FOR AGENDA

SM/08/308

September 23, 2008

To: Members of the Executive Board

From: The Secretary

Subject: **Draft Progress Report of the Managing Director to the International Monetary and Financial Committee on the IMF's Policy Agenda—IMF Response to Global Economic Challenges**

Attached for consideration by the Executive Directors is the draft progress report of the Managing Director to the IMFC on the IMF's policy agenda—IMF response to global economic challenges, which will be brought to the Board for discussion on **Monday, September 29, 2008.**

The staff proposes the publication of this paper, with any needed revisions, on the Fund's external website following its circulation to members of the IMFC.

Questions may be referred to Ms. Mateos y Lago (ext. 37219), Mr. John (ext. 35637), and Ms. Jain-Chandra (ext. 35881) in SPR.

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

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

September 22, 2008

- **Focus**. After focusing on internal restructuring concerns for a short while, the Fund's work has shifted emphasis back toward helping members meet global challenges. For the past six months, jittery financial markets and high commodity prices have continued to challenge policy-makers across the Fund's membership. The Fund has sought to be responsive to its members' needs, focusing on its comparative advantage and mandate.

- **Global stability**. Financial market turbulence has created difficult policy challenges and underlined the need for better analysis of global stability risks. The Fund is facilitating a global dialogue on responses and expanding its early warning capabilities to advanced countries, 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 implement our new exchange rate surveillance framework more effectively.

- **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.

- **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, 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.

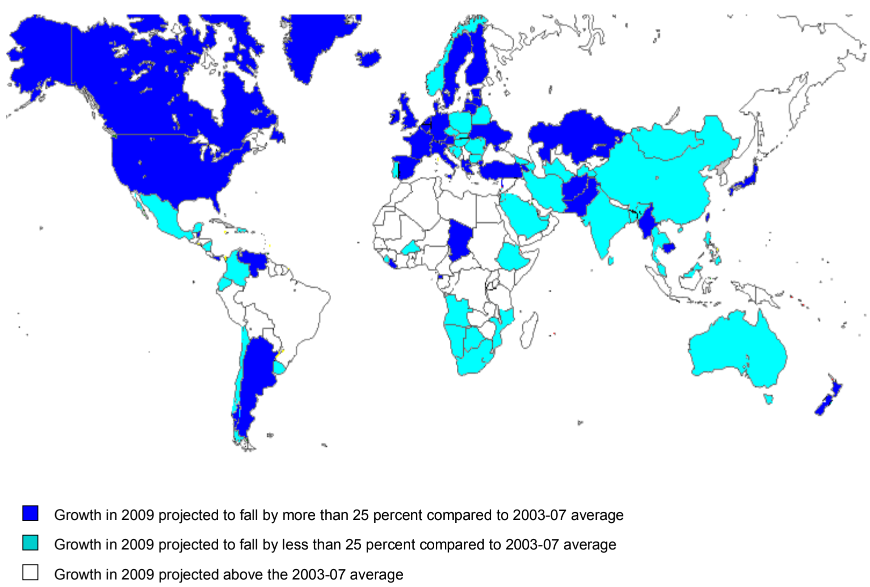
- **Internal reforms**. With the Fund leaner and refocused, efforts now turn to implementing modernization. Acceptance of an amendment of the Articles and a decision on gold sales are needed to fully implement the new income model approved in the spring, and in the meantime, work is progressing on essential 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. And a new committee of eminent persons is assessing the Fund's decision-making framework, including the respective roles of its various decision-making bodies and Fund Management.

I. Immediate Priorities

A. Global Financial Stability

1. ***Impact of financial shock***. With the global economy under stress from financial turmoil and elevated commodity prices, the Fund is facilitating discussion of responses among policymakers. The world economy is slowing, dragged down by a deep financial crisis, still-high commodities prices, and slumping housing markets in a number of advanced economies (Chart 1). Stabilizing commodity markets and a bottoming-out of the U.S. housing market could support a turnaround in 2009, but the pace of recovery is likely to be held back by continued financial deleveraging as financial institutions suffer further losses in the months ahead and contract credit. Financial market stress and slower economic activity will also increasingly affect emerging markets, notwithstanding strong domestic demand growth in many countries. Some emerging market and developing economies are already experiencing tighter financing conditions while still coping with uncomfortably high inflationary pressures, as the surge in food and fuel prices continues to feed through to headline inflation. In many countries, the challenge for policymakers will be to balance inflation concerns against the prospects of lower growth and the need to preserve financial stability, including through liquidity provision and intervention where needed. Following consideration of the *Global Financial Stability Report*[1] and *World Economic Outlook*[2] by the Executive Board, these issues [were discussed in late September] by IMFC and G20 Deputies in a conference call organized by the Fund which helped enrich the [diagnosis and] debate on required policy responses.

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



Source: WEO (September 2008).

2. ***Early warning systems***. The Fund is expanding its early warning capabilities to advanced countries, as called for by the IMFC in April 2008. Staff has identified a range of indicators in advanced countries including asset price inflation, credit growth, and falling

corporate and household savings, that help signal the build-up of medium-term vulnerabilities and presence of near-term risks. Efforts will focus on combining empirical work on individual countries with insights from cross-country analysis to identify common themes and trends that could signal growing vulnerabilities.

3. ***Lessons***. In collaboration with other international bodies, the Fund is distilling lessons from the recent financial crisis and encouraging early action.

- The implementation of policy lessons by the Fund[3] and by the Financial Stability Forum (FSF)[4] underpins a growing consensus on financial supervision and regulation. Recommendations that the Fund is encouraging members to implement[5] 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). Collaboration with the Basel Committee on Banking Supervision and other standard setters is being enhanced.

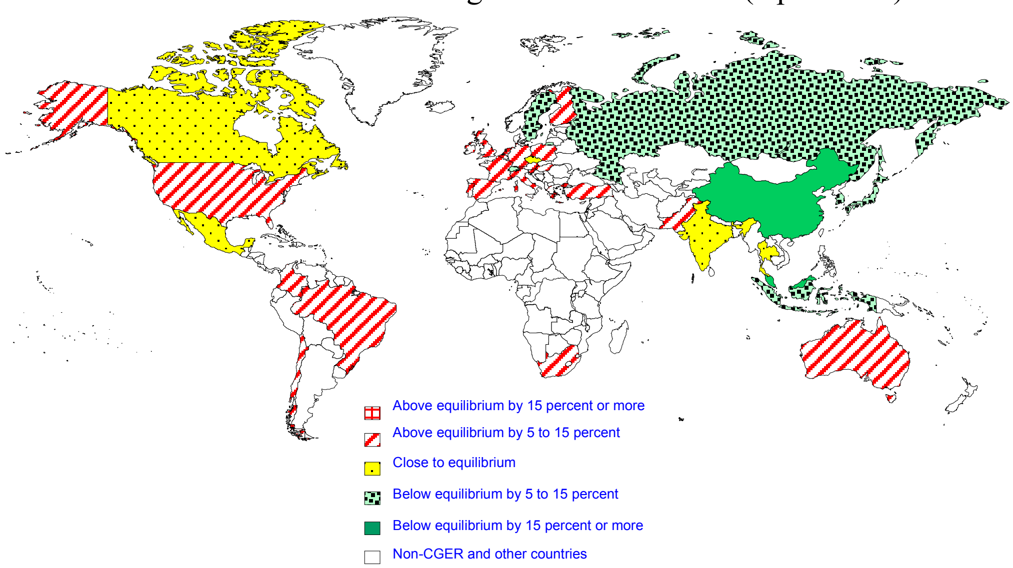
- A Fund analysis of how future financial crises may evolve and affect emerging market countries found that higher capital flows have yielded important benefits, but have also increased volatility and potential reversals in capital flows, the risk of asset price bubbles, and the likelihood of crises emanating from the private sector. [6] In addition to reviewing its financing role (see Section I. C.), 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. In the Fund, contingency planning and crisis preparedness have already been strengthened and the monitoring of highly vulnerable countries has been stepped up.

4. ***Macro-financial linkages***. The Fund is strengthening the analysis of linkages between the real and financial sectors. 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 *World Economic Outlook* and *Global Financial Stability Report* each dedicate a chapter to macro-financial linkages (respectively, "Financial Stress and Economic Downturns" and "Spillovers to Emerging Equity Markets").

5. ***Exchange rate surveillance***. The Fund has also taken steps to implement its new exchange rate surveillance framework more effectively. The adoption of the landmark 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 has made this task very challenging in a number of cases. Steps have been taken to move forward with such cases, in particular through the intended use of ad hoc consultations when there are significant concerns that a member may not be observing one of the Decision's principles, or that its exchange rate may be fundamentally misaligned. 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. The methodological framework underlying exchange rate analysis is also 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).

6. ***Exchange rate analysis***. 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. Chart 2 from the presentation is an example of staff's analysis (However, the chart uses data from April 2008, and is not indicative of the Fund's current assessment). 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.

Chart 2. Past CGER Exchange Rate Assessments (April 2008)



7. ***Review of Surveillance***. A thorough review reached a generally positive assessment surveillance, but confirmed the need for deeper analysis of global stability risks, as already underway. [The recently concluded triennial surveillance review (TSR)[7] —a detailed stock-taking exercise involving broad consultations and an independent evaluation component—suggested that Fund surveillance is highly valued by the membership and financial markets. Progress is evident on many fronts: surveillance is more sharply focused; the coverage and quality of analysis of exchange rate issues has improved; and cross-country spillovers and financial sector surveillance have been receiving greater attention. However, it is clear that more needs to be done 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 risks. 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 (See Box 1).].

Box 1. Surveillance Priorities

The SSP sets priorities for surveillance in the next three years, with the overarching objective to provide early warnings and promote rapid response to global economic risks.

Economic priorities
- adjusting to global financial and commodity booms and busts
- reducing global imbalances in an orderly manner
- optimizing the potential of global capital flows

Operational priorities
- risk assessments
- real-financial linkages
- multilateral perspectives
- exchange rate analysis 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 principles and practices, also known as the Santiago Principles. Recognizing the growing importance of SWFs in international financial markets and related concerns, an International Working Group of SWFs was created in May 2008 with the aim of putting together a set of voluntary *generally accepted practices and principles* (GAPP) for SWFs by October 2008 . The Fund has facilitated and coordinated the work by providing a secretariat and supporting the discussions among members of the international working group on the GAPP.[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 GAPP 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 governance structures and investment policies. The GAPP seeks to help maintain the free flow of cross-border investment and sustain open and stable financial systems. By embracing the GAPP, SWFs could reduce concerns and thereby

help to mitigate the risk of protectionist pressures on their investments and restrictions on international capital flows.]

B. Food and Fuel Price Spikes

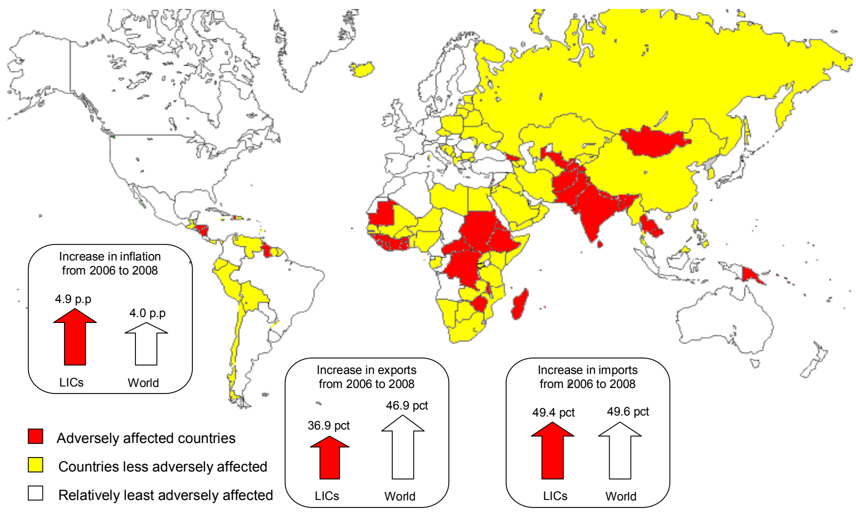
9. ***Impact and policy response***. An early assessment considered the causes and likely macroeconomic impact of higher food and fuel prices, and advised on policy responses.[9] Much higher food and energy prices threaten to undermine macroeconomic stability through higher inflation, import costs, and fiscal outlays (Chart 3); 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.[10] 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.[11] 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.

10. ***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 $201 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 $276 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. 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).[12] 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.

Chart 3. 50 countries are under pressure due to rising food or fuel prices



Source: WEO. 2008 projections compared with 2006.

11. ***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.[13] The review noted that many 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.

12. ***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 in line with its strategic directions.[14] These 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, and will 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. 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.

C. Fund Lending Role in a Globalized World

13. ***Fund financing***. Demand for Fund facilities shrank in recent years, reflecting higher private capital flows as well as other factors, including possibly the need for facilities to adapt (see Tables 5 and 6 for current financial arrangements and outstanding credit and loans). In addition to ample global liquidity, many countries have strengthened their policy frameworks and some also received substantial debt relief, which lowered their need for Fund resources. However, other causes may include that the Fund's instruments do not provide the services members seek, 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*[15] 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 initial brainstorming stage, seeking Executive Directors' views on potential new instruments (a non-financial instrument for middle-income countries to provide a signal of the strength of their policies, a crisis prevention or resolution instrument, a short-term liquidity instrument, and a "quiet" facility that could provide support while generating less public attention); elimination or reform of rarely used instruments; whether balance of payments need should remain the organizing principle for Fund lending; tailoring of conditionality; the scale of assistance provided; whether the Fund should support development of markets for hedging instruments; and a redesign of instruments for providing short-term assistance to LICs.] [Insert key elements of the Summing Up and the way forward.]

14. ***New instruments***. Discussions continued on a new instrument to help prevent or deal with crises as part of the review of the Fund's financing role.[16] The Rapid Access Line outlined by staff, and the Financial Stability Line and Rapid Liquidity Line, proposed by different Board members, all seek to help countries with sound policies by making substantial resources available based on qualification assessments and monitoring rather than traditional conditionality. The proposals differ in other respects. The Rapid Access and Financial Stability lines would seek to help prevent crises while the Rapid Liquidity Line would help members hit by turbulence in global capital markets. The proposals also differ somewhat over eligibility, the degree of policy reform required, the types of events that would allow a member to draw on the contingent resources, and the monitoring that would determine continued eligibility for assistance. [The Executive Board agreed that this issue merits priority and called for further work on a liquidity instrument.]

15. ***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.

II. MODERNIZING THE FUND

16. ***Staffing and work practices***. In line with the strategic directions discussed in the spring, 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]

17. ***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).

18. ***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.[18] A paper reviewing the role and adequacy of the Fund's precautionary balances under the new income model [will be issued shortly] 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.[19] A paper [is also under preparation] that explores the performance of

potential alternative asset classes under an expanded investment authority.[20] 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.

19. ***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.[21] 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 improvements being considered are: (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. Executive Directors too are developing binding budgetary frameworks for individual Offices of Executive Directors.

20. ***Enhancing Voice and Representation***. On April 28, the Board of Governors approved far-reaching reforms of the Fund's governance structure. 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.

21. ***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 (see Table 1, section E), Executive Directors (see Table 1, Section E), academics, and civil society groups. Executive Directors met with civil society organizations in an informal seminar in September to hear their views on IMF reform based on worldwide consultations. And the Managing Director appointed a committee of eminent persons to assess the Fund's current framework for decision-making.[22] The committee, chaired by Mr. Trevor Manuel, Minister of Finance of South Africa, is expected to present its report by April 2009. This report will be a valuable

input—alongside the work mentioned above—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] *Global Financial Stability Report* (SM/08/282, 8/29/282; and Sup.1 9/12/08).
[2] *World Economic Outlook* (EBS/08/103, 9/3/08; Sup 1., 9/16/08; and EBS/08/100, 8/27/08).
[3] *The Recent Financial Turmoil—Initial Assessment, Policy Lessons, and Implications for Fund Surveillance* (IMFC/Doc/17/08/5, 4/9/08).
[4] *Report of the Financial Stability Forum on Enhancing Market and Institutional Resilience* (4/7/08)
[5] Implementation is discussed in *The Fund's Response to the 2007-08 Financial Crisis- Stocktaking and Collaboration with the Financial Stability Forum* (SM/08/302, 9/15/08).
[6] *Macro-Financial and Cross-Border Risks for Emerging Market Economies—A Preliminary Discussion* (SM/08/225, 7/7/08).
[7] *2008 Triennial Surveillance Review—Overview Paper* (SM/08/287, 9/2/08), *2008 Triennial Surveillance Review—Thematic Findings* (SM/08/287, Sup. 1, 9/2/08)
[8] See *Sovereign Wealth Funds-- "The Santiago Principles": Generally Accepted Principles and Practices Developed by the International Working Group* (--/--/08, 09/--/08).
[9] *Food and Fuel Prices—Recent Developments, Macroeconomic Impact, and Policy Responses* (SM/08/182, 6/19/08; and Rev. 1, 6/30/08) and *The Balance of Payments Impact of the Food and Fuel Price Shocks on Low-Income African Countries—A Country-by-Country Assessment* (FO/DIS/08/58, 6/19/08).
[10] *Food and Fuel Prices—Recent Developments, Macroeconomic Impact and Policy Responses—An Update* (SM/08/307, 9/19/08).
[11] *Fuel and Food Price Subsidies: Issues and Reform Options* (SM/08/299, 9/10/08; and Cor. 1, 9/10/08)
[12] *Proposed Reforms to the Exogenous Shocks Facility* (SM/08/255, 7/28/08; Sup. 1, 8/18/08; Sup. 2, 9/8/08; Sup. 3, 9/12/08; and Sup. 3, Cor. 1, 9/17/08) and [*The Chairman's Summing Up—Proposed Reforms to the Exogenous Shocks Facility* (BUFF/08/--, --/--/08)].
[13] *The Role of the Fund in Low-Income Countries* (SM/08/170, 6/16/08; Sup. 1, 6/16/08; and Cor. 1, 7/24/08) and *The Chairman's Summing Up—The Role of the Fund in Low-Income Countries* (BUFF/08/127, 8/1/08).
[14] *Statement by the Managing Director on Strategic Directions in the Medium-Term Budget* (BUFF/08/27, 2/27/08 and Rev. 1, 3/25/08).
[15] *Review of the Fund's Financing Role in Member Countries* (SM/08/283, 8/29/08), *Statement by the Managing Director on Review of he Fund's Financing Role in Member Countries* (BUFF/08/136, 9/15/08), and [*Summing Up—Review of the Fund's Financing Role in Member Countries* (BUFF/08/--, --/--/08)].
[16] *Review of the Fund's Financing Role in Member Countries—Background Paper on Proposals for a Rapid Access Line, a Financial Stability Line, and Rapid Liquidity Line* (SM/08/283, Sup. 1, 9/11/08).
[17] *Statement by the Managing Director on the Work Program of the Executive Board* (BUFF/08/77, 6/3/08).
[18] See *Review of Charges and Maturities—Setting the Basic Rate of Charge Under a New Income Model* (SM/08/63, 2/28/08), *The Acting Chair's Summing Up—Review of Charges and Maturities—Setting the Basic Rate of Charge Under a New Income Model* (BUFF/08/35, 3/18/08), and *Review of the Fund's Income Position in FY 2008 and FY 2009* (EBS/08/45, 4/15/08).
[19] *Review of the Role and Adequacy of the Fund's Precautionary Balances* (EBS/08/[], ../../08).
[20] *Asset Allocation Under the New Income Model—Preliminary Considerations* (EBS/08/[], ../../08)
[21] *The Fund's Business Plan* (EBAP08/119, 9/12/08)
[22] *Managing Director Strauss-Kahn Appoints Committee on IMF Governance Reform* (Press Release No. 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. *New Formats for Article IV Staff Reports* (SM/08/188, 6/25/08) and *The Acting Chair's Concluding Remarks* (BUFF/08/113, 7/23/08)
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 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. *Review of Data Provision to the Fund for Surveillance Purposes-Main Paper and Supplement* (SM/08/76, 3/17/08) and (SM/08/76, Sup. 1, 3/17/08) and *The Acting Chair's Summing Up* (BUFF/08/57, 5/12/08)
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. *Fiscal Risks - Sources, Disclosure, and Management* (SM/08/154, 5/2//2008), (SM/08/154 Cor. 1, 6/13/2008), and *The Acting Chair's Concluding Remarks* (BUFF/08/84, 6/18/2008)
Structural Reforms and Economic Performance in Advanced and	The paper, which was discussed by the Board in an informal seminar, analyzed the contribution of structural policies to economic performance, including average growth 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,

Developing Countries	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* (SM/08/166, SM/08/166 Cor.1 and 2)
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. [Reference]
Joint Staff Advisory Note Modifications	[The Fund and World Bank are working to streamline practices for Joint Staff Advisory Notes (JSANs) so that the staffs of the two institutions will generally only prepare JSANs for new full Poverty Reduction Strategy (PRS) documents and for PRS documents used for HIPC decisions rather than for all PRS documents. In particular, JSANs will not be produced for Annual Progress Reports. A Board paper and associated decisions are being prepared.]
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* (EBD/08/89, 8/28/08).
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 Fund's Concessional Assistance and Debt Relief to Low-Income Member Countries* (SM/08/305, 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* (EBS/08/96, 8/18/08)
Fragile and Post-Conflict	Based on the Executive Board's review of the Fund's engagement with fragile and post-conflict states in March, a paper is being prepared that refines proposals to strengthen the

States	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 / will be issued to the Executive Board before the Annual Meetings.] [Reference]
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. *Enhancing the Impact of Fund Technical Assistance* (SM/08/97, 4/3/08), *Dissemination of Technical Assistance Information* (SM/08/97, Sup. 1, 4/3/08) and *The Acting Chair's Summing Up—Enhancing the Impact of Fund Technical Assistance* (BUFF/08/64, 5/20/08).
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. *Training as Part of Capacity Building—Recent Initiatives and Strategic Considerations* (SM/08/114, 4/18/08; Sup. 1, 4/28/08; Cor. 1, 5/28/08; and Sup. 2, 5/29/08) and *The Acting Chair's Concluding Remarks—Training as Part of Capacity Building—Recent Initiatives and Strategic Considerations* (BUFF/08/63, 5/16/08).
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 / will issue] a revised policy on country contributions for implementation starting in May 2009. *Policy for Country Contributions for Capacity Building* (SM/08/252, 7/23/08 and Sup. 1, 8/7/08), [*The Acting Chairman's Summing Up—Policy for Country Contributions for Capacity Building* (BUFF/08/--, --/--/08)], and *Statement by the General Counsel on the Fund's Framework for Country Contributions—the Roles of the Executive Board and Management* (BUFF/08/114, 7/23/08).

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. *Internal Audit Function in the Fund—Activity Report and Background Information* (EBAP/08/37, 5/01/08); *Risk Management—Interim Update* (FO/DIS/08/53, 6/2/08); *Statement by the Managing Director on Risk Management—Interim Update* (BUFF/08/79, 6/4/08); *Report of the External Audit Committee to the Executive Board* (EBAP/08/67, 7/2/08); and *External Audit—Management Letter from Deloitte and Touche (D&T)* (FO/DIS/08/63, 7/7/08).
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. [In October, the Board [discussed / approved] 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.] The broad issues raised by the *Evaluation of Aspects of IMF Corporate Governance—Including the Role of the Executive Board* will be addressed over time after broad consultations, including through a recently appointed eminent persons group and an Executive Board working group. 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. *Implementation Plan in Response to Board-Endorsed Recommendations Arising from the IEO Evaluation of Structural Conditionality in IMF-Supported Programs* (SM/08/104, 4/8/08; and Sup. 1, 5/9/08); *The Acting Chair's Summing Up—Implementation Plan in Response to Board-Endorsed Recommendations Arising from the IEO Evaluation of Structural Conditionality in IMF-Supported Programs* (BUFF/08/55, 5/7/08); *Revisions to the Operational Guidance Note on Conditionality* (SM/08/245, 7/14/08; and Cor. 1, 7/16/08); *Application of Structural Conditionality—2008 Annual Report* (SM/08/246, 7/14/08); *Joint Statement by the Executive Board and the IMF Managing Director* (Press Release No. 08/121, 5/27/08); *Report of the Executive Board Working Group on IMF Corporate Governance* (FO/DIS/08/84, 9/9/08); *IMF's Approach to International Trade Policy Issues* (EB/EVC/08/3, 3/20/08); *Draft Issues Paper on the IEO's Evaluation of the IMF's Interactions with Its Member Countries* (EB/EVC/08/8, 5/16/08); and *Managing Director Strauss-Kahn Appoints Committee on IMF Governance Reform* (Press Release No. 08/200, 9/4/08).

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

	(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 participants	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	5	7	7	3	6	38
Percentage	18%	3%	29%	54%	22%	21%	21%	21%
ROSC Modules								
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 7/	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/ 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.
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.

Table 3. Participation in FSAPs and FSAP Updates

(As of End-August, 2008)

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

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 August 31, 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**	**65.0**	**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	13.4	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		--	--	--	0.0	2,881.0
Guinea	Dec-00	...	24.2		10.0	--	10.0	15.7	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	23.6	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**	**5,791.3**	**111,582.6**

Source: IMF Finance and SPR Departments.

1/ Excludes remaining HIPC Initiative assistance delivered. Assistance was delivered in January 2006 except for to 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 August 29, 2008 (1 SDR = USD 0.636993) 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 August 31, 2008) [1/]

Member	Effective Date	Expiration Date	Amount Agreed	Undrawn Balance	Total Credit Outstanding [2/]
Stand-By Arrangements (4)					
Gabon	5/7/07	5/6/10	77	77	5
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 (2)					
Albania	2/1/06	1/31/09	9	1	7
Liberia	3/14/08	3/13/11	343	--	343
Poverty Reduction and Growth Facility (22)					
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
Gambia, The	2/21/07	2/20/10	14	8	6
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	72	60	54
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	66	53	13
Zambia	6/4/08	6/3/11	49	42	62
Total financial arrangements			**2,246**	**1,228**	**1,361**
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 August 31, 2008)

Member	Non-concessional (GRA)	Concessional (PRGF, SAF, and Trust Fund Loans)	Total: Outstanding Amount	Total: Quota	Total: In percent of quota
Turkey	6,037.5	--	6,037.5	1,191.3	506.8
Pakistan	7.9	796.3	804.2	1,033.7	77.8
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	--	350.2	218.9	160.0
Sudan 1/	220.9	59.2	280.1	169.7	165.1
Kenya	0.0	165.4	165.4	271.4	61.0
Ukraine	157.9	--	157.9	1,372.0	11.5
Sri Lanka	104.2	38.4	142.6	413.4	34.5
Total	7,354.7	2,052.8	9,407.5	5,865.9	160.4
Memo:					
All Fund Members	7,654.5	3,998.6	11,653.1		

1/ Member is in arrears on its total outstanding Fund credit (which excludes any overdue interest and other charges).

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