CHAPTER 3

IMF Engagement with the Euro Area Versus Other Currency Unions

LING HUI TAN

Introduction

The euro area crisis was considered special in several respects, in part because it involved economies within a currency union. But the euro area is not the only currency union, and the IMF has assisted members of other currency unions over at least four decades. This chapter takes a closer look at the Fund's engagement with other currency unions.

Currency unions are characterized by a common central bank that issues a common regional currency. The IMF's *Balance of Payments and International Investment Position Manual* (sixth edition) defines a currency union as "a union to which two or more economies belong and that has a regional central decision-making body, commonly a currency union central bank (CUCB), endowed with the legal authority to conduct a single monetary policy and issue the single currency of the union" (IMF, 2009).[1] Under this definition, currency unions may be distinguished from dollarization or dual legal tender arrangements where one country adopts another country's currency without a say in how that currency will be managed or a share of the seigniorage revenues.[2] A currency union may, and often does, coexist or overlap with other forms of regional integration such as a customs union, common market, or economic union. For example, the euro area is a currency union that is part of an economic union, the European Union (EU), where member countries have a common external trade policy, free movement of goods, services, and

[1] A currency union may be characterized by a single central bank only or a union central bank together with national central banks at the individual member level.

[2] For example, the Common Monetary Area (CMA) comprising South Africa, Lesotho, Namibia, and Swaziland is not considered a currency union under this definition. Lesotho, Namibia, and Swaziland have their own currencies that are pegged at par to the South African rand. The South African rand is legal tender within the CMA but the validity of the three other currencies as legal tender is limited to their own country. There is no common central bank conducting monetary policy for the region as a whole although all CMA countries effectively share the same monetary policy (i.e., that of South Africa).

factors of production, and common policies in other areas such as product regulation.

Besides the euro area, there are presently three other currency unions in the world: the Central African Economic and Monetary Community (CEMAC), the West African Economic and Monetary Union (WAEMU), and the Eastern Caribbean Currency Union (ECCU). These three currency unions have existed for much longer than the euro area.

What makes currency unions special for the IMF? The IMF is a country-based institution. Fund membership is only open to individual countries and no provision is made in the Articles of Agreement for the joint membership of two or more countries that remain distinct political entities as countries (IMF, 1997b). As a result, IMF surveillance over members of currency unions involves a complexity absent in Article IV consultations with non-currency-union members, and IMF lending to currency union members involves factors not normally encountered in lending to non-currency union members.

- *Surveillance.* The IMF has the mandate, under Article IV, Section 3, to exercise firm surveillance over members' exchange rate policies. However, IMF members of currency unions have devolved responsibility for monetary and exchange rate policies to their regional central banks. As a result, these policy areas would not be covered in Article IV consultations with individual currency union members.
- *Lending.* The IMF can lend only to individual members and not to a currency union as a whole. In order to make use of the Fund's general resources, Fund members must represent a balance of payments need.[3] Typically, a country would represent such a need by virtue of its overall balance of payments position or by the level of or developments in its reserves. However, these may not be appropriate or meaningful indicators of balance of payments need in currency union members, where scope for official action on the foreign exchange or monetary front is generally limited. Even when the need for a Fund-supported program can be identified, there are issues regarding program conditionality: like the gap in Article IV surveillance of currency union members, there is a potential gap in conditionality that can be applied in IMF-supported programs with currency union members because certain policies are under the control of the regional central bank (or other supranational institution within the currency union) and not the national authorities.

The purpose of this chapter is to identify areas of similarities and differences in the Fund's engagement with the euro area and the other currency unions in order to provide some background against which to assess claims

[3] This chapter does not consider issues pertaining to use of concessional Fund resources (which are different from those relating to use of the Fund's general resources) since no euro area member is eligible for concessional assistance under the Extended Credit Facility (ECF) or its predecessor, the Poverty Reduction and Growth Facility (PRGF).

that the IMF treated the euro area "differently."[4] It is not an evaluation of the IMF's engagement with currency unions in general. The analysis is based on a desk review of IMF documents and interviews with relevant staff and regional/country authorities.

The chapter is organized as follows. The second section outlines the essential features of the ECCU, WAEMU, and CEMAC as compared to the euro area. The third and fourth sections discuss IMF regional surveillance and lending, respectively, in the three currency unions, highlighting the main similarities and differences vis-à-vis its engagement with the euro area. The comparison will focus on the modalities and broad contours of Fund engagement and not on its quality and effectiveness, which would be outside the scope of the present evaluation. The final section concludes.

The Basics

The euro area is a large union of advanced economies—some systemically important—with a common currency that is also a major reserve currency. The 19 members of the euro area collectively account for around 13 percent of global purchasing-power-parity-adjusted GDP and have a voting share of 21.7 percent in the IMF.[5] The euro area is a subset of the EU: while all 28 EU members are part of the Economic and Monetary Union (EMU) and coordinate their economic policymaking to support the economic aims of the EU, the euro area countries took integration further and adopted a single currency, transferring responsibility for monetary policy from their national central banks to the European Central Bank (ECB), a supranational institution.[6] The national central banks were not abolished; they coexist with the ECB as part of the so-called Eurosystem. The ECB conducts monetary policy for the euro area as a whole with the primary objective of maintaining price stability. The exchange rate regime of the euro area is free floating.

[4] For example, Pisani-Ferry, Sapir, and Wolf (2011) found that: "Rather than fully exploiting its comparative advantage based on its international experience in crisis-prone countries, the IMF fell victim to a 'Europe is different' mindset" in conducting surveillance of the euro area. According to one former senior IMF official: "Many countries interpret the IMF's actions in Europe as confirmation that they are members of an institution that speaks about uniformity of treatment but makes large exceptions for its historic masters" (El-Erian, 2011).

[5] The voting share in this and the next paragraph refers to votes taken by the IMF Board of Governors (which consists of one governor and one alternate governor for each of the Fund's 189 member countries) and not to votes taken by the IMF Executive Board (which consists of 24 Directors, who are appointed or elected by member countries or by groups of countries, and the Managing Director, who serves as its Chairman).

[6] When the euro area was created in 1999, it consisted of 11 EU member states. Greece joined in 2001, followed by Slovenia in 2007, Cyprus and Malta in 2008, the Slovak Republic in 2009, Estonia in 2011, Latvia in 2014, and Lithuania in 2015. Of the 9 non-euro area EU members, Denmark and the United Kingdom have "opt-outs" from joining; the others have not yet qualified to be part of the euro area.

The ECCU, WAEMU, and CEMAC are much smaller currency unions, in terms of both membership and economic size.

- The ECCU comprises eight Caribbean island economies—Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines—that share a common currency called the East Caribbean dollar. Six of them are IMF members; Anguilla and Montserrat are dependent territories of the United Kingdom. The ECCU accounts for less than 0.01 percent of global purchasing-power-parity-adjusted GDP and has a voting share of 0.2 percent in the IMF.
- The WAEMU comprises eight West African countries—Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo—that share a common currency called the CFA franc.[7] All except Guinea-Bissau are former French colonies that formed the West African Monetary Union in 1962 after gaining independence.[8] The WAEMU accounts for less than 0.2 percent of global purchasing-power-parity-adjusted GDP and has a voting share of 0.6 percent in the IMF.
- The CEMAC comprises six Central African countries—Cameroon, the Central African Republic, Chad, Equatorial Guinea, Gabon, and the Republic of Congo—that share a common currency, also called the CFA franc.[9] The CEMAC and the WAEMU, together with Comoros, comprise the CFA franc zone. All CEMAC members except for Equatorial Guinea are former French colonies that gained independence in 1960 and formed the Central African Monetary Area.[10] The CEMAC accounts for less than 0.2 percent of global purchasing-power-parity-adjusted GDP and has a voting share of 0.4 percent in the IMF.

The three currency unions have existed for much longer than the euro area.

- The East Caribbean dollar was created in 1965, with sole right of issue granted to East Caribbean Currency Authority (ECCA). In 1983, the Eastern Caribbean Central Bank (ECCB) was established to replace the ECCA as the regional central bank of the ECCU.
- The CFA franc was created in 1945 and two "issuance houses" were established to issue the currency for France's African colonies. After

[7] CFA here stands for Communauté Financière Africaine (Financial Community of Africa).
[8] The West African Monetary Union initially consisted of Benin (then Dahomey), Burkina Faso (then Upper Volta), Côte d'Ivoire, Mali, Mauritania, Niger, and Senegal. Mali withdrew in 1962 and rejoined in 1984; Togo joined the union in 1963; Mauritania left in 1972. Guinea-Bissau, a former Portuguese colony, is the only non-Francophone member of the WAEMU and the most recent—it joined the WAEMU in May 1997.
[9] CFA here stands for Cooperation Financière Africaine (African Financial Cooperation).
[10] Equatorial Guinea, a former Spanish colony and the only non-Francophone member, joined later in 1985.

independence, these institutions were converted to formal central banks: the Central Bank of West African States (BCEAO) was established in 1962 as the common central bank of the West African Monetary Union, the predecessor of the WAEMU; and the Bank of the Central African States (BEAC) was established in 1972 as the common central bank for the Central African Monetary Area, the predecessor of the CEMAC. The BCEAO is responsible issuing West African CFA francs and the BEAC is responsible for issuing Central African CFA francs.

There is no system of national central banks in the three currency unions. The ECCB is headquartered in St. Kitts, with an agency office run by a resident representative in each of the other seven members. The BCEAO is headquartered in Dakar, Senegal, and the BEAC is headquartered in Yaoundé, Cameroon. The BCEAO and the BEAC are represented in each member country by a national directorate that handles day-to-day operations at the national level.

The three currency unions have maintained a fixed exchange rate since their inception.

- The East Caribbean dollar was pegged to the British pound from 1965 to 1976, and has been pegged to the U.S. dollar since 1976 at the exchange rate of EC$2.70 = US$1. The parity of the East Caribbean dollar can only be modified by unanimous consent of the member countries.
- The CFA franc was pegged to the French franc from 1945 to 1999, during which time the exchange rate was changed only twice: in 1948 (revaluation) and in 1994 (devaluation). Since January 1999, the CFA franc (both West and Central) has been pegged to the euro at the exchange rate of CFAF 656 = €1.[11]

Monetary policy in the three currency unions is subordinated to the exchange rate peg.

- The ECCB maintains the U.S. dollar peg through a quasi-currency-board arrangement. Under this arrangement, ECCU member countries surrender their foreign exchange to a common reserves pool managed by the ECCB, which must maintain the level of pooled official reserves at no less than 60 percent of its demand liabilities. The ECCB's Monetary Council, comprising the finance ministers of all eight member governments, is responsible for providing guidance on monetary and credit policy, including the determination of monetary targets.
- In the WAEMU and the CEMAC, the currency peg is supported by a monetary cooperation agreement with France, which guarantees the

[11] The West African and Central African CFA francs are independent of each other—each is nominally convertible into the euro but they are not directly convertible into each other.

convertibility of the CFA franc.[12] WAEMU (CEMAC) countries pool their foreign exchange reserves in the BCEAO (BEAC). A certain share of the reserves must be deposited in an operations account with the French Treasury through which all purchases or sales of foreign currencies or euros against CFA francs are settled.[13] The French Treasury provides an unlimited overdraft facility through this account, albeit with some institutional safeguards and restrictions; for instance, the BCEAO and BEAC are required to maintain a stock of reserves of at least 20 percent of base money. Within the fixed exchange rate regime, limited external capital mobility—capital transactions within each union and with France are unrestricted but there are controls on capital transactions with non-union countries—provides some room for independent monetary policy. The BCEAO and the BEAC operate a framework of monetary programming, with broad objectives set at the regional level and detailed programming at the national level to ensure compatibility with these regional objectives.[14]

Unlike the ECB, the regional central banks of the three currency unions may extend, and have extended, credit to member governments when needed.

- In practice, the ECCB has maintained a reserve cover of close to 100 percent, leaving it some room to lend to member governments in pressing circumstances such as natural disasters. Credit allocations are based on each member government's share of total regional recurrent revenue. To date, member countries have financed their (at times sizable) fiscal deficits largely without recourse to ECCB credit, by borrowing from domestic and external creditors, including the IMF.[15]
- BEAC statutes allow each member country to draw central bank credit up to a limit of 20 percent of the country's fiscal revenue in the previous

[12] The monetary cooperation agreement between France and the CFA franc zone remained unchanged after the introduction of the euro, by a November 1998 decision of the Economic and Financial Council of the EU.

[13] At least 50 percent of the BCEAO's foreign exchange reserves must be deposited in the operations account. For the BEAC, the minimum was originally 65 percent but the share was often exceeded in practice because the interest rate on the operations account was attractive and the central bank's reserve management capacity was not well developed. In 2009, the 65 percent minimum was changed to a cap of 50 percent, net of the foreign exchange counterpart of remunerated country-specific accounts held at the BEAC and the BEAC reserve position at the IMF.

[14] Historically, monetary policy in the WAEMU (CEMAC) was determined by the BCEAO's (BEAC's) Board of Directors, assisted at the national level by National Credit Committees (National Monetary Committees) chaired by the finance ministers of the member countries. Under a new institutional framework introduced in 2008 in the CEMAC and 2010 in the WAEMU, responsibility for setting monetary policy in each union now rests with a Monetary Policy Committee chaired by the respective central bank governor and including members from all member countries plus France.

[15] There is a functioning regional government securities market in the ECCU, which was established in 2002.

year, although these statutory advances to governments are being phased out.

- The BCEAO has not been permitted to engage in direct monetary financing of government debt since 2003 but it can (and does) refinance member government treasury bills.[16] Since 2010, the BCEAO's refinancing exposure to government securities has been limited to at most 35 percent of the fiscal revenues of the preceding year.

Lender of last resort arrangements vary across the three currency unions and the euro area. In the euro area, the national central banks—and not the ECB—may provide emergency liquidity assistance (ELA) to illiquid but solvent banks under their jurisdiction in a financial crisis. The provision of ELA is vetted by the ECB governing council which may restrict the assistance if it decides, with a two-thirds majority, that such support is at odds with the objectives and tasks of the Eurosystem. In the ECCU, the ECCB has some room to act as lender of last resort to the banking system using its excess international reserve holdings. The BCEAO and the BEAC, on the other hand, do not have an explicit mandate to provide ELA.

Bank supervision is conducted at the regional level in the three currency unions, unlike in the euro area (until recently); however, bank resolution involves coordination with the national authorities concerned. In the ECCU, the ECCB is responsible for banking sector regulation and supervision; decisions such as granting and withdrawal of bank licenses are made by the respective Ministries of Finance after consultation with or on recommendation from the ECCB. In the WAEMU, responsibility for bank supervision lies with the WAEMU Banking Commission, which was set up in 1990, and in the CEMAC, with the Central African Banking Commission (COBAC), which was set up in 1993. Bank resolution in the WAEMU involves both the Banking Commission, which takes the decision to close down a bank, and the concerned national government, which can appeal to the WAEMU Council of Ministers to reverse it. In the CEMAC, while the COBAC has the power to withdraw bank licenses, it relies on the cooperation of national authorities to be effective in dealing with troubled banks.

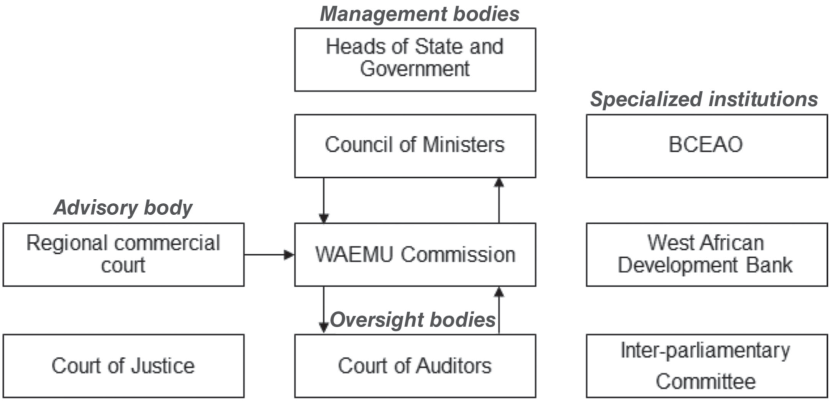
Unlike the euro area, which is a currency union formed from within an economic union, the WAEMU, CEMAC, and ECCU were currency unions first and moved towards economic union much later.

- The WAEMU Treaty of 1994 created the framework to extend the process of economic integration beyond the West African Monetary Union. It established the Conference of Heads of State and Government (to determine the broad policy orientations of the union), the Council

---

[16] Previously, the limit on BCEAO advances to national treasuries was 20 percent of the fiscal revenues of the preceding year, just as for the BEAC. Central bank statutory advances to member governments were abolished in 2003 in order to foster a regional market for government securities.

Figure 3.1. WAEMU: Operating Framework



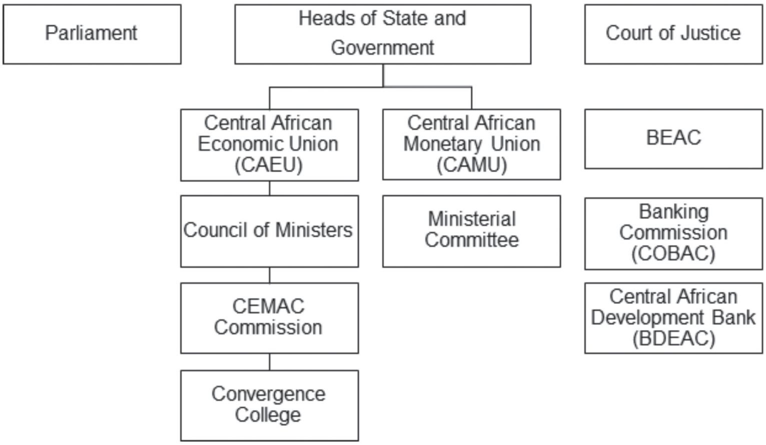
Source: Banque de France (2010).

of Ministers (responsible for implementing the decisions of the Conference of the Heads of States and Governments), and the WAEMU Commission (to prepare and implement the decisions of the Council of Ministers) (Figure 3.1).[17] The treaty envisaged the creation of a single domestic market through the establishment of a customs union, the harmonization of legal systems, the implementation of common sectoral policies, and the convergence of fiscal policies in support of the common monetary policy. However, regional integration within the WAEMU remains low—intra-regional trade has increased only marginally since the customs union was created and continues to be hampered by nontariff barriers; and financial integration within the WAEMU remains limited notwithstanding the free movement of capital within the region. The WAEMU is also part of the broader 15-member Economic Community of West African States (ECOWAS), which was founded in 1975, and has long had the ambition to create a larger West African monetary union.[18]

- The CEMAC Treaty, which entered into force in 1999, created a monetary union (the Central African Monetary Union) and an economic union (the Central African Economic Union). It established the institutional framework for the community including the Conference of Heads of State (which determines the broad policy orientation of the community), the Council of Ministers of the Central African

[17] The WAEMU Commission has eight commissioners—one from each member country—who are in charge of macroeconomic and sectoral policies.
[18] In 2000, five non-WAEMU members of ECOWAS formed the West African Monetary Zone (WAMZ) as an intermediate step towards the larger monetary union of all ECOWAS countries. An interim institution, the West African Monetary Institute (WAMI), was established in 2001 to oversee the convergence process among the countries of the WAMZ.

Figure 3.2. CEMAC: Operating Framework



Source: Banque de France (2010).

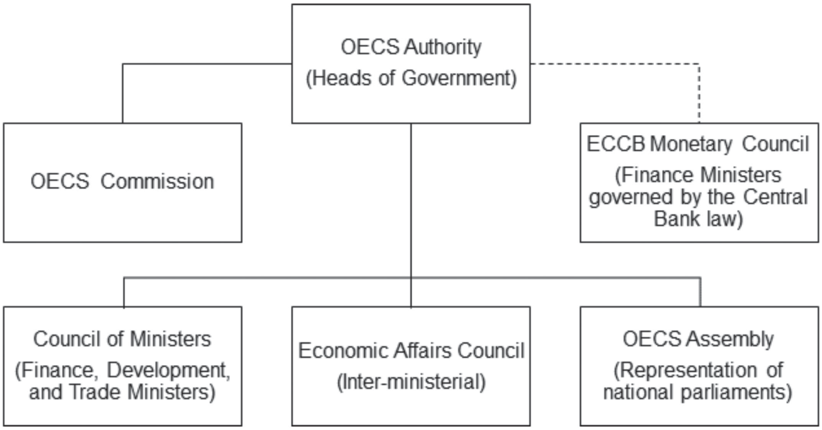
Economic Union and the Ministerial Committee of the Central African Monetary Union (which implement the decisions of the Conference of the Heads of State), and the CEMAC Commission (previously the Executive Secretariat, the main management and administrative body) (Figure 3.2).[19] Like the WAEMU Treaty, the CEMAC Treaty envisaged the creation of a single domestic market through the establishment of a full customs union, harmonization of legal and regulatory systems, implementation of common sectoral policies, and convergence of fiscal policies in support of the common monetary policy. Like the WAEMU, regional integration remains limited in the CEMAC, with intra-regional trade accounting for only around 3 percent of member countries' total trade and financial integration at a very rudimentary level.

- The ECCU moved towards deeper integration in 2011 when it ratified the revised Treaty of Basseterre establishing the Organization of Eastern Caribbean States (OECS) economic union.[20] The Treaty designated legislative authority in a number of areas (including monetary policy and trade policy) directly to the OECS Authority, which is made up of member state heads of government, and it established the OECS

[19] Following the example of the EU, the CEMAC Commission is composed of an equal number of commissioners from each member country.

[20] The original Treaty of Basseterre establishing the OECS was signed in 1981. All eight ECCU countries are part of the OECS, which also includes the British Virgin Islands (a U.K. territory that uses the U.S. dollar as its de facto currency) and Martinique (a French territory that uses the euro).

Figure 3.3. OECS/ECCU Institutional Structure



Source: Nassar, McIntyre, and Schipke (2013).

Assembly, which functions as the regional parliament (Figure 3.3).[21] It envisaged the creation of a single financial and economic space within which goods, people, and capital move freely, monetary and fiscal policies are harmonized, and members adopt a common approach to trade, health, education, the environment, and the development of critical sectors such as agriculture, tourism, and energy. Within the ECCU, the financial sector is well integrated and trade policies are fully aligned with those of the Caribbean Community (CARICOM), of which the ECCU is a part.[22]

Fiscal policy remains the responsibility of national governments in the three currency unions, as in the euro area. Within the euro area, national governments must coordinate their respective fiscal policies in order to attain the common objectives of stability, growth, and employment. This is enforced through institutional arrangements, key among them being the Stability and Growth Pact, which contains rules for fiscal discipline and sanctions for noncompliance by euro area members. In the WAEMU and the CEMAC, fiscal policy is subject to regional surveillance by the respective Commissions. WAEMU countries introduced a Convergence, Stability, Growth, and Solidarity Pact in 1999, following the example of the euro area, with a view

[21] The OECS Assembly was inaugurated in August 2012. For more on the institutional setup of the ECCU/OECS, see Nassar, McIntyre, and Schipke (2013).

[22] CARICOM, which includes 12 countries/territories outside the ECCU, is also pursuing deeper regional integration—free movement of goods and services, capital, and labor, supported by a common trade policy and the right to establish businesses in any member state without restriction—through the CARICOM Single Market and Economy initiative, although progress has been more limited compared to the OECS.

to achieving the gradual convergence of macroeconomic policies and performance.[23] Under the pact, member states committed to meet four primary and four secondary convergence criteria by 2002 (subsequently delayed to 2005 and then 2008).[24] The corrective procedure in cases of non-compliance with the fiscal balance criterion has some similarities with the euro area's Excessive Deficit Procedure (see Hitaj and Onder, 2013). However, the WAEMU Treaty allows the Council of Ministers, by a unanimous vote, to exempt a member country from meeting some or all of the convergence criteria if the country is experiencing economic distress or is susceptible to such distress because of exceptional circumstances. CEMAC rules also set limits on key macroeconomic indicators to promote national policies consistent with the common currency.[25] Members with policies inconsistent with the union's objectives are required to adopt adjustment programs, although there are no sanctions for non-compliance.

Regional Surveillance and Policy Advice

Prior to 1998, the Fund had no formal modalities for surveillance over currency unions. IMF staff apprised the Executive Board of developments in the ECCU and the CFA franc zone through occasional informal discussions—see, for example, IMF (1982, 1990, and 1994).[26] Starting around 1990, staff conducted semiannual meetings with the BCEAO and the BEAC which were focused mainly on the consistency between monetary objectives at the regional level and individual country programs; these meetings did not give

[23] The pact defined (i) a convergence phase ending in the target year, at which time member countries were expected to have been in compliance with all primary and secondary convergence criteria, and (ii) a stability phase beginning after the target year.

[24] The primary criteria relate to: the basic fiscal balance (non-negative); public sector debt (not to exceed 70 percent of GDP); inflation (annual average not to exceed 3 percent); and non-accumulation of domestic and external payment arrears. The secondary criteria relate to: the wage bill (not to exceed 35 percent of tax revenue); domestically financed public investment (not to exceed 20 percent of tax revenue); the tax-to-GDP ratio (higher than 17 percent); and the external current account deficit (excluding grants, not to exceed 5 percent of GDP). In January 2015, the WAEMU Heads of States revised the criteria—replacing the basic fiscal balance ceiling with a ceiling on the overall balance and eliminating the criteria on arrears, the current account deficit, and investment expenditure—and moved the target date for convergence to 2019.

[25] The convergence criteria (set in 1994, refined in 2001, and augmented in 2008) are: (i) non-negative basic fiscal balance, basic structural balance, and non-oil basic fiscal balance; (ii) average annual inflation and average annual underlying inflation not higher than 3 percent; (iii) public debt less than 70 percent of GDP; and (iv) non-accumulation of government arrears.

[26] As early as 1984, during a Board discussion in the context of Mali's re-entry into the West African Monetary Union, one Executive Director raised the question of whether the regular procedure for Article IV consultations was the most appropriate or useful one for countries belonging to monetary unions. However, there is no evidence that the issue was seriously considered until 1998.

rise to a subsequent Executive Board discussion. The first periodic regional consultation with a currency union was conducted for WAEMU institutions in 1997–98; however, staff were careful to distinguish it from an Article IV consultation.[27]

In 1998, the IMF, in anticipation of EMU and the euro, formalized modalities for regional discussions in the context of surveillance over individual euro area members. The rationale for new modalities was twofold. First, because euro area members of the Fund would no longer be in unilateral control of the policies identified in Article IV (i.e., exchange rate and monetary policies), the Fund would need to complement its regular bilateral discussions with national authorities with discussions with the institutions of the euro area. Second, and more importantly, the euro area was considered unique in terms of its potential systemic influence and its single market for goods, services, labor, and capital. The new procedures included semi-annual discussions with EU institutions responsible for common policies in the euro area in addition to annual Article IV consultations with individual member countries (see Table 3.1). At that time, some Directors also called for strengthened regional surveillance elsewhere in the world (IMF, 1997a) and a few Directors called for similar systematic arrangements to be adopted for discussions with regional institutions of the ECCU, WAEMU, and CEMAC (IMF, 2000). However, this issue was not picked up for several years.

Reflecting the systemic importance of the euro area, the IMF Executive Board granted the ECB observer status from January 1, 1999 (Box 3.1).[28] In making this decision, the Board considered that effective representation of the ECB's views in Board discussions would enhance the Fund's surveillance over the euro area—within the Fund's Executive Board, the euro area countries are spread out over eight constituencies (with France and Germany each having their own seat). As an observer, the ECB representative may address the Board when invited to do so, but does not have voting rights.[29] In Board discussions on euro area policies, the euro area is represented by one Executive

[27] During the Board discussion of this report in May 1998, a European Executive Director raised questions about the nature of the exercise and called for further discussions to clarify how the Fund's surveillance functions, especially the Article IV process, would relate to currency unions such as the WAEMU and the euro area.

[28] The ECB and the European Commission also participate as observers in meetings of the International Monetary and Financial Committee (IMFC), which provides strategic direction to the work and policies of the Fund. The IMFC has 24 members who are central bank governors, ministers, or others of comparable rank; the size and composition of the IMFC mirror that of the Executive Board. None of the other currency unions' institutions have observership in the IMFC.

[29] Two euro area countries—France and Germany—appoint Directors to the Executive Board, totaling 10 percent of the Board's vote. The remaining euro area members are distributed among 6 different constituencies, of which 5 have rules that allow the euro area member to be elected Executive Director; if all five constituencies elect a euro area member as Executive Director, the euro area would fill 7 of the 24 chairs and its voting share in the Board would reach 32 percent.

Table 3.1. Regional Surveillance Modalities

	Euro Area	ECCB, WAEMU, and CEMAC
Frequency	Twice-yearly staff discussions with EU institutions responsible for common policies, held separately from Article IV discussions with individual members.	Annual discussions with regional institutions responsible for common policies, held separately from Article IV discussions with individual members. Second round of discussions during the year if considered necessary by the Managing Director.
Timing	Discussions with individual members are clustered, to the extent possible, around the discussions with EU institutions.	Discussions with individual members are clustered, to the extent possible, around the discussions with regional institutions.
Staff report and Board discussion	Annual staff report and Board discussion on common policies, considered as part of Article IV consultation with each member. Informal reporting to the Board by staff on second round of discussions with EU institutions.	Annual staff report and Board discussion of common policies, considered as part of Article IV consultation with each member.
Coverage	Monetary and exchange rate policies, and—from a regional perspective—other economic policies relevant for Fund surveillance.	Monetary and exchange rate policies, and—from a regional perspective—other economic policies relevant for Fund surveillance.
Summing up	Summing up of the conclusion of the Board's annual discussion on common policies, incorporated by reference into summings-up for Article IV consultations with individual members that take place before the next Board discussion of common policies.	Summing up of the conclusion of the Board's annual discussion on common policies, incorporated by reference into summings up for Article IV consultations with individual members that take place before the next annual Board discussion of common policies.
Communication	Standing arrangements for attendance at selected Executive Board meetings by the ECB. The Fund communicates to the ECB the agenda for all Board meetings and documents for Board meetings to which the ECB has been invited. The ECB representative may address the Board and may circulate written statements that become part of the record of the Board meeting.	Staff reports and related documents pertaining to Article IV surveillance over (i) common policies and (ii) policies of each individual member are communicated to the ECCB/BCEAO/BEAC at the same time the relevant staff report is made available to the Executive Board.

Sources: DEC/12899, December 5, 2002; DEC/13654, DEC/13654, and DEC/13656, January 9, 2006; DEC/14059, DEC/14060, DEC/14061, and DEC/14062, February 13, 2008.

Box 3.1. The ECB's Observer Status in the IMF

The IMF Executive Board adopted a Decision at the end of 1998 to grant observer status to the ECB after a long and spirited debate. Besides the ECB, standing arrangements for attendance at IMF Board meetings exist only for the World Bank and the World Trade Organization.

Initially, it was agreed that the ECB would be invited to send a representative to Board meetings on: Article IV surveillance over euro area policies and over individual euro area members; the role of the euro in the international monetary system; and the *World Economic Outlook*, *Global Financial Stability Report* (formerly *International Capital Markets Report*), and World Economic and Market Developments. In addition, it was agreed that the ECB would be invited to send a representative to Board meetings on items recognized by the ECB and the Fund to be of mutual interest for the performance of their respective mandates. Over time, the following items were included in the Decision: Article IV surveillance over the United States and Japan; and Article IV surveillance over, and use of Fund resources by, non-euro area member countries of the EU and candidate countries to the EU.

Executive Board approval is required for the ECB to send a representative to attend Board meetings not listed in the Decision. In practice, the ECB representative has been approved to attend Board meetings and informal Board seminars on diverse policy items including IEO evaluation reports and management briefings on recent travels. In 2006, one Executive Director observed that the expansion in the number and type of meetings that the ECB observer had been invited to attend raised questions of evenhandedness vis-à-vis other regional institutions that may also consider such policy discussions and decisions to be relevant to them. However, there was no further discussion of the issue. After 2007, reviews of the ECB observer status Decision were changed from annual to as needed. The last review was done in December 2009. At that time, European Directors declined to include in the Decision Board meetings on use of Fund resources by euro area members for fear that the change could trigger an adverse market reaction if made public. In the event, the ECB observer attended most Board meetings on use of Fund resources by euro area members.

Director who is responsible for reflecting the common view of the euro area member states and the relevant EU institutions in their respective fields of competence—initially, this was the Director from the country holding the (annual rotating) presidency of the European Council; since 2007, it has been the Executive Director heading the so-called EURIMF, an informal group of EU member state representatives in the Fund.

Around the same time, regular discussions also began to be held with regional institutions in the ECCU, WAEMU, and CEMAC.

- In the ECCU, IMF staff began experimenting with different ways to introduce a regional dimension to Article IV consultations with individual members. In 1999–2001, Fund staff held discussions with the

ECCB and prepared papers covering institutional arrangements, recent developments, and policy issues in the currency union as background for Article IV consultations with individual members. In 2002–05, staff conducted discussions with the ECCB and other ECCU regional institutions (the OECS Secretariat and the Caribbean Development Bank) twice a year; the first discussion was followed by a formal Board meeting, with a staff report and summing up, and the second discussion was followed by an informal Board meeting involving only an oral presentation by staff. Starting in 2004, staff would visit each of the ECCU's Fund members—separately from their individual Article IV consultations—as part of their regional surveillance of the ECCU.[30]

- In the WAEMU and the CEMAC, staff held stand-alone discussions every one or two years with the regional central bank and other regional institutions including the WAEMU Commission and the Banking Commission in the WAEMU and the CEMAC Commission (and the Executive Secretariat before that) and the COBAC in the CEMAC.[31] Following each discussion, a staff report was presented to the Board and there is a summing up of the conclusion of the Board discussion.

In 2006, those discussions were formalized as constituting an integral part of Article IV surveillance on the individual currency union members, after staff argued, and the Board agreed, that establishing an appropriate framework for policy discussions with regional institutions in the ECCU, WAEMU, and CEMAC would be "desirable" (IMF, 2004a). The surveillance modalities are similar to those established for regional discussions with the euro area except that: (i) they provide for annual discussions with regional institutions rather than twice-yearly discussions as in the case of the euro area; and (ii) they do not include observer status for the central bank at IMF Board meetings (Table 3.1). In addition to the formal modalities, Fund staff hold discussions with the BCEAO and BEAC roughly every quarter (via videoconference) on macroeconomic developments in their member countries; and in the ECCU, Fund staff continue to visit each individual member in the course of conducting regional discussions on ECCU policies.[32]

[30] ECCB and Caribbean Development Bank representatives often participated as observers in Article IV missions to individual IMF members of the ECCU, a practice dating back to the mid-1990s. The ECCB representatives played a dual role in the Article IV missions because they represented the authorities as the central bank on one hand, but on the other hand they were also there to learn about the country's macroeconomic situation.

[31] In the WAEMU, staff occasionally met with other institutions including the Regional Securities Commission and the West African Development Bank, as well as the ECOWAS and the West African Monetary Institute. In the CEMAC, staff occasionally met with other institutions including the Central African Development Bank, Economic Union of Central African States, the Anti-Money Laundering Group, and the Financial Markets' Supervisor.

[32] Since 2009, discussions on ECCU common policies have been held with all eight ECCU members including Anguilla and Montserrat.

None of the three central banks has observer status at the Fund. Although some Directors had expressed a preference for developing criteria to assure uniform treatment of institutions similar to the ECB (i.e., the ECCB, BCEAO, and BEAC) in 1998, their preference was not met (IMF, 1998c). At Board discussions on common policies of ECCU countries, the ECCU is represented by the Canadian Executive Director, to whose constituency the six IMF members of the currency union belong. At Board discussions on WAEMU and CEMAC policies, the unions are represented by the Executive Director for Francophone Africa. The World Bank has sent observers to these meetings but the ECCB, BCEAO, and BEAC have not.

In 2009, the Surveillance Guidance Note for staff for the first time set out the scope and focus of surveillance for currency union members. Essentially the guidelines specify that staff should assess the real effective exchange rate and economic and financial policies both at the level of the union (i.e., to what extent union-level policies are promoting the union's domestic and balance of payments stability and global stability, as the case may be, and what policy adjustments are necessary for this purpose) and at the level of the individual member (i.e., to what extent individual member-level policies are promoting the member's domestic and balance of payments stability and contributing to the stability of the union as a whole).

A constant theme of IMF regional surveillance of the ECCU, WAEMU, and CEMAC was the importance of regional coordination to ensure the consistency of national fiscal policies with the currency union.

- The ECCU was considered to be behind the curve in this respect relative to the euro area. Although the ECCB Monetary Council adopted a set of fiscal benchmarks similar to those in the EU's Stability and Growth Pact in 1998—including a 3 percent limit on the overall government budget deficit relative to GDP and a 60 percent limit on total central government debt outstanding relative to GDP—no formal monitoring and enforcement mechanisms were set up and compliance ultimately was low. In 2006, a new system of fiscal benchmarks was approved that placed greater emphasis on integrating annual budget objectives with the medium-term goal of reducing public debt to 60 percent of GDP by 2020, but member authorities rejected IMF staff's arguments for a formal enforcement mechanism "which they considered had been ineffective in the European Union" (IMF, 2007).
- In the WAEMU, every IMF staff report on regional discussions with WAEMU institutions since 1998 included an assessment of members' compliance with the convergence criteria. The Fund (staff and the Board) time and again bemoaned the repeated failure by WAEMU countries to meet their target date for convergence and called for "stronger political commitment and peer pressure" (IMF, 2004a), "a robust process of peer review and increased budget transparency" (IMF, 2011a),

and "[i]mproving country ownership of the new [fiscal] rules" (IMF, 2015a). This contrasts with the approach in the euro area, where Kopits (2017) notes that the Fund was not sufficiently forceful in highlighting inconsistencies in the application of Maastricht Treaty obligations, including the failure to levy sanctions on governments that flouted the Excessive Deficit Procedure (particularly France and Germany in 2004).

- Likewise, every IMF staff report on regional discussions with the CEMAC included a table assessing members' compliance with the convergence criteria. Successive Fund missions pushed for modifications to the convergence criteria to better reflect the oil-dominant structure of the economies and to limit pro-cyclical fiscal policies. The IMF staff and Board repeatedly called for greater ownership of the internal surveillance framework by member states and strengthened enforcement of the framework by the regional institutions.

The Fund was outspoken in calling attention to longer-term risks to the currency unions. For example:

- The Fund repeatedly criticized CEMAC countries for not complying with the reserves pooling requirement. As fiscal surpluses in oil-exporting members grew, so did the tension between those countries' interest in saving and investing part of their oil-related inflows and the need for adequate common reserves held in the BEAC. Successive Fund missions called for a reform of the oil savings management framework that would maintain an adequate level of regional reserves, allow more effective and transparent management of the member states' fiscal savings, and ensure adherence to regional rules.
- The Fund repeatedly expressed reservations about the future enlargement of the WAEMU. A 2008 Selected Issues Paper evaluated the economic benefits and costs of and outlined the conditions and institutional requirements for a West African monetary union, and concluded that: "Under current economic conditions, a rapid move to a West African monetary union would be unlikely to provide net economic benefits and in fact could be economically costly" (IMF, 2008). This is in contrast to the euro area, where Kopits (2017) and Dhar and Takagi (2017) find that the Fund was reticent in expressing its views on enlargement.

Lending

Unlike the euro area, almost all members of the other three currency unions are eligible to use the Fund's concessional financing facilities. In the ECCU, Dominica, Grenada, St. Lucia, and St. Vincent and the Grenadines are eligible, even as middle-income states, in view of their assessed vulnerabilities. All WAEMU countries and all CEMAC countries except for Gabon and Equatorial Guinea are eligible to use the Fund's concessional financing facilities and for assistance under the Heavily Indebted Poor Countries (HIPC) Initiative.[33]

All members of the three currency unions have received financial assistance from the Fund at one time or another.

- ECCU countries are highly vulnerable to external shocks and natural disasters such as hurricanes and almost all of them have received some form of emergency assistance from the Fund (which is disbursed rapidly and without the need for program-based conditionality).[34] Fund-supported programs have been less common except in Dominica and Grenada (Table 3.2). IMF staff noted that "[w]hile some of the countries have repeatedly accessed the Fund emergency facilities in recent years . . . there is generally hesitation among the authorities to engage in Fund-supported programs," reflecting lingering stigma from experiences with the Fund in the region (IMF, 2011b).
- Every WAEMU and CEMAC country has had several, often consecutive, arrangements under the IMF's facilities for low-income countries (Tables 3.3 and 3.4). Some countries have also had Stand-By Arrangements (SBAs), typically of a year's duration; some—like Côte d'Ivoire, Niger, Senegal, and Togo in the WAEMU and Cameroon, the Central African Republic, the Republic of Congo, and Gabon in the CEMAC—had a series of SBAs over a number of years. For much of the period from the late 1980s to the late 1990s, there were Fund-supported programs in all eight (six) WAEMU (CEMAC) countries at the same time. Fund lending to CEMAC and WAEMU countries has been primarily for alleviating temporary terms of trade shocks, assisting in post-conflict recovery, and reducing poverty and promoting growth in the longer term.

Compared to the Fund's financial assistance to Greece, Ireland, and Portugal, the size of IMF loans to ECCU, WAEMU, and CEMAC members has usually been small, reflecting the IMF's intended catalytic role for debt

[33] All eight WAEMU countries are receiving full debt relief from the IMF and other creditors after reaching their HIPC completion points. In the CEMAC, Cameroon, the Central African Republic, and the Republic of Congo have qualified for comprehensive debt reduction from the IMF and the World Bank under the enhanced HIPC Initiative, while Chad is in the interim phase of the initiative. Equatorial Guinea was deemed no longer eligible for Fund concessional lending in 2001.

[34] IMF emergency assistance—to help countries with urgent balance of payments financing needs in the wake of natural disasters or armed conflicts—is provided to all members through the Rapid Financing Instrument (RFI) and to low-income members through the Rapid Credit Facility (RCF). Such assistance takes the form of outright disbursements without the need for a full-fledged program. The RCF and RFI replaced the Emergency Natural Disaster Assistance, Emergency Post-Conflict Assistance, and the rapid access component of the Exogenous Shocks Facility.

Table 3.2. ECCU Countries: Lending Arrangements, 1983–2015

Country	IMF Facility[1]	Year(s)	Amount Approved SDR millions	Amount Approved Percent of quota
Antigua and Barbuda	Stand-By	2010–13	67.5	500
Dominica	Stand-By	1984–85	1.4	35
	SAF*	1986–89	2.8	70
	Stand-By	2002–04	3.3	40
	PRGF*	2003–06	7.7	94
Grenada	EFF	1983–84	13.5	300
	PRGF*	2006–10	16.4	140
	ECF*	2010–13	8.8	75
	ECF*	2014–17	14.0	120
St. Kitts and Nevis	Stand-By	2011–14	52.5	590

* indicates concessional facility.
Note: ECF = Extended Credit Facility; EFF = Extended Fund Facility; PRGF= Poverty Reduction and Growth Facility (replaced by ECF); and SAF = Structural Adjustment Facility (replaced by PRGF).
[1] Does not include: Emergency Natural Disaster Assistance (Dominica—2008, Grenada—2003 and 2004, St. Lucia—2011; St. Kitts and Nevis—1998 and 2009); Exogenous Shocks Facility (Dominica—2009, Saint Lucia—2009, St. Vincent and the Grenadines—2009); Rapid Credit Facility (Dominica—2012, St. Lucia—2011, St. Vincent and the Grenadines—2011 and 2014).

Table 3.3. WAEMU Countries: Lending Arrangements, 1962–2015

Country	IMF Facility[1]	Year(s)	Amount Approved SDR millions	Amount Approved Percent of quota
Benin	SAF*	1989–92	21.9	70
	ESAF*	1993–96	51.9	115
	ESAF*	1996–2000	27.2	60
	PRGF*	2000–04	27.0	44
	PRGF*	2005–09	24.8	40
	ECF*	2010–14	74.3	120
Burkina Faso	SAF*	1991–93	22.1	70
	ESAF*	1993–96	53.0	120
	ESAF*	1996–99	39.8	90
	ESAF*/PRGF*	1999–2002	39.1	65
	PRGF*	2003–06	30.1	50
	PRGF*	2007–10	48.2	80
	ECF*	2010–13	82.3	137
	ECF*	2013–16	51.2	85
Côte d'Ivoire	EFF	1981–84	484.5	485
	Stand-By	1984–85	82.8	50
	Stand-By	1985–86	66.2	40
	Stand-By	1986–88	100.0	60
	Stand-By	1988–89	94.0	57
	Stand-By	1989–91	146.5	89
	Stand-By	1991–92	82.8	50
	ESAF*	1994–97	333.5	140
	ESAF*/PRGF*	1998–2001	285.8	120
	PRGF*	2002–05	292.7	90
	PRGF*	2009–11	374.0	115
	ECF*	2011–15	520.3	160
Guinea-Bissau[2]	ESAF*	1995–98	10.5	100
	PRGF*	2000–03	14.2	100
	ECF*	2010–13	22.4	158
	ECF*	2015–18	17.0	60

(Continued)

Table 3.3. (Continued)

Country	IMF Facility[1]	Year(s)	Amount Approved	
			SDR millions	Percent of quota
Mali[3]	Stand-By	1985–87	22.9	45
	Stand-By	1988–89	12.7	25
	SAF*	1988–91	35.6	70
	ESAF*	1992–96	79.2	115
	ESAF*	1996–99	62.0	90
	ESAF*/PRGF*	1999–2003	51.3	55
	PRGF*	2004–07	9.3	10
	PRGF*	2008–11	53.0	57
	ECF*	2011–13	30.0	32
	ECF*	2013–16	30.0	32
Niger	Stand-By	1983–84	18.0	75
	Stand-By	1984–85	16.0	47
	Stand-By	1985–86	13.5	40
	Stand-By	1986–87	10.1	30
	SAF*	1986–88	21.4	64
	ESAF*	1988–91	47.2	140
	Stand-By	1994–95	18.6	39
	ESAF*	1996–99	58.0	120
	PRGF*	2000–04	59.2	90
	PRGF*	2005–08	26.3	40
	PRGF*	2008–11	23.0	35
	ECF*	2012–16	79.0	120
Senegal	Stand-By	1979–80	10.5	25
	EFF	1980–81	184.8	440
	Stand-By	1981–82	63.0	100
	Stand-By	1982–83	47.3	75
	Stand-By	1983–84	63.0	100
	Stand-By	1985–86	76.6	90
	SAF*	1986–88	54.0	64
	Stand-By	1986–87	34.0	40
	Stand-By	1987–88	21.3	25
	ESAF*	1988–92	144.7	170
	Stand-By	1994	47.6	40
	ESAF*	1994–98	130.8	110
	ESAF*/PRGF*	1998–2002	107.0	90
	PRGF*	2003–06	24.3	15
Togo	Stand-By	1979–80	15.0	79
	Stand-By	1981–83	47.5	167
	Stand-By	1983–84	21.4	75
	Stand-By	1984–85	19.0	49
	Stand-By	1985–86	15.4	40
	Stand-By	1986–88	23.0	60
	Stand-By	1988–89	13.0	34
	SAF*	1988–89	26.9	70
	ESAF*	1989–93	46.1	120
	ESAF*	1994–98	65.2	120
	PRGF*/ECF*	2008–11	95.4	130

* indicates concessional facility.

Note: ECF = Extended Credit Facility; EFF = Extended Fund Facility; ESAF = Enhanced Structural Adjustment Facility (replaced by PRGF); PRGF = Poverty Reduction and Growth Facility (replaced by ECF); and SAF = Structural Adjustment Facility (replaced by PRGF).

[1] Does not include Compensatory Financing Facility (Côte d'Ivoire—1976, 1981, 1983, 1988, and 1990, Niger—1983, Senegal—1978 and 1981; Republic of Congo—1977; Gabon--1994); Emergency Post Conflict Assistance (Côte d'Ivoire—2007 and 2008, Guinea-Bissau—1999, 2000, 2008, and 2009); Exogenous Shocks Facility (Senegal—2008-10); Rapid Credit Facility (Guinea-Bissau—2014; Mali—2013).

[2] Guinea-Bissau adopted the CFA franc in 1997.

[3] Mali (re)adopted the CFA franc in 1984.

Table 3.4. CEMAC Countries: Lending Arrangements, 1972–2015

Country	IMF Facility[1]	Year(s)	Amount Approved	
			SDR millions	Percent of quota
Cameroon	Stand-By	1988–90	61.8	67
	Stand-By	1991–92	28.0	30
	Stand-By	1994–95	81.1	60
	Stand-By	1995–96	67.6	50
	ESAF*	1997–2000	162.1	120
	PRGF*	2000–04	111.4	60
	PRGF*	2005–09	18.6	10
Central African Republic	Stand-By	1980–81	4.0	25
	Stand-By	1981	10.4	43
	Stand-By	1983–84	18.0	75
	Stand-By	1984–85	15.0	49
	Stand-By	1985–87	15.0	49
	Stand-By and SAF*	1987–88	8.0	26
	SAF*	1987–90	21.3	70
	Stand-By	1994–95	16.5	40
	ESAF*	1998–2002	49.4	120
	PRGF*	2006–10	69.6	125
	ECF*	2012–14	41.8	75
Chad	SAF*	1987–90	21.4	70
	Stand-By	1994–95	16.5	40
	ESAF*	1995–99	49.6	120
	PRGF*	2000–04	47.6	85
	PRGF*	2005–08	25.2	45
	ECF*	2014–17	106.6	160
Republic of Congo	Stand-By	1977–78	4.7	36
	Stand-By	1979–80	4.0	24
	Stand-By	1986–88	22.4	60
	Stand-By	1990–92	28.0	75
	Stand-By	1994–95	23.2	40
	ESAF*	1996–99	69.5	120
	PRGF*	2004–08	55.0	65
	PRGF*	2008–11	8.5	10
Equatorial Guinea[2]	Stand-By	1985–86	9.2	50
	SAF*	1988–91	12.9	70
	ESAF*	1993–96	12.9	53
Gabon	Stand-By	1978–79	15.0	50
	EFF (precautionary)	1980–82	34.0	113
	Stand-By	1986–88	98.7	135
	Stand-By	1989–91	43.0	59
	Stand-By	1991–93	28.0	38
	Stand-By	1994–95	38.6	35
	EFF	1995–99	110.3	100
	Stand-By	2000–02	92.6	60
	Stand-By	2004–05	69.4	45
	Stand-By (precautionary)	2007–10	77.2	50

* indicates concessional facility.

[1] Does not include Compensatory Financing Facility (Cameroon—1976 and 1978, Central African Republic—1996 and 1981, Chad—1976, 1981, and 1985; Republic of Congo—1977; Gabon—1994); Emergency Post Conflict Assistance (Central African Republic—2004 and 2006, Republic of Congo—1998 and 2000); Rapid Credit Facility (Central African Republic—2014).

[2] Equatorial Guinea adopted the CFA franc in 1985.

restructuring and/or for budgetary support from other lenders and bilateral donors.

- There were no capital account crises and no exceptional access programs in the WAEMU and the CEMAC, due to limited financial integration both within the currency union and between the currency union and outside countries. The largest IMF financing packages approved in the WAEMU were the Extended Fund Facility (EFF) arrangements in Côte d'Ivoire (425 percent of quota) and Senegal (440 percent of quota) in the early 1980s. No CEMAC country has borrowed more than 160 percent of its quota from the Fund.
- Two exceptions in the ECCU were the 2010 SBA in Antigua and Barbuda (with initial access of 600 percent of quota, just shy of the exceptional limit)[35] and the 2011 SBA in St. Kitts and Nevis (with access of 590 percent of quota but considered exceptional because of the need for heavily frontloaded disbursements). Both of those programs took place contemporaneously with, and had similar underlying issues as, the euro area programs—IMF staff called the ECCU "a microcosm of the euro area and its difficulties" (Schipke, Cebotari, and Thacker, 2013).

In contrast to surveillance, relatively less attention was given by the Fund to a systematic consideration of issues related to lending to currency union members. An exploratory effort in 1998 focused mainly on how to assess need for use of Fund resources in a euro area country, noting that the experience to date in the other currency unions was not very relevant (Box 3.2). Directors agreed that circumstances could arise where a balance of payments need could be discerned in an individual euro area country based on indicators such as exceptional financing and movements in interest rate premia (IMF, 1998c); they agreed to return to the issue at a later date but there is no evidence that any further discussion took place. In contrast to the approach to surveillance, the 1998 Board discussion did not consider special modalities for lending to euro area members or a framework for incorporating currency-union considerations in program design and modalities.

Importantly, there was no discussion of how to design conditionality in Fund-supported programs in currency union members. The 2002 Guidelines on Conditionality stipulated that conditions be established only on the basis of those variables or measures that were reasonably within the member's direct or indirect control. This was stated as a general principle and could be taken to imply that IMF-supported programs in individual currency union member countries were expected to eschew conditionality on union-level policies which were beyond the national authorities' control. In 2012, Fund staff suggested to management that the conditionality guidelines could possibly be

[35] A rephrasing of purchases at the combined fourth, fifth, and sixth reviews in 2012 reduced total access for Antigua and Barbuda's SBA to 500 percent of quota.

Box 3.2. Considerations on the Use of Fund Resources by Euro Area Countries

The 1998 Board paper on *EMU and the Fund* (IMF, 1998b) set out some considerations relating to possible use of Fund resources by an EMU member (i.e., euro area country). In the past, the IMF had been able to deduce a balance of payments need in a currency union member from the existence of arrears and/or debt rescheduling. However, the paper noted that the tendency to look to fiscal needs as evidence of balance of payments needs in a currency union reflected the fact that the existing currency unions comprised mostly lower-income countries that had limited market access and were not vulnerable to sudden stops. It presumed that in the euro area, "an incipient balance of payments need in an individual member [would] almost invariably be met by the union-wide financial system, since both public and private sectors [would] be able to attract capital inflows from other union members, reflecting the absence of exchange risk in addition to free capital movements." However, if the financial system were to become segmented—for example, if financial markets perceived that a member might exit the union or that there was significant country-specific risk—an individual euro area country could lose, or come close to losing, access to international capital markets. Absent union-wide external weakness, therefore, need for an individual euro area country would have to be evidenced by developments in its own balance of payments, through indicators such as exceptional financing or official inducements for residents to borrow (e.g., ECB liquidity support). In such circumstances, a request for use of the Fund's general resources would be warranted. It was not known at that time if the EU would regard use of Fund resources by euro area members as consistent with the "no bailout" clause of the Maastricht Treaty.

revised to explicitly address the option of imposing program conditionality at the union level, but no revision took place. Subsequently, the 2015 Board paper, "Crisis Programs Review," stated that the Fund's Articles of Agreement allowed for the establishment of conditions for the financing of member countries, including those to be implemented at the union level, and outlined some possible approaches to designing programs with currency union members (IMF, 2015b). During the Board discussion of that paper, some Directors agreed that the Fund should seek commitments on union-level policies if necessary for program success or financing assurances but others considered that Fund should only provide advice on union-level policies through surveillance (IMF, 2015c).

There were no formal conditions on union-wide policies in IMF-supported programs in the ECCU, WAEMU, and CEMAC.

- ECCB officials interviewed for this evaluation were clear that the ECCB, as a regional institution, could not be subject to IMF conditionality on monetary and exchange rate policies, which would effectively also apply to and impact members that did not have a Fund program. They cited the example of Dominica in the 1980s, where IMF-supported programs had to accept that exchange rate policy was off the table.[36] Similarly, while the IMF could discuss with the ECCB its credit allocations in a program context, the Fund could not specify that the ECCB change its credit allocation formula as part of program conditionality.

- A form of implicit union-level conditionality (and lending) occurred in the context of the January 1994 CFA franc devaluation. Beginning in the mid-1980s, the countries of the CFA franc zone experienced a substantial and protracted loss of competitiveness. Internal adjustment policies were unsuccessful and led to a significant erosion of confidence in the CFA franc, triggering large capital outflows from the zone. By the early 1990s, IMF staff and management concluded that a substantial devaluation of the CFA franc vis-à-vis the French franc was needed. After a long process of consultation among the countries involved, a 50 percent devaluation was announced in January 1994. Immediately following the devaluation, concurrent IMF-supported programs were put in place for all the monetary union members (Tables 3.3 and 3.4).[37] Staff have characterized the devaluation as a prior action for the ensuing programs, although it was not noted as such in any of the program documents.
- The 2009 action plan to address safeguard concerns in the BEAC could also be considered a form of union-level "conditionality" in two CEMAC programs. In 2009, a serious case of fraud was uncovered in the Paris office operations of the BEAC, raising questions about the central bank's

[36] During program discussions in Dominica in 1983, 1984, and 1986, IMF staff, noting that the appreciation of the East Caribbean dollar had compounded the difficulties of the export sector, urged the government to "press its regional partners for an early reexamination of the exchange rate policy in the East Caribbean area" (IMF, 1983). Staff recognized that Dominica had no freedom to adjust its exchange rate on its own and that any program would have to take that fact into account. In 1987, the Dominican authorities "pointed out that exchange rate action was not realistic . . . since the unanimous agreement of ECCB members required for such action would be difficult to reach, in part because of the differences in the movement of real effective exchange rates among the ECCB members" (IMF, 1987).

[37] In Benin, Burkina Faso, Côte d'Ivoire, Mali, and Togo in the WAEMU (then the West African Monetary Union), where reform design and program discussions were already at an advanced stage, programs were supported by medium-term concessional ESAF arrangements; in Niger and Senegal, Fund support was extended initially through SBAs and subsequently replaced by ESAF arrangements. In the CEMAC (then the Central African Monetary Area), except for Equatorial Guinea, which already had three-year ESAF-supported program in place, Fund support was extended initially through SBAs which were later replaced by arrangements under the ESAF or the EFF. The World Bank, France, and other multilateral and bilateral creditors (such as the African Development Bank and the EU) also provided substantial exceptional financial assistance to the CFA franc zone countries, but not jointly with the Fund unlike in the troika programs in the euro area.

ability to safeguard Fund resources.[38] IMF staff informed the Board that the BEAC would need to take specific actions to address those safeguard concerns in order for reviews of two ongoing programs and approval of new programs to proceed; however, these actions were not included as program conditionality. In the event, Board consideration of program reviews for the Central African Republic and the Republic of Congo scheduled for May 2010 was delayed because the BEAC did not make sufficient progress on some actions.

But there have been formal conditions on country-specific measures/variables under the control of the ECCB, BCEAO, and BEAC.

- Until the mid-1990s, IMF-supported programs in WAEMU and CEMAC members routinely specified as a quantitative performance criterion a ceiling on the net domestic assets of the banking system.[39] The programs also included a ceiling on net credit to the government which, given the ceiling on net domestic assets of the banking system, would leave adequate room for some increase in credit to the private sector. The national authorities could control only net bank credit to the government and public enterprises; it was up to the BCEAO/BEAC to ensure that the monetary targets were observed, using the monetary policy instruments at its disposal to intervene when necessary. After the elimination of direct credit controls, the quantitative ceilings on net domestic assets of the banking system were replaced by quantitative ceilings on net domestic assets of the central bank (at the national level) and the central bank used indirect instruments such as its union-wide discount and repurchase rates and reserve requirements to keep domestic credit growth within the programmed limits—see, for example, the 1994 ESAF-supported programs for Côte d'Ivoire, Senegal, and Togo, and the 1996 ESAF-supported programs for Benin, Burkina Faso, Mali, and Niger in the WAEMU; and the 1995 SBA for Cameroon, the 1995 ESAF-supported program for Chad, the 1995 EFF-supported program for Gabon, and the 1996 ESAF-supported program for the Republic of Congo in the CEMAC. Subsequently, with the development of regional money and interbank markets and greater reliance on indirect monetary

[38] The IMF's safeguards policy was introduced in 2000 to obtain reasonable assurance that central banks of member countries using Fund resources have appropriate control systems in place to manage the resources adequately and provide reliable information. Countries requesting a loan from the Fund under most lending facilities undergo such a safeguards assessment. In some instances, safeguard measures have been included as program conditionality or commitments by country authorities.

[39] Monetary policy is designed and implemented by the central bank at the regional level. The national directorate would project an increase in broad money for the country concerned, consistent with the union-wide monetary assumptions and balance of payments objectives of the central bank. The ceiling on net domestic assets of the banking system would ensure a minimum level of net foreign assets (reserves) in the country.

policy instruments in the WAEMU, the scope for national monetary policies became more limited and Fund-supported programs from then on eschewed targets for either base money or for the BCEAO's net domestic assets. Consistent with Fund practice in the WAEMU, such targets also disappeared in the CEMAC.[40]

- The SBAs for Antigua and Barbuda and for St. Kitts and Nevis included program conditions requiring direct action on the part of the ECCB in the financial sector (Box 3.3).[41] During the 2011 Board discussion on "ECCU—Common Policies of Member Countries," at least one Board member questioned why the ECCB appeared to be a subject of policy conditionality in program countries in the ECCU, whereas the ECB was part of the so-called troika that set conditionality for program countries in the euro area. Staff's response was that conditionality in a Fund-supported program for a currency union member could involve commitments that were within the mandate of regional bodies such as the ECCB, as long as the appropriate assurances were provided. In a statement for the 2015 Board discussion of the "Crisis Programs Review," one Director wondered whether the euro's reserve currency status as well as the need to involve financing partners in the euro area contributed to a different approach to program conditionality in the euro area vis-à-vis the ECCU, but the question was not addressed in the discussion.

IMF staff explored possible regional lending modalities with the ECCU but their idea of simultaneous programs did not receive Board support. During the 2010 discussion on common policies of ECCU members the authorities inquired about the possibility of IMF lending into a regional pool. Staff responded that while that was not possible under the Articles of Agreement, it might be possible to coordinate country-specific measures

[40] Although the BEAC for the past two decades has been moving towards a system of monetary management based on indirect instruments of monetary policy operating in the context of regional interbank and money markets, in practice monetary policy has been largely passive and liquidity management remains largely country-based due to the absence of an integrated money market.

[41] There has been no instance of the WAEMU Banking Commission or the COBAC being asked to carry out direct actions in the financial sector in the context of a Fund program. In the WAEMU, actions such as restructuring or closing a bank (e.g., in Benin's 2010 ECF program, Cote d'Ivoire's 2011 ECF program, Mali's 2004 and 2008 PRGF programs, and Togo's 2008 PRGF program) and preparing and implementing a strategy for financial sector development or reform (e.g., in Burkina Faso's 2007 PRGF program and Niger's 2012 ECF program) were undertaken by the national authorities, albeit in collaboration/consultation with the Banking Commission. Similarly, in the CEMAC, actions such as licensing microfinance institutions, supervision of nonbank financial institutions (both in Cameroon's 2005 PRGF program), and bank restructuring (in the Republic of Congo's 2004 PRGF program) were undertaken by the national authorities, in consultation with the COBAC.

Box 3.3. Role of the ECCB in Antigua and Barbuda's 2010 SBA Program and St. Kitts and Nevis' 2011 SBA Program

Antigua and Barbuda

In 2009, Antigua and Barbuda experienced the largest financial crisis in its history. The global economic slowdown had triggered a severe contraction of the economy, aggravating an already unsustainable fiscal position. The recession and associated fiscal crisis coincided with mounting problems in the financial sector, including the failure of the Bank of Antigua in February 2009.

In June 2010, the IMF Executive Board approved a three-year SBA for SDR 81 million, representing 600 percent of Antigua and Barbuda's IMF quota.

Two of the structural benchmarks required direct actions on the part of the ECCB: (i) to recapitalize the Bank of Antigua; and (ii) for on-site inspection of domestic commercial banks (IMF, 2010). The Fund team consulted with the ECCB Governor by video-conference and agreed on these measures before including them in the program. The ECCB Governor wrote a letter to the Minister of Finance—which was published along with the authorities' letter of intent and memorandum of economic and financial policies (MEFP)—confirming that the central bank would take the necessary steps for the benchmarks to be observed within the time frame specified in the MEFP. Both benchmarks were considered to be met in the first program review.

In July 2011, Antigua and Barbuda Investment Bank (ABIB)—the largest indigenous bank in Antigua and Barbuda and a systemically important bank to which various other indigenous banks within Antigua and elsewhere in the region were exposed—failed and had to be intervened by the ECCB. The failure of ABIB brought to light significant weaknesses in financial sector regulation and supervision, and additional financial sector measures (structural benchmarks) were inserted in the program. Three of these additional benchmarks entailed direct actions on the part of the ECCB, which provided the IMF with a written assurance that it would comply: (i) presentation of a strategic plan for ABIB 2012; (ii) full-scope on-site examinations of the remaining indigenous banks; and (iii) developing a strategy for restructuring the indigenous banking system in Antigua and Barbuda (IMF, 2012b). IMF review missions held discussions with the ECCB in addition to the Antigua and Barbuda authorities starting with the combined fourth, fifth, and sixth SBA program review in April 2012.

St. Kitts and Nevis

Following the global economic and financial crisis and the impact of Hurricane Omar in October 2008, St. Kitts and Nevis entered a two-year recession during 2009–10. The overall fiscal deficit deteriorated, the already-high level of public debt increased further, and there was an accumulation of arrears to private creditors. A sizable share of the public debt was held by the banking sector, raising concerns that a fiscal crisis in St. Kitts and Nevis could result in a general loss of confidence in the ECCU banking system and disruption in the interbank market.

In July 2011, the IMF Executive Board approved a three-year SBA for SDR 52.5 million (590 percent of St. Kitts and Nevis' IMF quota) to support the authorities' program, the key elements of which were: (i) front-loaded fiscal consolidation; (ii) a comprehensive restructuring of public debt; and (iii) steps to strengthen the financial sector including the establishment of a Banking Sector Reserve Fund (BSRF), financed by the SBA and administered by the ECCB, to provide a liquidity backstop during the program. The ECCB signed a memorandum of understanding with the government of St. Kitts and Nevis for the operating modalities of the BSRF, a prior action for the program (IMF, 2011c).

The ECCB participated in the discussions for the program request and most reviews. During the first program review in January 2012, a structural benchmark was added for the ECCB to conduct quarterly stress tests for domestic commercial banks and share them with IMF staff. The ECCB provided a written assurance that it would do so (IMF, 2012a). It also requested Fund technical assistance to enhance its stress testing capabilities and allow it to assess the effects of the debt restructuring.

that were part of Fund programs (e.g., country-specific budget support) and the resolution of matters with a regional dimension (e.g., strengthening the lender-of-last resort capacity of the ECCB) (IMF, 2011b). In addition, staff suggested that Fund lending to all ECCU countries concurrently would help foster policy coordination and strengthen the currency union (Box 3.4). However, some Executive Directors (particularly from European constituencies) objected to the idea, arguing that such an approach could not be a substitute for the political will to strengthen economic integration and regional coordination within the ECCU. One (non-European) Director noted that it was premature to consider the possibility of regional engagement before reflecting on the challenges the Fund had recently encountered in tackling systemic vulnerabilities in the currency union context, including its inability to secure binding commitments from key common institutions as well as implications for managing contagion.

The role of the ECB was one of the most controversial elements of the IMF's program engagements in the euro area. As a member of the so-called troika, the ECB participated in program discussions in Greece, Ireland, and Portugal on the same side of the table as the IMF, that is, on the conditionality-setting creditor side, even if it did not itself impose conditionality under the EC or IMF program. (The letters of intent from the euro area country authorities carried the signatures of the finance minister and the governor of the national central bank).[42] According to IEO (2014), authorities from

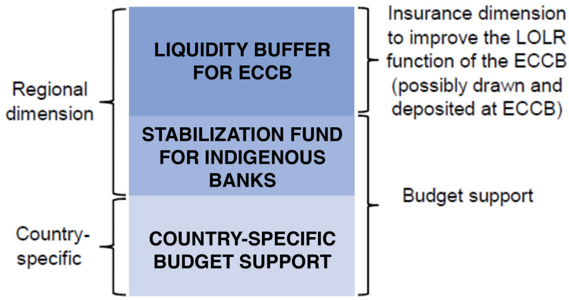
[42] The functions and responsibilities of the ECB and other EU/euro area institutions and their roles in the troika are discussed in detail in Kincaid (2017).

Box 3.4. IMF Staff's Proposed Regional Financing Approach in the ECCU

In 2010, staff proposed a regional financing approach that could substitute for lending to a regional pool. Under the staff proposal, financing arrangements with the Fund would continue to take place on a country basis. Fund financing could either help boost the country's level of reserves or help finance the country's balance of payments deficit. To the extent that Fund financing increased the country's reserves, it would increase the union's reserves because reserves are pooled at the ECCB—this in turn would provide a greater liquidity buffer at the ECCB to support its lender-of-last-resort (LOLR) function. At the same time, Fund resources could also be used to finance the country's domestic budget (if balance-of-payments-related conditions were met), and the budget could include spending on regional initiatives such as the creation of a bank stabilization fund.

Staff reasoned that simultaneous programs with all ECCU members would enhance the regional dimension of this plan, thus providing the Fund a method to lend indirectly into a regional pool.

Country-Specific and Regional Dimensions of Proposed Fund Financial Assistance to ECCU Countries (IMF, 2010)



countries outside the G20 (and Europe) found this arrangement inappropriate because "this implicitly took certain policy actions 'off the table' and constituted bad governance." ECCB, BCEAO, and BEAC officials also indicated in interviews for this evaluation that they would consider this a conflict of interest.

In the other currency unions, the regional central bank never sat on the IMF's side of the table during program discussions, even when it contributed financial support.[43] The letters of intent by country authorities were signed by the country's finance minister (and/or prime minister in some cases). The BCEAO and BEAC national directorates would always participate with the

[43] For example, in 2002, ECCU member governments agreed to provide financial support to Dominica through a drawdown of US$1.8 million from the ECCB's reserves, which helped to close the residual financing gap in the one-year US$4.3 million IMF-supported SBA. The CEMAC/BEAC has also extended exceptional financial support to member countries, but not in conjunction with a Fund-supported program.

country authorities in program discussions with the IMF.[44] In the ECCU, a representative from the ECCB would often (but not always) participate; according to Fund staff, the ECCB representative, if present, would sit with or closer to the authorities and never with the Fund team.

Summary of Findings

The IMF approached the euro area differently than the other currency unions. The Fund created and formalized special modalities for regional surveillance of the euro area when no modalities for surveillance of currency unions existed before. The ECB was granted observer status in the Fund—the only regional central bank to have this privilege. And the ECB participated in program discussions with euro area countries as part of the troika, sitting on the same side of the table as the Fund in an unprecedented arrangement.

To a large extent, the differences reflect the fact that the euro area is different from the other three currency unions. The ECCU, WAEMU, and CEMAC are small—in terms of membership size as well as share of the world economy—relative to the euro area which is systemically important in the international monetary system. The common currencies of the three currency unions operate under a fixed exchange rate regime, unlike the euro which is freely floating and a major international reserve currency. And the three currency unions moved relatively late towards economic union compared to the euro area which was part of the EU from the start. Thus, the Fund tended to consider the euro area in a class of its own and to use it as the archetype for regional integration—lessons were drawn from the euro area's experience for the other currency unions and not vice versa.

Notwithstanding the above justification, the Fund did eventually establish a general framework for regional surveillance of currency unions. To be sure, the Fund established modalities for regional surveillance over the euro area primarily because of the systemic importance of the region. And the Fund had been engaged with the other currency unions before 1999 through other means, such as regular staff visits to the regional central banks, concurrent (and often long-term) program engagements in member countries, and technical assistance missions. But the Fund also began to regularize its policy discussions with the other currency unions in 1998–99, and during the biennial surveillance review in 2004, staff argued, and the Board agreed, that formalization of regional surveillance with modalities similar to those followed for

[44] French Treasury officials did not participate in IMF program discussions with WAEMU and CEMAC countries (France is represented on Monetary Policy Councils of the BCEAO and the BEAC). However, IMF staff teams did routinely exchange information with the French Treasury before and/or after their program missions. According to Stone (2011), "[t]his superior information and preferential access to negotiators in real time clearly represent an opportunity for France to inject its preferences into the Fund policy-making process" and he finds that "French political interests play a much more potent role in the development of IMF conditionality in sub-Saharan Africa and in its other former colonies than in the rest of the world."

the euro area, was appropriate. This led to the 2006 Board decisions establishing modalities for surveillance over ECCU, WAEMU, and CEMAC policies in the context of Article IV consultations with their member countries.

However, the Fund did not establish a general framework for designing IMF-supported programs and conditionality in currency union members. Since the use of Fund resources by euro area members was not seriously considered a possibility in 1998, the Fund did not elucidate program design issues for members of currency unions. No in-depth discussion took place on issues such as what the Fund could/should do when there were identified macro-critical policies that were under the control of the regional institution and not the country authorities; under what conditions the Fund could/should seek to impose conditionality on supranational institutions like the regional central bank; and what type or scope of actions the Fund could legally and practically ask of a regional institution in a program context. In practice, Fund staff approached conditionality on measures within the control of the regional central bank differently in different currency unions. In the CFA franc zone in the mid-1990s, the Fund implicitly assigned the central bank responsibility for meeting the monetary targets (performance criteria) in their member countries' programs; in the ECCU more recently, the Fund obtained written assurances from the central bank that it would carry out certain program actions (structural benchmarks) within its area of competence; and in the euro area programs, Fund staff did not identify any ECB policies as part of program conditionality.

Neither did the Fund clearly establish, from a governance standpoint, the role of regional institutions, particularly the regional central bank, in Fund-supported programs and in the Fund more generally. Prior to the euro area programs, there was no precedent for the regional central bank sitting on the Fund's side of the table in program discussions with a currency union member. There has been no discussion since the ECB observership debate in 1998 on the representation of currency unions in the IMF. In the meantime, the European Commission has made proposals for a unified representation of the euro area in the IMF in the long term—including direct representation of the euro area by the Executive Director of a euro area constituency, following the establishment of one or several constituencies composed only of euro area members—and for securing observership for the ECB and the Commission at the Executive Board during the transition (European Commission, 2015).

References

Banque de France, 2010, "The Franc Zone," Factsheet No. 127 (www.banque-france.fr).

Dhar, Sanjay, and Shinji Takagi, 2017, "IMF Surveillance of the Euro Area: From Conception Through Crisis" (Chapter 4 in this volume).

El-Erian, Mohamad, 2011, "It's Time for the IMF to Stand up to the European Bullies," *Financial Times*, December 29.

European Commission, 2015, "A Roadmap for Moving Towards a More Consistent External Representation of the Euro Area in International Fora," Communication from the Commission to the European Parliament, the Council, and the European Central Bank (Brussels).

Hitaj, Ermal, and Yasin Kursat Onder, 2013, "Fiscal Discipline in WAEMU: Rules, Institutions, and Markets," IMF Working Paper No. 13/216 (Washington: International Monetary Fund).

Independent Evaluation Office of the International Monetary Fund (IEO), 2014, *IMF Response to the Financial and Economic Crisis* (Washington: International Monetary Fund).

International Monetary Fund (IMF), 1982, "Currency Unions" (Washington).

———, 1983, "Dominica—Staff Report for the 1983 Article IV Consultation, Review under Extended Arrangement, and Program for 1983/84" (Washington).

———, 1987, "Dominica—Staff Report for the 1987 Article IV Consultation, Review of First Annual Arrangement and Request for Second Annual Arrangement under Structural Adjustment Facility" (Washington).

———, 1990, "A Review of the CFA Franc Arrangements" (Washington).

———, 1994, "Common Policy Issues of the CFA Franc Countries" (Washington).

———, 1997a, "Summing Up by the Chairman—Biennial Review of the Implementation of the Fund's Surveillance over Members' Exchange Rate Policies and of the 1977 Surveillance Decision" (Washington).

———, 1997b, "The European Economic and Monetary Union and the Fund—Institutional Aspects" (Washington).

———, 1998a, "West African Economic and Monetary Union—Recent Developments and Regional Policy Issues" (Washington).

———, 1998b, "EMU and the Fund—Use of Fund Resources and Use of Euros in the Fund's Operational Budget—Preliminary Considerations" (Washington).

———, 1998c, "Concluding Remarks by the Acting Chairman—Operational and Legal Aspects of EMU for the Fund" (Washington).

———, 2000, "Summing Up by the Acting Chairman—Biennial Review of the Implementation of the Fund's Surveillance Over Members' Exchange Rate Policies and of the 1977 Surveillance Decision" (Washington).

———, 2004a, "West African Economic and Monetary Union—Recent Economic Developments and Regional Policy Issues," SM/04/202 (Washington).

———, 2004b, "IMF Executive Board Reviews the Fund's Surveillance," Public Information Notice (PIN) No. 04/95 (Washington).

———, 2005, "Fund Surveillance over Members of Currency Unions" (Washington).

———, 2007, "Eastern Caribbean Currency Union: 2006 Regional Discussions—Staff Report; and Public Information Notice on the Executive Board Discussion on the Eastern Caribbean Currency Union," IMF Country Report 07/96 (Washington).

———, 2008, "West African Economic and Monetary Union—Selected Issues," SM/08/137 (Washington).

———, 2009, *Balance of Payments and International Investment Position Manual, Sixth Edition* (Washington).

———, 2010, "Antigua and Barbuda: 2010 Article IV Consultation and Request for Stand-By Arrangement—Staff Report; Supplements; Public Information Notice; Press Release; and ED's Statement," IMF Country Report 10/279 (Washington).

———, 2011a, "West African Economic and Monetary Union: Discussions with Regional Institutions—Staff Report and the Executive Director's Statement," IMF Country Report 11/8 (Washington).

———, 2011b, "Eastern Caribbean Currency Union: 2010 Discussion on Common Policies of Members Countries—Staff Report; Informational Annex, and the Public Information Notice on the Executive Board Discussion," IMF Country Report 11/30 (Washington).

———, 2011c, "St. Kitts and Nevis: 2011 Article IV Consultation and Request for Stand-By Arrangement—Staff Report; Staff Supplements; Public Information

Notice and Press Release on the Executive Board Discussion; and Statement by the Executive Director for St. Kitts and Nevis," IMF Country Report 11/270 (Washington).
———, 2012a, "St. Kitts and Nevis—First Review Under the Stand-By Arrangement and the Financing Assurances Review, and Request for Waivers of Applicability and Modification of Performance Criterion—Staff Report and Press Release," IMF Country Report 12/51 (Washington).
———, 2012b, "Antigua and Barbuda: Letter of Intent, and Memorandum of Economic and Financial Policies" (Washington).
———, 2015a, "West African Economic and Monetary Union: Common Policies of Member Countries—Staff Report; Press Release; and Statement by the Executive Director," IMF Country Report 15/100 (Washington).
———, 2015b, "Crisis Program Review" (Washington).
———, 2015c, "The Chairman's Summing Up: Crisis Program Review," Executive Board Meeting 15/112 (Washington).
Kincaid, G. Russell, 2017, "The IMF's Role in the Euro Area Crisis: What Are the Lessons from the IMF's Participation in the Troika?"(Chapter 5 in this volume).
Kopits, George, 2017, "The IMF and the Euro Area Crisis: The Fiscal Dimension" (Chapter 6 in this volume).
Nassar, Koffie, Arnold McIntyre, and Alfred Schipke, 2013, "Economic Integration and the Institutional Setup of the OECS/ECCU," in *The Eastern Caribbean Economic and Currency Union: Macroeconomics and Financial Systems* (Washington: International Monetary Fund).
Pisani-Ferry, Jean, André Sapir, and Guntram B. Wolff, 2011, "TSR External Study—An Evaluation of IMF Surveillance of the Euro Area" (Washington).
Schipke, Alfred, Aliona Cebotari, and Nita Thacker, 2013, "The Eastern Caribbean Economic and Currency Union: Overview and Key Issues," in *The Eastern Caribbean Economic and Currency Union: Macroeconomics and Financial Systems* (Washington: International Monetary Fund).
Stone, Randall W., 2011, *Controlling Institutions: International Organizations and the Global Economy* (Cambridge, United Kingdom: Cambridge University Press).