IEO
Independent Evaluation Office
of the International Monetary Fund

BACKGROUND PAPER

BP/08/01

The Formal Governance Structure of the International Monetary Fund

Alexander Mountford

Address. 700 19th Street, N.W., Washington D.C. 20431, U.S.A. Telephone. +1 202 623 7312 Fax. +1 202 623 9990 Email. feedback@ieo-imf.org Website. www.ieo-imf.org

 BP/08/01

IEO Background Paper
Independent Evaluation Office
of the International Monetary Fund

The Formal Governance Structure Of The International Monetary Fund

Prepared by Alexander Mountford

March 2008

JEL Classification Numbers:

Keywords:

Author's E-Mail Address: amountford@shaw.ca, feedback@ieo-imf.org

Contents Page

ABBREVIATIONS

C-20	Committee of Twenty—the Ad Hoc Committee on the Reform of the International Monetary System and Related Matters
DMD	Deputy Managing Director
G-7	Canada, France, Germany, Italy, Japan, United Kingdom, United States
G-8	Canada, France, Germany, Italy, Japan, Russia, United Kingdom, United States
G-20	A steering committee created by the G-7, with membership of major industrial countries and systemically-important developing countries
G-24	24 developing countries that coordinate their positions on international monetary affairs and development
G-33	33 developing countries that coordinate their positions on trade and economic issues
IC	Interim Committee
IMFC	International Monetary and Finance Committee of the Board of Governors
JCR	Joint Committee on Remuneration of Executive Directors of the World Bank and International Monetary Fund
MTS	Medium-Term Strategy
PIN	Public Information Notice
UFR	Use of Fund resources

I. INTRODUCTION

1. This background paper describes the governance structure and practices of the International Monetary Fund, as they relate to decision making. It outlines the distinguishing features of the three main decision-making organs as established in accordance with the Fund's Articles of Agreement. The bodies covered are the following:

- the Board of Governors
- the Executive Board
- the Managing Director (and his deputies and the staff of the Fund).

2. The main emphasis of the paper is on the Executive Board, which takes most of the Fund's formal decisions. The paper also attempts to explain how the decision-making process works in practice, with interaction between the main decision-making organs. To set the context, Section II provides an overview of the Fund's responsibilities. Section III describes the role and activities of the Board of Governors; Section IV, those of the Executive Board; and Section V, those of the Managing Director and staff. Section VI describes and illustrates how these organs interact in decision making. Appendix 1 contains a list of present executive directors and their voting power. The issue of a possible decision-making Council, at the level of governors, for which there are provisions in the Articles of Agreement, but which has not been activated, is covered in Appendix 2.

II. THE ORGANS OF GOVERNANCE AND THE ARTICLES OF AGREEMENT

3. The Articles of Agreement are the Fund's constitution. They establish the purposes of the Fund, create the rights and obligations of member countries, and provide for the activities and powers of the decision-making organs. The Articles embody a set of rules of the game for the international monetary system, with rights and obligations for the member countries, and with the Fund as a kind of an arbiter. In joining the IMF, members cede part of their economic sovereignty to the Fund, and receive certain rights and benefits in return. Members' most important general obligations are to pursue economic policies that are consistent with the IMF's purposes, and to collaborate with the Fund and with other members to assure orderly exchange rate arrangements and to promote a stable system of exchange rates.

4. The most important activities of the Fund relate to the provision of advice to members on their economic policies. The Fund operates as a system of peer pressure and persuasion, under which the member countries are encouraged to pursue sound economic policies. For shorthand, this activity is referred to as "surveillance." In addition, the Fund has financial resources, provided by its members, which it may use to assist members by providing temporary balance of payments financing, generally on a conditional basis. This means that members should pursue economic policies to correct their economic imbalances in line with

those recommended by their peers, and in ways that do not harm their economic partners (i.e., "…without resorting to measures destructive of national or international prosperity", Article I (v)).

5. These two activities, surveillance and the provision of conditional financial assistance, constitute the main elements of the duties of the decision-making bodies that together constitute the governance structure of the Fund.

III. The Board of Governors

A. Composition and Membership

6. The IMF has 185 members at present. Each is assigned a "quota" related to the size of its economy and other related factors. The quota is the major determinant of the number of votes that the member country has in the institution, and it affects the size of the country's financial subscription to the Fund and other aspects of the country's financial relations with the institution. The weight of individual members' shares in total voting power varies widely: for example, the USA has the largest share of votes (close to 17 percent), and at the other extreme many small countries have small voting shares, so that, for example, the 23 member countries that elect the Francophone African Executive Director together have only 1.41 percent of the total votes.

7. Each member country is entitled to appoint a governor and an alternate governor, (Article XII section 2 (a)). In practice, almost all governors and alternate governors are the minister of finance or governor of the central bank of the member, or senior officials of similar standing and authority.

8. The Board of Governors selects one of the governors as chairman. He/she serves as chairman for a full year, starting at the end of one annual meeting and continuing through the following annual meeting. The chairmanship has rotated among the regions of the world.

B. Powers of the Governors

9. The Board of Governors is the ultimate political authority in the Fund. The governors have two types of power: those that are explicitly conferred on them by the Articles of Agreement, and a much larger number that are implied. The *explicit powers, which* may not be delegated include: acceptance of new members and establishment of their quotas; suspension of membership; general and ad hoc increases in the quotas of existing members; and amendment of the Articles of Agreement. The governors have explicit powers to appoint, or nominate and elect, the executive directors. They have the power to increase, for the purposes of a regular election, the number of executive directors, and they determine the executive directors' remuneration and benefits. The Articles also specify the governors' role in cases where a member appeals against an interpretation of the Articles that is made by the Executive Board.

10. All these types of decisions are likely to be sensitive and important, and their exercise is generally governed by the requirement of a special majority of either 70 percent or 85 percent of the total voting power in the Board of Governors, to ensure that they enjoy very broad support. In a matter that comes to a vote, a governor "shall be entitled to cast the number of votes allotted … to the member appointing him" (Article XII, Section 2(e)).

11. As for the *implied powers* of the governors, the Articles provide that all powers under the Agreement that are not conferred directly on the Board of Governors, the Executive Board, or the Managing Director shall be vested in the Board of Governors (Article XII, Section 2(a)). They also provide that the Board of Governors may delegate to the Executive Board the authority to exercise any of these implied powers (Article 2(b)). In practice the governors have delegated very broad powers to the executive directors, by a resolution adopted at the first annual meeting of the governors (in 1946), whose terms are now embodied in Section 15 of the By-Laws. This matter of delegated powers is discussed further in Section 4 below, on the powers of the Executive Board.

C. Activities of the Governors

12. The governors carry out their main roles during the annual meetings which are held jointly with those of the governors of the World Bank. The annual meetings provide an official forum for statements by the Chairman and the Managing Director (and the President of the World Bank); and by governors on developments in their own countries, the economic issues facing the global economy, and Fund policies. The meetings also provide a framework within which the governors conduct their formal business (including the choice of a new chairman) and a framework for contacts with the international economic and financial community. The annual meetings are also the occasion around which are clustered most of the meetings of informal groups of officials (e.g., G7, G10, G20, G24).

13. Governors may also take decisions without meeting, through a vote by mail, and they regularly decide on such matters as the pay and benefits of executive directors in this way. In addition, since 2002, the governors have conducted the regular elections of executive directors by mail.

D. Advisory Committees of the Board of Governors

14. The Board of Governors has the power to create advisory committees, under Article XII Section 2(j). There are at present four such committees.

International Monetary and Financial Committee

15. The International Monetary and Financial Committee (IMFC) was established in 1999 by a Resolution of the Board of Governors to be a permanent committee as successor to the Interim Committee (IC). The IMFC has 24 members, with the same country distribution as the Executive Board. Each member may appoint up to seven advisors. The members are

ministers of finance, governors of central banks, or others "of comparable rank." The Committee chooses one of its members as Chairman, for an unspecified period. In practice, the Chairmen of the IC and the IMFC have all been ministers of finance, and they have tended to continue in this role for several years (in practice, until they ceased to be minister of finance in their own country's government). This arrangement therefore differs from that for the chairmanship of the Board of Governors, which changes every year.

16. The IMFC generally meets twice a year, in the spring and again just before the annual meetings of the Boards of Governors in the fall and its mandates include:

- … supervising the management and adaptation of the international monetary system, including the continuing operation of the adjustment process, and in this connection reviewing developments in global liquidity and the transfer of real resources to developing countries;
- … considering proposals by the executive directors to amend the Articles of Agreement; and
- …dealing with sudden disturbances that might threaten the [international monetary] system. (Resolution 54-9, adopted September 30, 1999.)

17. The IMFC, like Interim Committee, receives and discusses reports from the Executive Board (and the Managing Director) on the conduct of Fund business and on the most pressing issues facing the global economy and the international monetary system. In turn, it provides reports on its deliberations to the Board of Governors. Because the IMFC is formally an advisory committee, it does not take decisions and does not vote. As with its predecessor the IC, it is provided that "in reporting [to the governors on the work of the IMFC] "…the Chairman shall seek to establish a sense of the meeting… [and]… if there is no unanimous view all views shall be reported and the members holding such views shall be identified." The IMFC's communiqués are a primary source of information to the media and the public on the collective views of ministers on these issues.

18. The IMFC has in practice become the main source of ministerial-level advice, guidance, and feedback to the Executive Board on all the main issues facing the Fund. Although it is formally an advisory committee, in practice its communiqué plays an important role in the establishing the Fund's work program for the period ahead. The IMFC has discussed, influenced, and endorsed every major initiative that the Fund has taken since these committees were established. In practice, its advisory role has evolved in such a way that it is the IMFC that, at the highest political level, has provided ministerial-level endorsement of the decisions taken by the Executive Board.

19. One important way in which the IMFC differs from the Interim Committee is that the IMFC has created a committee of senior civil servants (the "deputies") which helps to prepare the meetings of the IMFC, thus taking over in part a role formerly played exclusively by the Executive Board.

Development Committee

20. This committee (the Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund on the Transfer of Real Resources to Developing Countries) advises the boards of governors of both the World Bank and IMF on development issues. It has operated since 1974, when it was established in tandem with the IC. Like the IC/IMFC, the Development Committee has 24 members—who are governors of the World Bank or the IMF, ministers, or persons of comparable rank. Its membership is more varied than that of the IMFC, as it usually includes a number of ministers with responsibilities in the area of development. There is also a slight difference from the Interim Committee/IMFC, in that for two years the membership follows the constituency system of the World Bank, and for the next two years it follows the constituency system of the Fund. As with the IMFC, each member may appoint seven advisors.

21. The terms of reference of the Development Committee are to oversee the development process, giving urgent attention to the problems of the least developed countries and those developing countries that are most seriously affected by balance of payments difficulties. The Development Committee advises the governors of both institutions on critical development issues and on all aspects of the transfer of real resources to developing countries in relation to existing or prospective arrangements among countries, including those involving international trade and payments, the flow of capital, investment, and official development assistance. The Development Committee makes suggestions on the implementation of its conclusions, and reviews on a continuing basis the progress made in implementing its suggestions.

22. As a consequence, the Fund's policies towards a wide range of issues relating to developing countries—including, for example, structural adjustment, debt relief, and poverty alleviation—have been considered both in the Development Committee (for both institutions) and in the Interim Committee/IMFC.

23. In recent years, the Development Committee has functioned as a "mainly Bank" committee, although its agenda and deliberations usually also include matters relating to the Fund's operations and policies, and its communiqués embody ministerial-level advice and guidance on development issues to both the Fund and Bank executive boards.

Joint Committee on Remuneration of Executive Directors of the Fund and Bank

24. This standing committee of the two boards of governors is established each year, to examine the role and activities of the executive directors and alternates and to provide recommendations on the directors and alternates pay and benefits. These recommendations are then approved by the governors through a vote by mail. The Committee comprises a the chairman of the Board of Governors for that year, and two other members who are former governors or alternate governors of the Fund or the Bank, or persons of similar standing.

Joint Procedures Committee

25. Also a joint body of the Bank and Fund Boards of Governors, this Committee handles a range of procedural matters at the time of the annual meetings, to make the conduct of the meetings more efficient.

IV. The Executive Board

A. Size and Composition

26. The Executive Board (the Board) at present has 24 executive directors, and is chaired by the Managing Director in a non-voting capacity (formally the Chairman would have a deciding vote in the case of a 50-50 split vote, but with weighted voting this split is a virtual impossibility). Appendix 1 lists the executive directors and the voting shares of the members as of January 2008.

27. Five directors are appointed by the members with the largest quotas, and hence the largest shares in total votes. The remaining 19 directors are elected by the members who are not entitled to appoint a director—that is, at present, the other 180 member countries. Regular elections are held every two years; there are provisions for interim elections, if needed, and for by-elections if an elected director leaves during the course of his term.

28. The size of the Board grew from twelve at the beginning of the Fund's operations to twenty-four now, in parallel to the growth of the membership, from 40 in 1946 to 185 in 2007. The average size of the electing constituencies has risen from five countries per elected director at the first election in 1946 to more than nine constituent members at present. There are major differences in size among the constituencies. At present, three members with relatively large quotas are in a position to elect an executive director by themselves (Russia, Saudi Arabia, and China). And at the other extreme are the two directors elected by most of the African members, with constituencies of 21 and 24 countries, respectively.

29. The size of the Board is determined partly by the Articles and partly by a decision that is made by the Board of Governors, before each regular election, on the basis of a recommendation by the existing Board. In making its recommendation to the governors about the appropriate size of the Board, the Board considers the following broad principles:

> … the Fund has been guided by the objectives of ensuring that the size of the Executive Board will contribute to the effective dispatch of its business, that a desirable balance will be maintained in the composition of the Executive Board, and that the size of constituencies will not place undue burdens on executive directors and hinder the conduct of the business of the Board, that members will be as free as possible within the provisions of the Articles and the regulations for elections to form the constituencies of their choice, and that a relative equilibrium will be achieved in the voting power constituencies electing executive directors. (IMF, 1976: 64).

30. The Articles of Agreement specify that there shall be 20 executive directors, but they also provide that the Board of Governors may, by an 85 percent majority, increase the number of executive directors to be elected on the occasion of a regular election. In practice, since 1992 there have been 24 executive directors: 5 appointed and 19 elected (Appendix 1). The election rules are quite complex but are intended to ensure a reasonable geographical balance in member countries' representation, and to facilitate the continuation of constituency arrangements that members have made among themselves and wish to preserve.

31. Executive directors are entitled to appoint one alternate director each, and a number of advisors and assistants. The number varies according to the number of countries in each constituency, ranging from seven advisors/assistants for a director appointed by or elected by only one country, to five senior advisors and eight advisors/assistants for a director elected by 20 or more member countries (Box IV.1). In practice, although formally these alternates and other staff are appointed by the executive director, in most cases the distribution of these appointments is governed by agreements reached within each constituency.

B. Main Features of the Executive Board

32. The executive directors serve on a full-time basis and are paid by the Fund.[1] They are responsible for conducting the business of the Fund (Article XII, Section 3(a)) and must "function in continuous session at the principal office of the Fund… and … meet as often as the work of the Fund may require" (Article XII, Section 3(g)).

Executive directors' qualifications, background experience, and seniority

33. The last in-depth study of executive directors by the Joint Committee on Remuneration (2004) compared data at ten-year intervals (1984, 1994, and 2004) and showed that:

- The profile of executive directors had varied little over a 20-year period;
- Most executive directors held graduate degrees and many held doctoral degrees;
- Directors' average age was 53.3 years, with a range of 35 to 76 years;
- Most executive directors had had extensive experience—on average about 20 years—before joining the Board, and had held senior positions in ministries of finance, economic affairs, treasuries, or central banks.

[1] At the Bretton Woods conference, there was an active debate about whether the executive directors should be full-time and resident in Washington (as proposed by Harry Dexter White) or a part-time non-resident board composed of more senior individuals that would meet only a few times each year (as proposed by Keynes). The White model was chosen and provided for in the Articles.

- Typically, executive directors served on the Board for between two and four years.[2] Many directors had preceded their term in office by a spell as an advisor or alternate.

Box IV.1. Staffing of Executive Directors' Offices

An executive director may appoint senior advisors and advisors/assistants, in addition to an alternate executive director. Senior advisors, in most respects, have the same terms and conditions of service as executive directors and alternates.

Executive directors' staff assist in the study and analysis of various topics brought to the Executive Board, prepare position statements on individual agenda items, and keep their authorities informed about Executive Board discussions and other Fund matters.

Executive directors of single-country constituencies have a basic entitlement to positions for seven advisors/assistants. Executive directors of multi-country constituencies have a basic entitlement to positions for six advisors/assistants. The allocation of positions between advisors to executive directors, administrative assistants, and staff assistants is at the discretion of the executive director. An executive director may appoint one senior advisor in lieu of one advisor/assistant.

An executive director may appoint one senior advisor in lieu of two advisors or of two basic advisor entitlements that have remained vacant or unutilized, or a combination thereof, provided that such vacant or unutilized entitlements have not been utilized in the capacity of an administrative assistant or staff assistant for at least one year.

An executive director elected by ten or more members may appoint an additional administrative assistant, as may an executive director who must communicate with his/her constituency in three or more languages other than English.

Summary of Staffing Entitlements

No. members in constituency	Staffing entitlements
1	7 advisors/assistants
2–15	1 senior advisor and 6 advisors/assistants
6–12	2 senior advisors and 6 advisors/assistants
13–19	3 senior advisors and 6 advisors/assistants
20 or more	5 senior advisors and 8 advisors/assistants

Code of Conduct and system of financial disclosure

34. The role of the executive directors as representatives of members is reflected in the separate provisions that have been made for a Code of Conduct for Executive Directors. Directors and their staffs also have access to the services of the Fund's Ethics Officer. The Board has established an Ethics Committee, which is essentially a self-regulating body that operates on a confidential basis. It is composed of executive directors and chaired by an executive director (Campbell, 2008); the Fund's General Counsel serves as its Secretary. In addition to considering matters relating to the Code of Conduct, the Ethics Committee may,

[2] The average was somewhat higher (4.37 years) in 2004, when two exceptionally long-serving executive directors accounted for 26 years between them.

if so requested by executive directors, give guidance on ethical aspects of the conduct of their alternates, advisors, and assistants.

35. On the same basis as Fund senior staff, the executive directors have subscribed to a system of annual disclosure and scrutiny of their personal investment information for the previous year by an independent outside body (the Fund's External Compliance Officer), who reports annually to the institution on his activities and findings.

C. Scope of the Board's Activities

36. The very broad reach of the Fund's responsibilities in relation to the international monetary system, and in providing economic advice and financial assistance to the membership, requires executive directors to stay abreast of all major developments in the global economy. In its 2004 report, the Joint Committee on Remuneration stressed to the governors that to fill executive director positions:

> … it will remain important to attract people with both strategic vision and expertise in a variety of areas. Given the dual function of executive directors as country representatives and as officers responsible for conducting the business of the institutions, they need to carry significant weight in their capitals to represent their countries adequately and, at the same time, to contribute effectively to the institutions' consensus building culture. This is particularly important in view of the increasing role of other—national and supranational—bodies in shaping decisions on the international financial architecture.

Formal powers of the Executive Board in relation to those of the Managing Director

37. Who conducts the Fund's business? As noted above, the Executive Board exercises two types of powers—those that are conferred directly on it by the Articles of Agreement, and those that are delegated to it by the Board of Governors. Article XII Section 3 (a) provides that the Executive Board "shall be responsible for conducting the business of the Fund, and for this purpose shall exercise all the powers delegated to it by the Board of Governors." Therefore, wherever the Articles refer to powers of the IMF, without attribution, they must be understood as powers exercised by the Executive Board. As a consequence, the activities of the Executive Board affect virtually all aspects of the Fund's work. The Board, under the Chairmanship of the Managing Director, conducts the day-to-day business of the Fund, is the policy-making organ of the IMF, and is responsible for all IMF lending operations. Accordingly, a statement that "the Fund has decided" almost always means that "the Executive Board has decided."

38. Article XII 3 (a) must also be read, however, in conjunction with Article XII 4 (b) of the Articles, which indicates that "The Managing Director shall be chief of the operating staff of the Fund and shall conduct, under the direction of the Executive Board, the ordinary

business of the Fund. Subject to the general control of the Executive Board, he shall be responsible for the organization, appointment, and dismissal of the staff of the Fund."

39. Accordingly, the responsibility for "conducting the business" of the Fund is shared between the Board and the Managing Director. It may even be said that the Board, as a whole, has a dual role—as the decision-making body responsible for most formal decisions, and as a body with a supervisory role over the Managing Director and, to a lesser extent, the staff.

D. Conduct of Executive Board Meetings

40. The executive directors are involved in almost every aspect of the Fund's activities, both informally in interactions with management and staff, and formally through meetings of the Board. They also play an important role in informing and advising their constituent governments on all aspects of the IMF's work. The bulk of an executive director's work is conducted in relation to formal Board meetings, including preparation and follow-up. In 2005, the Board devoted 462 hours to formal Board and committee meetings, of which 196 hours (42 percent) were for country items, 107 hours (23 percent) for policy items, 22 hours (5 percent) for "multilateral surveillance," 16 hours (3.5 percent) for administrative items, and 40 hours (9 percent) for Board committees. The proportions have remained rather steady in recent years (Table IV.1).

41. The Managing director, Secretary, and executive directors have devised a variety of techniques to conduct their work:

- Management and the Board have established guidelines for staff, relating to the scope, coverage, length, and format of different types of papers that will be submitted to the Board for approval. Many papers, for example, will embody a brief executive summary, while bilateral surveillance papers will contain a staff appraisal that summarizes the main policy conclusions that the staff wishes to bring to the attention of the Board members.

- The chairing of meetings has been rotated between the Managing Director and one or other of the deputy managing directors, so that if, for example, there are several separate agenda items on a particular Board day, there can be changes in the Chair.

- Similarly, executive directors may designate their alternates, advisors, or advisors to act for them for one or more agenda items, again allowing some rotation and reducing the burden of attendance.

Table IV.1. Number and Hours of Executive Board Meetings, 2001–06

	2001		2002		2003		2004		2005		Jan–Apr 2005		Jan–Apr 2006	
	Number	Hours	Number	Hours	Number	Hours	Number	Hours	Number	Hours	Number	Hours	Number	Hours
1. Total for All Country Items	191	350	199	345	208	326	208	267	195	196	70	73	69	67
of which:														
Stand alone Article IV	85	134	87	138	94	144	93	106	98	86	33	28	35	32
Combined Article IV/UFR	42	83												
UFR	64	133	66	123	86	130	87	122	60	67	23	28	23	25
Policy Support Instrument	–	–	–	–	–	–	–	–	1	2	–	–	2	2
2. Policy Items	49	113	59	127	56	115	52	86	67	107	23	36	15	27
of which:														
Formal Board Meetings	42	97	51	109	45	87	36	59	47	74	14	22	13	23
Formal Seminars	7	16												
Informal Seminars	0	0	0	0	7	20	9	16	10	19	4	8	0	0
3. Multilateral Surveillance (GFSR, WEO, WEMD, Regional)	15	44	12	31	14	28	14	20	14	22	5	7	5	8
4. Informal Meetings 1/	84	106	53	78	68	76	58	52	61	74	25	27	13	10
of which:														
ECBR	–	–	–	–	–	–	–	–	10	23	1	2	0	0
5. Committees	22	32	21	32	17	28	30	40	31	40	12	15	5	9
Sub-total, Items 1-5	**361**	**644**	**344**	**611**	**363**	**572**	**362**	**465**	**368**	**440**	**135**	**158**	**107**	**121**
6. Administrative Items	n/a	n/a	3	7	2	8	3	5	11	16	10	15	9	18
of which:														
ECBR	–	–	–	–	–	–	–	–	2	4	2	4	4	11
7. Other (e.g., reports on travel, farewells) 2/	40	20	41	16	57	16	88	16	71	6	24	2	28	4
Grand Total	**401**	**664**	**388**	**634**	**422**	**596**	**453**	**487**	**450**	**462**	**169**	**174**	**144**	**143**

Note: Components may not sum to totals due to rounding.

1/ Excludes informal policy seminars.

2/ Increase in 2004 due to inclusion of requests for waivers of circulation periods beginning November 2004.

Source: Secretary's Department, IMF.

- The practice of circulating preliminary texts of an executive director's comments (so-called grays) before a meeting, usually by electronic means, has been increased to such an extent that for many discussions on surveillance, use of Fund resources, or policy items, most directors may have circulated their comments in advance. This practice, while reducing the scope for spontaneous discussion, has helped to reduce the number of hours spent in Board meetings (Table IV.2). It may have also helped to ensure that the Chairman's "summing up" of the discussion is better reflective of all directors' opinions.

- The system of "summings up" of most Board discussions, including all surveillance, UFR, and policy discussions, has expanded. The Chair now usually delivers a summing up, even in those situations where the formal discussion is concluded by a formal decision. In these situations, the purpose of the summing up is to explain the context of the decision, and to ensure that the broad range of views, including minority views, is clearly reflected. For many types of discussion, the summing up has the legal force of a decision (Chelsky, 2008).

Examples of typical Board meetings

42. Some examples of how a typical Board discussion is conducted may illustrate how the various decision-making organs fulfill their roles, and the extent to which the Executive Board has delegated functions to the management/staff while retaining final decision-making authority. To some observers it might seem impossible for the Board to fulfill properly its oversight and decision-making functions. Nevertheless, it appears that the Board does fulfill its essential responsibility as a political counterweight to the technical staff.

Surveillance

43. The term "bilateral surveillance" is used to refer to the Fund's surveillance, under Article IV, over the economic policies and prospects of individual member countries. The Fund conducts about 150 such consultations each year, each culminating in an Executive Board discussion. While the actual "consultation" is what takes place in the Executive Board, the preparatory work, including extensive analysis and discussions with the economic policy authorities of the member country concerned, is conducted by Fund staff under the direction of management, and in line with standing policies and guidelines approved by the Executive Board.

Table IV.2. Grays and Average Length of Board Meetings, 1999–2006

	Number of Items For Which Grays May Be Prepared[1]	Percent Change From Previous Year	Board Hours For Which Grays May Be Prepared	Percent Change From Previous Year	Grays (Number)	Percent Change From Previous Year	Grays (Length in Pages)	Percent Change From Previous Year	Average Number of Grays Per Item	Average Length of Country Item (Hours)	Average Length of Policy Items (Hours)[2]
1999	284	--	558	--	956	--	2,588	--	3.4	1.7	2.6
2000	276	-3.0	608	9.0	1,078	13	2,846	10	3.9	1.9	3.0
2001	251	-9.0	497	-22.0	1,347	25	3,645	28	5.4	1.8	2.3
2002	270	8.0	502	1.0	1,690	26	4,763	31	6.3	1.7	2.1
2003	273	0.0	457	-10.0	2,280	33	6,241	32	8.4	1.6	1.9
2004	265	-2.9	356	-22.1	3,077	35	7,466	20	11.6	1.3	1.7
2005	274	3.4	316	-11.3	3,948	28	9,416	26	14.4	1.0	1.6
Jan–Apr 2005	103	6.2	121	-12.0	1,358	27	3,258	26	13.1	1.0	1.6
Jan–Apr 2006	97	-5.8	118	-2.7	1,541	13	3,604	11	15.9	1.0	1.8

[1] Includes country, policy, formal seminar, and multilateral surveillance, and administrative items. Excludes informal, stand-alone WEMD for 2004 and later.

[2] Includes formal policy Board meetings, formal policy seminars, and informal policy seminars.

Source: Secretary's Department, IMF.

44. A typical Article IV consultation paper presented to the Board for discussion will be brief, outlining the outcome of the staff's discussions with the authorities, describing the economic situation, policies, and problems facing the country, and containing a staff appraisal with the main policy recommendations. It may be accompanied by analytical background papers. For the Board meeting, the paper is usually accompanied by a statement by the executive director appointed by or elected by the country in question, commenting on the staff's findings. As indicated above, many executive directors are likely to circulate such statements as "grays" before the meeting. The actual discussion in the Executive Board may thus be relatively brief. The conclusion of the meeting will be a summing up by the Chairman that expresses the collective opinion of the Board members. Generally the summing up will indicate that the Executive Board "endorses the thrust of the staff appraisal," but it will also usually give expression to both majority and minority views, including on quite detailed aspects of the policies that have been reviewed.

45. In a typical bilateral surveillance exercise, the Board retains for itself the important final say. That is, the Board members as officials of the Fund and as representatives of the entire membership exercise their political oversight over the technical work of the staff, giving it legitimacy. Executive directors have an opportunity to comment or challenge the wording of the summing up, although the final responsibility for this lies with the Chair. Also, subject to approval by the member country in question, the summing up may be published as a public information notice (PIN). In recent years, most summings up have been published as PINs.

46. For regional surveillance (for example of the monetary policies of the countries that have the Euro as their common currency) or multilateral surveillance (the twice-a-year *World Economic Outlook* exercise, or the international financial market surveys) the general procedure is similar to that for bilateral surveillance, including the background analytical work of the staff, the use of "grays," and the preparation of a summing up that eventually is published as a PIN.

Use of Fund resources

47. For all proposed financial transactions with a member country—that is, all uses of Fund resources under one or other of the IMF's numerous "facilities"—the pattern of work is roughly similar. The Fund's practice has evolved over time, but the Board has broadly delegated to the management and staff the task of negotiating, *ad referendum*, a program with the authorities of the member country that has indicated a wish to make use of the Fund's financial resources. The matter is only brought formally to the Board's attention once Management is satisfied that the proposed program and transaction are consistent with the Fund's policies (established through a series of Board decisions and reviews) and likely to receive Board approval because they are consistent with these policies.

48. Once a proposal for UFR comes to the Board, the same process is followed as for the cases of surveillance, except that a formal Board decision is required to approve the transaction. The summing up plays a subsidiary, albeit important, role as a means of explaining the context of the Board's approval and expressing Board members' views about the economic program of the authorities that the Fund is supporting. One outcome of the Board discussion of a UFR case is therefore that the Board, by its formal approval of management's proposal, legitimizes the preparatory work undertaken by the staff in conjunction with the national authorities. The Board approval also indicates that the program has the support of the broad membership of the Fund.

Policy discussions

49. For broad policy issues and for matters of an administrative nature, the pattern of preparation and discussion is broadly similar but with one interesting difference. Some policy items are likely to require repeated Board discussions possibly over several months. Initial broad ideas are discussed and proposals are gradually refined through a process of consensus building. In such a case, it is possible that, instead of a formal summing up, the Chairman will deliver his "preliminary conclusions" as a means of keeping options open.

Decision making in the Executive Board: the emphasis on consensus building

50. From the outset, the IMF Executive Board has placed a strong emphasis on decision-making by consensus and on the maintenance of a collegial and cooperative spirit. Most decisions are taken without a vote and a culture of consensus seeking is a feature of the institution. Rule C-10 of the Rules and Regulations indicates that "The Chairman shall ordinarily ascertain the sense of the meeting in lieu of a formal vote."

51. In the rare cases in which a vote is called, an appointed executive director would cast "… the number of votes allotted under Article XII section 5 to the member appointing him" (Article XII, Section 3(i)(iii)—while an elected executive director would cast "the number of votes that counted toward his election" (Article XII, Section 3(i)(iii)). An elected director must cast all of his votes as a unit, and not split them, even if his constituents may have divergent views. Most decisions, if they were brought to a vote, would be resolved by a 50 percent majority of the votes cast. This includes many important decisions—for example, all decisions on the extension of financial assistance to a member.

52. Special majorities are required only for decisions outside the ordinary business or activities. Since the second amendment to the Articles was adopted (1977), there have been two levels of special majority—70 percent and 85 percent—in each case as a percentage of the votes in the institution, meaning that an abstention or a vote not cast has the same effect as a negative vote. In practice, most of the issues that call for a special majority have been decided without a formal vote, although Board members and the Chairman know what the outcome would be if a formal vote were called, and the Secretary keeps an informal count of the vote. Any Board member may call for a formal vote, but this rarely occurs.

E. The Board and Fund Transparency

53. Over the past decade there has been a significant improvement in IMF transparency. The main elements of this increased transparency are the publication of staff papers prepared for Board consideration, the publication of PINs, and a gradual liberalization of public access to the Fund's archives, including to Executive Board minutes (although with a significant time lag intended to protect the confidentiality of Board discussions). In marked contrast to a few years ago, when public appearances by executive directors were rare, executive directors now grant interviews to the media, meet representatives of civil society, participate in conferences on issues relating to the Fund's work, and meet groups of parliamentarians from their constituent member countries.

F. Roles of the Secretary and the Dean of the Board

54. The Secretary of the Fund serves as Secretary of the Board, as well as Secretary of the IMFC and of the Board of Governors. Because of his day-to-day work with individual Board members and with the Board as a group, he is often in a good position to be able to advise management—and individual Board members—on the views of the Board and on whether specific initiatives are likely to be supported or not.

55. The Dean of the Board, who is the Executive Director who has served longest in office, has no formal standing, but practices have evolved as a result of which he has considerable informal influence over the conduct of Board business. For example, it is the Dean who chairs a Board meeting if for some reason it would be inappropriate for the Managing Director or one of his DMDs to do so—for instance in a case of potential conflict of interest. In addition, the Secretary will consult the Dean on matters that may be politically sensitive—such as the composition and choice of chair of Board committees. The Dean also periodically hosts informal working lunches of executive directors to allow a preliminary airing of views on specific policy matters.

G. Board Committees

56. The Board uses a series of committees to help manage its workload efficiently (Chelsky 2008b). The Budget Committee and the Pension Committee are chaired by the Managing Director or a DMD. All the other committees are chaired by executive directors; they are:

(i) The Agenda and Procedures Committee, with responsibilities to improve the handling of the Board's work program;

(ii) The Committee on the IMF Annual Report;

(iii) The Committee on Executive Board Administrative Matters, which focuses on administrative matters relating to the executive directors and their alternates and staff;

(iv) The Committee on Interpretation of the IMF Articles of Agreement;

(v) The Evaluation Committee, which oversees the evaluation function in the Fund, including the work of the Independent Evaluation Office;

(vi) The Ethics Committee;

(vii) Committee on Liaison with the World Bank and Other International Organizations

V. THE MANAGING DIRECTOR AND STAFF

A. Managing Director

57. The Articles of Agreement state very little explicitly about the Managing Director, beyond providing that he is to be selected by the Executive Board (Article XII, Section 4) and is Chairman of the Executive Board. His remuneration and benefits are decided by the Board of Governors. (see Peretz 2008)

58. In addition, in establishing the powers of the Managing Director, the Articles provide simply that "The Managing Director shall be chief of the operating staff of the Fund and shall conduct, under the direction of the Executive Board, the ordinary business of the Fund. Subject to the general control of the Executive Board, he shall be responsible for the organization, appointment, and dismissal of the staff of the Fund" (Article XII Section 4(b)). In practice, the role of the Managing Director has been shaped by the Fund's response to new challenges in the world economy and by the personal qualities of the individuals who have held the office. The Managing Director's dual role as Chairman of the Executive Board and as head of the technical staff gives him the initiative in proposing to the Board all the major policies of the Fund, and their individual application to member countries, in particular as regards bilateral and multilateral surveillance and use of the Fund's financial resources.

59. Individual managing directors have gained considerable visibility, influence, and authority beyond what would necessarily result from the brief description of powers and responsibilities in the Articles. To quote a former Secretary of the Board, "Through his visits to member countries and contacts with ministers, central bank governors, and high officials of members and international bodies, the Managing Director operates continuously at the political level while he is at the same time Chairman of the Executive Board and head of the staff" (Van Houtven, 2002:16). In addition, in his participation at meetings of the G-7/8, G-10, and G-24, etc., the Managing Director often acts as the representative of the "rest of the world," and as the provider of a global perspective on the world economy. Finally, the Managing Director is the main public face of the Fund.

B. Deputy Managing Directors

60. Since the early days of the Fund, the Managing Director has appointed a Deputy Managing Director, and the practice has been that the DMD is a US citizen. Since 1994, there have been three DMD positions; the First Deputy MD has been a US citizen while the other two positions have been filled by staff from other countries. At present, one is Japanese and the other is from Brazil.

C. IMF Staff

61. The staff of the Fund has been described as “a highly structured, hierarchical, and homogeneous meritocracy” (van Houtven, 2002). Numbering about 2,630 at end 2007, it is composed mainly of economists but spans a wide range of other professional skills. Staff members are appointed by, and may be dismissed by, the Managing Director.

62. Like the Managing Director himself, staff members in the discharge of their functions “shall owe their duty entirely to the Fund and to no national authority. Each member of the Fund shall respect the international character of this duty and shall refrain from all attempts to influence any of the staff in the discharge of these functions.” (Article XII, Section 4(c)). The staff, under the direction of the Managing Director, performs a wide range of preparatory work for the eventual consideration and approval of the Executive Board—including surveillance, UFR, and policy development. In all cases, however, the Executive Board retains the final decision-making authority.

REFERENCES

Bossone, Biagio, 2008. *The Design of the IMF's Medium-Term Strategy: A Case Study on IMF Governance.* IEO Background paper (BP/08/09). Washington, DC: Independent Evaluation Office of the International Monetary Fund (IEO).

Bradford, Colin I., Jr., and Johannes F. Linn, eds., 2007. *Global Governance Reform: Breaking the Stalemate.* Washington, DC: Brookings Institution Press.

Campbell, Katrina, 2008. *Managing Conflicts of Interest and Other Ethics Issues at the IMF.* IEO Background Paper (BP/08/12). Washington, DC: Independent Evaluation Office of the International Monetary Fund (IEO).

Chelsky, Jeff, 2008. *Summarizing the Views of the IMF Executive Board.* IEO Background Paper (BP/08/05). Washington, DC: Independent Evaluation Office of the International Monetary Fund (IEO).

Gianviti, F., 1999. "Decision Making in the International Monetary Fund." In *Current Developments in Monetary and Financial Law,* Vol. 1. Washington DC: International Monetary Fund.

Joint Remuneration Committee of the Executive Directors of the IMF and World Bank, 2004. "Report to the Boards of Governors of the IMF and the World Bank." Washington DC: International Monetary Fund.

James, Harold, 1996. *International Monetary Cooperation since Bretton Woods*. New York and Oxford: Oxford University Press.

High-level Panel on IMF Board Accountability, 2007. "Key Findings and Recommendations." April 10. Published by New Rules for Global Finance. <http://www.new-rules.org/imfbdaccountability.htm>

International Monetary Fund, 1976. *Summary Proceedings—Annual Meeting 1976, Supplement: Proposed Second Amendment.* Washington, DC: International Monetary Fund.

Mountford, Alexander, 2008. *The Historical Development of IMF Governance.* IEO Background paper (BP/08/02). Washington, DC: Independent Evaluation Office of the International Monetary Fund (IEO).

Van Houtven, L., 2002. *Governance of the IMF. Decision Making, Institution Oversight, Transparency, and Accountability.* IMF Pamphlet Series No. 35. Washington DC: International Monetary Fund.

APPENDIX 1. IMF EXECUTIVE DIRECTORS AND VOTING POWER, JANUARY 2008

Director *Alternate*	**Casting Votes of**	**Votes by Country**	**Total Votes**[1]	**Percent of FundTotal**[2]
Appointed				
Meg Lundsager *Vacant*	United States	371,743	371,743	16.79
Daisuke Kotegawa *Hiromi Yamaoka*	Japan	133,378	133,378	6.02
Klaus D. Stein *Stephan von Stenglin*	Germany	130,332	130,332	5.88
Ambroise Fayolle *Benoit Claveranne*	France	107,635	107,635	4.86
Alex Gibbs *Jens Larsen*	United Kingdom	107,635	107,635	4.86

Director *Alternate*	**Casting Votes of**	**Votes by Country**	**Total Votes**[1]	**Percent of FundTotal**[2]
Elected				
Willy Kiekens (Belgium) *Johann Prader (Austria)*	Austria	18,973		
	Belarus	4,114		
	Belgium	46,302		
	Czech Republic	8,443		
	Hungary	10,634		
	Kazakhstan	3,907		
	Luxembourg	3,041		
	Slovak Republic	3,825		
	Slovenia	2,567		
	Turkey	12,163	113,969	5.15
Age F.P. Bakker (Netherlands) *Yuriy G. Yakusha (Ukraine)*	Armenia	1,170		
	Bosnia and Herzegovina	1,941		
	Bulgaria	6,652		
	Croatia	3,901		
	Cyprus	1,646		
	Georgia	1,753		
	Israel	9,532		
	Macedonia, former Yugoslav Republic of	939		
	Moldova	1,482		
	Netherlands	51,874		
	Romania	10,552		
	Ukraine	13,970	105,412	4.76
Jose A. Rojas (Venezuela) *Ramón Guzmán (Spain)*	Costa Rica	1,891		
	El Salvador	1,963		
	Guatemala	2,352		
	Honduras	1,545		
	Mexico	31,778		
	Nicaragua	1,550		
	Spain	30,739		
	Venezuela, República Bolivariana de	26,841	98,659	4.45
Arrigo Sadun (Italy) *Miranda Xafa (Greece)*	Albania	737		
	Greece	8,480		

	Italy	70,805		
	Malta	1,270		
	Portugal	8,924		
	San Marino	420		
	Timor-Leste	332	90,968	4.11
Richard Murray (Australia) *Wilhelmina C. Mañalac (Philippines)*	Australia	32,614		
	Kiribati	306		
	Korea	29,523		
	Marshall Islands	285		
	Micronesia, Federated States of	301		
	Mongolia	761		
	New Zealand	9,196		
	Palau	281		
	Papua New Guinea	1,566		
	Philippines	9,049		
	Samoa	366		
	Seychelles	338		
	Solomon Islands	354		
	Vanuatu	420	85,360	3.85
GE Huayong (China) *HE Jianxiong (China)*	China	81,151	81,151	3.66
Jonathan Fried (Canada) *Peter Charleton (Ireland)*	Antigua and Barbuda	385		
	Bahamas, The	1,553		
	Barbados	925		
	Belize	438		
	Canada	63,942		
	Dominica	332		
	Grenada	367		
	Ireland	8,634		
	Jamaica	2,985		
	St. Kitts and Nevis	339		
	St. Lucia	403		
	St. Vincent and the Grenadines	333	80,636	3.64
Jens Henriksson (Sweden) *Jon Thorvardur Sigurgeirsson (Iceland)*	Denmark	16,678		
	Estonia	902		
	Finland	12,888		
	Iceland	1,426		
	Latvia	1,518		
	Lithuania	1,692		
	Norway	16,967		
	Sweden	24,205	76,276	3.44
A. Shakour Shaalan (Egypt) *Samir El-Khouri (Lebanon)*	Bahrain	1,600		
	Egypt	9,687		
	Iraq	12,134		
	Jordan	1,955		
	Kuwait	14,061		
	Lebanon	2,280		
	Libyan Arab Jamahiriya	11,487		
	Maldives	332		

	Oman	2,190		
	Qatar	2,888		
	Syrian Arab Republic	3,186		
	United Arab Emirates	6,367		
	Yemen, Republic of	2,685	70,852	3.20
Abdallah S. Alazzaz (Saudi Arabia) *Ahmed Al Nassar (Saudi Arabia)*	Saudi Arabia	70,105	70,105	3.17
Perry Warjiyo (Indonesia) *Chantavarn Sucharitakul (Thailand)*	Brunei Darussalam	2,402		
	Cambodia	1,125		
	Fiji	953		
	Indonesia	21,043		
	Lao People's Democratic Republic	779		
	Malaysia	15,116		
	Myanmar	2,834		
	Nepal	963		
	Singapore	8,875		
	Thailand	11,069		
	Tonga	319		
	Vietnam	3,541	69,019	3.12
Peter Gakunu (Kenya) *Godwill Ukpong (Nigeria)*	Angola	3,113		
	Botswana	880		
	Burundi	1,020		
	Eritrea	409		
	Ethiopia	1,587		
	Gambia, The	561		
	Kenya	2,964		
	Lesotho	599		
	Malawi	944		
	Mozambique	1,386		
	Namibia	1,615		
	Nigeria	17,782		
	Sierra Leone	1,287		
	South Africa	18,935		
	Sudan	1,947		
	Swaziland	757		
	Tanzania	2,239		
	Uganda	2,055		
	Zambia	5,141	65,221	2.94
Thomas Moser (Switzerland) *Andrzej Raczko (Poland)*	Azerbaijan	1,859		
	Kyrgyz Republic	1,138		
	Poland	13,940		
	Republic of Serbia	4,927		
	Switzerland	34,835		
	Tajikistan	1,120		
	Turkmenistan	1,002		
	Uzbekistan	3,006	61,827	2.79
Aleksei V. Mozhin (Russian Federation)	Russian Federation	59,704	59,704	2.70

Andrei Lushin (Russian Federation)				
Abbas Mirakhor (Islamic Republic of Iran) *Mohammed Daïri (Morocco)*	Afghanistan, Islamic Republic of	1,869		
	Algeria	12,797		
	Ghana	3,940		
	Iran, Islamic Republic of	15,222		
	Morocco	6,132		
	Pakistan	10,587		
	Tunisia	3,115	53,662	2.42
Paulo Nogueira Batista, Jr. (Brazil) *María Ines Agudelo (Colombia)*	Brazil	30,611		
	Colombia	7,990		
	Dominican Republic	2,439		
	Ecuador	3,273		
	Guyana	1,159		
	Haiti	1,069		
	Panama	2,316		
	Suriname	1,171		
	Trinidad and Tobago	3,606	53,634	2.42
Adarsh Kishore (India) *K.G.D.D. Dheerasinghe (Sri Lanka)*	Bangladesh	5,583		
	Bhutan	313		
	India	41,832		
	Sri Lanka	4,384	52,112	2.35
Javier Silva-Ruete (Peru) *Héctor R. Torres (Argentina)*	Argentina	21,421		
	Bolivia	1,965		
	Chile	8,811		
	Paraguay	1,249		
	Peru	6,634		
	Uruguay	3,315	43,395	1.96
Laurean W. Rutayisire (Rwanda) *Kossi Assimaidou (Togo)*	Benin	869		
	Burkina Faso	852		
	Cameroon	2,107		
	Cape Verde	346		
	Central African Republic	807		
	Chad	810		
	Comoros	339		
	Congo, Democratic Republic of	5,580		
	Congo, Republic of	1,096		
	Côte d'Ivoire	3,502		
	Djibouti	409		
	Equatorial Guinea	576		
	Gabon	1,793		
	Guinea	1,321		
	Guinea-Bissau	392		
	Madagascar	1,472		
	Mali	1,183		
	Mauritania	894		

	Mauritius	1,266		
	Niger	908		
	Rwanda	1,051		
	São Tomé and Príncipe	324		
	Senegal	1,868		
	Togo	984	30,749	1.39
			2,213,434[3,4,5,6]	99.95[7]

[1] Voting power varies on certain matters pertaining to the General Department with use of the Fund's resources in that Department.

[2] Percentages of total votes 2,214,651 in the General Department and the Special Drawing Rights Department.

[3] This total does not include the votes of Somalia, which did not participate in the 2006 Regular Election of executive directors. The total votes of this member are 692 - 0.03 percent of those in the General Department and Special Drawing Rights Department.

[4] Liberia's voting rights were suspended effective March 5, 2003 pursuant to Article XXVI, Section 2(b) of the Articles of Agreement.

[5] Zimbabwe's voting rights were suspended effective June 6, 2003 pursuant to Article XXVI, Section 2(b) of the Articles of Agreement.

[6] This total vote does not include the votes of Montenegro, which joined the Fund effective January 18, 2007. The total votes of this member are 525 - 0.02 percent of those in the General Department and Special Drawing Rights Department.

[7] This figure may differ from the sum of the percentages shown for individual countries because of rounding.

APPENDIX 2. THE COUNCIL

The IMF Articles of Agreement (Article XII, Section 1), as amended by the Second Amendment (1977), provide for the possible establishment of a political decision-making Council, "if the Board of Governors decides, by an 85 percent majority of the total voting power, to do so according to the terms of Schedule D of the Articles."

The idea of a Council came about in the early 1970s when the C-20 (the ad hoc Committee of the Board of Governors on Reform of the International Monetary System and Related Issues) attempted, following the collapse of the Bretton Woods system of fixed but adjustable exchange rates, to undertake a major reform of the international monetary system. Recognizing after considerable work that the circumstances were not ripe to implement a "complete design for an international monetary system that would last for 25 years," the C-20 proposed instead some partial reforms, some of which were expected to be temporary. These were embodied in the proposed Second Amendment of the Articles of Agreement. One of the C-20's recommendations was that work on reform of the international monetary system should continue, and for this purpose, it recommended the creation of a political decision-making Council at ministerial level. This Council was intended to fill a perceived gap between the governors (as the ultimate political authority) and the Executive Board (as the executive body charged with conducting the regular business of the Fund on a day-to-day basis).

Under the Second Amendment of the Articles (which was approved by the governors in 1974 and came into effect in 1976), the Board of Governors was authorized, but not required, to establish this new decision-making organ of the Fund, the Council. The Council was intended to have a similar structure to that of the Executive Board (e.g. the same number of Councilors as executive directors, and with the same constituencies), but would be chaired by a Councilor. Councilors for multi-country constituencies would (unlike executive directors) be able to split their votes in accordance with the possibly divergent views of the constituents.

The requirement that the establishment of the Council would be subject to an 85 percent majority vote in the Board of Governors was inserted at the request of those members who had doubts about the desirability of creating a political decision-making body that would occupy an intermediate position between the governors and the directors. The developing countries, in particular, were concerned that a body like the Council, meeting infrequently, and with the possibility of split voting, might be less inclined to engage in consensus-seeking, and that industrial country members would be more inclined to use their voting power to push through their agenda, without paying due regard to the interests of the developing country minority. In addition, the developing countries feared that establishment of the Council would diminish the role of the Fund's Executive Board. Accordingly, the developing countries preferred to wait and see whether the newly established Interim Committee would provide adequate protection of their interests. Following a meeting of the

G-24 in Jamaica (1976), they requested that the activation of the Council be made conditional on an 85 percent majority vote in the Board of Governors, which the C-20 agreed to and recommended in its report to the governors. This requirement was then embodied in the proposed Second Amendment of the Articles.

In the event, the Council was not established at the time the Second Amendment came into effect. Subsequent attempts to revive the proposal have not gathered the very substantial support that would be needed for its activation. Instead, the Interim Committee, created by a resolution of the governors in 1974, was given a similar mandate in terms of preparation of reforms, but not established as a decision-making body. In practice the Interim Committee became the main channel for ministerial oversight of the substantive work of the Fund, and for transmitting ministerial-level guidance and feedback to the Fund, and this role was reaffirmed for the present IMFC.