



SCOPE AND FOCUS OF THE 2017 REVIEW OF THE STANDARDS AND CODES INITIATIVE

February 8, 2017

EXECUTIVE SUMMARY

The standards and codes (S&C) initiative was launched in 1999 as part of efforts to strengthen the international financial architecture. The initiative aims at promoting international best practices to improve economic and financial resilience through three intermediate objectives: assist countries in strengthening their economic institutions, inform World Bank and IMF work, and inform market participants. The four previous reviews confirmed a fairly high appreciation of the overall initiative. However, the related comprehensive surveys and engagement with stakeholders raised questions about the initiative's link to surveillance and capacity-building efforts, as well traction with market participants and policy makers. This paper is designed to engage with the Executive Board on the overall scope and focus of the 2017 review of the S&C initiative.

The continuous evolution of the S&C and work under the initiative has accelerated in several policy areas since the financial crisis. Several areas of the S&C have been substantially reformed (fiscal and financial codes) or updated (corporate governance and insolvency and creditor rights) to reflect evolving international best practices, while potential changes in some others are still under consideration (data and monetary and financial policy transparency). The overall level of assessment activity under the initiative has fallen moderately, with a sharp drop in formal Reports on the Observance of Standards and Codes (ROSCs) partly offset by an increase in other types of S&C based outputs, such as evaluations. Since the 2011 review, most of the changes to individual S&C policy areas under the initiative have involved direct Board engagement, and have aimed at improving operational effectiveness to promote international best practice in the specific area.

The review is an opportunity to discuss how the initiative may be adapted to maintain its relevance, and to capitalize on its achievements. The review will look at changes to the S&C and their applications—across and within the individual policy areas—and make recommendations on the overall initiative. This informal session to engage provides a factual update of the S&C initiative since the last review in 2011, and proposes a strategic approach to address gaps and weaknesses, coordinate reviews of individual policy areas and the overall initiative, and continue to strengthen the relationship with external standard setters and assessors.

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ACRONYMS AND ABBREVIATIONS

A&A	Accounting and Auditing
AML/CFT	Anti-Money Laundering and Combating the Financing of Terrorism
BCBS	Basel Committee on Banking Supervision
BCP	Basel Core Principles for Banking Supervision
CG	Corporate Governance
CPs	Core Principles
CPMI	Committee on Payments and Market Infrastructures
CPSIPS	Core Principles for Systemically Important Payment Systems
CPSS	Committee on Payment and Settlement Systems
CRDI	Crisis Resolution and Deposit Insurance
DAR	Detailed Assessment Report
DQAF	Data Quality Assessment Framework
e-GDDS	Enhanced General Data Dissemination System
FATF	Financial Action Task Force
FSAP	Financial Sector Assessment Program
FSB	Financial Stability Board
FSF	Financial Stability Forum
FSRB	FATF Style Regional Body
FTE	Fiscal Transparency Evaluation
FMI	Financial Market Infrastructure
GIFT	Global Initiative for Fiscal Transparency
IADI	International Association of Deposit Insurers
IAIS	International Association of Insurance Supervisors
IASB	International Accounting Standards Board
IAASB	International Auditing and Assurance Standards Board
IBP	International Budget Partnership
ICP	Insurance Core Principles
ICR	Insolvency and Creditor Rights
IFRS	International Financial Reporting Standards
IOSCO	International Organization of Securities Commissions
ISA	International Standards on Auditing
KA	Key Attributes of Effective Resolution Regimes for Financial Institutions
MFPT	Monetary and Financial Policy Transparency
OECD	Organization for Economic Cooperation and Development
ROSC	Report on the Observance of Standards and Codes
PEFA	Public Expenditure and Financial Accountability
PFMI	Principles for Financial Market Infrastructures
RCCP	Recommendations for Central Counterparties
S&C	Standards and Codes
RSSS	Recommendations for Securities Settlement Systems
SDDS Plus	Special Data Dissemination Standard Plus
UNCITRAL	United Nations Commission on International Trade Law

BACKGROUND

1. The IMF and World Bank’s Standards and Codes Initiative (the initiative) was launched in 1999—in the wake of crisis—to strengthen the international financial architecture. One year earlier, G-7 Finance Ministers and Central Bank Governors had called on the Fund and the Bank to play a central role in the promotion of standards, including with the Fund monitoring “in close cooperation with the standards-setting bodies, the implementation of these codes and standards” and the Fund, Bank, OECD and international regulatory and supervisory organizations “working closely together to provide advice and, where necessary, assistance to countries to help them meet these internationally agreed codes and standards.”¹ In 1999, the G-7 endorsed convening the Financial Stability Forum (re-established and expanded in 2009 as the Financial Stability Board, or FSB) with activities to include “where necessary, the development or strengthening of international best practices and standards and defining priorities for addressing and implementing them.”^{2,3}

2. These efforts reflected a recognition that, “in a globally integrated environment, international financial stability requires widespread domestic financial stability”⁴. During this period, the Fund and Bank also were developing the Financial Sector Assessment Program (FSAP). A 1998 report of the G-22 Working Group on Transparency and Accountability recommended that the Fund prepare Transparency Reports to summarize “the degree to which an economy meets internationally recognized disclosure standards.” In the early 2000s, these reports were broadened to include an assessment of countries’ observance of standards⁵ and became known as Reports on the Observance of Standards and Codes (ROSCs). Participation by member countries is voluntary.

3. Under the initiative, the Fund and the Bank Boards recognized a set of policy areas and their associated standards and codes (S&C) as important for maintaining sound financial systems (Annex 1). These areas align with the FSB’s Key Standards for Sound Financial Systems,⁶ and have been categorized by the Fund and Bank in different ways over the life of the initiative.

- The transparency standards, all set by the Fund, have included the data dissemination initiative (complemented by the Data Quality Assessment Framework), the fiscal transparency code, and the monetary and financial policy transparency (MFPT) code. These were initially identified as within the Fund’s direct operational focus when the ROSC pilot was initiated.

¹ *Declaration of G-7 Finance Ministers and Central Bank Governors*, October 30, 1998.

² Standards already established by the Fund included the Code of Good Practices on Fiscal Transparency and the Special Data Dissemination Standard; work was underway for a code of conduct on monetary and financial policy.

³ *Communiqué of G-7 Finance Ministers and Central Bank Governors*, February, 20, 1999.

⁴ *International Standards and Fund Surveillance* (EBS/98/116, July 10, 1998).

⁵ *International Standards and Fund Surveillance—Progress and Issues* (EBS/99/158, August 16, 1999).

⁶ The FSB also maintains a broader [Compendium of Standards](#) that lists economic and financial standards that are internationally accepted as important for sound, stable, and well-functioning financial systems.

- A second group of standards pertains directly to the financial sector and has been recognized as an area of direct operational focus for the Fund and the Bank. This includes financial supervisory standards covering banking supervision, securities regulation, and insurance supervision, as well as those standards related to financial market infrastructures, crisis resolution and deposit insurance, and anti-money laundering and combating the financing of terrorism (AML/CFT). These standards are all set by external standard setting bodies.
- A third set of standards, referred to as “market integrity” standards, includes insolvency and creditor rights, corporate governance, and accounting and auditing. The Bank is the standard setter, in consultation with the United Nations Commission on International Trade Law (UNCITRAL), for insolvency and creditor rights. The other standards are set by external standard setting bodies.

4. The early phase of this global initiative was marked by learning by doing by the Fund and the Bank on the modalities for monitoring and assessing compliance with standards.

Traditionally, the FSAP provided an opportunity for the most expansive formal assessment of many of the standards,⁷ although the initiative has seen variations in the way standards in the 12 policy areas are used, assessed, and published. As noted in the 2011 review, S&C work operates under a light administrative structure and without a central budget. The practices and adaptations reflect decisions made in different departments of the Bank and the Fund. Overall, while the objective of standards has remained as envisioned under the initiative, the coverage, use, and outputs have witnessed significant shifts.

5. The experience with some innovative S&C outputs, such as the new fiscal transparency evaluation, has been encouraging.

The Fund and the Bank have produced new outputs that use S&C to promote resilience and financial system development, taking into account materiality of the topics and the needs of the authorities. These include technical notes, direct reporting in Article IV reports, Selected Issues Papers, and Financial System Stability Assessments that delve more deeply into linkages between standards implementation and institutional conditions, and facilitate work with increasingly sophisticated or comprehensive standards. In the fiscal area, the Fund has revised its toolkit to enable a more rigorous and quantified analysis of countries’ fiscal vulnerabilities, and has produced an accessible summary of the strengths and weaknesses of country practices (in the form of summary heat maps) and more targeted recommendations. Experience with such outputs in other S&C work varies across the policy areas, reflecting the perspective that formal comprehensive assessments are but one mode among alternatives to support strengthened oversight and policy

⁷ The financial sector standards are typically assessed jointly with the Bank except for advanced countries for which the Fund is solely responsible to undertake FSAPs.

frameworks. The Bank also has developed toolkits drawing on selected standards to help countries develop their pension systems and foster financial inclusion.⁸ In addition, external standard setting bodies and the FSB have been stepping up their own efforts at monitoring and supporting implementation and propagating assisted self-assessments across member countries.

6. Nearly all of the membership has participated in the initiative. As of end-2016, the Fund and/or Bank had produced S&C outputs for 95 percent of member countries. In terms of regional coverage, participation in Europe and the Western Hemisphere has been broadest (100 percent), while Asia Pacific has had the smallest take-up (80 percent) (Figures 1 and 2). Much of Sub-Saharan Africa has had less than five S&C outputs per country, although some of its larger economies have had close to 10 or more. Financial sector standards have accounted for nearly half of all Bank and Fund S&C outputs.⁹ About 73 percent of ROSCs and 82 percent of other S&C outputs have been published. The upcoming review will reflect on the variance of S&C output across countries—for example, according to income level and region—with particular attention to trends in participation by Low Income Countries.

7. Periodic reviews of the initiative have typically focused on how S&C output could be made more useful. The reviews have acknowledged the difficult balancing act between clarity and transparency on the one hand, and a focus on reform efforts and country ownership on the other. Recurring themes from the prior reviews of the initiative include the need to better integrate ROSC findings into surveillance and capacity building activities (Annex 2). The 2011 review concluded that the integration of ROSCs into Fund surveillance remained mixed, but the integration with Bank and Fund financial assistance appeared stronger. It also noted that more progress had been made in integrating ROSCs with TA, although this, too, was cited as an area where further efforts could be made.

8. Compliance with standards has increased the resilience of the international financial system. The 2011 review used econometric analysis to determine whether adherence to standards mitigated the impact of the 2008-09 global financial crisis. While that analysis did not yield strong results, it was acknowledged that there is a complex link between standard compliance and resilience, and compliance ratings tend to focus on minimum standards on a broad range of principles that are not equally related to resilience. It also was emphasized that promotion of standards may help countries in ways that are not captured by econometric analysis, including by identifying gaps and supporting a reform agenda. Selected country case studies revealed that ROSCs correctly identified many weaknesses that increased countries' vulnerabilities to the crisis, although follow-up by the authorities and/or the Fund and the Bank tended to be insufficient.

⁸ For example, the Bank has developed a modular package to help countries conduct self-assessments —AML/CFT Risk Assessment Advisory—that is built on a model identifying main drivers of money laundering/terrorist financing risks and on a broad participatory process involving private and public sector stakeholders. There is a separate module for financial inclusion that helps identify areas for simplification in AML/CFT controls to facilitate access to financial services.

⁹ Outputs include initial detailed assessment and reassessment reports, both of which typically result in a ROSC, as well as updates to assessments, technical notes, and evaluations.

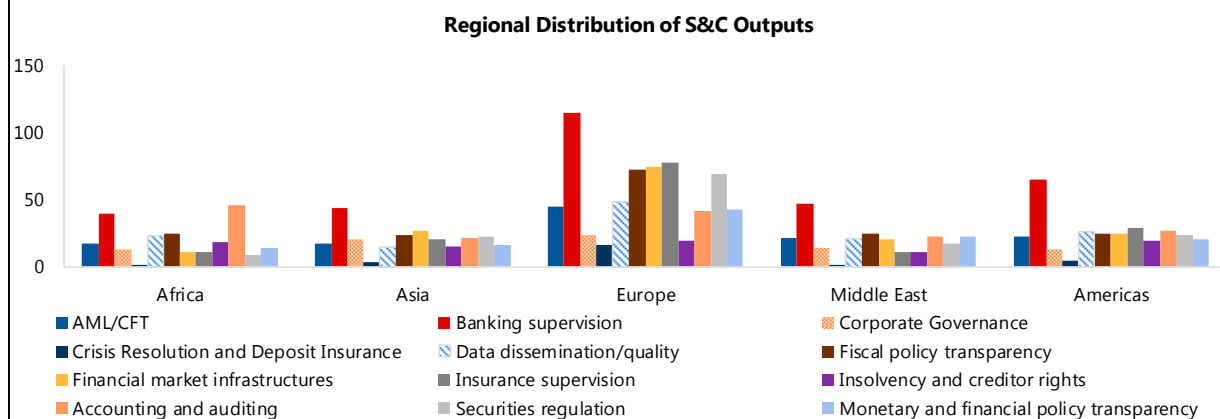
9. Even with this important progress, S&C output has not gained traction with market participants. A key original ambition of the initiative, to help improve the efficiency of international capital markets, was questioned even before the global financial crisis. The 2003 review noted that the initiative was generating increased attention from financial market participants and rating agencies, including as part of the process of risk assessment. However, by the time of the 2005 review, staff concluded that direct use by market participants remained low, raising questions about the realism of achieving greater use given the substantial changes market participants were seeking. In the 2011 review, use by market participants was found to have dropped further, a trend attributed to the lack of frequent updates and easily accessible and comparable quantitative information.

10. The global financial crisis made clear that compliance with agreed standards was only one of the building blocks for crisis prevention. The crisis also highlighted gaps and weaknesses in the initiative's architecture and the need to ensure rigorous follow-up implementation. Even prior to the crisis, countries' FSAPs, as well as the standard setting bodies and the Financial Stability Forum, had been flagging inadequacies in the supervisory standards and important implementation gaps. Some of these issues contributed to the growth of risks in unregulated entities, excessive risk-taking, and weak liquidity risk management. These insights—and the lessons of the crisis—triggered a more intensive period of reviews across a number of the initiative's policy areas since 2011, reflecting the urgency of addressing shortcomings that had been revealed and tackling operational and effectiveness issues specific to individual policy areas.

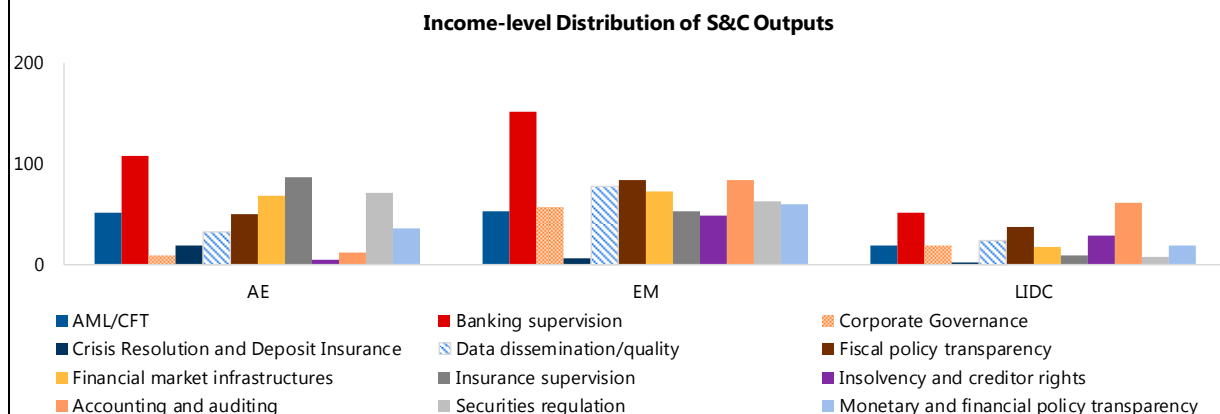
11. Refinements made in individual policy areas since the 2011 review have contributed to the continuing evolution of the initiative. Effectively, S&C work has been "organically mainstreamed" into the Fund's and the Bank's core operations reflecting the use of direct channels to engage the Board on standard-specific developments outside of the periodic reviews of the S&C initiative, in the context of the review cycles of individual policy areas (see Annex 3). This sustained reflection on, and refinement of, work in individual policy areas has yielded useful innovations. More than 15 years since the initiative was launched, it now comprises a broad array of S&C work around the long-standing objective of promoting greater financial stability through the development, dissemination, adoption, and implementation of international S&C.

Figure 1. S&C Output across the Membership

	Economies (total)		Participants in Initiative		Participation Rate	ROSCs						Other Outputs		All Outputs	
	Number	Percent	Number	Percent	Percent	ROSCs		Initial Assessments		Reassessments		Number	Percent	Number	Percent
						Number	Percent	Number	Percent	Number	Percent				
Total	189	100	179	100	95	1396	100	1038	100	358	100	248	100	1644	100
Africa	45	24	44	25	98	203	15	161	16	42	12	24	10	227	14
Asia and Pacific	35	19	28	16	80	222	16	165	16	57	16	22	9	244	15
Europe	44	23	44	25	100	506	36	355	34	151	42	137	55	643	39
Middle East and Central Asia	31	16	29	16	94	194	14	152	15	42	12	38	15	232	14
Western Hemisphere	34	18	34	19	100	271	19	205	20	66	18	27	11	298	18



	ROSCs				Other Outputs		All Outputs			
	Initial Assessments		Reassessments		Number	Percent	Number	Percent		
	Number	Percent	Number	Percent						
Total	1396	100	1038	100	358	100	248	100	1644	100
Advanced Economy (AE)	434	31	306	29	128	36	112	45	546	33
Emerging Market (EM)	703	50	516	50	187	52	104	42	807	49
Low Income Developing Country (LIDC)	259	19	216	21	43	12	32	13	291	18



EVOLUTION OF THE S&C INITIATIVE SINCE 2011

12. The pace of the evolution of the S&C and work under the initiative has accelerated in several policy areas since the 2011 review. Most of these changes have been undertaken through specific policy area reviews with direct Board engagement, and have generally been in line with recommendations of the 2011 review of the overall initiative. The motivation has typically been to reflect the changes in the global economic and financial landscape and the rethinking of policy frameworks. The recommendations of the 2011 review included adapting the coverage of the initiative to better safeguard financial stability, improving presentation and accessibility of ROSCs, cooperating with other bodies that use S&C, and making modest changes to improve efficiency in resource use. The 2017 review will assess implementation of these recommendations, but some initial impressions are described below.

A. Policy Area Developments

13. Changes to the initiative since 2011 have tended to focus on increasing operational effectiveness in individual policy areas (Annex 4). Some of these modifications have addressed weaknesses in traction of Fund surveillance, focused on covering gaps identified by the crisis, or aimed to help guide capacity building efforts in the particular area. The main reforms since 2011 are as follows:

- **The fiscal transparency code has been overhauled to focus on outputs and core aspects of fiscal transparency rather than processes and procedural issues.** It puts greater emphasis on the quality of published information as a more objective basis for evaluating the degree of effective fiscal transparency. It also places greater emphasis on fiscal risk by devoting a full pillar (with 12 principles) to the disclosure, analysis, and management of the most important sources of fiscal risks, including quantification of the impact of the largest fiscal risks.
- **The data standards have been modified to put greater emphasis on promoting the publication of data needed to support surveillance.** Under the e-GDDS, participants are encouraged to disseminate data supplied to the Fund for surveillance via a national summary data page in an easily accessible and internationally comparable format. The establishment of the SDDS Plus—the most demanding standard—is intended principally for countries that (i) feature a systemically important financial sector; (ii) play a leading role in international financial markets; and (iii) have institutions that are interconnected through cross-border operations. Under the SDDS Plus, adherents are required to use open format software to disseminate new data identified as critical during the global financial crisis.

- **The financial sector standards¹⁰ generally have become more complex and assessment methodologies have become more detailed, in many cases better reflecting financial risks.** Incorporation of new principles or areas into existing standards, often targeted to large and complex financial systems and institutions, has necessitated significant expansion in the assessment methodologies. This has resulted in an increase in the amount of technical work and depth of expertise needed by both country authorities and Fund and Bank staff to assess compliance with the particular standard. The number of standards concomitant to the S&C initiative¹¹ has also grown, and their use in Fund work also has entailed resource costs. As for the monetary and financial policy transparency code, it has yet to be updated as recommended in the 2011 review of the initiative.
- **The AML/CFT standard has been strengthened and the relevant assessment methodology has been overhauled to include a new focus on assessing the level of effectiveness of AML/CFT systems.** Revisions to the Financial Action Task Force (FATF) 40 Recommendations and its assessment methodology were implemented in 2012-2013. In addition to establishing countries' level of technical compliance with the standard (which is mainly a desk-based review of laws, regulations, and other policies), current AML/CFT assessments now seek to establish which countries are achieving the 11 determined objectives (the so-called "immediate outcomes") set out in the methodology. This component is largely dependent on in-depth discussions with the authorities on the outputs of their AML/CFT systems relative to a country's money laundering/terrorist financing risk profile.¹²
- **The Bank has been updating assessment methodologies to make assessments more flexible and relevant.** The Bank recently revised the Principles for Insolvency and Creditor/Debtor Rights (2015), the first step in a process that involves UNCITRAL revising its "Legislative Guide on Insolvency Law" and later, through a collaborative process, the revision to the assessment methodology (the "Unified Insolvency and Creditor Rights Standards").¹³ Revisions to the methodology for assessing corporate governance are currently underway to inter-alia reflect changes to the standard recently introduced by the OECD, with the aim of simplifying the assessment. Finally, regarding accounting and auditing, the Bank has recently concluded major changes to the assessment methodology that would allow for more flexibility through the use of modules, while placing special focus on the role of Boards of Directors to reflect their specific responsibility on the integrity of financial statements. In addition, an indicator set is being prepared to better communicate findings, drawing on the experience of

¹⁰ These include the standards for bank supervision (BCP), insurance supervision (ICP), securities regulation (IOSCO) crisis resolution (FSB Key Attributes of Effective Resolution Regimes), deposit insurance (IADI principles), financial market infrastructure (CPMI/IOSCO PFMI), and monetary and financial policy transparency (MFPT).

¹¹ For example, the Core Principles for Islamic Finance Regulations as described in *Ensuring Financial Stability in Countries with Islamic Banking* (SM/17/3).

¹² For example, number of convictions for money laundering, number and scope of AML/CFT inspections of reporting entities, amounts of illegitimate assets confiscated, etc.

¹³ Key changes include provisions on officers' and directors' liability and the treatment of financial contracts on insolvency.

recent fiscal transparency evaluations and the Public Expenditure and Financial Accountability (PEFA) framework.

B. Trends in Output

14. Overall Bank/Fund output under the initiative has fallen moderately, with a sharp drop in ROSCs partly offset by an increase in other types of output. Almost all of the 25 percent decline in ROSCs was attributable to reduced output associated with the transparency codes and AML/CFT. At the same time, technical notes and evaluations (which have replaced ROSCs in some cases) increased five-fold partly due to developments in the underlying codes (Figure 2). The reasons for these trends and shifts in output in 2012-16 from 2007-11 can be summarized as follows:

- **Transparency codes.** Data ROSCs¹⁴ fell to only 6 from 22 due to budget constraints and a focus on content (standardized data dissemination under the e-GDDS and the SDDS Plus) rather than data quality assessments. Fiscal ROSCs have ceased and been replaced by fiscal transparency evaluations based on the code approved by the Board in 2014 (Annex 4). The level of evaluations concluded under the new framework (19) are similar to the previous period. Only one monetary and financial policy transparency ROSC was concluded since 2011.
- **Financial sector.** The number of financial ROSCs increased somewhat, and they continue to account for about half of total ROSCs. The increase was mainly driven by demand from those jurisdictions (S-29) deemed systemically important, which participate in mandatory financial stability assessments every five years. Of the financial standards, the supervisory standards for banking, insurance, and securities are by far the most frequently assessed (in that order).
- **Bank-led policy areas.** Trends in these areas—accounting for about a quarter of total output—mirror the overall trends as most of the decline in ROSCs has been offset by an increase in technical notes. The increase in technical notes is mostly found in the area of insolvency and creditor rights, reflecting a more tailored approach in this area. Most recently, these overall trends have been exacerbated by more restrictive selection criteria, changes to the budgetary allocation process, and with baseline assessments now in place in many countries.
- **AML/CFT.** ROSCs in this area fell to 16 from 63, reflecting the temporary suspension of assessments during the 2012-13 revisions of the standard and assessment methodology. In the period since, the Fund has conducted 1-2 assessments per year¹⁵ in the context of burden

¹⁴ The 2011 review reported that data ROSCs were the most resource intensive assessments along with insolvency and creditor rights ROSCs.

¹⁵ In 2014, the IMF Executive Board reduced the number of Fund-led assessments from approximately 6-7 per year to 2-3 per year to compensate for the increased resources required for assessments under the current methodology; as a result of resource constraints, the actual number of Fund-led assessments has been 1-2 per year.

sharing with external assessor bodies, mainly focused on jurisdictions with larger financial sectors.¹⁶

15. The ease of accessing ROSCs appears to have worsened, rather than improved as envisaged in the 2011 review. Some difficulty has been experienced in obtaining all recent ROSCs for the 2017 review, including some published reports (Annex 5). Policy areas where accessibility has been prioritized have demonstrated improvements on this front, while others have shown less progress. Lack of external demand for such reports may be an additional factor. The 2017 review will undertake a more complete assessment of access and develop recommendations in this area.

C. Cooperation with Other Bodies that use S&C

16. The role of external standard setting bodies and external assessor bodies has increased substantially in certain policy areas. This has become particularly important in the areas of AML/CFT, financial sector, and corporate governance, as the Fund and the Bank have collaborated with the FATF, FATF-style regional bodies (FSRBs), the FSB, and the OECD. Fund staff has also worked closely with other organizations on the revised fiscal transparency code, including the Global Initiative for Fiscal Transparency (GIFT), International Budget Partnership (IBP), OECD, and the World Bank to help to anchor their work and ensure complementarity of fiscal standards and evaluation tools.¹⁷ In addition, the Fund has close, ongoing collaborations with the BCBS, CPMI, IADI, IAIS, and IOSCO.

17. The increased role of external financial standard setting and assessor bodies has enhanced the capacity to undertake S&C work globally:

- **Overall, self-monitoring by external standard setting bodies has gone up significantly since the 2011 review.** Staff welcomes these initiatives and discussions are ongoing with the standard setting bodies on how best to use this information in FSAPs, in particular. In many cases, these exercises take the form of peer reviews or assisted self-assessments, rather than independent third-party assessments.
- **Some financial standard setting bodies also have embarked on their own implementation monitoring exercises.** In the areas of banking supervision, members of the Basel Committee on Banking Supervision have started programs to monitor the adoption of the standards and to assess the consistency and completeness of their implementation (such as the Regulatory Consistency Assessment Program). In securities regulation, IOSCO has begun country reviews, involving members' self-assessments on the implementation of principles in this area. In addition, CPMI-IOSCO is monitoring the implementation of the financial market infrastructures

¹⁶ Fund staff completed the assessments of Italy and Canada under the new methodology, and has launched the assessments of Mexico and Colombia.

¹⁷ Such tools include the PEFA framework and the Open Budget Index.

standards by members through peer reviews. Finally, in insurance supervision, IAIS is launching its own technical assistance program to support implementation of its standard.

- **In recent years, the FATF and FSRBs have expanded their networks, and with them, the footprint of AML/CFT assessments.** They have expanded their output to encompass both longer Detailed Assessment Reports (or Mutual Evaluation Reports), and the summary ROSCs, which have traditionally been produced only by the Fund.

18. The work of the FSB has helped strengthen adherence to financial sector standards.

The FSB conducts peer reviews of its members that include an assessment of progress in addressing FSAP recommendations and implementation of measures to improve effectiveness of regulatory, supervisory or other financial sector standards. FSB peer reviews do not, however, formally assess compliance with international financial standards.

19. This increased activity, although welcome, has introduced new challenges. One challenge relates to minimizing scheduling conflicts, availability of experts, overlaps, and pressures on resources, notwithstanding all good efforts to closely coordinate. In terms of AML/CFT, as encouraged by the Fund Board in 2014, staff participates in the review of the quality and consistency of reports produced by FATF and FSRBs and, so far, those reports appear to be benefitting from strengthened review mechanisms.

A STRATEGIC APPROACH TO THE 2017 REVIEW

20. The review should seek to leverage the individual S&C policy areas' recent progress under the initiative.

In particular, the review will focus squarely on the question of how recent S&C developments have contributed to strengthening surveillance and capacity-building efforts and what further may be required in that regard, including as a result of developments in individual policy areas since the 2011 review (Annex 4). At the same time, the review would need to remain cognizant of the inherent tensions between comprehensive technical compliance assessments and usefulness in prioritizing or assessing progress on TA activities, informing market participants, and facilitating a policy dialogue in the context of surveillance, which has been a continuing struggle in past reviews (Annex 2). The review will seek to find ways to mitigate the tensions, while recognizing that eliminating them entirely will likely not be feasible given the multiple objectives of the initiative.

21. Potential changes to the initiative should be considered to enhance efforts to promote international financial stability.

Ideally, the content and coverage of the initiative should match evolving international best practices and emerging areas relevant for financial stability, and its output should be designed to maximize policy traction, capacity building efforts, and market information. In practice, the S&C review could adopt a “top-down approach” to see how coverage is aligned with risks and vulnerabilities overall and in individual policy areas, and identify gaps and weaknesses in the S&C framework. At the same time, bottom-up innovations in individual policy areas—in terms of how S&C are used in Bank and Fund work with member countries—should be considered to the extent they may be relevant to other policy areas. In addition, maintaining relevance of the S&C initiative may become increasingly challenging, including due to the impact of

technological and financial trends on policy frameworks. The review of the initiative would be an opportunity to consider these issues simultaneously.

A. Improve the Overall Coverage and Content of the Initiative

22. The review would consider several sets of changes to the content and coverage of the initiative to address gaps and weaknesses. Some examples of potential changes include:

- **Outstanding revisions: The monetary and financial policy transparency code.** Despite the proposal to revise the code in the 2011 review, this has yet to be undertaken as monetary policy frameworks have continued to evolve in the post-crisis period. The 2017 review will include a fuller account of the state of this code and make recommendations on the way forward.
- **Pending endorsements: The Key Attributes of Effective Resolution Regimes for Financial Institutions.** In the context of the review, it is expected that the Board will be asked to endorse this code under the S&C initiative. This was envisaged in the 2011 review and its assessment methodology has been employed, as documented to the Board in 2012, on a pilot basis.
- **Recommended revisions: The Data Quality Assessment Framework.** The [March 2016 IEO report](#) called for a revision to the framework underpinning Data ROSCs with an increased focus on the quality of outputs rather than on processes. The report also emphasized that data ROSCs are highly valued by the Fund membership and called for a more active use of this framework.
- **Potential future gaps.** The review could discuss how standards could be more easily updated to reflect new challenges in existing areas, as well as evolving international best practices. This also could include a discussion on how to integrate the implications of the digital economy in the initiative, including issues around financial technology and cybersecurity.

B. Build on Policy Area Reviews

23. Recent developments suggest that reviews of individual policy areas may be the best vehicle to identify the scope for targeted adjustments and innovations. Since 2011, such reviews have made progress in tackling the long-standing challenges of improving traction in both surveillance and capacity building. Staff has drawn on its familiarity with relevant standards, practical experience working with policymakers, and knowledge of how to deploy resources most efficiently in each area reviewed.

24. Staff proposes to continue with individual policy reviews, and closely coordinate their assessments and priorities with those of the review of the initiative. For most Fund-led policy areas this would mainly be a question of coordination, as their reviews have already been scheduled (Annex 3). However, the World Bank lacks such formal review mechanisms, and has typically handled modifications on a technical level. Where a more fundamental review of policy areas under the Bank's purview may be needed, effective modalities would need to be established. Adopting such an

approach to reviews would eliminate duplication of operational and effectiveness considerations taking place in individual policy areas, and enable a more strategic perspective.

25. For the 2017 review, this would entail building on, and complementing as necessary, the 2012-16 IMF reviews already undertaken and filling in gaps where needed. Recent surveys that have been done for some individual policy areas, such as the in the context of the 2014 Review of the FSAP, will be incorporated in the review. In other areas where substantial shifts in approach have occurred (such as in the area of fiscal transparency) or where no surveys have recently been conducted in active policy areas (such as accounting and auditing), staff has launched targeted surveys of participating members.

26. The review could also assess recent developments in certain policy areas that may be of broader interest for the initiative. One such example is the new fiscal transparency evaluations, which include heat maps and the option of a sequenced fiscal transparency action plan to help countries assess, prioritize, and measure progress on needed reforms. Additional potential useful innovations developed in other areas include a tiered approach tailoring to country capacity, and a modular approach. Taking a more strategic view to draw out good practices from individual areas could promote effectiveness, although their applicability to other areas would vary.

C. Further Enhance Collaboration with External Users of S&Cs

27. Staff will propose to continue to strengthen the relationship between individual policy areas and continue engagement with external standard setters and assessors. This could help with:

- **Keeping the S&C current as external conditions change.** Accelerating technological and financial developments can be expected to heighten the challenges of keeping the initiative relevant. This may necessitate an even closer dialogue with all S&C stakeholders to ensure that the initiative is updated on a more continuous basis. It also may warrant flexibility to revisit individual areas, as needed, on an ad hoc basis outside of the initiative's current review cycle.
- **Effective implementation.** Continued engagement with external bodies may help build ownership and support to enable better integration of peer-reviews and self-assessments into individual policy areas under the initiative. Coordination between the Bank, Fund, and external bodies has long been important to the success of the initiative, and assessment activity by external bodies makes this coordination all the more important.
- **Aligning priorities.** For example, bringing external standard setters into the assessment process would also enable collaboration in gauging the tradeoff between more expansive and complex codes and assessment methodologies and the capacity to meet demand for assessments within resource constraints.
- **Ensuring a focus on Bank and Fund operational priorities.** A closer engagement with standard setters, in particular, may help to bring the perspective of financial stability and risk, as

well as benchmarking and setting milestones to promote capacity building—which are core priorities of the Fund and Bank—into consideration in the development of codes and related assessment methodologies.

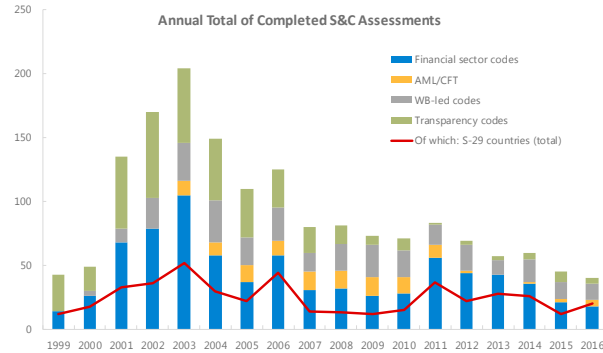
ISSUES FOR DISCUSSION

28. Directors may wish to comment on the following issues:

- Does the initiative remain a useful means to promote international financial stability by strengthening economic and financial institutions in member countries?
- Do Directors support the proposed strategic approach for the forthcoming review of the S&C initiative that builds on and complements policy area reviews?
- Do Directors have views on particular gaps in the overall coverage and content of the initiative that should be addressed in the 2017 review? Do the Directors see areas in which specific good practices in some policy areas should be promulgated across the initiative?

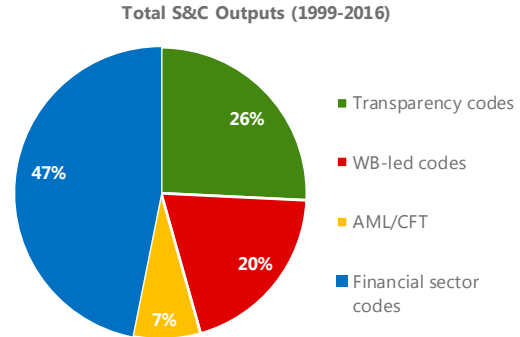
Figure 2. An Evolution of IMF and World Bank S&C Outputs

Outputs peaked early in the initiative, with another uptick in the wake of the global financial crisis.

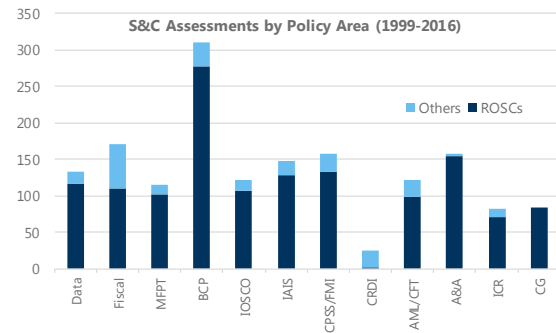


Note: The data includes both initial assessments and reassessments, as well as updates and technical notes.

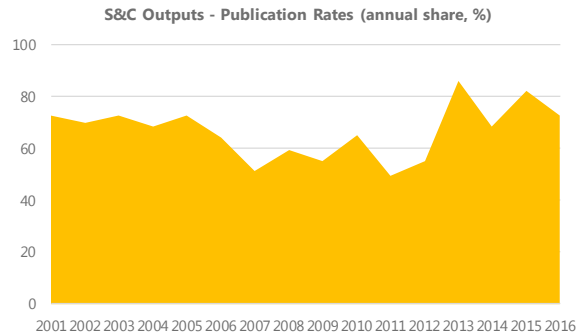
The largest share relates to financial sector codes and reflects sustained demand, while the transparency codes generated robust output in the early years of the initiative.



Looking across policy areas, work on Banking Supervision has been most prolific, reflecting demand across members of all levels of economic development.



After a decline in the 2006-12 period, publication rates of S&C assessments and other outputs moved higher.



The initiative's coverage is now nearly global, with 179 of 189 member countries having participated in S&C assessments.

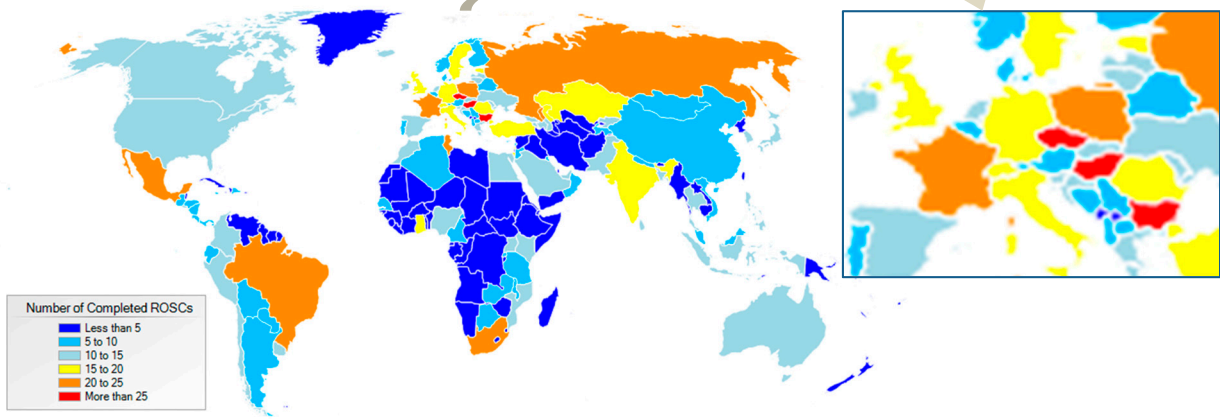
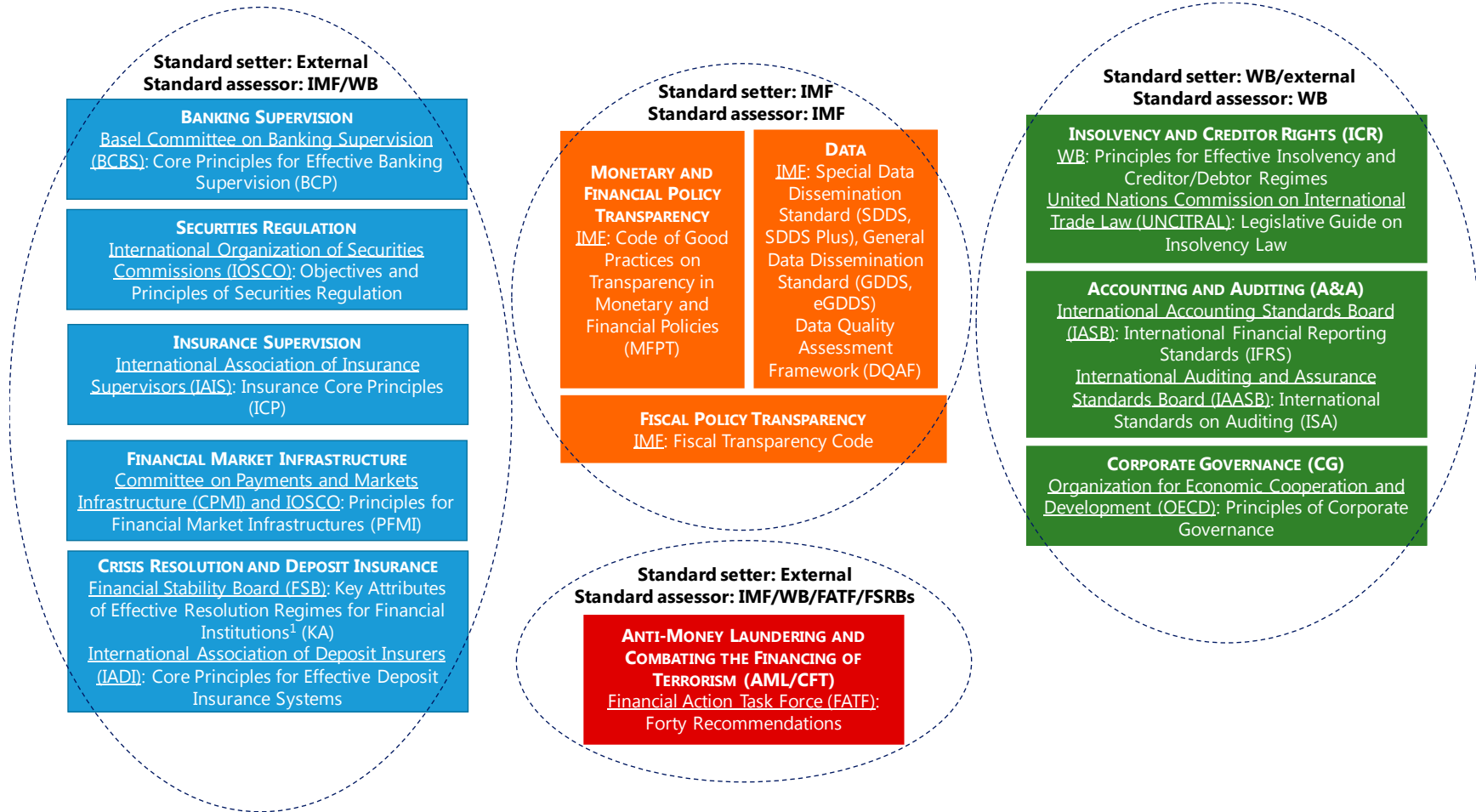


Figure 2. An Evolution of IMF and World Bank S&C Outputs (concluded)



Annex I. Architecture of the Standards and Codes Initiative

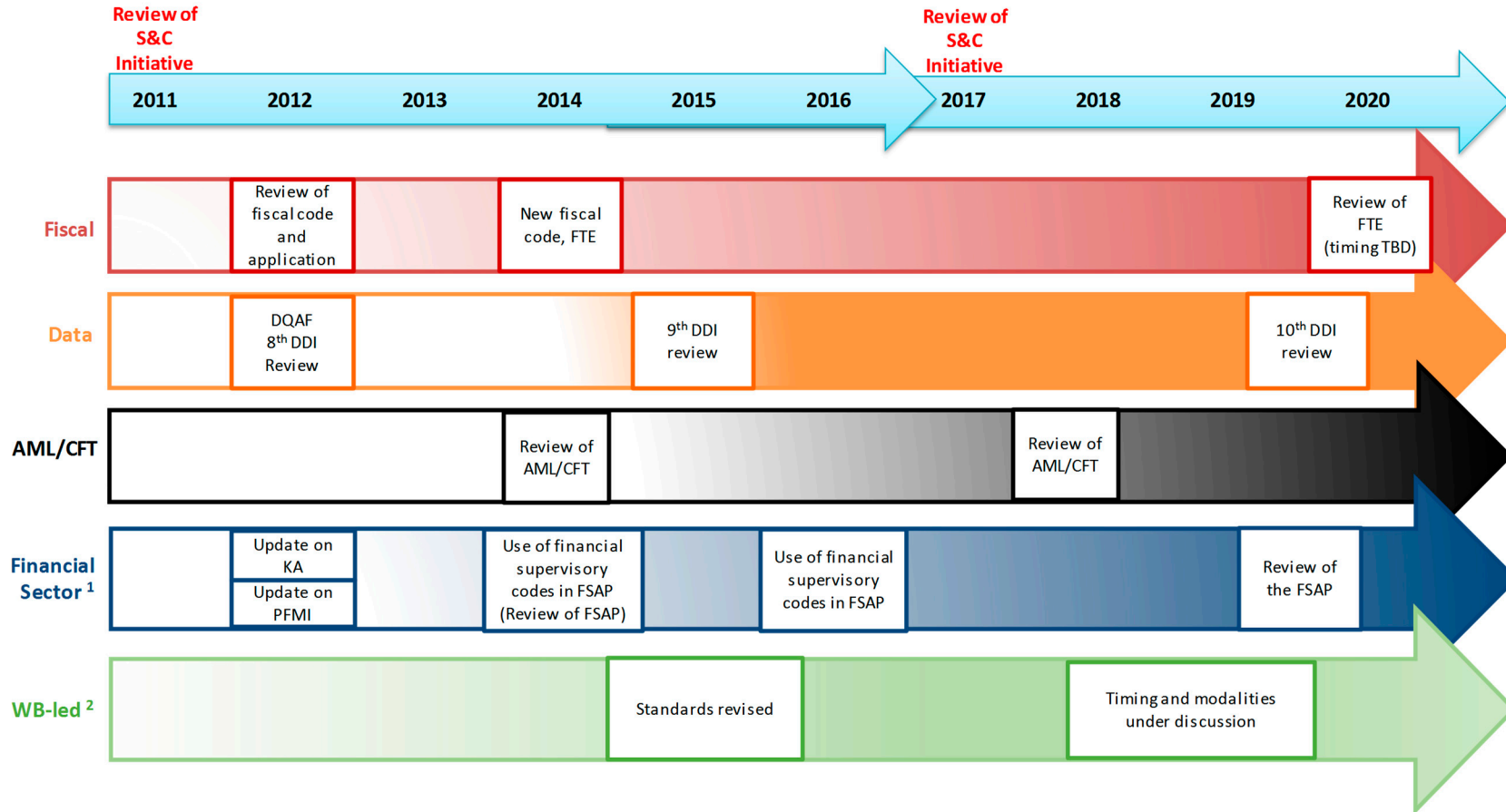


1/ Expected to be submitted for IMF Board endorsement in the context of the 2017 Review of Standards and Codes.

Annex II. Key Takeaways from Prior Reviews of the Standards and Codes Initiative

	2011 Review	2005 Review	2003 Review	2001 Review
Overall effectiveness	<ul style="list-style-type: none"> Remains useful, welcomed renewed emphasis on adherence to S&C Compliance with S&C only one building block for crisis prevention 	<ul style="list-style-type: none"> Remains useful, should be maintained Success in identifying vulnerabilities and establishing priorities No large impact yet on implementation of reforms 	<ul style="list-style-type: none"> Broad, growing acceptance of standards by members; benefits to members and international community Helped enhance effectiveness of surveillance and crisis prevention efforts 	<ul style="list-style-type: none"> Helping to strengthen international financial system architecture Modalities working well
Integration with surveillance and capacity building	<ul style="list-style-type: none"> Scope to better integrate findings in surveillance, improve link with capacity building 	<ul style="list-style-type: none"> Need to strengthen link with surveillance and TA Helped prioritize TA needs and led to follow-up TA Contributed significantly to surveillance in EMs, more modest contribution overall 	<ul style="list-style-type: none"> Important input for surveillance Helped pinpoint concerns, propose specific areas for policy action, focus TA 	<ul style="list-style-type: none"> Can provide helpful input into surveillance and TA
Nature of outputs	<ul style="list-style-type: none"> Considered targeted ROSCs to enhance efficiency and increase updates Considered self-assessments to foster ownership and build capacity, not as substitute for ROSCs 	<ul style="list-style-type: none"> Enhance clarity of findings High frequency updates too costly, need flexible approach Encourage participation (e.g., systemically important members and others that would benefit most) 	<ul style="list-style-type: none"> Should clearly identify weaknesses, progress, and prioritized recommendations Use prioritization to handle growing demand Pursue greater selectivity in updates, focus on areas central to Fund 	<ul style="list-style-type: none"> Consistent, non-mechanistic approach Considered self-assessments useful (followed up with independent assessments)
Architecture	<ul style="list-style-type: none"> Combined accounting and auditing Added crisis resolution and deposit insurance Potential review of fiscal standard, update of DQAF Enhance feedback and coordination between standard setters/assessors 	<ul style="list-style-type: none"> Concluded remains relevant, leave unchanged 	<ul style="list-style-type: none"> Concluded remains relevant, leave unchanged 	<ul style="list-style-type: none"> Endorsed 11 policy areas (the 12th, AML/CFT, was added in 2002)

Annex III. Policy Area Review Cycles



- (1) Includes the policy areas of banking supervision, securities regulation, insurance supervision, financial market infrastructure, crisis resolution and deposit insurance, and monetary and financial policy transparency.
- (2) Includes the policy areas of accounting and auditing, corporate governance, and insolvency and creditor rights. The 2015 revisions affected each of these policy areas.

Annex IV. Policy Area Reviews, 2012-2016

Fiscal Policy Transparency: In the 2012 Board paper "[Fiscal Transparency, Accountability, and Risk](#)," the state of fiscal transparency in the wake of the financial crisis was reviewed. The paper recommended improvements in the Fund's fiscal transparency standards and evaluation. In the subsequent period, a new fiscal transparency code was prepared comprising a set of principles built around four pillars: (i) fiscal reporting; (ii) fiscal forecasting and budgeting; (iii) fiscal risk analysis and management; and (iv) resource revenue management, as outlined in the 2014 Board paper "[Update on the Fiscal Transparency Initiative](#)." At that time, the IMF Board decided to replace the 2007 Code of Good Practices on Fiscal Transparency with this new Fiscal Transparency Code, and replace the fiscal module ROSC with the new fiscal transparency evaluation. Pillars (i)-(iii) have been issued (after approval by the Board in 2014), while a draft of pillar (iv) has undergone two rounds of public consultation and is being piloted in the field.

Data: Through the 8th and 9th reviews of the Data Dissemination Initiative, the Fund enhanced the dissemination standards with plans to review the broader framework used for assessing data quality (DQAF) for closer alignment with the Fund's surveillance work, as well as greater efficiency.

- The current version of the DQAF ([May 2012](#)) is an update of the July 2003 version that was implemented to reflect the experience gained through ROSC missions, and in response to international statistical developments such as the update of the 2008 System of National Accounts statistical methodology and the sixth edition of the Balance of Payments Manual (BPM6). It also was adjusted to reflect the expanded recommended coverage of the monetary statistics.
- Data Dissemination Initiatives have been enhanced with a view to covering new data needs and to address slow statistical progress in GDDS countries. The SDDS enhancements approved by the Board in 2012 added the sectoral balance sheet, general government gross debt at nominal value, and financial soundness indicators, while making international investment position and reserve data required categories. The SDDS Plus [approved](#) by the Board in February 2012 was created to help address data gaps identified during the global financial crisis, requiring nine additional data categories, focused on economies with systemically important financial sectors. Finally, e-GDDS was [adopted](#) in May 2015 to align data categories more closely with IMF surveillance by promoting publication of the data supplied to the Fund for surveillance.

AML/CFT: Since the 2011 review of the S&C initiative, the approach to AML/CFT assessments has been substantially revised. The FATF Recommendations were strengthened in 2012 to ensure their continued relevance. The review notably introduced stronger requirements with respect to transparency of legal persons and arrangements, and an increased focus on risk-based application of AML/CFT measures. It also introduced some measures to combat the financing of the proliferation of weapons of mass destruction. The revised 2013 methodology for assessing technical compliance with the FATF Recommendations and the effectiveness of AML/CFT systems introduced a new component to AML/CFT assessments, namely the systematic assessment of the effectiveness of national AML/CFT systems. This fundamental change in the way assessments are conducted was introduced to respond to concerns expressed throughout the AML/CFT community that, with most countries now having AML/CFT laws and regulations in place, there was a need to concentrate on an informed discussion of the outcomes of AML/CFT systems.¹ To ensure the quality and consistency of AML/CFT assessments across the range of assessor bodies, the FATF strengthened the review mechanisms for assessments conducted under the 2013 methodology. Fund staff plays an active role in the global reviews of the quality and consistency of assessment reports across all assessor bodies.

Financial Sector: Work in the financial sector policy areas encompasses the three financial supervisory standards often assessed in the context of FSAPs, as well as those standards related to financial market infrastructure (payment systems that are systemically important, central securities depositories, securities settlement systems, and central counterparties) and crisis resolution and deposit insurance. Across these areas, there has been an exploration of how to focus S&C assessments on key areas from the perspective of systemic risk and financial stability, with the aim of maximizing the value added. With the adoption of mandatory FSAPs for the S-29, there also has been interest in using S&C in more targeted TA and dissemination of best practices via training and workshops to members with non-systemic financial sectors.

- At the time of the 2011 S&C Review, the FSB had yet to take a decision on which standard to include for the crisis resolution policy area in its Key Standards as work on its Key Attributes of Effective Resolution Regimes for Financial Institutions was still underway. In 2012, Fund staff [briefed](#) the IMF Board on the purposes and principal features of the Key Attributes and staff's recent work in this area.
- Also in 2012, the Committee on Payment and Settlement Systems and IOSCO reviewed the existing sets of standards for financial market infrastructures—which facilitate the clearing, settlement, and recording of monetary and other financial transactions, such as payments, securities and derivatives contracts—and replaced them with one new set of Principles for Financial Market Infrastructures. The revised standards incorporate additional guidance for over-the-counter derivatives, central counterparties, and trade repositories. The new and revised international standards for safe and efficient financial market infrastructure were adopted by the IMF and World Bank Boards in 2012.
- The [2014 Review of the FSAP](#) assessed the impact of the changes to the program since the 2009 review to make it more effective going forward. It highlighted the need for: (i) a continued strengthening of the systemic risk focus of all components of the FSAP; (ii) a cutting-edge analytical toolkit for the analysis of vulnerabilities and resilience while, at the same time, being realistic and transparent about the limits of this analysis; and (iii) ongoing improvement of the clarity and quality of the Financial Sector Stability Assessment to ensure continuing traction with external audiences and a better input into Article IV surveillance.

(1) This is done by assessing the extent to which countries are effective in achieving 11 predefined outcomes relative to their money laundering/terrorist financing risks. The implementation of the new assessment methodology is still in the early stages, having only started in 2014 for some of the AML/CFT assessor bodies.

Annex V. Inventory of Standards and Codes Published Outputs (2011-2016)

Economy	Policy Area	Type of Output		Completed	Published	Issuing Body
Albania	AML/CFT	ROSC	Initial	June-11	July-11	IMF
Albania	IFRS/ISA	Others	Technical Note	November-13	February-14	World Bank
Albania	Fiscal	Others	Evaluation	December-15	January-16	IMF
Argentina	BCP	ROSC	Reassessment	July-12	September-12	IMF
Argentina	IAIS	ROSC	Initial	July-12	September-12	IMF
Argentina	IOSCO	ROSC	Initial	July-12	September-12	IMF
Armenia	BCP	ROSC	Reassessment	June-12	January-13	IMF
Armenia	IAIS	ROSC	Initial	June-12	January-13	IMF
Australia	BCP	ROSC	Reassessment	October-12	November-12	IMF
Australia	IAIS	ROSC	Reassessment	October-12	November-12	IMF
Australia	IOSCO	ROSC	Reassessment	October-12	November-12	IMF
Austria	BCP	ROSC	Reassessment	January-14	January-14	IMF
Austria	IAIS	Others	Technical Note	January-14	January-14	IMF
Austria	CRDI	Others	Technical Note	January-14	January-14	IMF
Bahamas	BCP	ROSC	Reassessment	January-13	April-13	IMF
Bahamas	IAIS	ROSC	Initial	January-13	April-13	IMF
Bahamas	IOSCO	ROSC	Reassessment	January-13	April-13	IMF
Bahrain	FMI	ROSC	Initial	June-16	June-16	IMF
Bangladesh	IFRS/ISA	ROSC	Reassessment	February-14	April-15	World Bank
Belgium	FMI	ROSC	Reassessment	March-13	December-13	IMF
Belgium	BCP	ROSC	Reassessment	May-13	May-13	IMF
Belgium	CRDI	Others	Technical Note	May-13	May-13	IMF
Belgium	IAIS	ROSC	Reassessment	May-13	May-13	IMF
Belgium	IOSCO	Others	Technical Note	May-13	May-13	IMF
Bolivia	Fiscal	Others	Evaluation	February-14	March-14	IMF
Bosnia and Herzegovina	IFRS/ISA	Others	Technical Note	November-14	February-15	World Bank
Bosnia and Herzegovina	FMI	ROSC	Initial	July-15	August-15	IMF
Bosnia and Herzegovina	IAIS	Others	Technical Note	July-15	August-15	IMF
Bosnia and Herzegovina	BCP	Others	Technical Note	July-15	August-15	IMF
Brazil	BCP	ROSC	Reassessment	July-12	July-12	IMF
Brazil	CG	ROSC	Reassessment	October-12	June-13	World Bank
Brazil	IAIS	ROSC	Reassessment	December-12	December-12	IMF
Brazil	IFRS/ISA	ROSC	Reassessment	June-13	September-13	World Bank
Bulgaria	BCP	ROSC	Reassessment	October-15	October-15	IMF
Canada	BCP	ROSC	Reassessment	February-14	March-14	IMF
Canada	CRDI	Others	Technical Note	February-14	March-14	IMF
Canada	IAIS	ROSC	Reassessment	February-14	March-14	IMF
Canada	IOSCO	ROSC	Reassessment	February-14	March-14	IMF
Canada	AML/CFT	ROSC	Reassessment	September-16	September-16	IMF
Cape Verde	IFRS/ISA	ROSC	Initial	June-12	November-16	World Bank
Chad	IFRS/ISA	ROSC	Initial	June-14	November-16	World Bank
Chile	IAIS	ROSC	Initial	August-11	August-11	IMF
Chile	IOSCO	ROSC	Reassessment	August-11	August-11	IMF
China, P. R. of	BCP	ROSC	Initial	June-11	April-12	IMF
China, P. R. of	CPSS	ROSC	Initial	June-11	April-12	IMF
China, P. R. of	FMI	ROSC	Initial	June-11	April-12	IMF
China, P. R. of	IAIS	ROSC	Initial	June-11	April-12	IMF
China, P. R. of	IOSCO	ROSC	Initial	June-11	April-12	IMF
Colombia	BCP	ROSC	Reassessment	January-13	February-13	IMF
Colombia	IAIS	ROSC	Initial	January-13	February-13	IMF

SCOPE AND FOCUS OF THE 2017 REVIEW OF THE STANDARDS AND CODES INITIATIVE

Economy	Policy Area	Type of Output	Completed	Published	Issuing Body	
Colombia	IOSCO	ROSC	Reassessment	January-13	February-13	IMF
Colombia	CRDI	ROSC	Initial	October-15	February-16	World Bank
Costa Rica	IFRS/ISA	ROSC	Initial	June-12	March-13	World Bank
Costa Rica	Fiscal	Others	Evaluation	October-13	October-13	IMF
Cote d'Ivoire	CG	ROSC	Initial	February-16	June-16	World Bank
Czech Republic	BCP	ROSC	Reassessment	July-12	July-12	IMF
Czech Republic	CRDI	Others	Technical Note	July-12	July-12	IMF
Czech Republic	IFRS/ISA	ROSC	Reassessment	June-13	June-13	World Bank
Denmark	BCP	ROSC	Reassessment	November-14	December-14	IMF
Denmark	IAIS	ROSC	Reassessment	November-14	December-14	IMF
Denmark	CRDI	Others	Technical Note	December-14	December-14	IMF
El Salvador	CG	ROSC	Initial	June-11	January-13	World Bank
El Salvador	BCP	ROSC	Reassessment	January-14	February-14	IMF
El Salvador	CRDI	Others	Technical Note	January-14	February-14	IMF
European Union	FMI	ROSC	Reassessment	November-13	February-14	IMF
Finland	Fiscal	Others	Evaluation	March-15	March-15	IMF
France	BCP	ROSC	Reassessment	June-13	July-13	IMF
France	CRDI	Others	Technical Note	June-13	July-13	IMF
France	FMI	ROSC	Reassessment	June-13	July-13	IMF
France	IAIS	ROSC	Reassessment	June-13	July-13	IMF
France	IOSCO	ROSC	Reassessment	June-13	July-13	IMF
Georgia	Data	ROSC	Reassessment	March-12	March-12	IMF
Georgia	AML/CFT	ROSC	Initial	December-12	January-13	IMF
Georgia	IFRS/ISA	ROSC	Reassessment	November-14	May-15	World Bank
Georgia	BCP	ROSC	Reassessment	December-14	January-15	IMF
Georgia	CRDI	Others	Technical Note	December-14	January-15	IMF
Germany	BCP	ROSC	Reassessment	June-11	September-11	IMF
Germany	FMI	ROSC	Reassessment	June-11	September-11	IMF
Germany	IAIS	ROSC	Reassessment	June-11	September-11	IMF
Germany	IOSCO	ROSC	Reassessment	June-11	September-11	IMF
Germany	AML/CFT	Others	Technical Note	June-16	July-16	IMF
Germany	IAIS	Others	Technical Note	June-16	July-16	IMF
Germany	BCP	ROSC	Reassessment	June-16	July-16	IMF
Germany	CRDI	Others	Technical Note	June-16	July-16	IMF
Germany	FMI	ROSC	Reassessment	June-16	July-16	IMF
Ghana	BCP	Others	Update	May-11	June-11	IMF
Ghana	CG	ROSC	Reassessment	May-11	June-12	World Bank
Ghana	IFRS/ISA	ROSC	Reassessment	December-14	January-15	World Bank
Guatemala	Fiscal	Others	Evaluation	November-16	December-16	IMF
Guinea	IFRS/ISA	ROSC	Initial	March-13	June-13	World Bank
Hong Kong SAR	BCP	ROSC	Reassessment	April-14	July-14	IMF
Hong Kong SAR	IAIS	ROSC	Reassessment	April-14	July-14	IMF
Hong Kong SAR	IOSCO	ROSC	Reassessment	April-14	July-14	IMF
Hong Kong SAR	CRDI	Others	Technical Note	July-14	July-14	IMF
Hong Kong SAR	FMI	Others	Technical Note	July-14	July-14	IMF
Iceland	BCP	ROSC	Reassessment	August-14	September-14	IMF
India	BCP	ROSC	Reassessment	February-12	August-13	IMF
India	BCP	ROSC	Reassessment	August-13	August-13	IMF
India	FMI	ROSC	Initial	August-13	August-13	IMF
India	IAIS	ROSC	Initial	August-13	August-13	IMF

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Economy	Policy Area	Type of Output		Completed	Published	Issuing Body
India	IOSCO	ROSC	Reassessment	August-13	August-13	IMF
Indonesia	CPSS	Others	Technical Note	June-12	July-12	IMF
Indonesia	FMI	ROSC	Reassessment	June-12	July-12	IMF
Indonesia	IOSCO	Others	Technical Note	June-12	July-12	IMF
Indonesia	MFPT	ROSC	Reassessment	June-12	July-12	IMF
Indonesia	BCP	ROSC	Reassessment	November-12	December-12	IMF
Ireland	Fiscal	Others	Evaluation	July-13	July-13	IMF
Ireland	BCP	ROSC	Reassessment	April-14	May-14	IMF
Ireland	IOSCO	ROSC	Reassessment	April-14	May-14	IMF
Ireland	IAIS	ROSC	Reassessment	May-15	May-15	IMF
Ireland	BCP	Others	Technical Note	September-16	September-16	IMF
Ireland	CRDI	Others	Technical Note	September-16	September-16	IMF
Ireland	IAIS	Others	Technical Note	September-16	September-16	IMF
Israel	BCP	ROSC	Reassessment	April-12	April-12	IMF
Israel	CPSS	ROSC	Reassessment	April-12	April-12	IMF
Israel	IAIS	ROSC	Reassessment	April-12	April-12	IMF
Israel	IOSCO	ROSC	Reassessment	April-12	April-12	IMF
Italy	FMI	Others	Technical Note	March-13	December-13	IMF
Italy	BCP	ROSC	Reassessment	September-13	December-13	IMF
Italy	CRDI	Others	Technical Note	September-13	December-13	IMF
Italy	IAIS	ROSC	Reassessment	September-13	December-13	IMF
Italy	IOSCO	ROSC	Reassessment	September-13	December-13	IMF
Italy	AML/CFT	ROSC	Initial	January-16	February-16	IMF
Jamaica	IFRS/ISA	ROSC	Reassessment	June-14	November-16	World Bank
Japan	BCP	ROSC	Reassessment	August-12	August-12	IMF
Japan	FMI	Others	Technical Note	August-12	August-12	IMF
Japan	IAIS	ROSC	Reassessment	August-12	August-12	IMF
Japan	IOSCO	ROSC	Reassessment	August-12	August-12	IMF
Kenya	Fiscal	Others	Evaluation	July-16	July-16	IMF
Korea	BCP	ROSC	Reassessment	September-14	October-14	IMF
Korea	FMI	ROSC	Reassessment	September-14	October-14	IMF
Korea	IOSCO	ROSC	Reassessment	September-14	October-14	IMF
Korea	CRDI	Others	Technical Note	September-14	October-14	IMF
Kosovo	ICR	ROSC	Initial	June-12	April-13	World Bank
Kosovo	BCP	ROSC	Initial	December-12	April-13	IMF
Kosovo	IFRS/ISA	ROSC	Reassessment	May-13	June-13	World Bank
Kuwait	AML/CFT	ROSC	Reassessment	August-11	September-11	IMF
Latvia	IFRS/ISA	ROSC	Reassessment	November-14	September-15	World Bank
Liberia	IFRS/ISA	ROSC	Initial	February-11	March-11	World Bank
Luxembourg	BCP	ROSC	Reassessment	April-11	June-11	IMF
Luxembourg	FMI	ROSC	Reassessment	April-11	June-11	IMF
Luxembourg	IOSCO	ROSC	Reassessment	April-11	June-11	IMF
Macao SAR	BCP	ROSC	Reassessment	August-11	August-11	IMF
Macedonia, FYR	IFRS/ISA	ROSC	Reassessment	April-15	April-15	World Bank
Malaysia	IFRS/ISA	ROSC	Initial	February-12	February-12	World Bank
Malaysia	CG	ROSC	Reassessment	May-12	May-13	World Bank
Malaysia	BCP	ROSC	Initial	February-13	March-13	IMF
Malaysia	FMI	ROSC	Initial	February-13	March-13	IMF
Malaysia	IAIS	ROSC	Initial	February-13	March-13	IMF

SCOPE AND FOCUS OF THE 2017 REVIEW OF THE STANDARDS AND CODES INITIATIVE

Economy	Policy Area	Type of Output	Completed	Published	Issuing Body	
Malaysia	IOSCO	ROSC	Initial	February-13	March-13	IMF
Maldives	AML/CFT	ROSC	Initial	October-11	January-12	IMF
Mauritius	CG	ROSC	Reassessment	June-11	April-12	World Bank
Mexico	CPSS	ROSC	Reassessment	December-11	March-12	IMF
Mexico	IAIS	ROSC	Reassessment	February-12	March-12	IMF
Mexico	IOSCO	ROSC	Reassessment	March-12	March-12	IMF
Mexico	BCP	ROSC	Reassessment	March-12	March-12	IMF
Mexico	Data	ROSC	Reassessment	November-13	November-13	IMF
Mexico	Data	ROSC	Reassessment	June-15	July-15	IMF
Moldova	IFRS/ISA	ROSC	Reassessment	June-13	June-13	World Bank
Moldova	ICR	ROSC	Initial	December-14	October-15	World Bank
Moldova	BCP	ROSC	Reassessment	January-16	February-16	IMF
Moldova	CRDI	Others	Technical Note	January-16	February-16	IMF
Moldova	FMI	Others	Technical Note	January-16	February-16	IMF
Mongolia	BCP	Others	Update	March-11	May-11	IMF
Montenegro	IFRS/ISA	Others	Technical Note	September-15	April-16	World Bank
Mozambique	Fiscal	Others	Evaluation	January-15	February-15	IMF
Nepal	IFRS/ISA	ROSC	Initial	January-15	June-15	World Bank
Netherlands	AML/CFT	ROSC	Reassessment	April-11	April-11	IMF
Netherlands	BCP	ROSC	Reassessment	May-11	July-11	IMF
Netherlands	CRDI	Others	Technical Note	May-11	July-11	IMF
Netherlands	IAIS	ROSC	Reassessment	May-11	July-11	IMF
Netherlands	IOSCO	ROSC	Reassessment	May-11	July-11	IMF
Nigeria	BCP	ROSC	Reassessment	January-13	May-13	IMF
Nigeria	IAIS	ROSC	Initial	January-13	May-13	IMF
Nigeria	IOSCO	ROSC	Reassessment	January-13	May-13	IMF
Norway	CRDI	Others	Technical Note	August-15	September-15	IMF
Norway	FMI	Others	Technical Note	August-15	September-15	IMF
OECS	IFRS/ISA	ROSC	Reassessment	June-15	June-15	World Bank
Oman	Data	ROSC	Reassessment	June-15	June-15	IMF
Panama	AML/CFT	ROSC	Initial	February-14	February-14	IMF
Papua New Guinea	BCP	ROSC	Initial	May-11	July-11	IMF
Papua New Guinea	IAIS	ROSC	Initial	May-11	July-11	IMF
Papua New Guinea	IFRS/ISA	ROSC	Initial	February-15	March-15	World Bank
Paraguay	BCP	ROSC	Reassessment	May-11	July-11	IMF
Paraguay	Data	ROSC	Reassessment	August-14	August-14	IMF
Peru	Fiscal	Others	Evaluation	October-15	October-15	IMF
Philippines	Fiscal	Others	Evaluation	June-15	June-15	IMF
Poland	BCP	ROSC	Reassessment	May-12	August-12	IMF
Poland	IFRS/ISA	ROSC	Reassessment	April-15	August-15	World Bank
Portugal	Fiscal	Others	Evaluation	September-14	October-14	IMF
Romania	Fiscal	Others	Evaluation	March-15	March-15	IMF
Russia	Data	ROSC	Reassessment	February-11	March-11	IMF
Russia	BCP	ROSC	Reassessment	August-11	November-11	IMF
Russia	IOSCO	ROSC	Reassessment	August-11	March-12	IMF
Russia	CG	ROSC	Reassessment	October-13	December-13	World Bank
Russia	Fiscal	Others	Evaluation	May-14	May-14	IMF
Russia	BCP	ROSC	Reassessment	June-16	July-16	IMF
Russia	IOSCO	ROSC	Reassessment	June-16	July-16	IMF
Russia	AML/CFT	Others	Technical Note	September-16	September-16	IMF

Economy	Policy Area	Type of Output	Completed	Published	Issuing Body	
Russia	CRDI	Others	Technical Note	September-16	September-16	IMF
Rwanda	BCP	ROSC	Reassessment	June-11	August-11	IMF
Rwanda	AML/CFT	ROSC	Reassessment	July-15	August-15	IMF
Rwanda	IFRS/ISA	ROSC	Reassessment	March-16	April-16	World Bank
Samoa	BCP	Others	Technical Note	July-15	August-15	IMF
Samoa	CRDI	Others	Technical Note	July-15	August-15	IMF
Saudi Arabia	BCP	Others	Update	July-11	April-12	IMF
Saudi Arabia	CPSS	Others	Update	July-11	April-12	IMF
Saudi Arabia	IOSCO	Others	Update	July-11	April-12	IMF
Saudi Arabia	AML/CFT	ROSC	Initial	July-11	April-12	IMF
Saudi Arabia	BCP	ROSC	Reassessment	July-13	July-13	IMF
Saudi Arabia	CPSS	ROSC	Reassessment	July-13	July-13	IMF
Saudi Arabia	IOSCO	ROSC	Reassessment	July-13	July-13	IMF
Serbia	IFRS/ISA	ROSC	Reassessment	April-16	June-16	World Bank
Singapore	BCP	ROSC	Reassessment	November-13	December-13	IMF
Singapore	FMI	ROSC	Reassessment	November-13	December-13	IMF
Singapore	IAIS	ROSC	Reassessment	November-13	December-13	IMF
Singapore	IOSCO	ROSC	Reassessment	November-13	December-13	IMF
Slovenia	BCP	ROSC	Reassessment	November-12	December-12	IMF
Slovenia	IFRS/ISA	ROSC	Reassessment	May-14	May-14	World Bank
South Africa	IFRS/ISA	ROSC	Reassessment	June-13	November-13	World Bank
South Africa	BCP	ROSC	Reassessment	February-15	March-15	IMF
South Africa	CRDI	Others	Technical Note	February-15	March-15	IMF
South Africa	IAIS	ROSC	Reassessment	February-15	March-15	IMF
South Africa	IOSCO	ROSC	Reassessment	February-15	March-15	IMF
South Africa	FMI	Others	Technical Note	February-15	March-15	IMF
South Africa	AML/CFT	Others	Technical Note	February-15	March-15	IMF
Spain	BCP	ROSC	Reassessment	June-12	June-12	IMF
Spain	CRDI	Others	Technical Note	June-12	June-12	IMF
Spain	FMI	Others	Technical Note	June-12	June-12	IMF
Spain	IAIS	ROSC	Reassessment	June-12	June-12	IMF
Spain	IOSCO	ROSC	Reassessment	June-12	June-12	IMF
Sri Lanka	IFRS/ISA	ROSC	Reassessment	January-15	June-15	World Bank
Suriname	IFRS/ISA	ROSC	Initial	December-11	July-12	World Bank
Sweden	BCP	ROSC	Reassessment	June-11	September-11	IMF
Sweden	CPSS	ROSC	Reassessment	June-11	September-11	IMF
Sweden	CRDI	Others	Technical Note	June-11	September-11	IMF
Sweden	FMI	ROSC	Reassessment	June-11	September-11	IMF
Sweden	IAIS	ROSC	Reassessment	June-11	September-11	IMF
Sweden	IOSCO	ROSC	Reassessment	June-11	September-11	IMF
Switzerland	BCP	ROSC	Reassessment	April-14	September-14	IMF
Switzerland	IAIS	ROSC	Reassessment	April-14	September-14	IMF
Switzerland	IOSCO	ROSC	Reassessment	April-14	September-14	IMF
Switzerland	FMI	Others	Technical Note	August-14	September-14	IMF
Thailand	CG	ROSC	Reassessment	June-12	May-13	World Bank
Trinidad and Tobago	IFRS/ISA	ROSC	Initial	August-12	March-13	World Bank
Tunisia	AML/CFT	ROSC	Reassessment	July-12	August-12	IMF
Tunisia	Fiscal	ROSC	Reassessment	May-17	November-17	IMF
Uganda	IFRS/ISA	ROSC	Reassessment	October-14	February-15	World Bank
United Kingdom	BCP	ROSC	Reassessment	July-11	August-11	IMF

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Economy	Policy Area	Type of Output		Completed	Published	Issuing Body
United Kingdom	CPSS	ROSC	Reassessment	July-11	August-11	IMF
United Kingdom	FMI	ROSC	Reassessment	July-11	August-11	IMF
United Kingdom	IAIS	ROSC	Reassessment	July-11	August-11	IMF
United Kingdom	IOSCO	ROSC	Reassessment	July-11	August-11	IMF
United Kingdom	CRDI	Others	Technical Note	July-11	August-11	IMF
United Kingdom	AML/CFT	Others	Technical Note	July-11	August-11	IMF
United Kingdom	FMI	Others	Technical Note	June-16	June-16	IMF
United Kingdom	BCP	ROSC	Reassessment	June-16	June-16	IMF
United Kingdom	CRDI	Others	Technical Note	June-16	June-16	IMF
United Kingdom	IAIS	Others	Technical Note	June-16	June-16	IMF
United Kingdom	AML/CFT	Others	Technical Note	June-16	June-16	IMF
United Kingdom	Fiscal	Others	Evaluation	November-16	November-16	IMF
United States	BCP	ROSC	Reassessment	March-15	April-15	IMF
United States	IAIS	ROSC	Reassessment	March-15	April-15	IMF
United States	IOSCO	ROSC	Reassessment	March-15	April-15	IMF
United States	CRDI	Others	Technical Note	June-15	July-15	IMF
United States	FMI	Others	Technical Note	June-15	July-15	IMF
United States	AML/CFT	Others	Technical Note	July-15	July-15	IMF
Uruguay	BCP	Others	Update	November-12	May-13	IMF
Uruguay	IAIS	Others	Update	November-12	May-13	IMF
Uruguay	Data	ROSC	Reassessment	January-14	February-14	IMF
Vietnam	CG	ROSC	Reassessment	August-13	June-14	World Bank
Zimbabwe	IFRS/ISA	ROSC	Initial	February-11	March-11	World Bank

Annex VI. Summary of Changes to Standards and Codes (2010-2016)

Area	Number of principles (and sub-principles)		Key changes to standard
	2010	2016	
Standard setter: IMF			Standard assessor: IMF
1. Monetary and financial policy <ul style="list-style-type: none"> Code of Good Practices on Transparency in Monetary and Financial Policies (IMF) 	37 (45)	37 (45)	No change.
2. Fiscal policy transparency <ul style="list-style-type: none"> Fiscal Transparency Code (IMF) 	9 (45)	11 (36)	New standard concentrates on output rather than processes . Differentiate between basic, good, and advanced practices to provide clear mile stones . Stresses the analysis and management of fiscal risks (Pillar III). Better complement other fiscal standards and diagnostics. Work on Pillar IV , Resource Revenue Management is near completion.
3. Data dissemination <ul style="list-style-type: none"> Data Quality Assessment Framework (IMF) 	19 (52)	19 (52)	The generic DQAF serves as an umbrella for seven data-specific frameworks. Some of these have been updated, including an expanded coverage of monetary statistics.
Standard setter: external			Standard assessor: IMF/WB
4. Banking supervision <ul style="list-style-type: none"> Core Principles for Effective Banking Supervision (BCBS) 	25 (196)	29 (231)	Individual Core Principles strengthened to pay greater attention to supervisory practices and risk management. Various additional criteria upgraded to essential criteria, new additional criteria added. New areas of attention include SIFIs, macro and systemic perspective to prudential supervision, macroprudential, crisis management, corporate governance and market discipline. Reinforces concept of proportionality , in terms of expectations on supervisors and standards that supervisors impose on banks. Assessments to be commensurate with risk profile of banks and risks to the overall financial system.
5. Securities regulation <ul style="list-style-type: none"> Objectives and Principles of Securities Regulation (IOSCO) 	30	38	Eight new principles added to cover <ul style="list-style-type: none"> specific policy areas: hedge funds, credit rating agencies, and auditor independence and oversight; broader areas: systemic risk; perimeter of regulation; and conflicts of interest and misalignment of incentives. Assessments should examine whether a principle is met from (i) legal perspective , and (ii) perspective of the exercise of those powers in practice .

Area	Number of principles (and sub-principles)		Key changes to standard
	2010	2016	
<i>Standard setter: external</i>			<i>Standard assessor: IMF/WB</i>
6. Insurance supervision <ul style="list-style-type: none"> Insurance Core Principles (IAIS) 	28	26	Revamp of standard and assessment methodology. Revised principles presented according to a hierarchy of supervisory material: principle statements are highest level, standards at next level, and guidance below. Assessment methodology expanded from 52 to 396 pages. Assessments are to take account of domestic context , industry structure and development stage of financial sector and overall macroeconomic conditions.
7. Financial market infrastructures <ul style="list-style-type: none"> Principles for Financial Market Infrastructures (CPSS/IOSCO, 2012) Recommendations for Central Counterparties (CPSS-IOSCO, 2004) Core Principles for Systemically Important Payment Systems (CPSS, 2001) Recommendations for Securities Settlement Systems (CPSS-IOSCO, 2001) 	N.A. 15 10 19	24 N.A. N.A. N.A.	Three codes merged into one new set. The PFMI replaced the RCCP, CPSIPS, and RSSS in 2012. The PFMI includes 24 new Principles for FMIs, as well as the 5 responsibilities for authorities. Assessments may include not only the supervision and oversight of FMIs (using the 5 responsibilities), but also individual FMIs (using the relevant principles). Definition of the scope per country is important, taking into account available resources, as there may be 3-10 systemically important FMIs in a developed market. Macro-financial stability more explicitly addressed with new principles on general risk management frameworks, liquidity and credit risks, and on recovery/orderly wind-down.
8. Crisis resolution and deposit insurance <ul style="list-style-type: none"> Core Principles for Effective Deposit Insurance Systems (IADI) Key Attributes of Effective Resolution Regimes for Financial Institutions (FSB) 	18 N.A.	16 (98) 12 (64)	Revamp of IADI CPs and assessment methodology: <ul style="list-style-type: none"> reduced overlap and duplication among CPs; enhanced guidance on governance, coverage, ex ante funding, deposit reimbursements, public awareness, moral hazard, safeguards for the use of deposit insurance funds; updated CPs on crisis preparedness, intervention, and failure resolution; and alignment with FSB Key Attributes; new guidance—Islamic Deposit Insurance Systems, Multiple Deposit Insurance Systems, Financial Inclusion, Depositor Preference. Upgrading additional criteria to essential criteria. New standard finalized in 2011 to make resolution feasible without severe systemic disruption and without exposing taxpayers to loss, while protecting vital economic functions. Jurisdictions should have in place a resolution authority with a broad range of powers to resolve a failing institution; arrangements for international cooperation; and improved recovery and resolution planning. The assessment methodology for the banking sector was finalized in 2016.

Area	Number of principles (and sub-principles)		Key changes to standard
	2010	2016	
<i>Standard setter: external</i>			<i>Standard assessor: IMF/WB/FATF/FSRBs</i>
9. Anti-money laundering and combating the financing of terrorism (AML/CFT) <ul style="list-style-type: none"> Forty Recommendations (FATF) 	49	40	<p>Greater attention to the level of money laundering or terrorist financing risks. Countries are to identify, assess, and understand the risks of money laundering and terrorist financing that they face, and ensure that measures to prevent or mitigate money laundering and terrorist financing are commensurate with the risks identified.</p> <p>Assessments to include two interrelated components: focuses on (i) the legal and regulatory frameworks and (ii) the results achieved from their implementation against the country's specific money laundering/terrorist financing risk profile. Technical compliance and effectiveness are rated separately, but are considered together in the conclusions.</p> <p>9 recommendations for CFT merged with the other 40, reducing the number of recommendations.</p>
<i>Standard setter: WB and/or external</i>			<i>Standard assessor: WB</i>
10. Accounting and auditing <ul style="list-style-type: none"> International Financial Reporting Standards (IASB) International Standards on Auditing (ISA) 	30 36	45 37	<p>IASB Continually updates and adds new standards. Recent changes include a new approach to consolidation (IFRS 10), an expected credit risk to loan loss provisioning (IFRS 9) instead of the previous incurred risk approach in IAS 39, and the issuance of detailed methodology of assessing fair value (IFRS 13). ISA enhances requirements for auditors' reports, including the communication of key audit matters in connection with the audits of listed companies (ISA 701).</p>
11. Insolvency and creditor rights <ul style="list-style-type: none"> Principles for Effective Insolvency and Creditor Rights Systems (WB) Legislative Guide on Insolvency Law (UNCITRAL) 	33 (72) 198	38 (82) 266	<p>Two new principles on the insolvency of domestic and international business groups were added to reflect the introduction of UNCITRAL Part 3. Principles dealing with enforcement mechanisms were elaborated.</p> <p>Responsibilities of directors in an insolvency widened in line with UNCITRAL Part 4.</p>
12. Corporate governance <ul style="list-style-type: none"> Principles of Corporate Governance (OECD) 	32 (33)	39 (39)	<p>New section III addresses increased complexity of stock markets and new investors, strategies, and practices.</p> <p>Section VI on the on the role of the Board strengthened significantly.</p>