

SM/08/318
Supplement 2

November 12, 2008

To: Members of the Executive Board

From: The Secretary

Subject: **Periodic Monitoring Report on the Status of Implementation Plans in Response to Board-Endorsed IEO Recommendations**

The attached supplement to the Periodic Monitoring Report (PMR) on the status of implementation plans in response to Board-endorsed IEO recommendations (SM/08/318, 10/7/08) has been prepared on the basis of additional information. The report is tentatively scheduled for discussion by the Evaluation Committee on **Tuesday, November 18, 2008**.

The staff proposes the publication of the paper, together with a PIN.

Questions may be referred to Ms. Ramakrishnan, SPR (ext. 35413).

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

**Supplement to the Periodic Monitoring Report on the Status of Implementation Plans
in Response to Board-Endorsed IEO Recommendations**

Prepared by the Strategy, Policy, and Review Department

Approved by Reza Moghadam

November 11, 2008

1. This supplement provides updated information on three issues on the Periodic Monitoring Report on the Status of Implementation Plans in Response to Board-Endorsed IEO Recommendations (SM/08/318, 10/7/08). In particular, it updates information in Paragraph 4 on the IEO evaluation of *Aspects of IMF Corporate Governance—Including the Role of the Executive Board*, and Paragraph 13 Bullet 1 as well as Paragraph 13 Bullet 4 on the IEO evaluation of *IMF's Exchange Rate Policy Advice*.
2. With regard to Paragraph 4 on the IEO evaluation of *Aspects of IMF Corporate Governance—Including the Role of the Executive Board*, the Executive Board discussed the report and recommendations of the Executive Board Working Group in September 2008. Directors supported the work plan but emphasized the need for adequate flexibility with respect to the timing of its implementation. In particular, they supported taking into account the Fund's overall work priorities, as well as the work on the reform of IMF governance being undertaken by a committee of eminent persons that was appointed by the Managing Director in September 2008 and expected to submit its report by April 2009. To that end, Directors supported the Managing Director's proposal to establish a joint Steering Committee of Management and Executive Directors with a view to coordinating and monitoring all three tracks of the effort to reform the Fund's governance—i.e., the follow-up work by the Executive Directors' Working Group, the work of the committee of eminent persons, and the work to engage civil society and other concerned external audiences.¹
3. With respect to Paragraph 13, Bullet 1 on updating the Surveillance Guidance Note (SGN), the requisite update is part of the Managing Director's work program for 2008-09, and is expected to be issued around the turn of the year. The updated SGN will be part of the response to the IEO's recommendations in their evaluation of the *IMF's Exchange Rate Policy Advice* to clarify the rules of the game for the IMF and its member countries as well as to develop practical policy guidance on key analytical issues on exchange rates.
4. With regard to Paragraph 13, Bullet 4 in the PMR on the Statement of Surveillance Priorities (SSP) for 2008-11, the SSP was approved by the Executive Board on October 7,

¹ "Managing Director Strauss-Kahn Appoints Committee on IMF Governance Reform," Press Release No. 08/200, and "IMF Executive Board Discusses Working Group Report Following IEO Evaluation of Fund Corporate Governance," Public Information Notice No. 08/134.

2008 (SM/08/316 and Press Release No. 08/238). The SSP was also endorsed by the International Monetary and Financial Committee (IMFC), and the Statement was attached to the IMFC Communiqué (Press Release No. 08/240). As already noted in the PMR and consistent with the IEO's recommendation in their evaluation of the *IMF's Exchange Rate Policy Advice* to implement policy guidance and strengthen analytical work in this area, the final SSP includes the "analysis of exchange rates and external stability risks" as one of its operational priorities.