INTERNATIONAL MONETARY FUND

Progress Report of the Managing Director to the IMFC on the IMF's Policy Agenda—IMF Responses to Global Economic Challenges

October 8, 2008

- **Global stability**. The deepening financial market crisis has created difficult policy challenges and underlined the need for better analysis of global stability risks. Drawing on its universal membership and crisis-management experience, the Fund is facilitating a global dialogue on responses and looking more systematically at cross-country spillovers. In collaboration with other international bodies, it is distilling and promoting lessons from the current financial crisis. Steps have also been taken to expand early warning capabilities to advanced countries and to implement our new exchange rate surveillance framework more effectively.

- **Fund lending**. Given recent low demand for Fund facilities, we are taking a fresh look at our lending role. While this decline owes much to higher private capital flows and strengthened policy frameworks, it may also reflect a need to adapt our lending modalities. A comprehensive review will help ensure that members can continue to rely on Fund financing to "give confidence" to them and thereby help lessen the costs of necessary adjustments.

- **Food and fuel price developments**. The immediate priority is to contain risks to macroeconomic stability, poverty reduction, and food security. To that end, the Fund has provided targeted policy advice (e.g., in favor of expanded social safety nets, but against universal subsidies and export taxes) and additional financial assistance. Policy changes will allow more flexible provision of such assistance very soon.

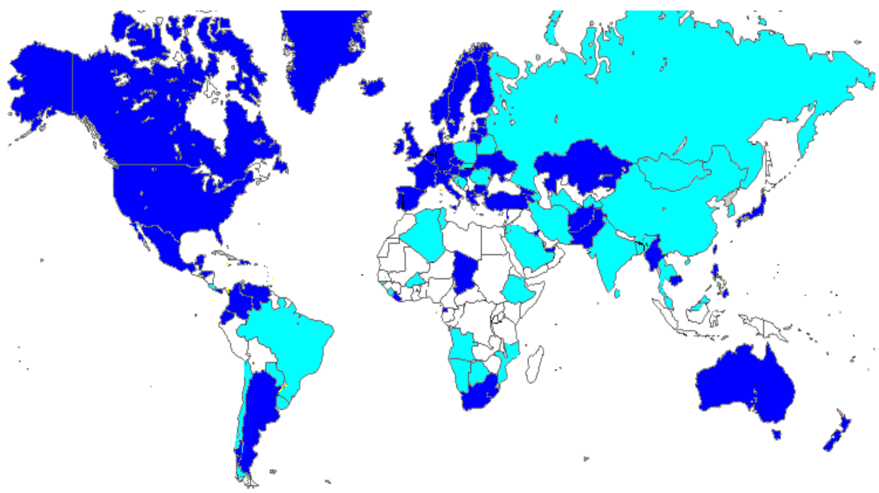
- **Modernizing the Fund**. With the Fund leaner and refocused, efforts now turn to implementing modernization. Acceptance of an amendment of the Articles and a decision on gold sales are needed to fully implement the new income model approved in the spring, and in the meantime, work is progressing on essential aspects (e.g., the rate of charge). Budget reforms focus on better costing of activities and aligning business plans with the Fund's strategy. Newly created units will guide work on the Fund's strategic directions, macro-financial linkages, and low-income countries. A joint steering committee of Executive Directors and Fund Management as well as a committee of eminent persons are assessing the Fund's governance structure, including the respective roles of its various decision-making bodies and Fund Management.

I. IMMEDIATE PRIORITIES

A. Global Financial Stability

1. ***Impact of financial crisis***. The world economy is slowing rapidly, dragged down by an extraordinary financial crisis, still-high commodity prices, and slumping housing markets in a number of advanced economies (Chart 1). Some emerging market and developing economies are already experiencing tighter financing conditions even as the surge in food and fuel prices feeds through to headline inflation. Further deleveraging, as financial institutions continue to suffer losses, will weigh on credit and activity in advanced countries. Nonetheless, stabilizing commodity markets and a bottoming-out of the U.S. housing market would support the beginning of a very gradual recovery later in 2009. Restoring more orderly conditions in financial markets is the key challenge facing advanced economies and more forceful and coordinated action is needed. In other countries, the challenge for policymakers will be to balance inflation concerns against the prospects of lower growth and the need to preserve financial stability.

Chart 1. Global Cooling—The global economy is expected to cool significantly in 2009



Growth in 2009 projected to fall by more than 25 percent compared to 2003-07 average

Growth in 2009 projected to fall by less than 25 percent compared to 2003-07 average

Growth in 2009 projected above the 2003-07 average

Source: WEO (October 2008).

2. ***The Fund's Response***. Fund activities are now more focused on the policy challenges raised by the financial crisis, including by strengthening contingency planning and crisis preparedness and stepping up the monitoring of highly vulnerable countries. The Fund's immediate priorities include contributing to resolving the financial market distress and bolstering the global financial system (see Box 1). In collaboration with other international bodies and standard setters, the Fund is also distilling lessons from the financial crisis and encouraging early action, including through its FSAP assessments, bilateral and multilateral surveillance, and technical assistance activities.[1]

- The Fund is actively helping members deal with the current financial crisis, with increasing emphasis being placed on macro-financial linkages (see paragraph 3), contagion risks, financial safety nets, and crisis preparedness and management. Key instruments that the Fund is using to this end include Financial Sector Assessment Program (FSAP) assessments, *World Economic Outlook* (WEO), *Global Financial Stability Report* (GFSR) and bilateral surveillance. In addition, the Fund is promoting dialogue within the membership: following consideration of the GFSR[2] and WEO[3] by the Executive Board, these issues were discussed in late September by senior officials from systemically important advanced and emerging market economies in a conference call organized by the Fund. Such an initiative helped promote dialogue and consensus building on required policy responses within the membership, as did a high-level IMF/ Financial Stability Forum (FSF) seminar in early October focusing on risks and policy challenges in the regulatory and supervisory area.

- Policy lessons distilled by the Fund[4] and by the FSF[5] underpin a broad consensus on priorities for financial supervision and regulation, with a view to strengthening national policy frameworks and the international financial system. Recommendations that the Fund is encouraging members to implement cover areas such as central bank liquidity frameworks (e.g., frequency and maturity of operations, available instruments, and range of counterparties and collateral to deal with extraordinary situations); crisis management arrangements (e.g., deposit insurance, inter-agency and cross-border information sharing, and bank insolvency frameworks); and encouraging more risk-sensitive capital and supervisory regimes (e.g., reflecting liquidity and tail risk management, and incentive structures for market participants). Other recommendations relate to risk disclosure and valuation (e.g., enhanced requirements under Pillar 3 of Basel II), and the role of—and methodologies used by—credit rating agencies (e.g., lack of transparency and differentiation of ratings for structured products). Also, the Fund's collaboration with the Basel Committee on Banking Supervision and other standard setters has been enhanced.

- A Fund analysis of how future financial crises may evolve and affect emerging market countries found that higher capital flows have yielded important benefits, but have also increased volatility and potential reversals in capital flows, the risk of asset price bubbles, and the likelihood of crises emanating from the private sector. In addition to reviewing its financing role (see Section I. B.), the Fund's efforts must therefore aim to: enhance its financial sector analysis, promote better data collection and transparency, tailor technical assistance to bolstering resilience to shocks, strengthen policy advice on crisis prevention and management, and improve communication and coordination with members and international bodies.

3. ***Macro-financial linkages***. The Fund is strengthening the analysis of linkages between the real and financial sectors, a priority for the next few years (see Box 1). A special unit focusing on macro financial linkages is being set up to coordinate work in this area (see Section II). Already, the increasing importance of macro-financial linkages and spillovers has been highlighted in recent Article IV consultations, FSAPs and in multilateral surveillance. For example, the 2008 Article IV consultation with the United States studied the impact of financial conditions on real activity and the impact of hits to bank capital on credit and

spending. The latest WEO and GFSR each dedicate a chapter to macro-financial linkages (respectively, “Financial Stress and Economic Downturns” and “Spillovers to Emerging Equity Markets”).

4. ***Vulnerability exercise.*** The Fund is expanding its early warning capabilities to advanced countries, as called for by the IMFC in April 2008. One component of this work consists of quantitative indicators—such as asset price inflation, credit growth, and falling corporate and household savings that help signal build-up of medium-term vulnerabilities and the presence of near-term risks. However, the larger part of staff efforts will focus on bringing to bear insights from the GFSR, FSAPs, and cross-country analysis to identify vulnerabilities in individual countries and groups of countries.

5. ***Bilateral surveillance of external stability***. The Fund has also taken steps to implement its new exchange rate surveillance framework more effectively. The adoption of the landmark bilateral Surveillance Decision in 2007 was intended to refocus surveillance on the Fund’s core mandate, including (though not limited to) exchange rate issues. However, making specific and explicit findings in the sensitive area of exchange rates, and grappling with analytical uncertainties have made this task very challenging in a number of cases. A recent review (see paragraph 7) found that while the quality of exchange rate analysis had improved, more needed to be done to ensure candor, evenhandedness and a better integration with the overall macroeconomic policy mix. Steps have been taken to move forward, in particular through the proposed use of ad hoc consultations when there are significant concerns that specific findings are envisaged. Such consultations will provide an opportunity for in-depth discussion between the member and the international community (through the Executive Board), and help the Fund reach conclusions in areas of concern.

6. ***Exchange rate analysis***. The methodological framework underlying exchange rate analysis is being bolstered to strengthen the global consistency of assessments by individual country teams and the assessment of exchange rates in countries posing specific challenges (e.g., non-renewable commodity exporters and low-income countries). A presentation on exchange rate developments and assessments gave the Executive Board an opportunity to discuss these issues from a multilateral perspective. The staff’s analysis focused on three aspects: the evolution of real effective exchange rates in relation to their fundamental-adjusted period averages; the shifts in current account balances needed to stabilize net foreign asset positions; and the changes in real exchange rates needed to eliminate gaps between current account balances and their equilibrium (norm) values. A further discussion of exchange rate issues from a multilateral perspective is planned in the context of a forthcoming review of countries' choice of exchange rate regime, and how it affects the efficient functioning and stability of the overall system of exchange rates.

7. ***Review of Surveillance***. A thorough review reached a generally positive assessment of surveillance, but confirmed the need for deeper analysis of global stability risks, as is already underway. The recently concluded triennial surveillance review (TSR)[6]—a detailed stock-taking exercise involving broad consultations and an independent evaluation component—suggested that Fund surveillance is held in high regard by its key audiences. Progress is evident on many fronts: beyond exchange rate analysis, mentioned earlier, surveillance is more sharply focused; and cross-country spillovers and financial sector surveillance have been receiving greater attention. However, it is clear that more needs to be done to improve the effectiveness of surveillance, building on the Fund's comparative advantage in the analysis of global financial markets, the incorporation of multilateral perspectives and the assessment of tail risks, real-financial sector linkages, and global spillovers, including external stability. As noted earlier, work is well underway in these areas. To steer surveillance further in this direction over the next few years, the Executive Board recently adopted a first ever Statement of Surveillance Priorities[7] (See Box 1).

Box 1. Surveillance Priorities 2008-11

Economic priorities
- Resolve financial market distress
- Strengthen the global financial system
- Adjust to sharp changes in commodity prices
- Promote the orderly reduction of global imbalances

Operational priorities
- Risk assessments
- Financial sector surveillance and real-financial linkages
- Multilateral perspective
- Analysis of exchange rates and external stability risks

8. ***Sovereign Wealth Funds (SWFs)***. An international working group, supported by the Fund, reached a preliminary agreement on a set of 24 generally accepted principles and practices (GAPP), also known as the Santiago Principles. Recognizing the growing importance of SWFs in international financial markets and to foster better understanding of SWFs, an International Working Group (IWG) of SWFs was created in April 2008 with the aim of putting together a set of voluntary generally accepted practices and principles for SWFs by October 2008 . The Fund facilitated and coordinated the work by providing a secretariat and supporting the discussions among the IWG members.[8] The GAPP covers practices and principles in three key areas: (i) legal framework, objectives, and coordination with macroeconomic policies; (ii) institutional framework and governance structure; and (iii) investment and risk management framework. The development of the Santiago Principles is a significant step as it is the first time SWFs have set out the elements of a comprehensive collective framework to inform and guide their institutional frameworks, governance structures and investment decision-making policies. The Santiago Principles seeks to help maintain the free flow of cross-border investment and sustain an open and stable financial system. By embracing the Santiago Principles, SWFs could reduce concerns and thereby help

to mitigate the risk of protectionist pressures on their investments and restrictions on international capital flows. At the same time, the OECD initiative on recipient country policies toward SWFs, which is progressing, will also help to ensure that recipient countries remain open to SWF investments.

B. Fund Lending Role in a Globalized World

9. ***Fund financing***. Demand for Fund facilities shrank in recent years, reflecting higher private capital flows as well as other factors such as strengthened policy frameworks and substantial debt relief (see Tables 5 and 6 for current arrangements and balances). However, lower demand for Fund resources may also reflect the need for facilities to adapt. While the Fund currently has tools to help members meet balance of payments needs, adjustments may be necessary to address concerns that the Fund's instruments are not always tailored to provide the services members seek, and that they send negative signals about prospects, come with too many conditions, provide too little financing, and are too costly. And the *Macro-Financial and Cross-Border Risks* study noted above identified new sources of risk that could affect members' balance of payments needs. In taking up these broad issues, the *Review of the Fund's Financing Role in Member Countries*[9] recognized that the Fund's lending framework has been used flexibly on a case-by-case basis, striking a balance between adjustment and financing while playing a catalytic role. The review is at an early brainstorming stage, seeking Executive Directors' views on potential new instruments; elimination or reform of rarely used instruments; and a range of other issues related to the rationale and modalities for Fund lending.

10. ***Road map for reforms***. An initial discussion led the Executive Board to endorse a road map for reforms involving five work streams: (i) analytical considerations for Fund lending, looking at a range of issues such as market gaps, the coherence of the Fund's lending framework, the balance of payments criterion for Fund lending, as well as the scope for innovation in and streamlining of instruments, including a possible extension of a PSI-like signaling instrument to other members; (ii) access limits and financing terms for using Fund resources; (iii) conditionality; (iv) lending role and facilities for low-income members; and (v) a new liquidity instrument for crisis prevention. The aim is to have Board discussions in all of these areas before the 2009 Spring Meetings and to take decisions as quickly as possible in those areas where there is a strong consensus and particular urgency (e.g., a liquidity instrument). After the Spring Meetings, a stock-taking exercise will determine how to pull all the building blocks together to set the stage for decisions in the remaining areas before the 2009 Annual Meetings.

11. ***IMF lending limits***. The Executive Board will shortly consider again aspects such as the amount of financing normally available and the cost of Fund credit. The recent quota reform made important progress in realigning quotas—which determine how much a country can borrow from the Fund under normal circumstances (access limits)—for emerging markets that have grown rapidly (see Section II), but overall access has fallen substantially in the last decade relative to global output, trade, and capital flows. The Fund will assess whether higher normal access limits are warranted. After the Annual Meetings, proposals to simplify the system of interest rate surcharges—for large-scale borrowing and some cases of resources outstanding for a length of time—will be considered. These proposals, together

with the framework for setting the rate of charge under the new income model agreed before the Spring Meetings, will provide a new pricing structure for Fund lending.

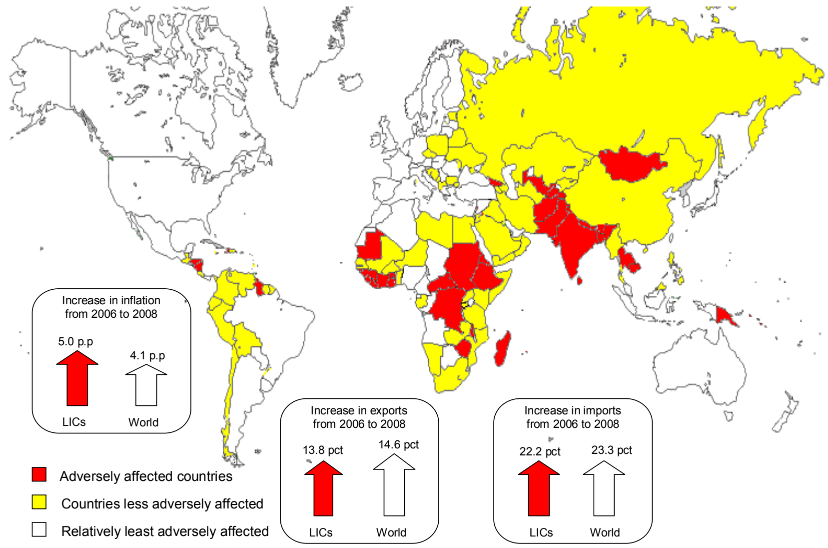
C. Food and Fuel Price Spikes

12. ***Impact and policy response***. An early assessment considered the causes and likely macroeconomic impact of higher food and fuel prices, and advised on policy responses.[10] Much higher food and energy prices threaten to undermine macroeconomic stability through higher inflation, import costs, and fiscal outlays (Chart 2); slow or reverse poverty reduction gains; and jeopardize food security for many. While the impact is likely to be greatest on low-income members, higher prices can pose macroeconomic challenges for all countries, including for inflation targeters seeking to maintain credibility. An updated assessment prepared in September shows that oil and food prices have recently fallen from their 2008 peaks, but remain volatile, and the effects of still-elevated prices on the balance of payments, budgets, and inflation have intensified. About 50 low- and middle-income countries are expected to remain vulnerable through 2009. There has only been limited use of nominal exchange rate flexibility as a shock absorber, and in addition to other fiscal measures, a number of countries have increased public wages.[11] A study of fuel and food subsidies found that these have risen since 2006 and are likely to increase further, with substantial fiscal costs and spillovers such as higher global demand.[12] Policy responses recommended in these papers include:

- passing through international prices, in a gradual manner if needed, and using targeted measures to protect the poor rather than universal subsidies;
- setting monetary and fiscal policy to limit second-round price effects and generalized inflation;
- expanding social safety nets consistent with fiscal and external sustainability, and combining this where necessary with offsetting actions (e.g., steps to raise revenues, cuts in lower priority spending, and mobilization of additional external assistance);
- allowing real exchange rate depreciations for net food and fuel importers facing permanent shocks (while being mindful not to stoke inflationary pressures); and
- discouraging export taxes and bans, while encouraging lower import tariffs.

13. ***IMF financial support***. The Fund is also providing additional financial support in response to higher food and fuel costs and enhancing its ability to respond flexibly to such external shocks. So far in 2008, a significant number of low-income countries have benefited from Fund financing to help deal with balance of payments pressures mainly from higher food and fuel prices. Eleven countries have received SDR 128 million or about $200 million in additional assistance under existing lending programs supported by the Poverty Reduction and Growth Facility (PRGF). Five new PRGF arrangements providing access of SDR 176 million or about $274 million to help in part with commodity price shocks have been approved. Still other countries have received financial support through the Fund's emergency assistance to help cope with the impact of recent natural disasters.

Chart 2. 50 countries are under pressure due to rising food or fuel prices



Source: WEO. 2008 projections compared with 2006.

14. ***Coping with shocks***. In September, acknowledging the importance of moving ahead in light of worsening global economic conditions, the Executive Board approved a revamping of the Fund's Exogenous Shocks Facility (ESF) to make it more useful to low-income members. The changes will enable the Fund to provide more rapid and effective assistance in the event of shocks, with faster disbursements based on up-front policy commitments and streamlined procedural requirements (e.g., development of a Poverty Reduction Strategy would not be required).[13] With the reforms, countries would not have to give up a Policy Support Instrument (PSI)—which many countries prefer to maintain—in order to obtain ESF funding. Consents are needed from PRGF-ESF Trust lenders and contributors to effect the changes.

15. ***IMF role in LICs***. Responding to food and commodity price shocks is only one aspect of the Fund's broader engagement in low-income countries (LICs). The Fund reaffirmed the need for close engagement with low-income members on key challenges such as those related to commodity prices in a review of the Fund's role in LICs.[14] The review noted that many countries have made progress toward macroeconomic and financial stability, which is central to sustained growth and poverty reduction. The Fund's approach evolved too, e.g., with greater flexibility in inflation and fiscal targets, and greater focus and parsimony in Fund conditionality on measures critical for macroeconomic stability. The need for continued close and tailored engagement with low-income members was emphasized, with the main channels remaining policy advice, capacity building assistance, and concessional balance of payments support.

16. ***Strategy in LICs***. The Fund will focus on its core expertise to help LICs achieve and maintain macroeconomic and financial stability and avoid a new unsustainable debt build-up. An agenda for moving forward with concrete actions to help respond to the pressing needs of

LIC members is outlined in a statement by the Managing Director that follows up on the Board discussion of the Fund's role in LICs.[15] The Fund's efforts, including building capacity for the development of medium-term debt strategies, support country-owned development strategies that seek to absorb higher levels of aid and accelerate progress toward the MDGs. The Fund will also draw on cross-country experience to help strengthen policies and institutions. As a growing number of LICs move toward middle-income status and grapple with challenges related to financial market development and expanded financing opportunities, the Fund will keep adapting its support to them, including with a review of the PSI and as part of the broader *Review of the Fund's Financing Role* described above. Regarding fragile and post-conflict states, a proposal for strengthened engagement will be refined. The Fund will continue to collaborate closely with other institutions—as it recently has for example through the UN High-Level Task Force on the Global Food Crisis, an IMF-OECD-World Bank workshop on food and fuel prices, and through the UN MDG Africa Steering Group.

II. Modernizing the Fund

17. ***Staffing and work practices***. In line with the strategic directions discussed in the spring,[16] the Fund moved quickly to restructure and refocus its activities in light of the need for budget savings. By late May, nearly 500 staff or about 17 percent of the Fund's workforce had been accepted for voluntary separations to help make the Fund a leaner institution with reduced costs. With restructuring well-advanced, the Fund continues to undertake institutional improvements. Three units have been created to help guide and coordinate the Fund's overall work on strategic directions, low-income countries, and macro-financial linkages. Various improvements in the efficiency of Fund operations will be explored, including through streamlining the review process. Within this new environment, consideration is being given to how to enhance the Fund's competitiveness as an employer in order to attract and retain high-quality staff.[17]

18. ***Capacity building***. Alongside surveillance and lending, capacity building is a core area of Fund work and absorbs about 25 percent of the gross budget. Broad reforms are being pursued to enhance its effectiveness and efficiency, and to better leverage the link between TA and surveillance and lending, which remains one of the key strengths of Fund TA. The reforms emphasize better prioritization and costing, enhanced performance measurement, and stronger partnerships with donors. As part of this effort, the Executive Board endorsed a major fundraising drive aimed at opening new regional technical assistance centers and creating topical trust funds. The Board also broadly supported a system of differentiated charges based on per capita income level, to be implemented starting in May 2009 (see Table 1, section D for additional information).

19. ***Income model***. Work is continuing in preparation for implementation of the new income model. Agreement has been reached that the margin for the basic rate of charge should be set in a stable and predictable manner, and should cover the Fund's intermediation costs and the buildup of reserves. Consistent with this approach, the initial margin was set at 100 basis points. A paper reviewing the role and adequacy of the Fund's precautionary balances under the new income model has been issued and is expected to be discussed

shortly after the Annual Meetings. The paper seeks Directors' views on the broad outlines of a possible new framework for reserve accumulation and dividend payments under the new income model. A paper is under preparation that explores the performance of potential alternative asset classes under an expanded investment authority. To implement the new income model, two key things are needed: (i) an amendment of the Fund's Articles of Agreement to expand the Fund's investment authority accepted by at least three-fifths of IMF members representing 85 percent of the total voting power; and (ii) an Executive Board decision with an 85 percent majority of the total voting power authorizing the limited sale of gold to create an income generating endowment.

20. ***Budget reform***. The next phase of reforms includes better costing of outputs and a closer alignment of departmental business plans with the strategic directions, with the first Fund-wide business plan a step towards such alignment. The need for better costing of the institution's work is underscored by the large real reductions in the Fund's administrative and capital expenditures, the changes in activities and resource use flowing from the strategic directions, and the need to lower administrative costs. The Fund is developing proposals for the possible introduction of activity-based costing and, in parallel, strengthening of performance measurement and its integration in budget preparation and reporting. Other proposals to be considered include: (i) the ability to carry forward unspent budget resources at year-end, and (ii) the use of greater detail in staff costs to improve budgeting and support the introduction of activity-based costing.

21. ***Enhancing Voice and Representation***. On April 28, the Board of Governors approved far-reaching reforms of the Fund's governance structure.[18] The reforms provide for a significant increase in the representation of dynamic emerging markets and give poorer countries a greater voice in the institution. They also create a more flexible quota and voice system for the future, involving further changes as members' relative positions in the global economy evolve. To complete the reforms, an amendment of the Fund's Articles of Agreement will need to be accepted by at least three-fifths of IMF members representing 85 percent of the total voting power. This will require approval by domestic legislatures for most members. The proposed quota increases also require consent and payment by the 54 eligible members. These members are to consent by October 31, 2008, although the Executive Board may extend this period to give time to obtain domestic legislative approval.

22. ***Fund Governance.*** With the initiation of a process to realign members' voting power within the Fund, important progress has been made in this area. However, the task of enhancing the Fund's legitimacy and effectiveness must also come to grips with the question of the suitability of the institutional framework through which members' voting power is actually exercised. Among other things, this requires careful consideration of the respective roles and responsibilities of the Board of Governors, the International Monetary and Financial Committee (IMFC), the Executive Board, and Fund Management. Important work has been ongoing in this area, including by the Independent Evaluation Office (IEO), Executive Directors, academics, and civil society groups.[19] Executive Directors met with civil society organizations in an informal seminar in September to hear their views on IMF reform based on worldwide consultations. The Board also adopted a comprehensive work program and established a joint steering committee of Executive Directors and Fund Management to follow up on the IEO *Evaluation of Aspects of IMF Corporate Governance—*

Including the Role of the Executive Board.[20] And the Managing Director appointed a committee of eminent persons to assess the Fund's current framework for decision-making.[21] The committee, chaired by Mr. Trevor Manuel, Minister of Finance of South Africa, is expected to present its report by April 2009. The implementation of the work program adopted by the Board as well as this report will be valuable inputs for the international community to take into account in deciding how to proceed in an area key to the Fund's global legitimacy.

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[1] *The Fund's Response to the 2007-08 Financial Crisis—Stocktaking and Collaboration with the Financial Stability Forum* (to be published on www.imf.org).
[2] *October 2008 Global Financial Stability Report*.
[3] *October 2008 World Economic Outlook*.
[4] *The Recent Financial Turmoil—Initial Assessment, Policy Lessons, and Implications for Fund Surveillance* (4/9/08).
[5] *Report of the Financial Stability Forum on Enhancing Market and Institutional Resilience* (4/7/08).
[6] *2008 Triennial Surveillance Review—Overview Paper and 2008 Triennial Surveillance Review—Thematic Findings* (to be published on www.imf.org).
[7] *IMF Executive Board Adopts Surveillance Priorities for 2008-2011* (PR/08/238, 10/8/08).
[8] *International Working Group of Sovereign Wealth Funds Reaches a Preliminary Agreement on Draft Set of Generally Accepted Principles and Practices—"Santiago Principles" (9/2/08)*.
[9] *IMF Executive Board Reviews the Fund's Financing Role* (PIN/08/131, 10/9/08).
[10] *Price Surge Driving Some Countries Close to Tipping Point, IMF Says* (PR/08/156, 7/1/08).
[11] *IMF Says 50 Countries Still Hurt by Food, Fuel Price Increases* (PR/08/219, 9/24/08).
[12] *Fuel and Food Price Subsidies: Issues and Reform Options* (to be published on www.imf.org).
[13] *IMF Reforms Exogenous Shocks Facility* (PIN/08/130, 10/8/08).
[14] *IMF Executive Board Concludes Discussion on The Role of the Fund in Low-Income Countries* (PIN/08/125, 9/26/08).
[15] *Statement by the Managing Director on the Role of the Fund in Low-Income Countries* (10/2/08).
[16] *Statement by the Managing Director on Strategic Directions in the Medium-Term Budget* (4/12/08).
[17] *IMF Shifts Focus to Key Global Economic and Financial Concerns* (PR/08/163, 7/7/08).
[18] *IMF Board of Governors Adopts Quota and Voice Reforms by Large Margin* (PR/08/93, 4/29/08).
[19] *Joint Statement by the Executive Board and the IMF Managing Director* (PR/08/121, 5/27/08).
[20] *Report of the Executive Board Working Group on IMF Corporate Governance* (to be published on www.imf.org).
[21] *Managing Director Strauss-Kahn Appoints Committee on IMF Governance Reform* (PR/08/200, 9/4/08).

Table 1. Status of Selected IMF Policy Issues[1]

A. Surveillance	
New Formats for Article IV Staff Reports	The paper considered different possible formats for Article IV staff reports. The Board emphasized that new formats should not come at the expense of the quality of staff reports but expressed openness to new modes of presentation to enhance the effectiveness of Fund surveillance and shorten preparation time for reports while also adapting to budgetary constraints. Directors cautioned that staff should avoid a proliferation of formats, and ensure that the different formats do not weaken the overall consistency of presentation of staff's views nor compromise evenhandedness, as well as provide clear and objective presentation of the authorities' views. They stressed that the formats of Article IV reports is only one way of improving effectiveness and efficiency and should be complemented by other steps to modernize work procedures and practices.
Review of Data Provision to the Fund for Surveillance Purposes	The Board reviewed progress in members' provision of data to the Fund for surveillance purposes and the expanded data list adopted under the 2004 Decision on *Strengthening the Effectiveness of Article VIII*. The Board welcomed progress made by members in providing adequate data to the Fund, though it noted that challenges remained in non-market access developing countries. Directors called for more candid assessments of data adequacy across countries in Article IV staff reports and agreed that, in cases of severe deficiencies, specific and prioritized remedial measures should be discussed with the authorities and reported to the Board. There was also broad support for the proposed new classification system for data adequacy, and for the proposed expansion of Statistical Issues Appendices to include financial sector data where warranted. Directors stressed that members provide the Fund data covered under Article VIII, Section to the best of their ability and endorsed the proposal to clarify guidance to staff regarding steps to follow when there is a concern about a possible breach, to ensure consistent and evenhanded treatment. *IMF Executive Board Reviews Progress in Members' Provision of Data to the Fund for Surveillance Purposes* (PIN/ 08/60, 5/27/08).
B. Strengthening the Fund's Policy Advice	
Fiscal Risks-Sources, Disclosure, and Management	In a formal seminar, the Board reviewed the international experience with fiscal risks and expressed preliminary views on broad guidelines, drawing on existing practices in a wide range of countries, that can serve as a tool for policymakers for fiscal risk disclosure and management. Directors noted that while disclosure can strengthen risk management and enhance the cost effectiveness of risk mitigation, quantification of risks may not always be feasible. They concluded that proposed new Guidelines for Fiscal Risk Disclosure and Management are a valuable tool to help policymakers identify potential improvements to existing frameworks. They looked forward to the Fund playing a role in helping member countries improve their technical and institutional capacities in this area. *IMF Executive Board Holds Board Seminar on Fiscal Risks-Sources, Disclosure, and Management* (PIN/ 08/73, 6/23,08).
Structural Reforms and Economic	The paper, which was discussed by the Board in an informal seminar, analyzed the contribution of structural policies to economic performance, including average growth

[1] *This table summarizes ongoing work at the Fund that is not covered in the text of the paper.*

Performance in Advanced and Developing Countries	and resilience to shocks. It found that real and financial sector reforms have boosted per capita income growth in all segments of the membership, with domestic financial sector, trade, and farm sector liberalization having particularly large effects. Sequencing influences significantly the growth and stability benefits of reforms. *Structural Reforms and Economic Performance in Advanced and Developing Countries* (6/10/08).
C. Low-Income Members	
Doha Development Agenda (DDA) and Aid for Trade	The 2008 report, prepared jointly by IMF and World Bank staffs, reviews the recent large terms of trade shock in food and finds that trade-distorting policies that have encouraged inefficient agricultural production in rich countries and discouraged efficient production in developing countries are among the contributing factors. Recently introduced restrictions on food exports have further distorted markets and discouraged production in food-exporting countries. Although agreement has not been reached on the DDA, the options that have been presented could be the basis for an agreement that would provide a substantial boost to global growth. Finally, the report reviews implementation of Aid for Trade programs where efforts such as trade facilitation could be as important as tariff reductions in increasing global trade flows. *Coping with New Strains in the Global Trading System—Doha Round, Food Prices, and Aid for Trade* (to be published on www.imf.org).
HIPC/MDRI Status Report	In addition to providing an update on HIPC and MDRI progress since mid-2007, the report reviews developments since the Monterrey Consensus in light of the upcoming Financing for Development meetings in Doha. Of 41 countries eligible for HIPC, 33 have reached decision point and 23 have reached completion point, and more than $100 billion in HIPC and MDRI debt relief has been committed so far. Fund resources are currently insufficient to finance the cost of debt relief to all pre-decision point HIPCs since costs for Somalia, Sudan, and countries that entered the HIPC Initiative after 2006 were not included in the original financing framework. The report also addresses the challenge of securing relief from all creditors, on which progress has been made, and the importance of maintaining debt sustainability post-debt relief. *Heavily Indebted Poor Countries (HIPC) Initiative and Multilateral Debt Relief Initiative (MDRI)—Status of Implementation* (9/12/08).
Review of Financing of Concessional Assistance and Debt Relief	The Board completed the semi-annual review, which found PRGF-ESF loan resources (of about SDR 2.7 billion) likely sufficient to meet demand in the immediate future, and available PRGF-ESF subsidy resources sufficient to cover existing PRGF credit and new PRGF-ESF lending of SDR 3.2 billion. Once these subsidy resources are fully committed, resources in the Reserve Account, could be used to finance new PRGF-ESF lending in the amount of about SDR 0.8 billion per year (or more if such an operation was initiated after 2011). Resources available to subsidize charges on emergency assistance are expected to be fully used by end-2009, and it remains important that additional contributions be forthcoming. The review also found that available resources are estimated to be sufficient to cover the costs of HIPC and MDRI debt relief, except for the three protracted arrears cases (Somalia, Sudan, and Zimbabwe). *Update on the Financing of the IMF's Concessional Assistance and Debt Relief to Low-Income Member Countries* (9/16/08).
Review of Strategy on Overdue Obligations	Overdue obligations dropped, largely due to clearance of arrears by Liberia. Somalia, Sudan, and Zimbabwe remain in protracted arrears to the Fund totaling SDR 1.3 billion. The availability of the rights approach was extended by one year. *Review of the Fund's Strategy on Overdue Financial Obligations* (8/15/08).
Fragile and Post-Conflict States	Based on the Executive Board's review of the Fund's engagement with fragile and post-conflict states in March, a paper will be prepared that refines proposals to strengthen the Fund's engagement, also taking into account views expressed in outreach with potential recipients and donors.

Global Monitoring Report	For the 2009 Bank-Fund Global Monitoring Report, the Fund will contribute in particular on macroeconomic aspects and the financial sector. The report will assess development progress, including the Millennium Development Goals (MDGs), with a focus on the role of the private sector in achievement of the MDGs. A concept note was issued to the Executive Board before the Annual Meetings.
Aid Effectiveness and Financing for Development	The Fund participated in the High Level Forum on Aid Effectiveness in Accra in September, where the international aid community agreed the Accra Agenda for Action (AAA), which reinforced commitments to improve the overall effectiveness of aid. Of particular note was the consensus reached on the steps to enhance the predictability of aid flows and increase the use of country systems by donors. The Fund will also take part in the Conference on Financing for Development to Review the Implementation of the Monterrey Consensus in Doha later in the year.
D. Capacity Building	
Enhancing the Impact of Technical Assistance (TA)	In a Board meeting, the Executive Board considered reforms to enhance transparency and accountability of TA, further integrate TA with surveillance and lending operations, strengthen performance measurement and the costing of TA, and improve prioritization of TA in line with strategic objectives. These reforms are expected to go a considerable way toward enhancing the effectiveness of Fund TA. The Board also supported a more proactive approach to resource mobilization for TA, and in particular supported raising external finance for new regional TA centers and topical trust funds. The issue of charging for capacity building was taken up in greater detail at a subsequent discussion. TA-related information will be disseminated more widely based on guidelines being developed by staff. *IMF Executive Board Discusses Reforms to Enhance the Impact of Fund Technical Assistance* (PIN//08/58, 5/22/08).
Training as Part of Capacity Building	The Executive Board recognized Fund training as an important component of capacity building, supported the increased use of regional approaches, welcomed efforts to adapt the curriculum to evolving needs of members and the changing global environment, and emphasized the value of training in languages other than English. Concerns were voiced about cutbacks in the training budget. Views differed on charging, which was taken up at a subsequent discussion. *IMF Executive Directors Hold Seminar on Training as Part of Capacity Building* (PIN/08/66, 6/11/08).
Policy for Country Contributions for Capacity Building	In light of competing demands for Fund TA and training, budget pressures, and the objectives of enhancing ownership and efficiency in the allocation of TA, the Executive Board broadly supported strengthening the policy for country contributions for capacity building, and for covering a broad range of capacity building activities. While views differed on many aspects, and reservations were expressed on charging especially for low-income countries, there was broad support for introducing a system of differentiated charges based on per capita income level, and strong backing for seeking additional funds from donors. Staff have issued a revised policy on country contributions for implementation starting in May 2009. *IMF Executive Board Discusses the Policy for Country Contributions for Capacity Building* (PIN/08/129, 10/3/08) and *Policy for Country Contributions for Capacity Building* (7/22/08).
E. Other Institutional Issues	
Audit and Risk Management	Efforts to strengthen risk management continue. The Advisory Committee on Risk Management's interim update focused on risks linked to the downsizing and restructuring of the Fund, and management outlined steps to help address these risks. Deloitte and Touche issued an unqualified audit opinion on the financial statements of the IMF for the financial year ended April 30, 2008. The External Audit Committee commented favorably on the Fund's financial reporting practices, the external audit

	process, internal controls, risk management, internal audit function, and adoption of an integrity hotline while supporting ongoing efforts by the Fund to enhance financial reporting, address transitional risks related to the restructuring, and consider an incident reporting mechanism. IMF Annual Report 2008, Chapter 5.
Independent Evaluation Office (IEO)	In discussing the *Implementation Plan in Response to Board-Endorsed Recommendations Arising from the IEO Evaluation of Structural Conditionality in IMF-Supported Programs*, the Executive Board welcomed proposals to enhance parsimony and criticality in setting structural conditionality by strengthening program design and documentation, including clearer justification for conditionality, and improving dissemination of information to increase accountability. A revised operational guidance note on conditionality has been issued and additional information on application of structural conditionality was provided in the 2008 Annual Report. After the Annual Meetings, the Board will consider the second Periodic Monitoring Report (PMR), which covers the status of the implementation plans of Board-endorsed recommendations on the *IMF and Aid to Sub-Saharan Africa*, *IMF Exchange Rate Policy Advice: 1999-2005*, and *Structural Conditionality in IMF-Supported Programs,* as well as the outstanding recommendations from the first PMR. Issues notes have been discussed for the first two of three ongoing IEO evaluations of the Fund's approach to international trade issues, its interactions with member countries, and its research agenda. *IMF Executive Board Discusses Implementation Plan Following IEO Evaluation of Structural Conditionality in IMF-Supported Programs* (PIN/08/52, 5/14/08); *Revisions to the Operational Guidance Note on Conditionality* (7/10/08); *Application of Structural Conditionality—2008 Annual Report* (7/14/08); *Issues Paper on the IMF's Approach to International Trade Policy Issues* (6/13/08); *Draft Issues Paper on the IEO's Evaluation of the IMF's Interactions with Its Member Countries* (5/15/08); and *2008 Annual Report of the Independent Evaluation Office (IEO)*.

Table 2. Participation in Transparency, FSAP, and Standards and Codes Initiatives 1/ 2/
(As of End-September 2008, unless otherwise indicated)

	(1) Africa	(2) Developing Asia	(3) Central and Eastern Europe	(4) CIS and Mongolia	(5) Western Hemisphere	(6) Middle East	(7) Advanced Economies	(8) Total IMF Members
Number of Members	51	29	17	13	32	14	29	185
Initiatives								
SDDS Subscriber 3/								
Number of subscribers	3	5	11	7	10	1	27	64
GDDS Participant 4/								
Number of members	41	14	3	4	20	11	1	94
PIN Published								
Number of members 5/	50	28	17	12	31	14	29	181
Percentage	98%	97%	100%	92%	97%	100%	100%	98%
Article IV Staff Report Published								
Number of members 5/	49	24	17	12	28	11	29	170
Percentage	96%	83%	100%	92%	88%	79%	100%	92%
FSAPs Completed								
Number of members 6/	26	6	17	11	20	11	26	117
Percentage	51%	21%	100%	85%	63%	79%	90%	63%
FSAP Updates Completed								
Number of members	9	1	6	7	7	3	6	39
Percentage	18%	3%	35%	54%	22%	21%	21%	21%
ROSC Modules 7/								
Modules completed 8/	166	77	167	92	149	59	200	910
(Percent of total modules)	18%	8%	18%	10%	16%	6%	22%	100%
Number of members 9/	33	15	17	11	24	12	28	140
(Percent)	65%	52%	100%	85%	75%	86%	97%	76%
Modules published 8/	109	49	150	62	89	27	188	674
(Percent of completed modules)	66%	64%	90%	67%	60%	46%	94%	74%
Number of members	30	15	17	11	23	9	28	133
(Percent)	59%	52%	100%	85%	72%	64%	97%	72%

Sources: IMF; and World Bank staff estimates.

1/ This table includes territories, special administrative regions (SARs), and monetary unions only for SDDS, GDDS and ROSCs, and not for other data categories. SDDS subscribers include Hong Kong SAR; GDDS participants include West Bank and Gaza, and Macao SAR; and data for ROSC modules include 19 completed and published modules for Hong Kong SAR, Kosovo, the European Union, the ECCB, and CEMAC. FSAPs and ROSCs for the following entities are included in the number of FSAPs and of ROSC modules for the following regions but the entities are not counted in the number of members: CEMAC and WAEMU as part of Africa; Kosovo as part of Central and Eastern Europe; ECCB as part of Western Hemisphere; West Bank-Gaza as part of Middle East; European Union and Hong Kong SAR as part of Advanced Economies.
2/ The regional groupings are based on the composition of World Economic Outlook (WEO) groups.
3/ The SDDS was established in 1996 to guide countries that have, or might seek, access to international capital markets in the dissemination of economic and financial data to the public. The table includes subscribers in full observance only.
4/ The GDDS was established in 1997 to encourage members to improve data quality, provide a framework for evaluating needs for data improvement and setting priorities in this respect, and guide members in the dissemination to the public of comprehensive, timely, accessible, and reliable economic, financial, and socio-demographic statistics.
5/ The number of members that have consented to the publication of at least one such document; adjusted to avoid double counting (Serbia, Montenegro).
6/ Excludes FSAPs completed by non-members; specifically, CEMAC, WAEMU, ECCU, and Hong Kong SAR.
7/ As of end-August 2008.
8/ Shows the total number of completed modules. A member can have more than one full assessment for the same standard. The table includes 19 completed and published modules for Hong Kong SAR, Kosovo, the European Union, the ECCB, and CEMAC.
9/ The number of members for which at least one ROSC module has been completed. ROSC modules not derived from an FSAP are considered completed once they have been circulated to Directors, and in the case of Bank-led modules, sent in their final form to the authorities. ROSC modules derived from an FSAP are considered completed when the FSSA has been discussed by the Executive Board.

Table 3. Participation in FSAPs and FSAP Updates

(As of End-September, 2008)

FSAPs Completed 1/		FSAP Updates Completed 1/	Under Way 3/
Albania	Lebanon 2/	Algeria	
Algeria	Lithuania	Armenia	**FSAPs**
Armenia	Luxembourg	Austria	Cyprus
Australia	Macedonia, FYR 6/	Barbados	Fiji
Austria	Madagascar	Cameroon	Niger 5/
Azerbaijan	Malawi	Canada	Syrian Arab Republic
Bahrain	Mali 5/	Colombia	
Bangladesh	Malta	Costa Rica	**FSAP Updates**
Barbados	Mauritania	Croatia	Belarus
Belarus	Mauritius	Egypt	Bulgaria
Belgium	Mexico	El Salvador	Estonia
Bolivia	Moldova	Georgia	Honduras
Bosnia and Herzegovina	Mongolia	Ghana	Macedonia, FYR
Botswana	Montenegro	Guatemala	Pakistan
Brazil	Morocco	Hungary (1st update) 7/	
Bulgaria 6/	Mozambique	Hungary (2nd update)	Future Participation
Burkina Faso 5/	Namibia	Iceland (1st update)	Confirmed
Cameroon 2/	Netherlands	Iceland (2nd update)	
Canada 2/	New Zealand	Ireland	**FSAPs**
CEMAC 4/	Nicaragua	Kazakhstan (1st update)	Angola
Central African Republic	Nigeria	Kazakhstan (2nd update)	Burundi
Chile	Norway	Kyrgyz Republic	Cape Verde
Colombia 2/	Oman	Latvia	Chad
Costa Rica	Pakistan	Lebanon 7/	China
Croatia	Paraguay	Lithuania	Cote d'Ivoire 5/
Czech Republic	Peru	Mauritius	Djibouti
Denmark	Philippines	Mexico	Equatorial Guinea
Dominican Republic	Poland	Moldova	Guinea
ECCU 8/	Portugal	Morocco	Papua New Guinea
Ecuador	Qatar	Peru	Republic of Congo
Egypt	Romania	Poland	San Marino
El Salvador 2/	Russian Federation	Russian Federation	United States
Estonia 2/ 6/	Rwanda	Senegal 5/	
Finland	Saudi Arabia	Slovak Republic	**FSAP Updates**
France	Senegal 5/	Slovenia	Dominican Republic
Gabon	Serbia	South Africa (1st update)	Iran
Georgia	Sierre Leone	South Africa (2nd update) 7/	Jordan
Germany	Singapore	Sri Lanka	Mozambique
Ghana	Slovak Republic	Switzerland	Nicaragua
Greece	Slovenia	Tunisia	Philippines
Guatemala	South Africa 2/	Uganda	Romania
Guyana	Spain	Ukraine	Slovenia
Haiti	Sri Lanka	United Arab Emirates	Sudan
Honduras 6/	Sudan		Tanzania
Hong Kong SAR	Sweden		Zambia
Hungary 2/	Switzerland		
Iceland	Tajikistan		
India 2/	Thailand		
Iran 2/	Tanzania		
Ireland 2/	Trinidad and Tobago		
Israel	Tunisia		
Italy	Turkey		
Jamaica	Uganda		
Japan	Ukraine		
Jordan	United Arab Emirates		
Kazakhstan 2/	United Kingdom		
Kenya	Uruguay		
Korea	WAEMU		
Kuwait	Yemen		
Kyrgyz Republic	Zambia		
Latvia			

Sources: IMF; and World Bank staff estimates.

1/ Defined as cases where the FSSA has been discussed by the Fund's Executive Board.
2/ The initial assessment was a part of the pilot program.
3/ Completion has been postponed for Argentina (FY01; interrupted by the financial crisis). Cote d'Ivoire (FY02; uncompleted for security reasons).
4/ Comprises Cameroon, Central African Republic, Chad, Republic of Congo, Equatorial Guinea, and Gabon. The regional FSAP has been discussed by the Board; only the country modules remain to be completed.
5/ Part of WAEMU.
6/ An FSAP Update is underway.
7/ Partial updates.
8/ The FSAP covered the ECCU member countries: Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines.

Table 4. Implementation of the HIPC Initiative and MDRI

(In millions of SDRs unless otherwise noted; as of September 30, 2008)

Member	IMF implementation							Total debt relief
	HIPC Initiative				MDRI 1/			
	Decision Point Date	Completion Point Date	Amount Committed	Amount Disbursed 2/	Total Delivered	Total IMF HIPC and MDRI debt relief delivered	Total IMF HIPC and MDRI debt relief delivered 7/	Total HIPC and MDRI assistance from all creditors 8/
				(A)	(B)	(A+B)	(In millions of US$)	
Completion point countries (23)			**1,558.5**	**1,671.6**	**2,176.4**	**3,848.0**	**5,544.1**	**88,628.7**
Benin	Jul-00	Mar-03	18.4	20.1	34.1	54.2	76.5	1,588.3
Bolivia	Feb-00	Jun-01	62.4 3/	65.5	154.8	220.3	305.4	4,910.0
Burkina Faso	Jul-00	Apr-02	44.0 3/	46.0	57.1	103.0	140.0	2,124.2
Cameroon	Oct-00	Apr-06	28.6	33.7	149.2	182.8	269.0	6,214.5
Ethiopia	Nov-01	Apr-04	45.1	46.7	79.6	126.3	183.0	6,594.2
Gambia, The	Dec-00	Dec-07	1.8	2.3	7.4	9.7	15.3	483.2
Ghana	Feb-02	Jul-04	90.1	94.3	220.0	314.3	457.2	7,421.4
Guyana	Nov-00	Dec-03	56.6 3/	59.6	31.6	91.2	133.5	2,066.3
Honduras	Jun-00	Apr-05	22.7	26.4	98.2	124.6	181.6	3,739.4
Madagascar	Dec-00	Oct-04	14.7	16.4	128.5	144.9	210.1	4,297.3
Malawi	Dec-00	Aug-06	33.4	37.2	14.5	51.7	77.0	3,192.5
Mali	Sep-00	Mar-03	45.5 3/	49.3	62.4	111.7	158.4	2,862.5
Mauritania	Feb-00	Jun-02	34.8	38.4	30.2	68.7	94.7	1,982.2
Mozambique	Apr-00	Sep-01	106.9 3/	108.0	83.0	191.0	259.7	6,328.0
Nicaragua	Dec-00	Jan-04	63.5	71.2	91.8	162.9	239.3	6,427.7
Niger	Dec-00	Apr-04	31.2	34.0	59.8	93.8	136.5	2,252.8
Rwanda	Dec-00	Apr-05	46.8	50.6	20.2	70.7	105.5	1,838.8
São Tomé and Príncipe	Dec-00	Mar-07	0.8	0.9	1.0	1.9	2.9	327.7
Senegal	Jun-00	Apr-04	33.8	38.4	94.8	133.2	193.1	3,321.2
Sierra Leone	Mar-02	Dec-06	100.0	106.6	76.8	183.3	276.2	1,658.9
Tanzania	Apr-00	Nov-01	89.0	96.4	207.0	303.4	420.8	6,842.9
Uganda	Feb-00	May-00	119.6 3/	121.7	75.8	197.5	269.7	5,471.5
Zambia	Dec-00	Apr-05	468.8	508.3	398.5	906.7	1,338.6	6,683.2
Decision point countries (10)			**748.4**	**41.4**	**--**	**41.4**	**64.5**	**22,771.7**
Afghanistan 4/	Jul-07	...	--	--	--	--	--	1,272.0
Burundi	Aug-05	...	19.3	0.3	--	0.3	0.4	1,464.6
Central African Republic	Sep-07	...	17.3	3.5	--	3.5	5.4	696.6
Chad	May-01	...	14.3	8.6	--	8.6	13.3	260.0
Congo, Dem. Rep. of	Jul-03	...	228.3	3.4	--	3.4	5.3	10,389.0
Congo, Rep. of 5/	Mar-06	...	5.6	--	--	--	--	2,881.0
Guinea	Dec-00	...	24.2	10.0	--	10.0	15.6	800.0
Guinea-Bissau	Dec-00	...	9.2	0.5	--	0.5	0.8	790.0
Haiti	Nov-06	...	2.1	0.1	--	0.1	0.2	212.9
Liberia	Mar-08	...	428.1	15.0	--	15.0	23.4	4,005.7
Decision point countries under the Original HIPC Initiative (1)								
Côte d'Ivoire	Mar-98	...	16.7 3/ 6/	--	--	--	--	--
Non-HIPCs (2)					**126.1**	**126.1**	**182.2**	**182.2**
Cambodia	...	...	--	--	56.8	56.8	82.1	82.1
Tajikistan	...	...	--	--	69.3	69.3	100.1	100.1
Total			**2,323.6**	**1,713.0**	**2,302.5**	**4,015.5**	**5,790.8**	**111,582.6**

Source: IMF Finance and SPR Departments.

1/ Excludes remaining HIPC Initiative assistance delivered. Assistance was delivered in January 2006 except for Mauritania, which received MDRI assistance in June 2006, and the countries which reached their respective completion points thereafter, which are: Cameroon (April 2006), Malawi (September 2006), Sierra Leone (December 2006), São Tomé and Príncipe (March 2007), and The Gambia (December 2007).
2/ Disbursed into HIPC Umbrella Account. Includes interest on amounts committed under the Enhanced HIPC Initiative.
3/ Amount includes commitment under the Original HIPC Initiative. Decision point and completion point dates refer to the Enhanced HIPC Initiative.
4/ At the time of its decision point, Afghanistan did not have any outstanding eligible debt to the IMF.
5/ No interim HIPC assistance has been provided yet by the IMF.
6/ Côte d'Ivoire reached its decision point under the Original HIPC Initiative in 1998; but did not reach its completion point under the Original HIPC Initiative, nor has it reached the decision point under the Enhanced HIPC Initiative.
7/ Derived using exchange rate of US$ per SDR as of September 30, 2008 (1 SDR = USD 0.642169) for decision point countries, and as of dates of delivery of HIPC and MDRI assistance for other countries.
8/ Committed debt relief under the assumption of full participation of creditors.

Table 5. Current Financial Arrangements and PSIs

(In millions of SDRs; as of September 30, 2008) 1/

Member	Effective Date	Expiration Date	Amount Agreed	Undrawn Balance	Total Credit Outstanding 2/
Stand-By Arrangements (5)					
Gabon	5/7/07	5/6/10	77	77	2
Georgia	9/15/08	3/14/10	477	315	162
Honduras	4/7/08	3/30/09	39	39	--
Iraq	12/19/07	3/18/09	475	475	--
Peru	1/26/07	2/28/09	172	172	--
Extended Fund Facility Arrangements (1)					
Albania	2/1/06	1/31/09	9	1	7
Poverty Reduction and Growth Facility (23)					
Afghanistan	6/26/06	6/25/09	81	23	58
Albania	2/1/06	1/31/09	9	1	47
Benin	8/5/05	8/4/09	15	2	14
Burkina Faso	4/23/07	4/22/10	15	7	31
Burundi	7/7/08	7/6/11	46	40	76
Cameroon	10/24/05	1/31/09	19	3	16
Central African Rep.	12/22/06	12/21/09	45	15	35
Djibouti	9/17/08	9/16/11	13	9	12
Gambia, The	2/21/07	2/20/10	14	6	8
Grenada	4/17/06	4/16/10	12	7	5
Guinea	12/21/07	12/20/10	70	45	50
Haiti	11/20/06	11/19/09	90	23	67
Liberia	3/14/08	3/13/11	239	32	207
Madagascar	7/21/06	7/20/09	73	20	64
Mali	5/28/08	5/27/11	28	15	21
Mauritania	12/18/06	12/17/09	16	6	10
Moldova	5/5/06	5/4/09	111	23	105
Nicaragua	10/5/07	10/4/10	78	48	72
Niger	6/2/08	6/1/11	23	20	30
Rwanda	6/12/06	6/11/09	8	2	7
Sierra Leone	5/10/06	5/9/10	31	18	28
Togo	4/21/08	4/20/11	84	71	13
Zambia	6/4/08	6/3/11	49	42	62
Total financial arrangements			**2,418**	**1,557**	**1,209**
Policy Support Instruments (5)					
Cape Verde	7/31/06	7/31/09	--	--	--
Mozambique	6/26/07	6/26/10	--	--	--
Senegal	11/2/07	11/2/10	--	--	--
Tanzania	2/16/07	2/16/10	--	--	--
Uganda	12/15/06	12/15/09	--	--	--

Source: IMF Finance and SPR Departments. Also available at www.imf.org/external/fin.htm

1/ -- indicates zero; 0 indicates less than 1 million; numbers may not sum to totals due to rounding.

2/ Total credit outstanding under current and expired Fund arrangements.

Table 6. Total Fund Credit and Loans Outstanding to the Ten Largest Borrowers

(In millions of SDRs; as of September 30, 2008) 1/

Member	Non-concessional (GRA)	Concessional (PRGF, SAF, and Trust Fund Loans)	Total		
			Outstanding Amount	Quota	In percent of quota
Turkey	5,898.7	0.0	5,898.7	1,191.3	495.1
Pakistan	7.9	787.7	795.6	1,033.7	77.0
Liberia	342.8	207.3	550.0	129.2	425.7
Congo, Dem. Rep. of	0.0	469.5	469.5	533.0	88.1
Bangladesh	133.3	316.7	450.1	533.3	84.4
Dominican Republic	350.2	0.0	350.2	218.9	160.0
Georgia	161.7	138.0	299.7	150.3	199.4
Sudan 2/	220.9	59.2	280.1	169.7	165.1
Kenya	0.0	165.4	165.4	271.4	61.0
Cote d'Ivoire	81.3	50.9	132.2	325.2	40.6
Total	7,196.8	2,194.6	9,391.4	4,556.0	206.1
Memo:					
All Fund Members	7,569.8	3,995.2	11,564.9		

1/ Numbers may not sum to totals due to rounding.
2/ Member is in arrears on its total outstanding Fund credit (which excludes any overdue interest and other charges).