

**IMMEDIATE
ATTENTION**

EBD/08/100

September 30, 2008

To: Members of the Executive Board

From: The Secretary

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

Following is the monthly report for September 2008 notifying Executive Directors of delays in completing Article IV consultations beyond the cycles specified, including applicable grace periods.

The report includes a proposed decision extending, for one member country, the maximum applicable period between the staff's conclusion of the Article IV consultation discussions and the Executive Board's completion of the consultation. The proposed decision appears on page 5.

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

In the absence of an objection by **noon on Tuesday, October 7, 2008**, the proposed decision will be deemed approved by the Executive Board, and will be so recorded in the minutes of the next meeting thereafter.

Questions may be referred to Mr. Hviding (ext. 34544) and Mr. Bouzaher (ext. 38456) in SPR.

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

Other Distribution:
Department Heads

Delayed completion of Article IV consultations

Tables 1 and 2 list member countries for which the period for the completion of the next Article IV consultation has exceeded, or is likely to exceed, the applicable consultation cycle.¹ Member countries added to the list for September 2008, or for which a notification of further delay beyond the month of September 2008 has become necessary, are highlighted in bold. These member countries are **Georgia** (expected delay 12 months) as regards member countries with a Fund arrangement; **Argentina** (postponed), the **People's Republic of China** (12 months), **Slovak Republic** (7 months), **Denmark** (4 months), and **Republic of Equatorial Guinea** (3 months) as regards other member countries.

The completion of the Article IV consultation with **Georgia** is now expected in March 2009. The economic implications of the August armed conflict prompted swift negotiations for a Stand-By Arrangement (SBA), which was approved by the Board on September 15, 2008. The Article IV mission is now expected to take place at the time of the second program review scheduled for February. The dates of the Article IV consultation mission to **Argentina** are being discussed with the authorities but have not yet been determined.

Republic of Equatorial Guinea and **Slovak Republic** are delayed, respectively, due to: reorganization of the government; and by the authorities' request, pending introduction of the euro on January 1st, 2009. Executive Board considerations of the Article IV consultation with these countries are expected to take place in November 2008, and March 2009, respectively.

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

Table 1. Delays in Completion of Article IV Consultations in Countries With a Fund Arrangement or a Policy Support Instrument 1/

Member	Board Date of Last Consultation		Stipulated Date for Completion of Next Consultation	Date by which Next Consultation is Expected to be Completed	Reason for Delay or Further Delay	Expected Delay in Completion of Consultation (in months) 2/
Georgia**	3/31/06	*	3/30/08	March 2009	Security situation	12
Nicaragua**	1/18/06	*	1/18/08	December 2008	Other-1	11
Macedonia, FYR	7/28/06	*	2/15/08	November 2008	Other-2	9
Sierra Leone	12/15/06		3/15/08	December 2008	Other-3	9
Liberia**	4/26/06	*	4/26/08	October 2008	Other-4	6

Source: Strategy, Policy, and Review Department.

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

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

Reasons for delay:

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

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

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

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

Staff constraints: Delayed due to staff constraints.

Authorities' request: Delayed at the request of authorities.

Scheduling conflicts: Delayed due to scheduling conflicts.

Other-1: Delayed due to postponed discussion with authorities on the medium-term outlook, given pressing near-term issues and complications in completion of the first review under the new three-year PRGF arrangement approved on October 2007.

Other-2: Delayed due to the third review being completed shortly after the 6 month deadline stipulated for the 24 month cycle in the Board decision due to unexpected delay in program implementation.

Other-3: Delayed due to continuing work on program review.

Other-4: Delayed due to discussions on arrears clearance, a new EFF/PRGF arrangement and the HIPC decision point.

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

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

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

Member	Board Date of Last Consultation	Stipulated Date for Completion of Next Consultation 1/	Date by which Next Consultation is Expected to be Completed	Reason for Delay or Further Delay	Expected Delay in Completion of Consultation (in months) 2/ 3/
Argentina**	7/28/06	7/28/07	Postponed	Other-1	...
Somalia	11/13/89 *	11/13/90	Postponed	Security situation	...
Venezuela	9/13/04	9/13/05	Postponed	Other-1	...
Fiji**	8/23/04	8/23/06	November 2008	Further discussions	27
China, P. R. of**	7/31/06	7/31/07	October 2008	Other-2	12
Comoros**	10/13/06	10/13/07	November 2008	Security situation	11
Latvia**	10/4/06	10/4/07	October 2008	Other-2	9
Italy	2/7/07	2/7/08	January 2009	Government change	9
Tajikistan	3/28/07 *	3/28/08	March 2009	Other-3	9
Luxembourg	4/26/06	4/26/08	December 2008	Staff constraints	8
Slovak Republic	6/6/07	6/6/08	March 2009	Authorities' request	7
Zimbabwe	2/23/07 *	2/23/08	November 2008	Government change	6
Malaysia**	2/26/07	2/26/08	November 2008	Further discussions	6
Slovenia, Rep. of	5/18/07	5/18/08	February 2009	Staff constraints	6
Spain	5/16/07	5/16/08	February 2009	Staff constraints	6
Seychelles**	3/23/07	3/23/08	November 2008	Combination with UFR or PSI	5
Denmark	9/29/06	9/29/08	December 2008	Scheduling conflicts	4
Equatorial Guinea, Rep. of	6/8/07	6/8/08	November 2008	Government change	3
Djibouti	4/27/07	4/27/08	September 2008	Combination with UFR or PSI	2

Source: Strategy, Policy, and Review Department.

1/ Excluding three-month grace period, where applicable.

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

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

4/ The Netherlands Antilles is part of the Kingdom of the Netherlands, and as such, this refers only to the Article IV consultation discussions with respect to the Netherlands Antilles.

Reasons for delay:

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

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

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

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

Staff constraints: Delayed due to staff constraints.

Authorities' request: Delayed at the request of authorities.

Scheduling conflicts: Delayed due to scheduling conflicts.

Other-1: The authorities have not communicated a date for the Article IV consultation mission. The staff is currently engaged in discussion with the Executive Director's office on ways to address this delay.

Other-2: Delayed due to ongoing internal discussions.

Other-3: Delayed due to pending special audit of the Central Bank.

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

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

Extension of period for Board consideration of Article IV consultations

The applicable period from the termination of Article IV consultation discussions between members and the staff to the Executive Board's completion of the consultation is 65 days, or three months for PRGF-eligible members. Under the procedures for surveillance, the applicable period has ended, or will end, for the countries below on the date specified. It is therefore necessary to request a new deadline for completion of the consultation. The principal reasons for the requests are indicated in the footnotes below.

Member	Date of Termination of Staff Discussions	Deadline for Completion	Proposed New Deadline for Completion
Portugal**	7/14/08	9/17/08	10/1/08 1/

Source: Strategy, Policy, and Review Department.

** Non PRGF eligible

1/ Board date postponed at the request of the authorities.

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

Proposed Decision

Notwithstanding the period specified in Part III, paragraph 17, of Decision No. 13919-(07/51), adopted June 15, 2007, the Executive Board decides that the period for completing the next Article IV consultation with Portugal shall be until the date indicated in EBD/08/100 for such country.