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International Monetary Fund  
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**IMF Executive Board Reviews Noncomplying Disbursements to Republic of Tajikistan  
and Breach of Obligations Under Article VIII, Section 5**

The Executive Board of the International Monetary Fund (IMF) met today to review a report from the Managing Director on noncomplying disbursements to the Republic of Tajikistan and a breach of obligations under Article VIII, Section 5 of the IMF's Articles of Agreement.

The Executive Board reviewed matters related to five noncomplying disbursements to the Republic of Tajikistan, each in an amount equivalent to SDR 9.8 million (about US\$15.8 million), that were made in January 2004, August 2004, March 2005, July 2005, and February 2006 following the completion by the Executive Board of the second, third, fourth, fifth, and sixth review under the three-year Poverty Reduction and Growth Facility (PRGF) arrangement. The PRGF arrangement was approved by the Executive Board on December 11, 2002 (see Press Release No. 02/54).

Based on new information provided by the authorities to IMF staff in December 2007 and January 2008, the Executive Board concurs that these disbursements were made on the basis of inaccurate information provided by the Tajik authorities relating to the performance criteria on the net international reserves of the Republic of Tajikistan, the net domestic assets of the National Bank of Tajikistan (NBT), and against the NBT issuing directed credits. The Board agreed that the Republic of Tajikistan shall be expected to repay the Fund the three noncomplying disbursements (related to the fourth, fifth, and sixth review) that were not discharged under Multilateral Debt Relief Initiative (MDRI) relief, which amount to a total of SDR29.4 million (about US\$47.4 million), together with any interest accrued, in six equal monthly installments starting with the first installment no later than September 5, 2008, and concluding with the sixth and final installment no later than February 5, 2009. The Board expressed its regret on the nature and extent of misreporting, and emphasized the seriousness it attaches to the fact that MDRI resources extended to Tajikistan cannot be made subject to repayment.

In taking its decision, the Executive Board carefully weighed the Republic of Tajikistan's very difficult economic circumstances, in particular its balance of payments position as well as the severe humanitarian crisis prevailing in the country, against serious instances of misreporting by the Tajik authorities. Accordingly, the Executive Board decided to make use of its discretion to extend the repayment period beyond the normal 30-day repayment expectation period called for under the misreporting framework.

Moreover, the Executive Board reviewed matters related to misreporting under Article VIII, Section 5, of the IMF's Articles of Agreement by the Republic of Tajikistan. It found that the Republic of Tajikistan had breached its obligations under Article VIII, Section 5, of the IMF's Articles of Agreement, which obliges member countries to furnish such information as the Fund deems necessary for its activities.

The Tajik authorities have agreed to undertake a special audit of the NBT, to be carried out by a recognized international firm. The audit will aim to establish a reliable foundation for the future provision of monetary data and data on external debt, and to define steps to ensure transparency of all financial operations of the NBT. The Executive Board urged the authorities to publish the results of the audit when it has been completed.

In view of the corrective actions taken and the ongoing efforts of the authorities to improve the governance structure of the NBT, and implement measures to improve and strengthen the monitoring and reporting of data provided to the Fund, the Executive Board decided not to require any further remedial action in connection with the breach of obligations under Article VIII, Section 5 of the IMF's Articles of Agreement. At the same time, the Board agreed to monitor closely the reporting of data to the Fund going forward.