

**IMMEDIATE  
ATTENTION**

EBD/06/108

September 22, 2006

To: Members of the Executive Board

From: The Secretary

Subject: **Report on Delayed Completion of Article IV Consultations and Extension of Approval of Exchange Measures**

Following is the monthly report for September 2006 notifying Executive Directors of delays in completing Article IV consultations beyond the cycles specified, including applicable grace periods.

The report also includes a proposed decision for five countries on an extension beyond three months of the period between the staff's conclusion of the Article IV consultation discussions and the Executive Board's completion of the consultation. The proposed decision appears on page 5.

There are no countries this month requiring an extension of Executive Board approval of exchange measures under Article VIII, Sections 2(a) and 3.

In the absence of an objection by **noon on Friday, September 29, 2006**, the proposed decision will be deemed approved by the Executive Board, and will be so recorded in the minutes of the next meeting thereafter.

Questions may be referred to Mr. Demir, PDR (ext. 38378).

### **Delayed completion of Article IV consultations**

Tables 1 and 2 list member countries for which the period for the completion of the next Article IV consultation has exceeded, or is likely to exceed, the applicable consultation cycle.<sup>1</sup> Member countries added to the list for September 2006, or for which a notification of further delay beyond the month of September 2006 has become necessary, are highlighted in bold. These countries are **Serbia** (expected delay 1 month) as regards countries with a Fund arrangement; and **Timor Leste** (4 months), **Botswana** (1 month), and **Hungary** (1 month) as regards other countries.

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<sup>1</sup> The applicable consultation cycle is: (i) for countries where a Fund arrangement was approved since the last Article IV consultation, the cycle stipulated by the July 15, 2002 decision on consultation cycles as amended; (ii) for other countries, the cycle specified at the time of the last consultation, including the 3-month grace period where applicable. Paragraph 3 of the July 15, 2002 decision on Article IV consultation cycles for program countries applies to countries for which an Article IV consultation has not been concluded since the expiration of the last Fund arrangement.

**Table 1. Delays in Completion of Article IV Consultations in Countries With a Fund Arrangement 1/**

Member	Board Date of Last Consultation		Stipulated Date for Completion of Next Consultation	Date by which Next Consultation is Expected to be Completed	Reason for Delay or Further Delay	Expected Delay in Completion of Consultation (in months) 2/
Turkey**	7/30/04	*	11/11/05	February 2007	Other-1	16
Côte d'Ivoire**	3/31/04		9/28/05	December 2006	Security situation/ Government change	15
Chad**	3/19/04	*	8/16/05	October 2006	Further discussions	14
Niger**	6/28/04	*	9/28/05	November 2006	Combination with UFR/ Other-2	14
Benin**	10/6/04	*	2/5/06	November 2006	Government change	10
Malawi	10/29/04	*	2/5/06	November 2006	Other-3	10
Kenya	12/20/04	*	3/20/06	December 2006	Other-4	9
Peru	2/23/04	*	2/23/06	November 2006	Government change	9
Croatia	8/4/04	*	8/4/06	February 2007	Staff constraints	7
Congo, Rep. of	6/10/04	*	6/10/06	December 2006	Combination with UFR	7
Tanzania	8/6/04	*	8/6/06	February 2007	Other-5	7
Paraguay	7/30/04	*	5/30/06	December 2006	Further discussions	7
Tajikistan	3/18/05	*	8/10/06	January 2007	Combination with UFR	6
Uganda	2/23/05	*	8/1/06	December 2006	Government change	5
Serbia	6/29/05	*	9/29/06	October 2006	Scheduling conflicts	1

Source: Policy Development and Review Department.

1/ Includes countries for which an Article IV consultation has not been concluded since the expiration of the last Fund arrangement. Paragraph 3 of the July 15, 2002 decision on Article IV consultation cycles for program countries applies to these countries.

2/ If the stipulated date for completion of the consultation falls in the first half of a given month, the calculation of the expected delay includes this month.

**Reasons for delay:**

**Combination with UFR:** Delayed in order to combine the consultation with a request for the use of Fund resources, or with a program review.

**Further discussions:** Delayed due to further discussions on Article IV consultation issues.

**Security situation:** Postponed or delayed due to the unsettled political or security situation.

**Government change:** Delayed due to forthcoming or recent elections, change of government, or changes within government.

**Staff constraints:** Delayed due to staff constraints.

**Authorities' request:** Delayed at the request of authorities.

**Scheduling conflicts:** Delayed due to scheduling conflicts.

**Other-1:** Delayed due to work on program review and to combine with the FSAP discussion.

**Other-2:** Delayed due to the severe food crisis and the need to incorporate the budgetary implications of the government's food relief efforts.

**Other-3:** Delayed due to intensified program monitoring with quarterly reviews.

**Other-4:** Delayed in order to align surveillance with other members of the East African region.

**Other-5:** Delayed in order to coordinate with other members of the East African region.

\* The Executive Board has had a subsequent opportunity to discuss developments in this country on the basis of a report on the use of Fund resources, or a report on overdue financial obligations to the Fund, or on the basis of a staff briefing on recent developments.

\*\* Countries for which multiple notifications of delay have been issued to the Executive Board.

Table 2. Delays in Completion of Article IV Consultations in Countries Without a Fund Arrangement

Member	Board Date of Last Consultation	Stipulated Date for Completion of Next Consultation 1/	Date by which Next Consultation is Expected to be Completed	Reason for Delay or Further Delay	Expected Delay in Completion of Consultation (in months) 2/ 3/
Somalia	11/13/89 *	11/13/90	Postponed	Security situation	...
Venezuela	9/13/04	9/13/05	Postponed	Authorities' request	...
Costa Rica	7/2/04	7/2/05	October 2006	Government change	13
Haiti	5/16/05 *	5/16/06	May 2007	Combination with UFR	9
San Marino	7/28/04	7/28/06	March 2007	Government change/ Staff constraints	8
Uzbekistan	5/16/05	5/16/06	March 2007	Government change	7
Fiji	8/23/04	8/23/06	February 2007	Government change/ Staff constraints	6
Korea	1/21/05 *	1/21/06	October 2006	Authorities' request/ Staff constraints	6
Myanmar	3/25/05	3/25/06	October 2006	Staff constraints	4
<b>Timor Leste</b>	6/15/05	6/15/06	January 2007	Security situation	4
Guatemala	5/16/05	5/16/06	November 2006	Government change	3
Bosnia & Herzegovina	5/27/05	5/27/06	October 2006	Staff constraints/ Scheduling conflicts	2
Denmark	8/2/04	8/2/06	September 2006	Scheduling conflicts	2
<b>Botswana</b>	6/22/05	6/22/06	October 2006	Scheduling conflicts	1
<b>Hungary</b>	6/15/05	6/15/06	October 2006	Scheduling conflicts	1

Source: Policy Development and Review Department.

1/ Excluding three month grace period, where applicable.

2/ Beyond the three month grace period, where applicable.

3/ If the stipulated date for completion of the consultation falls in the first half of the month, the calculation of the expected delay includes this month.

#### Reasons for delay:

**Combination with UFR:** Delayed in order to combine the consultation with a request for the use of Fund resources.

**Further discussions:** Delayed due to further discussions on Article IV consultation issues.

**Security situation:** Postponed or delayed due to the unsettled political or security situation.

**Government change:** Delayed due to forthcoming or recent elections, change of government, or changes within government.

**Staff constraints:** Delayed due to staff constraints.

**Authorities' request:** Delayed at the request of authorities.

**Scheduling conflicts:** Delayed due to scheduling conflicts.

\* The Executive Board has had a subsequent opportunity to discuss developments in this country on the basis of a report on the use of Fund resources, or a report on overdue financial obligations to the Fund, or on the basis of a staff briefing on recent developments.

\*\* Countries for which multiple notifications of delay have been issued to the Executive Board.

The conclusion of the Article IV consultation with **Timor Leste** is delayed beyond its normal cycle due to the civil unrest in the country that resulted in a change of government. Another mission to conclude the consultation discussions is scheduled for October 2006. It is anticipated that the Executive Board consideration of the Article IV consultation will take place in January 2007.

### **Extension of period for Board consideration of Article IV consultations**

Under the procedures for surveillance, the three-month period from the termination of the Article IV consultation discussions with the authorities to the Executive Board conclusion of the consultation has ended, or will end, for the countries below on the dates specified.

Therefore, it is necessary to request a new deadline for completion of the consultation. The principal reason for the requests is the conflicts in Board scheduling.

Member	Date of Conclusion of Staff Discussions	Deadline for Completion	Proposed New Deadline for Completion
Botswana	6/20/06	10/6/06 1/	10/31/06
Hungary	6/6/06	9/6/06	10/31/06
Korea	6/8/06	9/8/06	9/30/06
Latvia	6/6/06	9/6/06	10/31/06
Serbia	6/27/06	10/6/06 1/	10/31/06

Source: Policy Development and Review Department.

1/ The original deadline for concluding Article IV consultations goes beyond the end of the three-month period due to the Annual Meetings.

Accordingly, the following draft decision is proposed for adoption by the Executive Board

**Proposed Decision**

“Notwithstanding the period of three months specified in Procedure II of the document entitled “Surveillance Over Exchange Rate Policies,” attached to Decision No. 5392-(77/63), adopted April 29, 1977, as amended, the Executive Board decides that the period for completing the next Article IV consultation with Botswana, Hungary, Korea, Latvia, and Serbia shall be until the respective dates indicated in EBD/06/108 for such countries.”

Other Distribution:  
Department Heads