SM/07/340

October 11, 2007

To: Members of the Executive Board

From: The Secretary

Subject: **Safeguards Assessments—2007 Update**

Attached for the **information** of Executive Directors is a paper on safeguards assessments—2007 update.

It is intended that this paper will be published on the Fund's external website after **Thursday, October 18, 2007**.

Questions may be referred to Mr. Hemus (ext. 38263) and Mr. Hauge (ext. 38249) in FIN.

This document will shortly be posted on the extranet, a secure website for Executive Directors and member country authorities.

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INTERNATIONAL MONETARY FUND

Safeguards Assessments—2007 Update

Prepared by the Finance Department

(In consultation with other departments)

Approved by Michael G. Kuhn

October 11, 2007

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I. INTRODUCTION

1. **This paper provides Executive Directors with an update of safeguards assessment activities from July 1, 2006 through June 30, 2007**. This is the second annual update report of safeguards activities since the last review of the safeguards policy in April 2005.[1] The next review of the policy by the Executive Board is scheduled for 2008.[2]

2. Safeguards assessments involve an evaluation of a central bank's operations with respect to its external and internal audit mechanisms, legal framework, financial reporting practices, and its system of internal controls (Annex I).[3] Safeguards assessments are generally conducted for central banks that have a financial arrangement with the Fund (Box 1).

Box 1. The Fund's Safeguards Policy—Applicability

The safeguards policy, through the conduct of safeguards assessments, aims at providing reasonable assurance that a central bank's control, reporting, and auditing systems are adequate to safeguard Fund resources and ensure the integrity of financial operations and reporting to the Fund. The policy is an integral part of the Fund's interaction with members in the context of the use of resources provided under lending arrangements with the Fund. A cornerstone of the policy is publication of central bank financial statements that have been audited by external auditors in accordance with international standards. When necessary, key safeguards recommendations may become part of program conditionality. The financial safeguards at central banks continue to be monitored for as long as Fund credit is outstanding.

The safeguards policy applies to members seeking financial arrangements from the Fund, including augmentation of existing arrangements, arrangements treated as precautionary, disbursements involving Emergency Post-Conflict Assistance (EPCA), and to members following a Rights Accumulation Program (RAP). Assessments are undertaken for any new or successor arrangement requested by a member.

Voluntary assessments are encouraged for PRGF-eligible members that have a Policy Support Instrument (PSI) in place or those that are implementing a Staff Monitored Program (SMP). Safeguards assessments do not apply to first credit tranche purchases, stand alone Compensatory Financing Facility (CFF) purchases, or disbursements under the Emergency Assistance for Natural Disasters.

3. **Central banks have embraced the safeguards framework as a risk-mitigation tool.** In particular, there has been considerable improvement in central banks' internal controls and financial governance processes. Since inception of the policy, 24 central banks subject to safeguards assessments have implemented external audit procedures that adhere to

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[1] *Safeguards Assessments—2006 Update* (SM/06/360, 10/31/06). See, also, *Safeguards Assessments—Review of Experience* (SM/05/116, 04/01/05) and *The Acting Chair's Summing Up* (BUFF/05/73, 04/28/05).

[2] Decision No. 13814-(06/98), adopted November 15, 2006.

[3] The Fund introduced the safeguards policy in 2000 to obtain reasonable assurance that central banks of borrowing countries have adequate control systems in place to manage resources, including Fund disbursements.

international requirements, and 20 central banks have fully adopted or are in the process of implementing International Financial Reporting Standards (IFRS) as their financial reporting framework. The assessments have also been instrumental in strengthening financial safeguards at central banks in post-conflict countries.[4]

4. The paper is organized as follows. Section II describes the level of activity in 2006/07 and developments in the conduct of assessments and the monitoring framework, including the sharing of reports with World Bank staff. Section III summaries recent experiences concerning safeguards findings and recommendations to alleviate weaknesses. Section IV provides a brief description of key outreach activities undertaken during the year to enhance communication and dissemination of information on the safeguards policy. The annexes provide information concerning assessments completed during the period in question, central banks currently monitored, and the status of recommendations.

II. ACTIVITIES AND DEVELOPMENTS IN 2006/07

5. **There are two distinct phases in safeguards work: (i) the conduct of first-time and update assessments in respect of new arrangements, and (ii) the monitoring of the safeguards framework at central banks while Fund credit is outstanding.** As noted in the 2006 update report, the focus of the safeguards work has shifted from first-time assessments towards the conduct of update assessments in respect of successor arrangements, and the monitoring of central banks for the possible emergence of new safeguards issues.[5]

A. Update and First-Time Assessments

6. **Thirteen assessments were concluded during the period under review** (Annex II). Update assessments were conducted for eleven central banks (Albania, Croatia, The Gambia, Guyana, Haiti, Mauritania, Moldova, Paraguay, Peru, Rwanda, and Uganda). In addition, two first-time assessments (Iraq and Liberia) were completed (see below). Where relevant, all assessments were completed by the first review of the arrangement, as required under the policy. As of June 30, 2007, eight assessments were in progress. Of these, six were update assessments (Cape Verde, Congo, D.R., Eastern Caribbean Central Bank, Guinea, Mozambique, and Nicaragua) and two were first-time assessments (Comoros and Lebanon).

7. **The assessments for Iraq and Liberia were conducted under a phased approach.** This approach was originally adopted for Burundi, in the wake of this country's emergence from prolonged civil conflict, and it has thus far only been used in post-conflict cases. It

[4] For example, in the case of Iraq, key safeguards recommendations that were included in program conditionality under the current Stand-By Arrangement have helped the rebuilding of controls at the central bank.

[5] The Operational Guidelines for Safeguards Assessments may be found at the following web address: http://www-int.imf.org/depts/fin/safeguard/safeguard.htm.

involves the preparation of an *interim* safeguards report, which covers initially the most important elements of a central bank's safeguards framework, notably the external audit mechanism and the controls over the management of foreign reserves and monetary program data reporting. The advantage of the phased approach is that it gives a central bank with limited resources and only basic controls an opportunity to build capacity and improve operations and related controls prior to the issuance of a final safeguards report. It also facilitates a re-assessment of the financial safeguards, once the central bank's operations have returned to more normal levels.[6]

8. **The increased frequency of update versus first-time assessments has enabled a streamlining of the assessment process**. Update assessments are tailored on the basis of prior findings and information currently available on the financial safeguards at central banks. A key focus is the follow-up of prior recommendations (see below). Areas of streamlining include:

- Staff's existing knowledge of a central bank's safeguards framework has generally enabled a reduction in the amount of documentation requested from central banks. This, in turn, results in less documentation for translation and analysis, and it can shorten the timeline for the submission of documents by central banks.

- Staff is able to focus efforts primarily on those areas where specific safeguards risks are apparent, while relying on previous findings in other areas. For example, staff re-evaluates the quality of controls in the foreign reserves management area for all update assessments (taking into account past findings and recommendations), but would typically not reassess adherence to international auditing standards in cases where the external auditor is unchanged from the previous assessment.

- Assessment reports have become shorter, with a greater focus on developments since the previous assessment. Missions are also typically more targeted and shorter in duration, and missions are conducted back-to-back, when feasible.[7]

- The earlier identification of safeguards issues has strengthened integration with program discussions and the work of area departments.

9. **In terms of work intensity, some update assessments, however, are more akin to first-time assessments.** This is particularly the case where a program has gone off-track since the previous assessment, or the central bank has implemented a major overhaul of its financial safeguards, or in previous misreporting cases. In this context, the updates in the current period for both The Gambia and Mauritania were akin to first-time assessments.

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[6] See also *Safeguards Assessments—Review of Experience* (SM/05/116, 4/1/05), paragraph 42.

[7] Safeguards missions for first-time assessments normally comprise 3-4 staff for two weeks, whereas update assessment missions normally comprise 2-3 staff for a period of 9-10 days.

B. Monitoring

10. **Monitoring was conducted for 54 central banks in the period under review**. Monitoring, which is conducted for as long as Fund credit remains outstanding, is aimed at identifying possible new vulnerabilities in a central bank's safeguards framework at the earliest possible stage (Box 2). As noted, the result of the staff's monitoring work is a key input into the conduct of an update assessment. The 54 central banks subject to monitoring at end-June 2007 represented 71 member countries (Annex III).

Box 2. Safeguards Monitoring

The starting point for the monitoring process is the existing information from earlier assessments, augmented by information provided by the authorities and external auditors over time. Key aspects of monitoring activities include: (i) a focus on high-risk areas to ensure efficient use of resources; (ii) ascertaining the status of earlier safeguards recommendations through regular contacts with central bank counterparts and auditors; (iii) analysis of the most recent audited financial statements and audit management letters; (iv) the follow up of indicators of emerging safeguards issues; (v) tailoring work programs that set out, inter alia, contact points with central bank counterparts and external auditors; and (vi) targeted reviews to identify and/or resolve issues that could impact the adequacy of the safeguards framework at the central bank.

11. **A key aspect of the monitoring process is the follow-up of prior recommendations**. During the period under review, the overall implementation rate of safeguards recommendations remains broadly unchanged. Over 80 percent of all safeguards recommendations are implemented on average, although the implementation rate for LOI/MEFP commitments and those measures included under program conditionality is higher (Annex IV). Non-implementation of previous recommendations is often a reflection of the program going off-track. In other cases, recommendations are typically not implemented on a timely basis due to practical constraints (e.g., planned amendments to central bank laws can be delayed by the legislative process).

12. **The risk-based approach for the monitoring of emerging issues has evolved over the past year**. A risk-based framework for the monitoring process, which aims at identifying emerging vulnerabilities in a central bank's safeguards framework at the earliest possible stage, was introduced in 2006 (following the 2005 policy review). Staff has continued to refine this process, which includes a work plan by country. These work plans are risk based to ensure efficient use of resources and a focus on high-impact cases, in particular countries where there is a high likelihood of future disbursements under active financing arrangements with the Fund. Drawing on past experience, staff has developed a set of indicators for emerging safeguards issues, and the monitoring work plans for central banks exhibiting one or more of these are re-evaluated and adjusted as needed.

13. **Discussions with external auditors are proving to be an increasingly important component of the monitoring process**. Experience has shown that establishing strong links to the external auditors of central banks facilitates the timely identification of potential safeguards issues. Staff is therefore placing considerable emphasis on the need to hold

periodic discussions with external auditors, especially for the higher-risk cases. These discussions typically take place in the context of missions, but are also conducted from headquarters via tele- or video-conferencing. Three examples in the current period where contact with the external auditors proved to be particularly helpful are:

- **Iraq**, where the external audit firm has staff located in Baghdad and is in a position to provide Fund staff with first-hand information concerning accounting, control, and governance issues. Based on risk factors identified by the auditor, a special audit was undertaken of the net international reserves data reported to the Fund at December 31, 2006, which included a count by the auditor of gold and foreign exchange holdings at the Central Bank of Iraq. The audit firm has also been able to provide qualitative information in certain areas, such as internal audit effectiveness, which is particularly useful since Fund staff is prevented from traveling to Baghdad.

- **Tanzania**, where the external auditor discovered circumstances that the firm regarded as serious fiduciary misconduct at the central bank. The audit firm had been appointed consistent with the 2003 safeguards recommendation that the annual external audit of the Bank of Tanzania be conducted by a private audit firm in accordance with International Standards on Auditing, rather than the existing quasi-government auditor, i.e., the Tanzanian Audit Corporation. Upon the unexpected termination of the audit contract, the audit firm brought its concerns to the attention of Fund staff, consistent with the requirements of professional standards for auditors. This provided staff with an opportunity to follow-up with the authorities in the context of a program review.[8] The authorities have subsequently launched an investigation and Fund staff continues to follow developments in the context of the PSI-supported program.

- **Turkey**, where the external auditor highlighted a significant change in the central bank's method of accounting for foreign exchange gains and losses. The new method ultimately resulted in an increase in the 2006 net profit of more than US$ 1.5 billion. Staff discussed this matter with central bank officials, the audit firm, and EUR to ascertain whether the increased profit would have program implications. The central bank's 2006 financial statements, which are fully IFRS-compliant, provided comprehensive disclosures of the accounting for foreign exchange gains and losses.

14. **However, delays in the provision of information by central banks are potentially hampering monitoring effectiveness**. Central banks are required to provide their annual audited financial statements and related audit reports ("management letters") to Fund staff for as long as Fund credit is outstanding. In addition, external audit firms often require a written authorization to discuss relevant issues with Fund staff.[9] These documents are not

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[8] See *United Republic of Tanzania—Request for an Extension of the Three-Year Arrangement under the Poverty Reduction and Growth Facility* (EBS/06/172, 12/22/06).

[9] This authorization is general to obtaining a better understanding of the overall audit findings and does *not* extend to the provision of confidential audit information, which would require a specific confidentiality release.

always provided on a timely basis, particularly for those central banks where the safeguards assessment was conducted several years ago. Staff is often able to obtain the audited financial statements from other public sources (e.g., websites), but has had to make repeated follow-up requests for management letters and other similar audit reports. Delays in obtaining this information are inefficient and also risk the late identification of important safeguards issues. This is an area that warrants further consideration during the 2008 review of the policy.

15. **New software is being implemented to enhance the data management and safeguards monitoring process**. The previous software ("Safetrack") had been developed in-house and was built around an interface with a Microsoft Access database. The main focus of Safetrack was on the conduct of first-time assessments, including the tracking of requested documentation, the process for the conduct of assessments, and the maintenance of safeguards recommendations. The new software is an off-the-shelf commercial product aimed at documenting audit working papers and control procedures.[10] It is expected that the new software, which is planned to be operational in the fall of 2007, will:

- Enable staff to plan, conduct, and document monitoring activities more efficiently and uniformly; and
- Enhance and streamline the process of gathering and analyzing data from assessments, including the interface between monitoring and update assessments.

C. Sharing Reports with the World Bank

16. **Safeguards reports continue to be shared with the World Bank, subject to strict confidentiality**. During the period under review, staff shared 26 reports with the Bank, on the basis of established criteria, including that the relevant central bank agrees, the report's confidentiality is maintained, and internal distribution within the Bank is restricted.

III. Recent Findings

17. **Central banks have an opportunity to respond officially to safeguards findings.** The findings, together with the verbatim official response from the central bank, are documented in a report that is approved by IMF management. Responses received from the central banks assessed during the review period were generally positive, expressing agreement with the proposed recommendations. In one case, the central bank voiced concerns about the proposed timing of IFRS-implementation, and in another case, the central bank cited legal obstacles as an impediment to full and timely implementation of IFRS. Staff has reached understandings or is working with central bank authorities to resolve these issues.

[10] The GRC Platform (Governance, Risk, and Compliance) by Paisley.

18. **Safeguards findings are confidential.** Once finalized, the safeguards report is shared with the central bank and the Executive Director representing the member, and only a high-level summary of the main issues is included in the next staff report for that country. Consequently, the summary of recent findings included below does not provide detailed coverage of actual findings with reference to specific central banks.

19. Examples of important safeguards findings identified in the context of assessments and monitoring in the 2006/07 year include the following:

- The external audit process was not always found to be effective, sometimes resulting in delayed or no publication of audit opinions and audited financial statements. In these cases, recommendations were made to strengthen and formalize the audit selection and appointment procedures, and improve publication of audited information and related reports by recommending publication on the central banks' external websites as soon as all relevant reports had been transmitted to the proper authorities to meet statutory requirements.

- The appointment of a new external auditor, based on a safeguards recommendation, was in one case found to be instrumental in correcting accounting weaknesses and improving a control environment that only a few years before posed significant risks to the safeguarding of Fund disbursements and involved a serious case of misreporting of data. It is noteworthy that while the audit opinions of the new external audit firm were heavily qualified early on, these qualifications decreased over time in response to the central bank's ongoing efforts to address audit findings and recommendations.

- In another case where misreporting had occurred previously, the update assessment showed significant improvements with regard to controls over monetary data and the timeliness of the completion of the annual external audit. These improvements could be attributed to: (i) the introduction of semi-annual audits of foreign correspondent bank balances by the external audit firm, recommended in the previous safeguards assessment, and (ii) quarterly interim external audits implemented at the request of the central bank to speed up completion of the year-end audit.

- In several instances, the safeguards assessment concluded that the monetary data reported to the Fund contained errors. After discussing and confirming these findings with the area departments, corrections were made by area department staff. In the five cases where less reliance could be placed on data due to existing weaknesses in controls, special audits of the monetary data by the external auditors were recommended. These audits have either been completed or are in progress.

- While improvements were found in some cases, foreign reserves management practices remain a concern in several of the central banks assessed during the year. In such cases, staff recommended adoption of formal investment guidelines and a Board-appointed committee to oversee investment activity.

- While many central banks have formally adopted or agreed to implement IFRS as the financial reporting framework, actual conversion or implementation frequently remains a work in progress due to a lack of technical capacity, systems upgrades, and in-depth training of staff. In cases where full implementation has been achieved, the external audit firms have naturally played an important advisory role in the process of ensuring that IFRS-compliant financial statements are prepared within the deadlines discussed with staff.

- Staff continues to observe improvements in central bank governance, primarily through the establishment of audit committees. These were not always found to be effective, however, primarily due to a lack of clearly defined and formally adopted terms of reference. This weakness highlights the need for ongoing monitoring of central banks to determine the effectiveness of recommendations.

- Internal audits of many central banks have improved in recent years in large part due to earlier safeguards recommendations and ongoing provision of technical assistance. A vulnerability that remains, however, is the lack of authority for this function to operate and report on an independent basis. Another concern is the lack of staff resources, which prolongs the practical implementation of risk-based auditing techniques. Internal auditors also have inadequate opportunities to report to central bank management, boards, and other oversight bodies, and lack procedures to follow up findings and recommendations.

- Recommendations to change the central banks' legal frameworks are often implemented with delay due to the need to involve other government entities and parliament. That said, staff has recently seen a few notable cases where legal changes broadly in line with safeguards recommendations are being proposed or adopted. One recurring concern in the legal area is the ambiguity in the law concerning the division of responsibility between the ministry of finance and the central bank. In such cases, staff has typically proposed adoption of a memorandum of understanding between the ministry involved and the central bank as an interim solution to remain in effect until such time that the matter could be clarified through an amendment of the existing legislation.

IV. Outreach Activities

20. **The 2005 policy review emphasized the need to strengthen outreach activities.** The focus is to disseminate information related to the safeguards framework and process (both internally and externally), and to familiarize central bank staff with the underlying concepts and methodology. Principal activities in the current period included:

- **Two seminars on safeguards assessments for central bank officials were conducted by staff from the Finance Department**.[11] These seven-day seminars, which are aimed at

[11] Annex V includes a list of the 41 countries that sent representatives to the two safeguards seminars conducted during the period under review (six countries sent participants to both seminars).

strengthening the safeguards framework of central banks, were very well received by the participants. The seminars are organized under the auspices of the IMF Institute and are hosted at headquarters each December and in the spring at one of the Fund's regional training centers on a rotational basis (Singapore, Vienna, and Tunis). The December 2006 seminar included representatives from 26 member countries from all geographic regions. The second seminar was held at the Singapore Training Institute (STI) in May 2007 and included officials from 21 member countries, mostly within the Asia region. It is noteworthy that while the STI seminar did not include as many participants from countries with active programs as the December seminar, it was equally well received because of the general relevance of the safeguards framework as a risk-mitigation tool at all central banks.

- **A technical note distributed to central banks concerning accounting in accordance with IFRS for debt relief provided under the Multilateral Debt Relief Initiative**. The note highlighted that the accounting treatment of the receipt of MDRI assistance would depend on the role of the central bank in the member's transactions with the Fund, the original recognition of the underlying credit facility, and the specific arrangements between the government and the central bank.

- **The provision of guidance, including templates, for safeguards related measures**, such as information concerning prevailing international practice for the composition and responsibilities of audit committees, selection and appointment of external auditors, and terms of reference for special audits of monetary program data. These guidance notes draw on the staff's multilateral experience across area-department regions, which central banks have found particularly helpful in designing and implementing their own financial safeguards.

Annex I. Safeguards Assessment Policy—A Summary[12]

1. **Origin of the Safeguards Assessments Policy**: The safeguards policy was introduced in 2000 in the wake of allegations of misuse of Fund resources by recipient countries, and has been an integral part of the Fund's lending operations since 2002. It was last reviewed by the Executive Board in April 2005.

2. **Overall Objectives of Safeguards Assessments**: To provide reasonable assurance to the Fund that a central bank's control, accounting, reporting and auditing systems in place to manage resources and Fund disbursements are adequate to ensure the integrity of financial operations and reporting to the Fund.

3. **Applicability of Safeguards Assessments**:

    - Central banks of members with arrangements for use of Fund resources, including precautionary arrangements and central banks of members receiving Emergency Post-Conflict Assistance.

    - Existing arrangements that are augmented, and member countries following a Rights Accumulation Program, where resources are being committed.

    - Not applicable to first credit tranche purchases, stand-alone CFFs, and drawings under the Emergency Assistance for Natural Disasters facility.

    - Voluntary for members with Policy Support Instrument and Staff Monitored Programs.

4. **Scope of Policy—Central Bank ELRIC**: The safeguards framework covers five prime areas of control and governance within central banks, and incorporates International Financial Reporting Standards (IFRS) and International Standards on Auditing (ISA) as benchmarks. The five key areas of the framework and the key safeguards objectives for each area are as follows:

    - **E***xternal Audit Mechanism*—Establish whether regular independent external audits are being conducted in accordance with international standards, such as ISA, and to ensure that previous audit recommendations are implemented and the audit opinion and audited financial statements are published on a timely basis.

    - **L***egal Structure and Independence*—Ascertain whether: (i) the legal arrangements for extension of credit to government are adequate and implemented without government interference; and (ii) for agencies that share monetary authority with the central bank, the legal basis of their relationship to the central bank, their role as a

[12] See also http://www.imf.org/external/np/tre/safegrds/complete/index.asp

monetary authority, and the responsibility for reserves management are transparent and explicit.

- *Financial* **R***eporting Framework*—Evaluate a central bank's accounting practices and promote adoption and adherence to international good practices in the adoption of its accounting principles, financial statement presentation and disclosures, and reporting on operations.

- **I***nternal Audit Mechanis*m—Evaluate the effectiveness and independence of internal audit by considering: (i) the nature and scope of work programs and past audits; and (ii) the existence of audit oversight, preferably in the form of an independent audit committee or similar Board committee, as well as adequate reporting lines, both to the audit committee and the central bank governor.

- *System of Internal* **C***ontrols*—Ascertain whether sufficient procedures are in place to provide reasonable assurance that material risks are continually recognized and assessed. The main focus is on internal controls in the areas of accounting and foreign exchange operations, as well as on controls established to ensure accurate and timely reporting of monetary program data to the Fund.

5. **The Outcome of a Safeguards Assessment**: A report that identifies existing key vulnerabilities in each of the five ELRIC areas of a central bank's safeguards framework and recommends measures to alleviate these under a mutually agreed timeframe.

6. **Confidentiality**: Safeguards assessment reports are confidential documents. In accordance with procedures agreed by the Executive Board, reports may be shared with World Bank staff upon specific request, provided the relevant central bank consents and the report's confidentiality is maintained.

Annex II. Assessments Completed July 1, 2006–June 30, 2007

Country	Type of Assessment	Completion Date
Albania	Update Assessment	July 14, 2006
Croatia	Update Assessment	August 24, 2006
Gambia	Update Assessment	February 10, 2007
Guyana	Update Assessment	May 31, 2007
Haiti	Update Assessment	March 5, 2007
Iraq	Interim Assessment	December 21, 2006
Liberia	Interim Assessment	June 15, 2007
Mauritania	Update Assessment	April 16, 2007
Moldova	Update Assessment	October 13, 2006
Paraguay	Update Assessment	October 30, 2006
Peru	Update Assessment	June 15, 2007
Rwanda	Update Assessment	January 26, 2007
Uganda	Update Assessment	April 10, 2007

Annex III. Central Banks Monitored at End-June 2007

Country	Date of Most Recent Assessment
Afghanistan	June 12, 2006
Albania	July 14, 2006
Armenia	November 7, 2005
Azerbaijan	March 8, 2002
Bangladesh	January 24, 2005
BCEAO[13]	November 4, 2005
BEAC[14]	August 30, 2004
Bosnia/Herzegovina	January 24, 2005
Burundi	January 18, 2006
Cambodia	March 24, 2004
Cape Verde	December 9, 2002
Comoros	First-time assessment substantially complete
Congo, D.R.	January 3, 2003
Djibouti	July 24, 2001
Dominican Republic	April 27, 2005
ECCB[15]	July 11, 2007
Gambia	February 10, 2007
Georgia	December 10, 2004
Ghana	October 15, 2003
Guinea	July 11, 2002
Guyana	May 31, 2007
Haiti	March 5, 2007
Honduras	February 17, 2004
Iraq	December 21, 2006
Jordan	June 27, 2003

[13] The BCEAO assessment is applicable for the following eight members of the Fund: Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo.

[14] The BEAC assessment is applicable for the following six members of the Fund: Cameroon, Central African Republic, Chad, Republic of Congo, Equatorial Guinea, and Gabon.

[15] The ECCB assessment is applicable for the following six members of the Fund: Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines.

Annex III. Central Banks Monitored at End-June 2007 (*continued*)

Country	Date of Most Recent Assessment
Kenya	September 7, 2005
Kyrgyz Republic	October 14, 2005
Lao, People's Democratic Republic	April 8, 2003
Lesotho	July 24, 2003
Liberia	June 15, 2007
Macedonia (F.Y.R.)	February 28, 2006
Madagascar	March 17, 2006
Malawi	January 27, 2006
Mauritania	April 16, 2007
Moldova	October 13, 2006
Mongolia	November 25, 2003
Mozambique	August 18, 2004
Nepal	October 15, 2004
Nicaragua	August 23, 2003
Pakistan	February 1, 2001
Paraguay	October 30, 2006
Peru	June 15, 2007
Romania	June 17, 2004
Rwanda	January 26, 2007
Sao Tome & Principe	August 2, 2004
Sierra Leone	June 12, 2006
Sri Lanka	July 30, 2003
Tajikistan	July 23, 2003
Tanzania	December 5, 2003
Turkey	June 29, 2005
Uganda	April 10, 2007
Ukraine	July 14, 2004
Yemen	May 23, 2001
Zambia	October 20, 2004

Annex IV. Implementation Rate of Safeguards Recommendations

	Number of Recs.	Rate of Implementation (in percent)
1. Recommendations with formal commitment from the authorities	139	
a. Under program conditionality[16]	71	
Of which: Implemented	66	93.0
Not Implemented	5	
b. LOI/MEFP commitments	68	
Of which: Implemented	67	98.5
Not Implemented	1	
2. Other recommendations	572	
Of which: Implemented	453	79.2
Not Implemented	119	
3. Total recommendations (1+2)	711	
Of which: Implemented	586	82.4
Not Implemented	125	
Of which: Overdue less than 3 months	20	
Overdue 3 months to one year	32	
Overdue more than one year	71	
Overdue more than two years	49	

[16] Includes 14 prior actions (all implemented), 21 structural performance criteria (20 implemented), and 36 structural benchmarks (32 implemented).

Annex V. Safeguards Seminars—Participating Member Countries

In the period July 2006 through July 2007, two seminars were held, one at IMF headquarters and one at the Singapore Training Institute. Overall, there were 57 participants representing 41 member countries, as shown below.[17]

Afghanistan
Albania
Bangladesh
Cambodia
Cameroon

China
Democratic Republic of Congo
Dominican Republic
Fiji
Georgia

Guyana
Haiti
Hong Kong SAR
Indonesia
Kenya

Korea
Lao, P.D.R.
Lesotho
Liberia
Malaysia

Maldives
Mongolia
Myanmar
Nepal
Nicaragua

Pakistan
Papua New Guinea
Peru
Philippines
Senegal

Sierra Leone
Sri Lanka
Singapore
Sudan
Tanzania

Thailand
Turkey
Uganda
Ukraine
Vietnam

Yemen

[17] Ten member countries had more than one participant and a further six member countries participated in both seminars.