

Conference Report on International Standards and Codes: The Developing Country Perspective

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Executive Summary

1. **Financial stability is a global concern.** Since a crisis emerging in any part of the world can have contagious effects and threaten financial stability worldwide, the need for compliance with international Standards and Codes (S&C) is a global problem. However, the incentive structure for implementing standards and codes -- other than those dealing with money laundering and terrorist financing -- applies primarily to developing and transition countries that borrow from the private financial markets or from bilateral or multilateral official sources. Although the initiative on S&C was taken in response to the financial crises of the 1990s in developing countries, difficulties with compliance and implementation exist in the industrialised countries as recent events in the U.S. capital markets have illustrated.
2. **The market incentives for implementation of the key standards and codes are weak.** This is mainly because the private sector has not made much use of C&S. Several arguments are put forward to explain the weak response. The Reports on Observation of Standards and Codes (ROSCs) are not user-friendly, oftentimes outdated and the information they contain is spotty, time-consuming to use, and too qualitative. There are also problems in exerting pressure on private market participants to base their decisions on criteria linked to a public-sector initiative. Outreach efforts by the Bretton Wood Institutions (BWIs) to promote the use of their products might be seen as an attempt to supplement their conditionality with additional market-based sanctions – an approach likely to be contentious.
3. **Market participants prefer information that can be quantified or used in a classification system that can be incorporated in tick boxes.** However, implementation of S&C is a process, and not designed to meet fixed target deadlines for compliance or provide pass/fail tests. Such a process necessarily requires qualitative assessments. Simplistic quantification and classification risk producing scoring systems capable of creating one-way expectations and bandwagon effects in the market. If market participants are left to make their own discretionary judgements on a country's level of compliance, there is a better chance of a more reasoned assessment. Thus the use of quantitative scoring systems by multilateral agencies is likely to be counter-productive. Since the qualitative as well as the quantitative dimension of compliance is important, a purely or largely quantitative assessment framework contradicts the objectives of the whole exercise.

4. **The question of "ownership" by developing countries** has arisen because of the limitations on their participation in standard setting. The reality is that many of the S&C are based on benchmarks appropriate to developed countries and their application to developing economies is a potential source of competitive disadvantage, especially in the financial sector. The "ownership" issue is linked to the problem of asymmetry, and to the greater dependency of developing countries on seals of good housekeeping from the BWIs for access to private finance. The effects of this asymmetry increase as the BWIs move from using monitoring of standards and codes as an element informing surveillance to including compliance to standards and codes in their lending decisions. If S&C eventually become a part of conditionality, asymmetries in the way in which they are formulated, implemented and used will come still more sharply into focus since industrialised countries no longer borrow from the BWIs.

5. **Sequencing and prioritisation is a key issue.** Given the need to balance resource constraints with implementation targets, a “big bang” approach is not optimal. A more gradualist approach, taking into account the complexity of legislative reform, the multiplicity of country objectives and the need for consensus building, would be more effective. As the Codes are interlinked, implementation must be viewed in a holistic manner. Individual segments are only meaningful if progress is also made on a broader front.

6. **Additional factors relating to human and financial resources and capacity constraints were identified as limitations on the BWIs serving as global monitors.** One alternative would be greater use of self-assessment combined with a peer review process. The FATF model was seen as an example in this regard. The BWIs would still have an important role in co-ordinating the process and providing technical assistance to assist some countries in self-assessments and implementation. The BWIs could also play a useful role as providers of links to sources of information at country level on self-assessments, thus facilitating use of this information by market participants.

7. **In the absence of decisive economic proof of the benefits and appropriateness of S&C and the ownership and asymmetry problems mentioned above,** incorporating S&C in IMF conditionality was not seen as desirable. Another point made in this context was that the conditionality of an IMF programme applies during the relatively short period while it is in force. However, implementation of S&C is gradual and in some cases may take as long as a quarter of a century.

8. **The principal objective of setting up the Financial Stability Forum was to make it easier to achieve global financial stability.** There was agreement that while progress in S&C implementation might make only a limited contribution to the objective of preventing financial instability, they had nonetheless been useful for benchmarking progress towards development and reform of financial systems in several countries.

9. **The role of information and improved transparency in crisis prevention is limited for various reasons, of which two were specially emphasised.** Before the crisis in East Asia, relevant information was widely available but did not seem to have been properly used by market participants. In fact too much information can actually contribute to herding behaviour and increased volatility. Nevertheless, it was recognised that contagion might have been avoided at the time of the recent Argentine crisis thanks to the greater availability of information.

10. **Credit rating agencies looked favourably at countries that had published ROSCs although there is no conclusive evidence that the resulting upgrades in their assessments had led to lower spreads on international bond issues.** Credit rating agencies look mainly at the standards on data dissemination, banking supervision and the overall health of the financial sector, fiscal transparency, and transparency regarding monetary and financial policy. The provision of data on official reserves and international investment positions were also seen to be helpful in ratings decisions. While the agencies recognise that issues such as corporate governance were important, these were considered less likely to be proximate causes of a sovereign default.

I Introduction

The establishment of the Financial Stability Forum (FSF) in February 1999 by the G7 finance ministers and central bank governors was an initiative in response to the East Asian crisis and reflects consensus as to the importance of co-ordinating globally certain aspects of domestic financial and regulatory policy and institutions under the rubric of Standards and Codes (S&C). This initiative recognises the need for making adjustments to the international financial architecture resulting from a changing global financial environment. Increasing financial integration and the concurrent expansion of cross-border flows has meant that problems in one country can have rapid and significant knock-on effects in others. The significance of private capital flows has increased in the last decade in both developed and emerging markets. Recent experience has demonstrated that as developing countries integrate themselves into the global economy, their national economic and financial policies become a matter of greater concern to other members of the international “club” who want reassurance that everyone is playing by broadly the same rules, or at least is not exposing the club to unreasonable risks. Furthermore, the recent history of emerging-market financial crises provides circumstantial evidence that shortcomings in financial regulation and supervision, transparency and market integrity have contributed to the incidence and severity of such crises. The condition of the balance sheets of all segments of the economy is now seen as a factor in explaining crises – thus the S&C exercise is seen as a way to systematise the lessons from past experience. The principal aim of the S&C exercise is global financial stability through better information and improved governance of financial and non-financial corporate systems. It is an attempt to develop an international rules-based system for crucial areas of domestic policy and institutions in recognition of the linkages between national and international regulatory arrangements and between markets and international institutions.

The FSF identified 73 standards, out of which 12 were selected as core standards in the three areas of macroeconomic policy transparency and accurate, and timely data dissemination, institutional market infrastructure, and financial regulation and supervision. The nature of those standards differs for each area. For example, in terms of macro policy and data transparency, the standards are not about the substance of policy per se, but about information provision and disclosure procedures. As far as market institutions are concerned, the standards are more prescriptive, but in terms of broad principles. For regulation of payment systems, for example, it is a mixture. There are broad principles but few specifics on implementation. Adherence to S&C in these three areas is seen by many to be a fundamental step in reforming the international financial architecture.

However, there are several elements of the S&C process, which raise serious issues from the perspective of developing countries. Standards setting in many areas appears to be the unique preserve of the industrial countries represented on the FSF; the governing organs of the Bank for International Settlements (whose chief executive chairs the FSF) do not include developing countries either. This lack of representation has led to the aphorism “no harmonisation without representation”. As against the view that banking is no different in developing countries than in developed countries and can therefore be subject to uniform rules, a contradictory voice questions the wisdom of applying financial standards globally that have not prevented crises in the developed countries. Similar issues arise with the codes on corporate governance drawn from the practice of advanced countries that current events have shown to be less than effective in preventing widespread abuse. However, S&C cover several areas where the debate is less acrimonious. Many emerging markets have undertaken reforms in order to reduce their vulnerability to crisis by improving the transparency of their economies and financial sectors. The issue of implementation costs (monetary/human resources) in the developing countries should not be underestimated, but should be considered alongside the costs of failure – leading to a delicately balanced equation.

The Overseas Development Institute organised a conference on ‘International Standards and Codes: The Developing Country Perspective’ with support from DFID and the Commonwealth Secretariat on 21 June 2002. The aim of the conference was to highlight policy issues both at a global level and for individual developing countries in implementing international S&C, and how the process itself could be more effectively adapted to suit the needs of both developing and developed economies, while at the same time contributing to the overall objective of global financial stability. The conference brought together policy makers from a wide range of governments, central banks, international organisations, and economists from research institutes, universities and non-governmental organisations, and representatives from the private sector involved in the S&C debate. Both the conference programme (Appendix I) and the final list of attendees (Appendix II) are included with this report.

This report reflects the views of policy makers, private market participants, including credit rating agencies, and academia. It was recognised that compliance with standards and codes is a global problem and not just one of emerging market and developing countries. Although contrary views emerged regarding the design, impact and intent of codes, the debate made a fair deal of progress in some crucial areas, most importantly in the discussion on self-assessment versus global monitoring and on the merits of conditionality versus ownership. The debate on information and transparency

indicated the market preference for quantitative measurements so that the qualitative nature of the standards and codes process had contributed to weak market interest and response. While information was viewed as useful in constraining contagion, too much (for example, in terms of frequency of reporting on reserves) was seen as likely to contribute to herding behaviour and volatility. The case studies highlighted that S&C could at best be treated as principles of international best practices, which would have to be adapted to local conditions and which would be implemented over an extended period of time. The report concludes with a series of open questions to further the debate.

The report is structured along the principal issues discussed:

- Present level of compliance and the incentive structure for compliance in the developed and developing countries
- Policy Ownership, the 'One-Size-Fits-All' Dilemma and The Challenge of Sequencing
- Resource constraints in implementation and the role of technical assistance
- Issues in monitoring standards and codes: Are self-assessments the answer?
- Should standards and codes be a part of conditionality?
- Adherence to standards and codes and its impact on credit rating and access to finance
- The role of information in crisis prevention and the information generation process

II Present Levels of Compliance and the Incentive Structure for Compliance in Developed and Developing Countries

Information on global compliance is derived from three main sources: Reports on the Observance of Standards and Codes (ROSC) from the IMF, country self-assessments and a private sector initiative, eStandardsForum.com. To date 53 ROSCs have been published for the 183 IMF member states of which 34 are available for non-OECD countries. ROSC modules have been published for less than 30% of the IMF membership; less than 23% in Latin America, and less than 19% for all emerging and developing countries. Some were completed as far back as 1999, while others have been updated more recently. These problems are not likely to improve in the near future, due to capacity constraints of the IMF and World Bank. Extending country coverage for the entire membership to the current average (4 ROSCs per country) would require 8 years for the IMF, and 23 years for the World Bank. With such heterogeneous country coverage and lack of periodicity, ROSCs are currently unable to provide a clear picture of compliance on a global level.

Only two country self-assessments, for India and the other for the United States are in the public domain. The private sector initiative, which ranks 85 countries on their compliance with 12 core standards, shows that non-compliance is not restricted to emerging markets and developing countries; it also extends to major industrial countries. Germany, for example, does not comply with the IMF code on fiscal transparency, while Japan does not comply with the code on monetary transparency. Therefore, a principal objective of the standards and codes exercise - enhancing international financial stability through improved global information - remains a problem, as only 48 out of 183 member countries subscribe to the SDDS. The same gaps apply to the transparency codes. Thus the progress made since the East Asian crisis is limited.

Global financial stability can be enhanced only if all countries participating in financial markets comply with standards and codes. The incentive structure for compliance is however asymmetric, with incentives less attractive for industrial countries. This incentive structure contains three parts: (1) positive incentives, such as self-interest, technical assistance and policy advice; (2) official incentives - for example, making access to IMF and World Bank funding conditional upon compliance with S&C, restricting access to membership in international groupings based on compliance, or charging higher fees for BWI funds for countries that are not in compliance; (3) market incentives, which can take several forms: dissemination of information on compliance; encouraging private institutions to be concerned about compliance with S&C, and to include this information in their risk assessments; restricting market access either for non-complying countries or foreign institutions on the domestic capital market; and restricting access of non-complying domestic institutions to selected foreign capital markets. Some examples of this may include: (a) banning the listing of a non-complying country's debt securities and/or shares and debt securities of companies resident there, on the sanctioning country's stock exchange, or (b) banning the sale of these debt securities to investors resident in the sanctioning country.

The argument was put forward that the above-mentioned incentive structures might not apply in the case of industrialised countries. Positive incentives do not work because (a) self-interest is muted because crises are viewed as an emerging-market phenomenon, and (b) exchange rate risk and technical assistance are not issues because industrialised countries can borrow in their own currencies and do not require technical assistance. Similarly, official incentives are not applicable for industrialised countries, as they no longer borrow from multilateral institutions. In response, it was noted that the G7 countries are aware of their susceptibility to crises in several of the areas that the S&C address. The Scandinavian banking crises in the 1980s and 1990s, the Savings & Loan scandal in the U.S., the current problems in the UK insurance sector, and the fall of Enron,

WorldCom and Global Crossing for example, highlight the need for better supervision and regulation in the industrialised economies. These failures have shown G7 countries the importance of integrity over simple profitability measures such as cash flow. As good governance can be a proxy for good management, and good management is producing superior returns, then encouraging regulatory best practice is indeed in the interests of investors and executives alike.

On the market side, the asymmetry is laid bare by the tendency to assess information on compliance differently for developed and developing countries: the former group is not punished for non-compliance to the same degree as the latter in terms of credit rating or access to capital markets. Additionally, a lack of market awareness of S&C in general means that private agents do not take compliance information into account when making their lending decisions. It was pointed out, however, that credit rating agencies have begun to use compliance information in their rating decisions. It was further argued that the focus of compliance should be on the major players in the global marketplace, and not just on developing countries. On a more general note, participants noted that several standards, such as those relating to money laundering and data dissemination, did not contain such asymmetries and that in general the debate on S&C outside of the realm of financial sector regulation and supervision was much less acrimonious.

Several participants pointed out that differences exist in how the S&C process has been initiated in developed and developing countries. In many developing countries, the S&C process was influenced by a crisis. In Mexico, for example, the decision of the government to sign up for a pilot study for the SDDS was to a significant extent influenced by the 1994-95 crisis. The S&C process, however, began in earnest only in 2001. In Indonesia, adherence to SDDS allowed the government to allay fears over levels of reserves after the East Asian crisis, and permitted several other countries to proceed with reform without lingering doubts over their credibility. In India, however, the financial sector reforms did not originate with S&C; rather the S&C self-assessment process grew out of a reform programme that began in the 1990s. In the UK, it was noted, the direction of causation between compliance and reform went both ways.

III Policy Ownership, the 'One-Size-Fits-All' Dilemma and the Challenge of Sequencing

III.1 Problems of Ownership, Representation and Appropriateness

The international community has defined a global rules-based system as a tool for crisis prevention and maintaining international financial stability. As S&C are meant to establish global rules for all

players in financial markets, it is not surprising that there was a considerable amount of debate among the participants on whether the S&C process accommodated the views of developing countries, whether the standards themselves were appropriate for developing countries, what sort of problems arose with a 'one-size-fits-all' approach, and how best to achieve policy ownership for maximum effectiveness.

A lack of policy ownership by developing countries has arisen from the absence or restricted participation of developing countries in several standard-setting bodies. The reality is that many of the codes are appropriate benchmarks for the developed countries; using them for developing economies can create competitive advantages for industrial countries in the financial sector. Ownership of regulatory policies would also be greatly facilitated if the treatment of borrowers and lenders was more symmetric. The burden of providing information is asymmetric; the developing world is expected to follow transparency rules but this is not necessarily expected of the lenders. It was contended that information on the share of a portfolio allocated by financial institutions headquartered in mature capital markets to a particular country and the time period during which this share would be reached and maintained would enable developing countries to plan the financing of their resource gaps in a more effective manner.

The question of appropriateness was raised in the context of the limitations to the codes, and where they conflicted with developing country objectives. Several examples were mentioned:

- While transparency can be beneficial, excessive disclosure can lead to adverse market reactions (see Section VIII).
- The new Basle II framework has been criticised in several areas. The absence of provisions for land and housing as collateral are problematic where legal regimes cannot accommodate other transactions. The two new systems of measuring credit risk may increase the volatility of private debt flows and levels inter-bank lending. The codes do not account for differences in the depth and efficiency of capital markets. Moreover, adherence to capital adequacy requirements has failed to prevent crises, even in the presence of net equity growth.
- IMF research shows that implementing IOSCO principles, while exceedingly costly, does not significantly increase a country's ability to raise finance.

In response, there were concerns that the desire for ownership had to be balanced against manageability. If the process became too participatory, then there was a danger that the integrity and robustness of the standards themselves would be compromised, and that assessment and

enforcement would be much more difficult. If the standards became too aspirational, regulators, who often focus on measurable objectives, would find it very difficult to apply them. Second, the process of securing agreement amongst sovereign states is seldom easy – it just about works for the Basel Committee, which has only 13 members – but there were valid concerns about the manageability of a process which required the consent of dozens of countries before it could proceed. Mechanisms had to be put into place to reconcile these two objectives.

An important element of this debate was that the issues of concern over S&C varied from country to country. For example, the Mexican authorities did not feel that ownership and appropriateness posed a problem in their country, but at the same time stressed that ownership was an important issue. They felt that the S&C process represented a useful input for their own financial reform measures of 2001, requiring them to carry out self-assessments in each sector with reference to an international standard. They felt that the use of standards was consistent with the country's development, the absence of technical assistance was not a problem, and the evaluations did not imply a pass or fail approach but instead provided constructive criticisms, and positive views and recommendations. In Indonesia, on the other hand, there were problems generating parliamentary support for S&C reform, as compliance was linked to accessing international finance.

The lack of economic proof that observance of S&C helped developing countries was a problem for many participants, who noted the difficulties in building a domestic consensus around the need to divert scarce administrative and technical resources for enhancing compliance. The expected benefits of compliance in terms of increased capital market access, narrower spreads, and longer maturities had not visibly materialised – and in countries with less open capital accounts, the benefits of compliance were even less clear. Large banks continue to lend money to countries with little or no transparency, especially where natural resources are involved. As considerable resources had to be expended to establish reporting systems and launch campaigns to educate private-sector participants, the lack of clear benefits made national policy-makers reluctant to divert additional resources away from socially vulnerable groups. Many participants felt that there was a weak correlation between compliance, growth and economic stability – the connection was based on judgement rather than on hard data, and that several other factors (including political stability and rule of law) had to be taken into account.

Given the concerns about representation, appropriateness, manageability, and the lack of economic proof of the benefits of compliance, one could not have a single set of rules to cover all countries. Many participants felt that it would be better to work with principles rather than rules. As a

priority, one could for example, focus on healthy balance sheets in the macro, financial and corporate sectors, which do not subject the economy to risk and are crucial in averting disaster. The World Bank is already working on financial soundness indicators. Technical assistance can play a role in ensuring the quality of financial sector balance sheets. But rules going beyond this, whether formal or informal, which take the form of conditionality, can detract attention from this vital area.

III.2 Prioritisation & Sequencing

A consistent theme was that implementation of S&C had to be seen as a long-term project. Several participants suggested a minimum time-scale of 25 years. They highlighted the importance of keeping expectations at realistic levels, especially at the outset where awareness of S&C outside of specialist circles was minimal. This consideration brought into relief the importance of how implementation should be sequenced. In light of the need to balance resource constraints against compliance with as broad a set of standards as possible, it was necessary to determine how many and which standards should be at the top of the list, and whether or not countries should be able to choose their own timetables and decide how rapidly the standards should be implemented.

There were two main arguments put forward in this debate. One argument stated that, given considerations of different country objectives, and varying availability of resources for implementation, some countries might be able to move faster than others. While countries should move as quickly as possible towards making their financial systems more robust and resilient, a ‘big bang’ approach would not be ideal. It was argued that the risks inherent in implementing certain standards required a well thought out preparatory stage, and this has led to a growing acceptance for a more gradualist approach to implementation, where prioritisation is crucial to accommodate the variety of economies in their capacity to provide data and resources. In this regard, more research is needed to ensure proper sequencing of implementation efforts and the preservation of financial stability in the transition period. Efforts to ensure implementation, it was felt, should not distract from other policy measures, given the multiplicity of causes of financial crises.

Other participants, however, made two points in this regard. The first was that while prioritisation should account for different economies, certain standards should nonetheless be implemented first in all countries. For example, it was noted that banking instability has been a feature of low-income African countries throughout the 1980s and 1990s, and bringing those countries into compliance is a key objective for ensuring financial stability in the region. Another rejoinder to the argument for sequencing was that some actors in the private sector, most notably credit rating agencies, have

determined that certain standards are more likely to be proximate causes of a sovereign default, and that efforts were better focused on compliance in these areas.

The Indian experience showed the dynamic nature of implementation and the need for sequencing. In monetary policy, for example, the advisory group recommended an MPC-style mandated inflation control. However concerns arose over asset price stability and support for a broader set of objectives such as those pursued by US monetary policy. Additional considerations of fiscal stability and deficit financing led to suggestions that parts of the fiscal transparency code had to be implemented as well, and that elements of the fiscal code were incompatible with India's federal structure. Similarly, a parliamentary committee diluted a bill on fiscal responsibility with explicit targets for deficits. This experience indicated that the modalities of consensus building and the processes of implementation had to be adjusted to each context. While uniformity is possible for the standards on economic and financial transparency, and to a certain degree for banking supervision and regulation, a more flexible approach was needed for questions of institutional and market infrastructure.

Several important variables – such as the independence of regulators and supervisors, their political clout and the resources made available to them were noted as crucial when considering a possible timetable for implementation. The multiplicity of developing country objectives meant that S&C, as tools of governance, had to be evaluated on the same level as other governance requirements such as representation, fairness and efficiency. Several participants pointed out that these complexities require an approach analogous to human rights covenants, namely the idea of progressive realisation, where countries were allowed to take concrete, deliberate and targeted steps towards compliance. The linkages in the codes must also be taken into account. For example, since there is a considerable overlap between payments/settlement systems, securities markets and banking supervision, compliance in one area cannot be divorced from elements in the others. Change has to be carried out in a coherent and co-ordinated manner. Similarly, when looking at the relation between corporate governance, bankruptcy law and bank performance, it becomes evident that in reforming the bankruptcy law it is important to clearly identify stakeholders in the company, and to provide for a transparent and predictable claims process. Thus financial reform has to be seen as an integrated package of reform and capacity building rather than just addressing any single element at a time. Several participants highlighted the importance of institutionalising reform and more specifically assigning responsibility for reform, so that domestic agents clearly understand who is responsible for co-ordinating implementation efforts at the national level.

IV Resource Constraints in Implementation and the Role of Technical Assistance

Resources, both at the domestic and international level for implementation and conducting self-assessments, were identified as a problem for S&C compliance. While initiatives are underway to address this issue, the conference participants were unable to agree on where the resources could be found for both implementation of standards and conducting self-assessments.

There is an asymmetry regarding resource needs between developed and developing countries. Since the standards are derived from industrialised country best practices, and many do not depend on technical assistance, resources are much less of a problem. Developing countries, however, are often in a position where full compliance requires deep changes in institutional structures. Costs of implementation are very high, and most developing countries cannot implement many standards without some form of external assistance. It was noted that many African countries, for example, are still at the stage where they are building vital databases and are in no position to disseminate data that does not yet exist. Developing countries also face substantial infrastructural constraints such as lack of legal support, delaying compliance in areas such as money laundering and payments systems that require substantial supporting legislation.

An important initiative announced by a number of industrial countries, the U.K and Canada, and supported by the BWIs, seeks to fill the funding gap through the FIRST Initiative. This initiative was designed to give technical assistance grants to help developing countries for capacity-building in financial regulation and supervision and development, covering 9 of the 12 core standards (i.e. those addressing institutional and market infrastructure, and financial regulation and supervision). The initiative places an emphasis on low-income countries, though there are funds available for middle-income countries as well. It currently faces two main problems: (a) only \$45 million are available to cover the entire problem over several years; and (b) while spending is focused on low-income countries, very few have completed Financial Sector Assessment Programs (FSAPs); and (c) ROSCs have focused on areas outside out the FIRST mandate. So identifying projects will be a problem, particularly in low-income countries.

Several participants agreed that while this was an important initiative, there were still substantial resource requirements that had to be addressed. Other technical training programmes particularly related to banking supervision and regulation are announced on the FSF web site. A suggestion was made that the BWIs should take up a much larger share of the cost of providing technical assistance. It was pointed out that almost one third of the IMF's administrative budget is already being spent on

technical assistance and that at the margin, every dollar of incremental cost of technical assistance is paid for by the borrowers, who happen to be developing and transition countries. The role of the BWIs in coordinating and assisting in self-assessments was nevertheless considered a necessary part of the process.

V Issues in Monitoring Standards and Codes

Monitoring compliance with standards and codes is central to maintaining financial stability, and yet several problems exist with the present monitoring mechanism. Firstly, it is difficult to get an overview of global compliance, as ROSCs, self-assessments and private sector initiative are the only sources that are available presently. The BWIs' main instruments for global monitoring, FSAPs and ROSCs, were seen to be useful for the countries involved, and while it was felt that the BWIs' themselves are in a unique position to provide objective information on compliance, there was widespread scepticism about their capacity and about the appropriateness of using them as the main monitors of global S&C compliance. As the BWIs moved towards 'informing surveillance', i.e. where Article IV consultations increasingly addressed compliance to standards and codes, these considerations become crucial. In the end, most participants agreed that that, given considerations of feasibility and objectivity, self-assessments backed by peer reviews seemed the best way forward.

The limitations of the ROSC process (Section II) have made it clear that the BWIs do not have the administrative capacity to provide adequately up-to-date information on compliance. For example, in the case of Argentina, the banking supervision ROSC currently online dates from April 1999 and therefore is hopelessly outdated, given the events of the previous months. Timeliness of data is critical. Although the ROSC modules would have to be updated frequently in order to be useful, capacity constraints meant that the BWIs would be unable to do so with the appropriate periodicity. This argument introduced a wider debate among the participants about the capacity, appropriateness, and jurisdiction of the BWIs as global monitors of compliance and led to calls for self-assessment along the lines of the FATF model.

Several participants also pointed out that a BWI-led monitoring process could result in conflicting objectives. The first involved the incompatibility between assisting financial reform and providing public information on compliance with a single template for its entire membership. Also, by trying to get private market participants interested in their work the BWIs might be seen as seeking to

impose market discipline in addition to their own discipline. Finally, while the BWIs have tried to avoid a coercive element in their work, yet their need to achieve full coverage of countries that have the potential for causing instability has led them to exert a certain amount of pressure, even when the countries in question are not convinced of the benefits relative to the costs incurred.

The FSAP process was, however, viewed as having several complementary benefits. The FSAP exercise was used as part of the discussion on legislation for financial sector reform that was already under consideration in Mexico. The findings of this case were echoed by another participant, who noted that the G7 countries had also found the FSAP process instructive and helpful, and that application of the FSAP/ROSC process across both developed and developing countries was crucial to the perception that the G7 were ‘taking their own medicine’. There was also a distinction to be made between the FSAP and the ROSCs: developing countries were more interested in the former, which they see as a more comprehensive assessment, with issues such as central bank autonomy, exchange rate policy, macro-prudential issues being considered, whereas some of the individual ROSC modules were seen at best as of secondary importance compared with the FSAP exercise. As such, many countries are asking the BWIs to take up this task – 12 pilot exercises have been completed, and another 48 are in the pipeline.

There were additional concerns about a ‘jurisdictional gap’ in the case of the World Bank. While the IMF has the authority to assess all its 183 member countries through the Article IV process, the World Bank does not have any kind of direct monitoring authority in relation to its Part I members. It was pointed out, however, that the FSAP program is a joint exercise of the IMF and the World Bank, and Bank staff are being attached to Article IV missions to industrial countries where there is a need to focus on those standards that are the primary responsibility of the World Bank (i.e. corporate governance, auditing and accounting and insolvency regimes and creditor rights).

In light of these considerations, two models of self-assessment were presented: that of the Indian government, and the FATF. Rather than doing the assessment through existing regulators or agencies, the Indian government set up standing committees consisting of experts, acting in their independent capacity. The reports of these committees, covering a wide range of standards, attempted to describe the level of compliance with internationally agreed standards, the nature of any differences between domestic and international standards, the feasibility of bridging the gap and the resources needed to do so. This more qualitative approach allowed the Indian government to address several issues such as: the legal and institutional framework, and its associated programme of law reform; the roles and attitudes of the public sector in shifting economic activity into the

private sector; and the effect of compliance with international standards on growth, stability, competition and efficiency.

The FATF model relies heavily on self-assessment coupled with peer reviews (done at discrete intervals) that concern issues of particular interest to FATF members, who focus on various implementation questions. It was noted that the real discipline in the FATF annual self-assessment process was knowing that once every three years, someone from the outside would check the self-assessment, and it made for great caution about how one went about the self-assessment – avoiding the trap of writing complacent and self-congratulatory assessments. Against this it was noted, however, that the external assessments are rather superficial and inaccurate, and that some combination of the Indian and FATF models might be necessary to overcome those problems. Several participants noted that self-assessment backed by peer review effectively addressed the issue of ethnocentricity and bias, and that unless the process of assessment was transparent and accountable, many countries might ignore the recommendations of multilateral agencies on the grounds that they reflected ethnocentric policy models or views, which they could not do when answering to their peers.

The arguments in favour of BWI-led monitoring began with the assertion that whatever its benefits, the self-assessment mechanism was not providing adequate and accessible results. Several participants noted that for investors who have to make decisions about investing among dozens of countries, it was an enormous help to have a centralised location where the information was available in a standardised format and are based on uniform definitions. It was suggested that at least the BWIs could use their sites as a portal by providing links to country self-assessments for example. This suggestion was welcomed, as there are fewer resources involved in placing a link on a BWIs website, than in going out and collecting the information themselves. The FSAP/ROSC exercise is a learning process for the BWIs as they learn more about how the countries' financial systems work leading to a year-by-year improvement in surveillance work. Technical assistance can play an important role in both self-assessment and implementation.

VI Should Standards and Codes Be a Part of Conditionality?

The original intent of those promoting the S&C processes was that implementation would be voluntary. However, there is a perceptible shift in emphasis in some quarters towards the view that compliance should be made a part of IMF and World Bank conditionality, that is, that official incentives should move centre-stage to push the S&C process forward.

The main argument against conditionality focused on ownership, namely that imposing policies would unnecessarily undermine the crucial domestic consensus building around reform. A sentiment that some countries could not be expected to implement standards unless these were made a part of conditionality was rebutted by the statement by developing country participants that they ‘know a good thing when they see it’; as long as S&C policies were seen to be appropriate and effective, and not imposed, domestic support would be easier to achieve. Indeed, several countries had already achieved compliance without conditionality.

A second consideration was that conditionality should be related to the length of the programme for which one was lending. If one were lending for a period of three to five years, then imposing a condition that could only be met over a much longer period would be inconsistent. Since standards compliance is seen to be a long-term project (some suggested as long as 25 years) it was not well suited to programmes designed to meet short-term objectives. While there were possibly elements of conditionality that could be appropriate in a more short-term crisis environment, some participants felt that it was not optimal to make compliance a part of the conditionality package even in such cases.

Another argument against conditionality tied into previous discussions on effectiveness, namely that to link program conditionality with compliance was to make the assumption that if a standard was successful in a certain context, that applying it elsewhere would lead to the same outcome –This implied a failure to distinguish between the different set of circumstances in which conditionality is applied.

VII Adherence to Standards and Codes and its Impact on Credit Market Ratings and Access to Finance

There were perceived weaknesses in the market response to information on compliance — why was available information not being absorbed into daily market lending and investment decisions?

The debate began with several participants pointing to limitations on the usefulness of compliance information currently available, especially the ROSCs published by the IMF and World Bank. First, there was a general lack of awareness of S&C among market participants, and as a result, many could not accurately interpret the information contained in the ROSCs. This was not helped, several delegates noted, by the inaccessible and turgid prose of the documents themselves, which foil any investor’s attempts to understand them. Secondly, there were serious problems in country coverage

and publication, and, as noted in the previous section on monitoring issues, the capacity of the BWIs to bring global coverage to an acceptable level. It was pointed out, however, that many of the delays in publication were not mechanical, but rather a matter of deliberate policy — many countries do not want ROSCs to be published, and as the largest number of unpublished ROSCs are in the areas of fiscal and monetary transparency, it was not surprising that the market did not take ROSCs seriously. Also, many countries that already have good capital market access are often not very keen on diverting resources away from politically and socially sensitive areas to implementing S&C requirements.

Despite problems with information sources on compliance, the credit rating industry had begun to use ROSCs as a part of their ratings criteria in relation to sovereign debtors. One participant pointed out that although countries that publish ROSCs do not necessarily benefit from narrower spreads, some credit rating agencies ‘look more favourably’ upon countries that undertake publication. Credit rating agencies mainly look at three standards, namely data dissemination, banking supervision and the overall health of the banking sector, fiscal transparency, and monetary and financial policy transparency. While they recognise that issues such as corporate governance were important, they were seen to be less likely to be proximate causes of a sovereign default.

Delving further into this subject, participants noted that there was very little correlation between compliance and changes in ratings. A survey of country ratings found, for example, several countries that had spent enormous resources towards complying with the SDDS, but which were not investment grade because of problems with their macroeconomic environment. Similarly, many countries, such as China, Kuwait, New Zealand, Greece, and Malta, had investment grade ratings without complying with the SDDS. With the notable exception of China, these were mostly countries with small populations where, given the substantial fixed costs of implementation, the cost of compliance was regarded as too high. It was further noted that only 20 ROSCs were published for countries below investment grade.

However, it was found that there was a correlation between the publication of ROSCs and whether a country was upgraded or downgraded. In a 3-year perspective, countries that had been upgraded had an average of 2.7 reports per country; the ones downgraded had 0.8 reports. Overall, the relationship was significant at the 1% level. It was argued, though, that credit rating agencies were not upgrading countries because they publish ROSCs; there was only one instance where a ROSC had swayed a ratings committee in the case of banking regulation. It was also found that countries which have been upgraded were more likely to publish ROSCs, and this was attributed to the fact

that countries who are reforming (and hence being upgraded) are more likely to publicise their efforts. Of the 15 sovereign debt issuers who had problems issuing debt in 1998, nearly all of those who resumed debt issuance published ROSCs; on the other hand, emerging markets that did not have problems in 1998 but were participating in FSAPs were less likely to publish ROSCs – so countries which experienced difficulties were more likely to find value in publishing ROSCs.

From the perspective of credit rating agencies, the provision of official reserves data and international investment positions were seen to be extremely helpful in ratings decisions. This was aided by the success of a new reserves template, which provides a considerable level of detail on reserves, and has helped to avoid the non-disclosure problems that plagued many Asian economies during the East Asian crisis. There were, however, issues of whether or not disclosure of this information actually helped to prevent crisis.

In terms of improving the general market response, one participant noted that this may not be a market problem so much as a concern for the S&C policy community, which needed to develop the S&C further until they were more useable, and that concerns surrounding the weak market usage were premature. It was pointed out that, at one time, Article IV consultations were almost completely unknown to the market; now, they are known, digested, adopted and used as crucial components of country risk assessments. Thus it was only a matter of time before the markets began to absorb compliance information. One suggestion in this regard was to engage senior management and top-level executives in the S&C debate. However, this approach could only be feasible if the major players in the private sector could be convinced that compliance, economic performance and hence rates of return were linked in a robust manner.

Another point made was that while one could agree that the market does not put much weight on compliance with international S&C, it was quite a different thing than saying that the market does not take account of whether or not countries regulate their financial services and their corporate behaviour properly. There is a huge amount of evidence that the market does consider such things. Indeed, if one were to encourage a country to comply with international standards and codes, then by association one was possibly encouraging it to improve its financial sector regulation and performance, therefore influencing investors. There was therefore no reason to give up just because market participants do not read the FSAPs or ROSCs. The examples given were the contrasts between the Czech Republic, Poland and Hungary: in 1994 one was badly regulated and the other two were not, and the data showed that the investors deserted the former and went to the latter. Thus

regardless of whether or not countries saw immediate benefits in compliance in terms of better capital market access, the evidence showed that investors were eventually influenced in favour of better-regulated economies.

VIII The Role of Information in Crisis Prevention and the Process of Generating Information

The conventional view of data disclosure is that increased transparency served several purposes: it allowed markets to better assess risk greater variety of information available in the market means fewer surprises and less variation in the judgement of market participants. Thus increased disclosure allowed market participants to make more informed lending decisions and more effectively to distinguish between countries during times of crisis.

However, access to better information on compliance could not prevent crises and asset market bubbles, and sometimes played a role in feeding rather than preventing such crises. Taking a long-term perspective and looking at the currency market and the banking sector, there was evidence that despite improvements in data provision and transparency, the frequency of crises had increased, suggesting that data provision was not central to the prevention of crises. Looking at the Asian crisis, it was noted by several participants that the Asian economies at the time did not follow previous crisis models, and the accepted wisdom has been that the market did not have the right variables to look at, not that it was looking at the wrong variables. Thus the quest for better information has been seen as a continuous process that incorporates novel features and new situations, and that went beyond such indicators as fiscal imbalances inappropriate exchange regimes.

For example, the markets may have been looking at the wrong variables during the Asian crisis. A BIS report from 1997 on short-term lending in Asian economies shows that the necessary data indicating an increase in short-term lending to non-financial intermediaries was freely available at the time for those countries but this was widely ignored owing to favourable reports of other macroeconomic indicators. Moreover, it was noted that the US dot.com bubble occurred in a country that published a self-assessment viewed by the market as a model of transparency and disclosure, but was unable to prevent an asset bubble and the resulting collapse of share prices. Thus, it was argued by many participants, one comes back to the point, that there is a great deal to be learnt about both the benefits and limitations of disclosure.

The second assertion - that disclosure may actually act as a driver of financial crises - was framed in the context of the strategic game-theoretic behaviour of investors. It was argued that information has two dimensions. One is in risk reduction, where better information reduces risk. But information in asymmetric systems also plays a role in strategic positioning. In an asymmetric situation, for one player or one set of players to disclose more information does not necessarily lead to a better equilibrium because the nature of the equilibrium may change. Thus information does not necessarily lead to a better outcome and the structure of the game had to be examined before this question could be answered.

Moving to the real-world behaviour of investors, it was noted that the daily publication of reserves information by emerging markets, notably in Argentina after 1995, had led to a greater volatility in monthly reserves. Thus publication of such information can become fuel for self-fulfilling prophecies. Since investors are constantly watching the behaviour of their peers, increased disclosure can push the process of herding along. If one publishes information on, for example, the position of hedge funds or the degree to which major players are exiting a market, then there is a risk that a crisis can occur much more quickly, in a more destabilising way. From a developing country perspective, this problem becomes even more acute when there are problems in the macroeconomic environment – in such an environment, the publication of further ‘bad news’ may hasten economic collapse. This was put forward as having contributed at least in some cases to a possible reason for the non-publication of 48 ROSCs.

On the other hand, it was also pointed out that there is evidence that increased disclosure has helped to reduce contagion during financial crises. The recent history of currency crises, most notably in Argentina and South Africa, shows that there was containment of contagion at the end of last year since cross-border flows of capital have been affected only to a minor extent. In the case of Mexico, there was a persistent demand for Mexican equities despite problems in Argentina, indicating that the markets are being selective on the basis on better information, which in turn leads to the containment of contagion.

The awareness of S&C amongst market participants was acknowledged to be weak. While many felt that the ROSCs could be improved by expanded country coverage, prioritisation, compulsory and timely publication, and a user-friendly and streamlined format, there remained questions of how compliance information should be provided to the market.

The discussion focussed on the presentation of a private sector initiative called eStandardsForum.com, which assesses 85 IMF member states on their compliance with the 12 core standards identified by the FSF. The countries are given ratings of ‘full compliance’, ‘compliance in progress’, ‘enacted’ (i.e. the necessary legislation has been approved), ‘intent declared’ (i.e. by a credible authority that implementation will take place), ‘no compliance’ or ‘no assessment available’. The website uses only publicly available information such as ROSCs and self-assessments, and includes general information on economic and political variables.

The wisdom of such a ‘tick-box’ assessment was questioned by many. Some private sector participants, however, pointed out that while it was optimal for market participants to familiarise themselves with the economic context of a given quantitative assessment, many investors prefer a number- or score-based systems because of information costs and the need to make quick investment decisions on dozens of countries. Many participants pointed out that most fund managers had to make a yes/no or buy/sell decisions, and that a quantitative rating would emerge at some point regardless of how the information was presented to the market. In a sense, quantitative assessment was ‘part of the fabric of the investment society’, as one participant put it; for example, many pension fund managers were required to invest their members’ funds in certain investment grades only.

Other participants advocating more qualitative assessments, focused on the dangers of producing a simple number score for an inherently complex process. Firstly, it was argued that there is an ongoing tradition of markets basing judgements on a wide range of inputs, including Article IV consultation papers and IMF staff reports. Thus, quantitative judgements by multilateral agencies were unnecessary, because market participants will make their own decisions.

A second argument questioned the validity of numbers or scores for what was inherently a qualitative process. If S&C was indeed a process, it was asked, then how could one arrive at a fixed target for compliance? There was a possibility, then, that channelling compliance information through websites or credit rating agencies could blunt the richness of information on compliance. Several participants noted that if compliance is indeed a complex and interrelated process, then in the absence of expert knowledge on country conditions and the specific reasons for the compliance rating, there was a danger that producing a simple score threatened to create one-way expectations in the market. When each market participant made his or her own discretionary judgement on a country’s level of compliance, it led to a more reasoned opinion. Plugging numbers into mathematical models of risk creates the possibility of homogenous opinions in the marketplace,

which may exacerbate crises by encouraging herding behaviour. A score-based system, then, was seen by many participants as detrimental to the efforts of developing countries, and it should be part of the evaluation of those efforts to provide the additional information to enable the market to make a balanced judgement, and avoid the creation of one-way expectations. This discussion left open the issue of whether a peer review process was needed for information provided by private sector initiatives like the Standards Forum.

Lack of information on the extent to which the market is using information on S&C is also needed by countries to assess their country efforts of compliance are yielding useful results. The BWIs, for instance, could provide this information to individual countries.

IX Open Questions

Arising out of the meeting there were several questions with regard to standards and codes which remain open:

1. Can we ensure global participation of countries in the implementation of standards and codes? Are standards and codes meaningful for all countries?

Asymmetries in the incentive structure, discussed at the beginning of the report, are not treated in the FSF reports on the subject. This is presumably because domestic financial crises have been combined with external payments crisis only in developing and transition economies. But the past is not necessarily a good guide to the future. Imagine for a moment the problems that might be spawned by failure of a major global bank or by the collapse of a major hedge fund such as Long Term Capital Management (LTCM), in 1998. How far is the emphasis on emerging markets and developing countries in the discussion of implementation of S&C justified? Can a future crisis only emanate from this part of the world? Is implementation of the first priority for countries that are not financially integrated with global markets?

2. Is there a case for separating monitoring of standards and codes from the lending operations of IFIs to ensure global financial stability?

If so, how do we ensure that monitoring of standards are distinct from lending operations so that each exercise can be carried out more effectively? Presently, monitoring is carried out mostly under Article IV consultations. There is a tension between monitoring and lending operations. Will the goals of financial stability be served better if monitoring of standards is global and not linked to the lending function?

3. Who is responsible for providing information? Information on compliance for surveillance activity and assessment of risk by the private sector is vital. What are the advantages of the private sector supplying the information on compliance? What kind of peer review process would ensure that they function better than credit rating agencies in assessing the information on standards and codes? Should information of this kind not be a global public good?

4. What measure can the international community take to ensure that there is reciprocity in transparency?

Presently the degree of transparency varies across countries and incongruity in transparency can undermine the effectiveness of transparency. Transparency can enhance financial stability effectively when it takes place across countries and markets.

5. Do we need the same model of corporate structure globally?

Is it necessary to impose the Anglo-Saxon model on countries with varying structures and institutions? One argument may be that information coming out of similar structures is easily standardised and usable by the markets in risk assessments. Is it justifiable to expect countries to change structures and adopt models of corporate structure when there is no evidence that they can be imposed from above and work efficiently. Moreover, often they attract international finance that is a small fraction of the countries' GDPs?

6. How do we resolve the resource constraints for implementation?

While technical assistance will undoubtedly play a very important role in helping countries to strengthen their financial sectors, is the scale of resources required sufficient to support implementation in all countries participating in international financial markets? Have the agencies offering technical assistance any estimate of the scale of resources required?

7. How do we improve ownership and self-interest?

What efforts can be made to increase involvement of under-represented countries in the design and development of standards? How can we break the cycle of lack of incentives which leads to limited effectiveness of the S&C?

8. Should the emphasis not be on sound balance sheet management?

Healthy balance sheets at the macro levels and of the financial and corporate sectors are crucial in averting disaster. Comprehensive rules, whether formal or informal, in the form of conditionality do

not necessarily contribute to this objective. Thus in terms of prioritisation, is this not the first priority?

9. What are the other priorities?

In terms of the 12 codes is there any basis for selecting some codes as of higher priority? Which codes do fund managers and credit rating agencies take into account? Is it right to have a market-driven process in deciding codes?

10. Is the initiative enough to ensure global financial stability? How do we ensure stability in the transition period?

The prioritised 12 codes will take years to implement. How is financial stability to be ensured in the transition period? Moreover, we do not know how much even at the end of the transition period the 12 codes will contribute to financial stability. Financial crises have many causes, and the danger is that too much emphasis on standards can detract attention from other policy measures.

Appendix 1 – Key Standards for Financial Systems

Subject Area	Key Standard	Issuing Body
Macroeconomic policy and data transparency		
Monetary and financial policy transparency	Code of Good Practices on Transparency in Monetary and Financial policies	IMF
Fiscal policy transparency	Code of Good Practices in Fiscal Transparency	IMF
Data dissemination	Special Data Dissemination Standard (SDDS)	IMF
Institutional and market infrastructure		
Insolvency	Principles and Guidelines on Effective Insolvency System	World Bank
Corporate Governance	Principles of Corporate Governance	OECD
Accounting	International Accounting Standards	International Accounting Standards Committee (IASC)
Auditing	International Standards on Auditing	International Federation of Accountants (IFAC)
Payment and settlement	Core Principles for Systematically Important Payment Systems	Committee on Payment and Settlement Systems (CPSS)
Money Laundering	The Forty Recommendations	Financial Action Task Force (FATF)
Financial regulation and supervision		
Banking Supervision	Core Principles for Effective Banking Supervision	Basle Committee on Banking Supervision (BCBS)
Securities Regulation	Objectives and Principles of Securities Regulation	International Organisation of Securities Commissions (IOSCO)
Insurance Supervision	Insurance Supervisory Principles	International Association of Insurance (IAIS)

Source: Financial Stability Forum

International Standards and Codes: The Developing Country Perspective

Main Conference Room, Commonwealth Secretariat, Pall Mall, London SW1Y 5HX

21 June 2002

Morning Session

Chair - Winston Cox, Deputy Secretary-General, Commonwealth Secretariat

7.30 - 9.30 *England v. Brazil (Continental Breakfast will be served)*

9.30 *Registration. The seminar will begin at 10.00*

Welcome by Simon Maxwell, Director, Overseas Development Institute and Winston Cox, Deputy Secretary-General, Commonwealth Secretariat

Benu Schneider, Research Fellow, Overseas Development Institute

Overview of issues

Alastair Clark, Executive Director, Bank of England

Issues in the Implementation of Standards and Codes in the G-7 countries

Professor T.C.A. Anant, Delhi School of Economics

Implementation of Standards and Codes: Lessons from the Indian Experience

Javier Guzman, Director of International Affairs, Banco de México

Implementation of Standards and Codes: The View from Latin America

DISCUSSION

12.45 - 1.45 *Lunch*

Afternoon Session I

Chair - Winston Cox, Deputy Secretary-General, Commonwealth Secretariat

Miranda S. Goeltom, Deputy Governor, Bank of Indonesia

The View from East Asia

Mr D.T.S. Ballali, Governor, Bank of Tanzania

Implementation of Standards and Codes and Access to Finance

Aziz Ali Mohammed, Advisor to Chairman, G-24

Issues in implementing Standards and Codes through the Bretton Woods Institutions: The Developing Country Perspective

DISCUSSION

3.30 *Break*

Afternoon Session II

Chair - Benu Schneider

Michael Metcalfe and Avinash Persaud (State Street Bank)

Do we need to go beyond disclosure? The role of disclosure in ENRON and NASDAQ.

Lionel Price (Fitch Sovereign Ratings)

How does the implementation of Standards and Codes feed into country risk ratings?

Michael Bates (Oxford Analytica)

Can provision of information by the private sector fill the gap?

DISCUSSION

6.00 *Vote of thanks by Simon Maxwell and Indrajit Coomaraswamy*

**INTERNATIONAL STANDARDS AND CODES: THE DEVELOPING COUNTRY
PERSPECTIVE**

21 June 2002, Commonwealth Secretariat

SURNAME	FIRSTNAME	TITLE	ORGANISATION
Allan	Tony	Prof	SOAS
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Ballali	D.T.S.	Mr	Bank of Tanzania
Bates	Michael	Mr	Oxford Analytica
Bello	Tamar	Mr	DFID
Buire	Ariel	Mr	Oxford University
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Ellman	Anthony	Mr	Natural Resources Institute
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Gualberti	Giorgio	Mr	ODI / UNCTAD
Guzman	Javier	Mr	Banco de Mexico
Habbard	Pierre	Mr	Solagral
Haben	Piers	Mr	FSA
Hay de Vaux	Christopher	Dr	University of London
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Hewitt	Adrian	Mr	Overseas Development Institute
Juhn	Grace	Ms	Harvard University
Kovach	Hetty	Ms	The One World Trust
Krivoy	Ruth	Ms	Latinsource
Leape	Jonathan	Mr	CREFSA
Lewis	Andrew	Mr	HM Treasury
Lynch	Michael	Mr	HSBC Holdings PLC
Malcolm	Peter	Mr	CBI
Marsden	Rurik	Mr	DFID

Masenyetse	Calvin	Mr	Lesotho High Commission
Maxwell	Simon	Mr	Overseas Development Institute
Metcalfe	Michael	Mr	State Street Bank
Miyazaki	Masato	Mr	Financial Stability Forum (TBC)
Mohammed	Aziz Ali	Mr	G24
Monteiro	Ricardo	Mr	Brazilian Embassy
Murray	David	Mr	Transparency International UK
O'Callaghan	Angela	Ms	Overseas Development Institute
Page	Sheila	Ms	Overseas Development Institute
Patel	Pratina	Ms	University of London
Peretz	David	Mr	World Bank
Price	Lionel	Mr	Fitch Sovereign Ratings
Robinson	Ian	Mr	GMA Capital Markets Ltc
Samiun	Reshmo	Mr	Bank of Indonesia
Sangarabalan	Sanga	Mr	Crown Agents
Schiffes	Steve	Mr	BBC News Online
Schneider	Benu	Dr	ODI / UNCTAD
Silva	Sacha	Mr	ODI
Sloan	John	Mr	FSA
Smith	Robert	Mr	Emerging Market Economics
Spencer	Strahan	Mr	DFID
Stone	Robert	Mr	The FIRST Initiative
White	Ben	Mr	University of Leeds