in Program Countries

17. **Publication requirements for UFR cases are generally more stringent than those for reports on Article IV surveillance-only countries.** In UFR cases, authorities are expected to explicitly inform the Fund about their intentions to publish their country’s staff report prior to the Executive Board discussion of the report. The 2010 Transparency Policy Guidance Note (IMF, 2010a) states that members requesting access to Fund resources or support under a Policy Support Instrument (PSI) are expected to indicate that they intend to
consent to publication of the related Board documents before the date of the Board meeting. In cases of exceptional access to Fund resources or to the Flexible Credit Line (FCL), the Managing Director will generally not recommend that the Executive Board approve a request to use the Fund’s general resources or recommend approval of the associated reviews unless the member consents to the publication of the associated staff reports, including the letter of intent and other policy intention documents (IMF, 2010b).

Figure 3. The Modifications Process (2010)\textsuperscript{a}

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18. **At the same time, authorities can communicate what they see as particularly sensitive understandings through confidential “side letters.”** Side letters are written communications from a member's authorities to Fund Management or staff, containing confidential policy understandings relating to letters of intent and supporting a request for the use of Fund resources. Executive Directors requested a procedure to give the Board full knowledge of the content of members' programs when they are required to make decisions on whether or not a country should be given a loan.\textsuperscript{7} Under this procedure, all side letters were to be shown to Directors, with safeguards to preserve confidentiality.

19. **A September 1999 Board Decision stated that the use of side letters to keep certain understandings confidential could be justified only if their publication would directly undermine the authorities' ability to implement the UFR program or render implementation more costly** (for example, with some issues pertaining to exchange market

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\textsuperscript{a} “Modifications” refers to both corrections made to the original document, and to deletions made to the version of the document that is to be published.

intervention rules, bank closures, contingent fiscal measures, or measures affecting key prices) (IMF, 1999b). The existence and content of side letters was to be treated with the utmost confidentiality by Management, Fund staff, and Executive Directors. To ensure this, Board meetings to discuss side letters would be announced on a need-to-know basis and would be restricted to one person per Executive Director’s office. A numbered copy of the side letter would be made available to each attendee and returned at the end of the meeting.

20. **Information about a side letter could, however, be communicated by Executive Directors to their capitals.** Directors who communicated information about a side letter to their own authorities were required to limit recipients on a strict need-to-know basis; inform recipients of the need to treat the information as highly confidential; and promptly inform the Director representing the member that sent the side letter and the Managing Director of such communication.

21. **In general, side letters have not been widely used by country authorities.** The 2009 Review of Transparency Policy reported that between 2002 and 2009, there had been 20 side letters from 15 countries. This translates to almost 3 side-letters a year.

**III. ASSESSING THE IMPACT OF TRANSPARENCY POLICY**

22. **This section surveys some studies that have tried to assess the effects of the IMF’s transparency policy, and in particular, the effect of publication rules.** It examines trends in the publication of reports, and in corrections and deletions made to reports, and the potential influence of publication expectations on policy advice. It considers the effect of such expectations on the candor in policy dialogue between authorities and staff, and on the candor of subsequent reports. The section examines three sets of evidence: reviews and studies undertaken by IMF staff; the IEO’s 2007 evaluation of Exchange Rate Policy Advice; and the findings of surveys undertaken for the present evaluation.

**A. Assessments by IMF Staff**

23. **The IMF staff has examined the effect of transparency in different reviews of the policy over the past decade.** The Fund’s Triennial Surveillance Reviews (TSRs) for 2008 and 2011 also considered perceptions regarding the impact of publication on candor in the staff’s policy advice and dialogue with authorities.

**Transparency Policy Reviews**

24. **At the request of Executive Directors, IMF staff carried out assessments of the effectiveness of the transparency policy.** These assessments, starting in 2000, compiled evidence using surveys and interviews across a range of stakeholders. They also included desk studies of the content of published and unpublished country reports (Box 2) and reviews of published papers on the impact of transparency. Here we only consider those aspects of the reviews that pertain to the effects of the transparency policy on advice and dialogue.
25. A major feature of the Transparency Policy Reviews has been the absence of survey and interview evidence from authorities after 2002. From 2003 through 2009, these reviews interviewed or surveyed staff, but not authorities. Hence, these latter reviews were unable to assess the impact of transparency as seen by country authorities, including how it may have affected the authorities’ perception of the Fund as a trusted advisor.

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Box 2. Compilation of Evidence in Staff Reviews of Transparency Policy

2000: A relatively comprehensive approach was taken. An external consultant was used and surveys and interviews were conducted with financial markets, academia, civil society, the media, Executive Directors, authorities, and staff. In addition, a comparison of the coverage of sensitive issues in published and unpublished country reports was undertaken. 66 countries (advanced, transition and developing) agreed to participate in the pilot exercise. Information was collated from surveys completed by mission staff and authorities for pilot and non-pilot countries, on a range of publication issues.

2002: The 2002 review undertook several limited surveys to assess the reaction of the public to published staff reports. It used an electronic website survey, as well as a survey of journalists and NGOs (financial markets were not included). The response rate was low. Only 26 responses were received from country authorities (out of a potential 370 = 185 countries x 2 agencies per country). Using past data on coverage of sensitive issues in 144 staff Article IV and Article IV/UFR reports, the 2002 review “found no pattern suggesting that publication had led to significant disparities in coverage of sensitive issues between published and unpublished reports.”

2003, 2004: No reviews of experience were published in these years. The reports produced focused on issues and next steps. They did however, present evidence from data on publication, corrections and deletions, though there was no review of experience beyond this, and no surveys or interviews of authorities or staff.

2005: The review relied on Fund-wide data on publication; records of changes made to published staff reports; a survey of mission chiefs; and ten country case studies involving interviews with staff and Executive Directors (also referred to as country representatives in the report). There were no surveys or interviews of authorities.

2009: A survey of mission chiefs was conducted to gather views on the impact of publication on candor and the evenhandedness of implementation of the transparency policy. The survey was sent to 131 mission chiefs, covering all member countries, and the response rate approached 50 percent. Staff also conducted a short web-based survey of external stakeholders. Surveys were designed for three separate types of stakeholders: (i) CSOs; (ii) financial market participants, and (iii) other groups (such as think tanks, academics, and other stakeholders). The web surveys were open for several months on an “IMF Transparency Review and Consultation” page on the IMF external website. A total of 24 responses were received. Country authorities were not surveyed or interviewed.

26. The first Transparency Policy Review (IMF, 2000a) assessed the pilot exercise in the publication of Article IV reports. Most of the countries participating in the pilot felt that candor was not impaired. Interviews with officials in the countries participating in the pilot exercise revealed that most of them thought that the Article IV consultation process proceeded as “business as usual,” with candor unconstrained by the publication decision. However, authorities of countries not participating in the exercise felt that the Fund’s role as a confidential advisor would be undermined by the publication of staff reports.
27. A survey of staff corroborated the view that publication had little impact on the candor of policy dialogue and advice. Staff involved in the consultation missions in the pilot countries were surveyed (prior to the publication exercise, and again after the exercise). Most respondents reported that the impact of publication of staff reports was neutral to positive, with a drift toward neutral in the post publication group of responses.

28. However, the high incidence of corrections and deletions requested by countries participating in the pilot exercise might have reflected concerns on the part of authorities regarding the publication of sensitive information. The extensive changes implied a diminution in candor in reports submitted for Board review and for eventual publication. The “prevalence, extent and nature” of requests for corrections, deletions and additions to staff reports were seen to suggest that “concerns over a trend toward negotiated documents (were) not wholly misplaced and, if a decision to move to voluntary publication of staff reports (were) taken, there (would be) a need to guard against this tendency.” The review noted that 66 percent of published staff reports had corrections made to versions of reports to be published and that not all corrections dealt with just factual errors. Staff reported pressure from industrial country authorities in particular, not to include certain information in the staff reports, to add material, or to recast the policy discussions. Staff reported “frustrating and protracted processes involving voluminous requests for corrections and deletions.” Surveyed staff participating in the pilot exercise noted that publication expectations were likely to lead authorities (particularly from advanced countries) to seek more revisions to reports.

29. Two years later, survey data collected for the 2002 Transparency Policy Review (IMF, 2002) again found that publication did not seem to affect the candor of policy dialogue, but did make authorities more guarded regarding the candor in written reports. The survey of authorities’ views on voluntary publication of staff reports had a very low response rate, necessitating caution in interpreting the results. Nevertheless, about three quarters of the authorities responding to the survey felt that the publication of reports did not impair the “candid nature of the dialogue between the staff and authorities.” However, about half these authorities reported that publication led them to call for more revisions to staff reports. Authorities were also evenly split on whether publication enhanced the public debate on economic policy. The corresponding results from the mission chief survey (which had a much higher response rate) were similar. Seventy percent of those surveyed felt publication did not impair the candor of the policy dialogue. However, half of the mission chief survey respondents reported that as a result of publication, they felt pressured to provide report drafts to authorities or Executive Directors prior to the Board meetings. In some cases staff had omitted information from reports in anticipation of such pressures. Staff also reported a tendency to minimize the discussion of sensitive issues in country reports to avoid dealing with subsequent time-consuming requests for deletions and corrections. Half the respondents felt greater pressure for corrections and deletions as a result of publication.
30. The review further examined the effect that publication may have had on the reporting of candid policy advice and dialogue in written reports by looking at authorities’ use of corrections and deletions. By the end of March 2002, the data were as follows:

- More than half the staff reports had corrections, 60 percent of which were applied in Article IV reports, and 20 percent in UFR reports (and the balance in joint Article IV/UFR reports). Staff reported that some corrections appeared to go beyond what was envisaged under the publication policy;
- Industrial countries, while publishing just a third of the reports, accounted for more than half of the corrections to Article IV reports;
- More than half of the corrections were made after the Board discussion of the staff report (implying that the version of the report that the Board considered was subsequently amended); and
- Twenty-two percent of Article IV and 13 percent of Article IV/UFR staff reports had deletions.

31. The 2002 review also examined 117 published staff reports and 97 unpublished staff reports (Article IV and UFR reports), to assess differences in the degree of candor in reporting and the coverage of sensitive information. It found little evidence of differences between the two sets of reports; these findings were, however, qualified by staff.8

32. The 2003 Transparency Policy Review (IMF, 2003b), like its predecessors, surmised that there was no clear evidence that transparency policy had an impact on the candor of dialogue with members. The review, however, presented no evidence to support this statement. Indeed, for the year ending April 2003, it noted that 67 percent of the published Article IV and UFR reports had corrections (up from 2002), and that a disproportionate share of the corrections came from advanced countries.

33. In the survey undertaken for the 2005 Transparency Policy Review (IMF, 2005), a significant share of mission chiefs acknowledged that they reduced candor in their reporting to the Executive Board, as a result of the expectation of publication.9 The 2005

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8 The main weakness in this comparative analysis was that the extent of candor in a staff report is likely to depend not only on the coverage of sensitive issues (whether or not an issue is addressed at all), but also on what and how much (intensity and depth of coverage) is recorded on a sensitive issue. Regarding the methodology (comparison of reports), staff themselves conceded that they had not assessed differences in how the published and unpublished reports covered sensitive issues.

9 The 2005 review contained a survey of mission chiefs (with 73 respondents) regarding the impact of publication on the possible dilution or softening of messages in staff reports (reduction in candor).
review noted that “Over one-quarter of responding mission chiefs said that they had withheld information or significantly diluted messages regarding issues relevant or central to the gist of the Fund’s concerns.” Regarding their likely future behavior, the review reported that, “About 30 percent said that they would be more careful about the way messages are couched. Likewise, 20 percent of respondents indicated that they would avoid messages that might cause discomfort to the authorities if their omission does not affect candor. Some 7 percent of respondents stated that they might, in the future, refrain from conveying certain information relevant to the main assessments of the report in order to facilitate publication.”

34. **The 2005 review again found a high incidence of corrections and deletions in reports on more advanced countries—including corrections going beyond what was permitted by existing guidelines.** More than a third of the published stand-alone Article IV reports contained substantive modifications (these were particularly prevalent among reports on advanced economies, somewhat less frequent for emerging markets, and very rare for developing countries). More than half of all published staff reports (Article IV, UFR and other programs) contained corrections, including many that involved substantive changes. Substantive changes were described as including modifications to the staff’s analysis and views. About a fourth of the published reports contained substantive corrections going beyond what was permitted under the Fund’s policy guidelines.

35. **Among mission chiefs who were surveyed for the 2009 Transparency Policy Review (IMF, 2009a), a significant share said that the expectation of publication constrained their drafting of candid country reports.** In a survey of 131 mission chiefs with a 50 percent response rate, more than a third of the respondents reported feeling constrained. The observation was also made in the survey that “knowing authorities never publish allowed for a candid staff report.” The review observed that a limited number of countries (10) never published their country reports, as they considered staff reports to be for discussion at the Fund’s Executive Board, and that “publication undermines candor in the reports, the frankness of discussions between staff and the authorities, and thus the Fund’s role as confidential advisor.”

36. **A rising incidence of corrections also pointed to possible diminution of candor.** The 2009 review showed that corrections and deletions had been concentrated in advanced and middle income countries and had risen during the financial crisis. The review noted that “in this time of crisis, reflecting increased vulnerabilities and sensitivities, the share of published reports with modifications has increased and modification requests have become more substantive.” Table 1 below (reproduced from the review), shows that more than 90 percent of the published reports on advanced economies had modifications in the three years from 2006 to 2009, compared to about 70 percent and 40 percent of emerging and low-income country reports, respectively.
Table 1. Staff Reports with Modifications, January 2006–June 2009  
(Percent of published reports)

<table>
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<tr>
<th></th>
<th>Advanced</th>
<th>Emerging</th>
<th>Low-Income</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Correction</td>
<td>93</td>
<td>71</td>
<td>44</td>
<td>56</td>
</tr>
<tr>
<td>Deletion</td>
<td>13</td>
<td>19</td>
<td>5</td>
<td>9</td>
</tr>
</tbody>
</table>


37. The 2009 review also found that, while modifications were largely consistent with the guidelines, some “grey” area cases persisted, associated with the largest and/or most influential countries. For these countries, candor in reporting to the Executive Board may also have been affected. The review noted that “although most deletions and corrections are clearly in line with the policy, a minority (1 in 4) of deletions and corrections are not and involve toning down the message of reports.” Staff further observed that “influential countries, as proxied by quota shares and/or having a dedicated Executive Director at the Board—accounted for a disproportionately large share of corrections that were in the gray zone.” They saw this pattern as exposing the Fund to reputational risk. A staff assessment of 50 country reports (part of the transparency review process) found that in 20 percent of the correction cases, the corrections did not fit clearly into the categories permitted by policy (thus preventing the Board from assessing information that it had a right to assess under the policy). Some deletions also fell outside the guidelines. Among reports with deletions in 2008, staff found that in 26 percent of cases, permissible deletions were stretched and guidelines were not fully adhered to. In these cases, information that could have been published under the rules was not.

38. The Fund’s 2012 update of publication trends (IMF, 2012), providing data through 2011, shows that rising publication rates have coincided with a sharp increase in deletions in reports on advanced countries and emerging markets. The data show that publication rates reached 91 percent in 2011 for Article IV, UFR and combined staff reports. However, deletions and corrections for advanced countries and emerging markets have been rising since the mid-2000s (except in 2010, when there was a one-time drop) (Figure 4). In developing countries, however, deletions have been few, having been contained to just 5–7 percent of reports over the four years shown (and almost zero in African countries).

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10 In the Background Paper to the 2009 Transparency Review (IMF, 2009c), the staff’s review of a 30-country sample consisting of the 10 reports with the most corrections in each income group from 2006–08 found that for influential countries with a dedicated Executive Director, an average 10 corrections per report were within policy, while an average 7 corrections per report were not. By contrast for countries without a dedicated Executive Director, an average 7 corrections per report were within policy, while only an average of 1 correction per report was not.

11 Deletions are supposed to focus on market- and time-sensitive information that could be damaging if published.
Triennial Surveillance Reviews

39. The survey for the Fund’s 2008 Triennial Surveillance Review (TSR) pointed to authorities’ satisfaction with the degree of candor used in reports, together with a preference by some that candor beyond this be delivered in private. About 92 percent of the responding authorities felt that the degree of candor in staff reports had been appropriate. At the same time, 44 percent reported that more candid messages were delivered separately, rather than in the staff report.

40. Of the country authorities who were interviewed for the 2008 TSR, most favored publication of country surveillance reports, but a number argued that the emphasis on making public the Fund’s advice had gone too far and risked undermining the Fund’s role as a confidential advisor in their countries (IMF, 2008c). The staff survey for the 2008 TSR also asked mission chiefs to what extent publication expectations for staff reports, with only limited scope for deletions, constrained their presentation of a candid staff report. Forty percent said they felt constrained by this to some degree. For 33 percent, their presentation of a candid staff report was also constrained by the concern that authorities might not consent to publication or else might delay publication.

41. The 2011 TSR (IMF, 2011) yielded similar findings. In a survey of authorities (33 percent response rate), most respondents felt that staff reports had an appropriate degree of candor (and that where necessary, more candor could be delivered outside of the report). About a third of the respondents reported that more candid messages were, in fact, delivered separately outside of staff reports (mainly orally, and to a lesser extent through the

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12 The review included surveys of authorities (34 percent response rate) and mission chiefs (66 percent response rate) on broad issues regarding the overall surveillance process.
concluding statement). In interviews with authorities from a sample of 20 countries, the 2011 TSR reported “virtually all those interviewed welcomed the greater transparency of the Fund;” however, they generally preferred “candid advice in restricted policy discussions.” … “there were still, in the view of most, tensions between the roles of the Fund as confidential advisor and as ruthless truth teller.” Regarding public dissemination of the advice, “many expressed concern about market sensitivity and possible political fallout from open criticism of current policies.” Such statements reveal that authorities remain concerned about public disclosure and publication of sensitive policy advice and dialogue.

42. In the 2011 TSR’s survey of mission chiefs, almost all respondents reported that they were largely or completely candid in their policy dialogue and advice with authorities—but many reported being less candid in reports to the Board. As in 2008, a significant share of mission chief survey respondents felt that publication expectations for staff reports, with only limited scope for deletions, constrained their presentation of a candid staff report. Half (up from 40 percent in 2008) felt this way. Just over half of respondents also reported that publication expectations posed a challenge for the full treatment of the discussions of exchange rate issues in the staff report.

B. Assessment in Previous IEO Evaluations: IMF Exchange Rate Policy Advice

43. The purpose of the evaluation of IMF Exchange Rate Policy Advice (IEO, 2007) was to assess the Fund’s exchange rate surveillance in member countries and examine in depth, features of the dialogue between countries and the Fund that could impair the Fund’s effectiveness in this area. Among other things, the evaluation considered the influence of publication policies on policy dialogue and its documentation in staff reports. The study elicited the views of authorities and staff through interviews and surveys. In the evaluation’s survey, the IEO “sought to understand why, as identified by the Executive Board, clear and candid treatment of exchange rate issues in IMF reports (remained) a challenge.”

44. The evaluation’s survey responses indicated that a large majority of authorities approved of the balance between informality, confidentiality, and the reporting requirements to the IMF Executive Board, in their engagement with staff. Nevertheless, some anxiety remained about the possibility of publication of sensitive information, as did concerns about candor in staff reports that were submitted to the Executive Board. The evaluation notes that some authorities admitted to “withholding relevant data from the IMF or to excluding sensitive topics from discussion… and the main reason given… for not sharing data and for avoiding certain issues, was a concern that information would be passed on, either to the Executive Board or through publication.” The evaluators observed that

13 Interviews were held in Washington DC during the 2011 Spring Meetings. See 2011 Triennial Surveillance Review - External Report on Interviews with Country Authorities.
“evidence that important information is not conveyed to the Board (by staff)—or not conveyed to staff (by authorities), because it might be conveyed to the Board—raises questions about the accountability of staff in these circumstances, as well as effectiveness of the present setup.”

45. The evaluation’s survey of staff found that publication expectations affected candor in the drafting of reports: “More than 40 percent of staff respondents in the IEO survey felt that the expectation of publication or the need to preserve close relationships with country authorities tended to dilute coverage of exchange rate policy issues in staff reports.” Staff respondents further cited transparency requirements and the publication of country documents as the most significant out of nine impediments to clear and candid treatment of exchange rate policy issues. Evaluators reported that “... in several countries, there was much more to IMF advice than met the eye in staff reports. In those cases, the exchange rate discussions were much more intense than suggested by Article IV staff reports. For example, detailed discussions on regime choice took place, with little or no documentation in staff reports or related selected issues papers.” They also noted that staff used “confidential staff notes and meetings, extending over several years in some cases, with the authorities and staff exploring a variety of alternative policy options in the process.”

46. The evaluation also found that candor in reported policy dialogue and advice was affected. Evaluators reported that in at least 5 of the 30 economies whose experience was reviewed in depth, “there had been no meaningful two-way discussions on certain exchange rate issues for at least part of the period under review, or their treatment in staff reports was pro forma (lacking detail or much analytical content).”

C. Assessment for the Evaluation of The Role of the IMF As Trusted Advisor

47. This section focuses on the survey evidence collected for the present evaluation of the Fund’s role as trusted advisor. It looks at how the Fund’s policy on transparency generally, and publication specifically, may have influenced: the demand for advice by authorities; the depth of dialogue between authorities and staff; and the reporting in staff reports prepared for review by the Executive Board and subsequently for publication. The RITA evaluation surveyed authorities, mission chiefs, and resident representatives for their perceptions on the influence of transparency policy on the Fund’s role as a trusted advisor.

Views of country authorities

48. Authorities responding to the survey were largely satisfied with the Fund’s handling of confidentiality, but still raised concerns about possible publication of sensitive information. Despite the near-unanimous satisfaction with how the Fund handles confidentiality, concerns regarding publication, nevertheless, constrained the demand for advice. Authorities said their willingness to seek IMF advice was limited most by concerns about disclosure of sensitive information to the general public. Overall, almost one-third of respondents reported that concern over disclosure to the general public of information they
shared with IMF limited their willingness to discuss or seek advice on sensitive issues from the IMF. Half of the respondents from large emerging markets, 30 percent of those from LICs, and 20 percent to 30 percent of those from advanced and smaller emerging countries felt limited by public disclosure concerns. Close to 60 percent of the respondents from large emerging markets also reported that concerns about confidential treatment of sensitive information (in reports and elsewhere) mattered, influencing their decision not to seek IMF advice. This was not as great a concern for most of the smaller emerging or LICs, or for large advanced countries. However, it did matter to almost 40 percent of respondents from smaller advanced economies. About one in six respondents overall also reported that concerns about disclosure of information to other international institutions and/or aid agencies limited their willingness to discuss or seek advice on sensitive issues from the IMF.

49. **Few concerns, however, were expressed about disclosure of sensitive information within the IMF.** Almost all respondents were unconcerned about disclosure of country information to other staff, Management, or the Board. They reported that disclosure to these IMF groups did not limit their willingness to discuss or seek advice on sensitive issues from the IMF. The exception was the Asia Pacific region, where one in five respondents expressed concern about disclosure to other staff and Management as well as to the Board.

50. **Authorities sought reassurances about safeguarding confidential policy discussions and advice.** Many authorities needed to be reassured, at least on occasion, regarding the treatment of confidential information (in view of potential publication of reports). About 40 percent of respondents from smaller advanced and emerging countries, 45 percent from LICs, and 67 percent from large emerging countries at least sometimes needed reassurances regarding confidentiality when discussing sensitive issues with the IMF country team. Only 35 percent of the respondents from the large advanced countries needed such reassurances (this group of countries, however, had the highest correction and deletion rates in country reports). In the regional breakdown, the need for reassurances about confidentiality was concentrated in the Asia Pacific region (61 percent) and in Africa (51 percent).

**Views of mission chiefs and resident representatives**

51. **Overall, staff views were mixed on how the role of staff as a trusted advisor was influenced by transparency and publication policies.** About half of the mission chief respondents to the survey felt that their advisory role had not been changed by transparency policies. Just over a quarter felt that the change had been positive, and the rest that the change had been negative. Resident representatives were a little more positively inclined (almost 40 percent) versus almost 20 percent who felt that the effect of the policy was negative.

52. **Staff respondents confirmed that disclosure and publication expectations may have hampered demand for policy dialogue and advice.** Twenty-six percent of the mission
chiefs felt that their role as a trusted advisor had been adversely impacted by concerns authorities may have had that a sensitive issue might be disclosed to other international organizations and donors. Similarly, 30 percent of the resident representatives perceived some adverse impact on their role as a trusted advisor from this disclosure concern.

53. **Most respondents to the two staff surveys did not feel that concerns about disclosure to the Executive Board had affected their trusted advisor role.** About three-quarters of the mission chief respondents (and a similar percentage of the resident representatives) felt that their role as a trusted advisor had not been impacted by any concerns authorities may have had that sensitive issues might be disclosed to the Board. It is noteworthy, nevertheless, that almost a quarter of staff respondents felt that their trusted advisor role was adversely affected by this.

54. **Staff surveys confirmed that the expectation of broader disclosure affected the candor and content of staff reports presented to the Board.** In the mission chief survey, across all income groups, 57 percent of the respondents said they felt pressure to dilute the candor of staff reports in order to avoid upsetting authorities. Similar evidence came from interviews, which showed that staff members drafting reports on advanced economies felt more pressure to self-censor than did those working on other types of countries.14

55. **The systemic importance of countries was seen to influence staff candor.** Half of the mission chief survey respondents with experience of working on advanced economies felt that the systemic importance of the country influenced the degree of their candor in dialogue and reports, whereas 20 percent and 7 percent of those who had worked respectively on emerging economies and LICs felt this way (Figure 5).

![Figure 5. Mission Chief Candor for Different Country Groups](image)

Source: IEO survey of mission chiefs.

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14 Some interviews with staff also suggested that developed economies were more active in engaging on modifications to draft reports because they have more capacity to devote to reviewing IMF reports and engaging staff on proposed changes, thus exerting more pressure on staff to modify reports.
IV. CONCLUSIONS

- The IMF’s transparency, as reflected in the publication of country reports, has increased significantly since 1999. The transparency policy has sought to protect sensitive information from public disclosure. However, the implementation of the policy appears to have been uneven, influenced by the income levels and systemic importance of member countries. Correction and deletion rates have been significantly higher in some country groups than in others (IMF, 2009a).

- Since the first pilot exercise in publication of country reports, the incidence of corrections has remained high, and a sizeable minority of these corrections has been found to not conform to policy. The candor in some staff reports submitted to the Board may have been diminished by extensive correction prior to the Board discussion. Those corrections that fall in the “gray zone” can affect the content of the Board discussion on a country. Consideration could be given to introducing staff guidelines that require staff to highlight these “gray zone” corrections and defer them for consideration after the Board meeting.

- Publication expectations may have reduced the willingness of some authorities to seek advice and share sensitive information. This could have adverse implications for the candor of dialogue with authorities and for the quality of information on which staff base their policy advice. Fears remain regarding disclosure of sensitive information to the public and to markets.

- Some staff members perceive the expectation of publication to have adversely affected the candor in reports they prepare for the Executive Board—in particular, reports for advanced economies.

- Staff efforts to assess the impact of transparency policy have yielded mixed results and would benefit from re-including a full survey of authorities as was done in 2000.
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