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Questions: Mr. Weisfeld, SPR (ext. 37482)
Mr. Perone, SPR (ext. 38760)



January 28, 2015

REPORT ON DELAYED ARTICLE IV CONSULTATIONS AT END-2014 AND OUTSTANDING 2014 ARTICLE XIV CONSULTATIONS

Approved By
Siddharth Tiwari

Prepared by the Strategy, Policy, and Review Department
in consultation with the Legal, Secretary's, and Area
Departments

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OVERVIEW

1. This report monitors delays in the conclusion of Article IV consultations with member countries (Section II), and the lag between the conclusion of staff discussions with the authorities and the Executive Board consideration of the Article IV consultation reports (Section III). The key observations on the delays and time lags are as follows:

- The number of delayed Article IV consultations increased in the fourth quarter of 2014 (Table 1 and Figure 1) compared to the third quarter of 2014. Four countries dropped off the list, while nine were added, bringing the total to thirty-four. The average delay decreased relative to the third quarter of 2014, reflecting that more countries entered the list than dropped off in the quarter, with the shorter delays of the entering countries pulling down the average.
- In the fourth quarter of 2014, the average lags between the end of staff discussions and Board conclusion of Article IV consultations amounted to 67 days for PRGT-eligible members and 72 days for other members (Table 2). These lags are shorter than in the third quarter and within the maximum expected lag (3 months) for PRGT-eligible countries, but longer than in the third quarter and above the Board-established maximum expected lag (65 days) for non-PRGT members.

2. In addition, the report provides an overview of the state of consultations regarding member countries' obligations under Article XIV. Three countries that maintain restrictions under Article XIV did not complete the required annual Article XIV consultation in 2014.

3. Finally, the report includes a list of countries whose Article IV consultations have been delayed by more than 18 months at end-January 2015 (Appendix 1). In accordance with the Fund's policy for addressing excessive delays in completing Article IV consultations, the list will be published on the Fund's external web site in February. Egypt and Madagascar, two members with long delays, were removed from the list as they completed their Article IV consultations in January 2015, and the Central African Republic was added to the list.

Table 1. Delays in Completion of Article IV Consultations in Member Countries^{1/}

Member	Board Date of Last Consultation	Stipulated Date for Completion of Next Consultation ^{2/}	Completion of Consultation is Expected	Main Reason for Delay or Further Delay ^{3/}	Delay in Completion of Consultation (in months) ^{4/}
<i>Countries Without a Fund Arrangement or a Policy Support Instrument</i>					
Somalia*	11/13/1989	11/13/1990	September 2015	Political/security situation	287
Venezuela*	9/13/2004	9/13/2005	...	No agreement on mission dates/modalities	109
Argentina*	7/28/2006	7/28/2007	...	No agreement on mission dates/modalities	86
Eritrea*	12/7/2009	12/7/2010	...	No agreement on mission dates/modalities	46
Syrian Arab Rep.*	2/26/2010	2/26/2011	...	Political/security situation	43
Egypt*	3/24/2010	3/24/2011	January 2015	Government change	42
St. Vincent and the Grenadines	2/6/2013	2/6/2014	February 2015	Staffing constraints	8
Gabon	2/13/2013	2/13/2014	February 2015	Government change	8
Maldives	2/20/2013	2/20/2014	February 2015	Authorities' request	7
Costa Rica	2/22/2013	2/22/2014	January 2015	Government change	7
Uzbekistan	2/22/2013	2/22/2014	June 2015	Authorities' request	7
Samoa	6/15/2012	6/15/2014	May 2015	Miscellaneous	7
Iraq	5/13/2013	5/13/2014	June 2015	Political/security situation	5
Libya	5/17/2013	5/17/2014	June 2015	Political/security situation	4
Malta	6/19/2013	6/19/2014	February 2015	Staffing constraints	3
Guinea-Bissau	6/21/2013	6/21/2014	July 2015	Government change	3
Republic of Serbia	7/1/2013	7/1/2014	February 2015	Miscellaneous	3
Oman	7/8/2013	7/8/2014	April 2015	Authorities' request	3
Turkmenistan	7/30/2013	7/30/2014	March 2015	Miscellaneous	2
Tajikistan	7/19/2013	7/19/2014	May 2015	Further discussions	2
Montenegro, Rep. of	7/22/2013	7/22/2014	January 2015	Staffing constraints	2
Iceland	8/1/2013	8/1/2014	February 2015	Staffing constraints	2
Brazil	7/26/2013	7/26/2014	February 2015	Government change	2
<i>Countries With a Fund Arrangement or a Policy Support Instrument^{5/}</i>					
Madagascar*	6/25/2007	6/25/2009	January 2015	Political/security situation	66
Central African Republic*	1/30/2012	1/30/2013	...	Political/security situation	20
Guinea*	2/24/2012	2/24/2014	June 2015	Miscellaneous	10
Ireland	9/5/2012	6/13/2014	March 2015	Miscellaneous	7
Mauritania	7/2/2012	7/2/2014	January 2015	Government change	6
Tunisia	7/25/2012	7/25/2014	April 2015	Program-related issues	5
Malawi	7/23/2012	7/23/2014	October 2015	Program-related issues	5
Bosnia & Herzegovina	9/26/2012	9/26/2014	April 2015	Government change	3
Romania	9/28/2012	9/28/2014	March 2015	Government change	3
Benin	11/9/2012	11/9/2014	June 2015	Authorities' request	2
Liberia	11/19/2012	11/19/2014	...	Miscellaneous	1

Source: Strategy, Policy, and Review Department.

1/ The status and classification of countries are as of December 31, 2014. Countries listed fall into four categories: (i) countries that are indefinitely delayed (indicated by a "..." in the completion of consultation column); (ii) countries whose status since the report on delays at end-September 2014 (EBD/14/57, 10/29/2014) has remained broadly unchanged; (iii) countries that have become delayed and hence are new in the table; and (iv) countries that have or are expected to become further delayed because their consultations were not or are not likely to be completed by the expected date indicated in the report on delays at end-September 2014 (EBD/14/57, 10/29/2014). Countries in categories (iii) and (iv) are highlighted in bold.

2/ Excluding three-month grace period, where applicable, for member countries without a Fund arrangement or PSI.

3/ Reasons for delay are explained in Box 1 of this report.

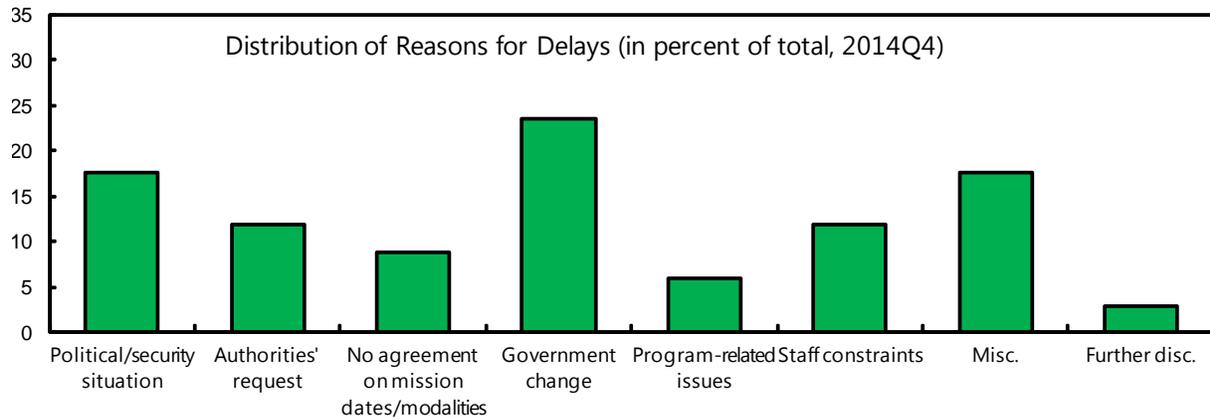
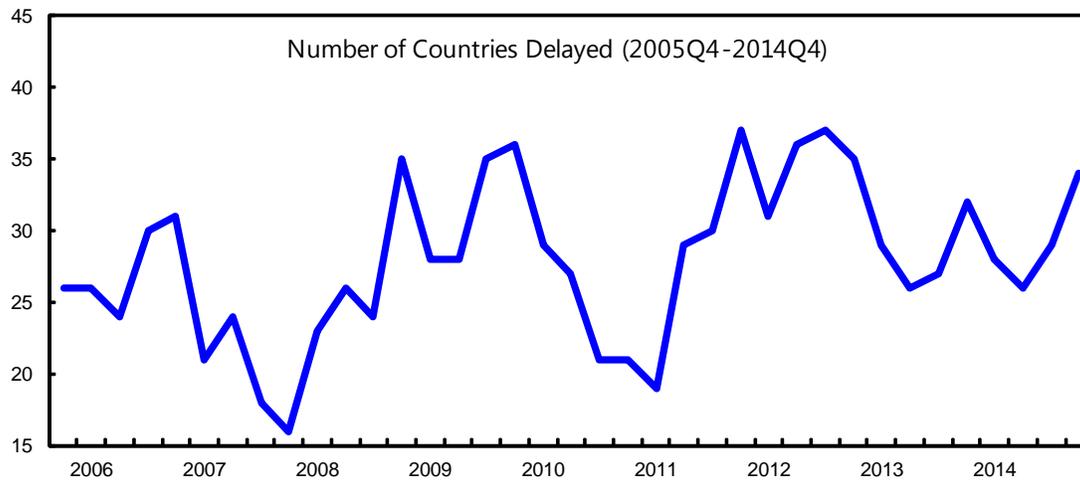
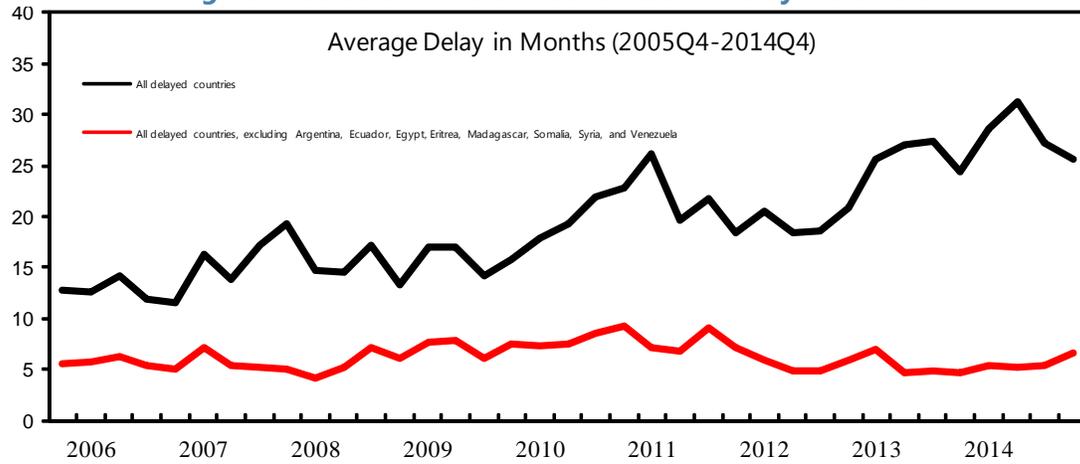
4/ The delay measures the lag between the stipulated date of completion of the next Article IV consultation plus the three-month grace period, where applicable, and end-December 2014. If the stipulated date for completion of the consultation falls in the first half of a given month, the calculation of the delay includes this month.

5/ Includes countries for which an Article IV consultation has not been completed since the expiration of the last Fund arrangement. Paragraph 2b of Decision No. 14747-(10/96), adopted on September 28, 2010, applies to these countries.

† The Executive Board has had an opportunity subsequent to the stipulated date for completion of next consultation to discuss developments in this country on the basis of a report on the use of Fund resources, or on overdue financial obligations to the Fund.

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

Figure 1. Selected Article IV Consultation Delay Indicators



Sources: Area Departments and Strategy, Policy and Review Department databases.

REASONS FOR DELAYS IN ARTICLE IV CONSULTATIONS

The delays this quarter were primarily the result of government change, unsettled political/security situations, and miscellaneous other reasons, such as the Ebola pandemic in West Africa (Table 1 and Figure 1). Staffing constraints also played a role. The longest delays continue to be associated with three cases (Argentina, Somalia, and Venezuela) where the Article IV consultations remain indefinitely delayed. This section discusses countries that have been added to Table 1 and countries where delays have increased or are expected to increase compared with the third quarter of 2014 (bolded entries in Table 1), as well as countries where there is no agreement on the date of the next consultation. Box 1 lists the taxonomy of reasons for delays.

4. No agreement on mission dates/modalities. Despite continued attempts by staff to conduct the Article IV consultation discussions with *Argentina, Eritrea, and Venezuela*, none of these countries' authorities have yet agreed on a mission date.

5. Political/security situation. *The Central African Republic's* Article IV consultation continues to be delayed as a result of the political crisis and associated violence. Since May 2014, the IMF has been providing emergency support to the country through an RCF. The inclusive transitional government, in place since August 2014, is planning to organize elections in August 2015, and staff plans to hold Article IV consultations once a new elected government has been formed. *Libya's* Article IV consultation is delayed as a result of political uncertainty and military confrontation between the various militias and groups. The UN is leading a political dialogue initiative to reach an agreement on a national unity government and it is hoped that political progress would allow the Article IV mission to take place in April 2015 with a Board date in June 2015.

6. Authorities' request. *Benin's* Article IV consultation is delayed as a result of the authorities' request to delay the mission related to a government reshuffle in August 2014. A mission has been tentatively scheduled for February 2015, pending confirmation from the authorities regarding the timing for municipal elections, with expected completion of the Article IV consultation in June 2015. *Oman's* Article IV consultation is delayed at the request of the authorities due to their inability to host the mission in Spring 2014 as a result of their work schedule, and thereafter as a result of staffing constraints. The Article IV mission is planned for February 2015 with a Board meeting in April 2015.

7. Government change. *Brazil's* Article IV consultation is delayed as a result of a staff recommendation, with which the authorities agreed, to hold the Article IV consultation discussions after the national elections of October, 2014. The Article IV mission took place in December 2014 and the Board meeting is scheduled for February 2015. *Gabon's* Article IV consultation is delayed as a result of government change. The mission, however, took place in November 2014 and the Board is scheduled for February. *Guinea-Bissau's* Article IV consultation is delayed as a result of elections and subsequently the time needed to form a new government. The Article IV consultation mission is tentatively scheduled for April 2015 with a Board meeting expected in July 2015.

- 8. Staffing Constraints.** *Iceland's* Article IV consultation is delayed as a result of staffing constraints. The mission took place in December 2014 and a Board meeting is planned for February 2015. *The Republic of Montenegro's* Article IV consultation is also delayed as a result of staffing constraints. The mission took place in late October 2014 and the Board meeting is scheduled to take place in January 2015.
- 9. Program-related issues.** *Malawi's* Article IV consultation is delayed as a result of intensive discussions to reach agreements to bring the program back on track. It is hoped that the Article IV Board meeting can take place at the time of the 7th review in October 2015.
- 10. Further Discussions.** *Tajikistan's* Article IV consultation was initially delayed at the authorities' request, and the Article IV mission took place in November 2014. However, given that the macroeconomic risks faced by Tajikistan have risen substantially since November (due to spillovers from Russia), and taking into account the centrality of financial stability in those risks, the Article IV report will be finalized after the forthcoming FSAP Update mission report is completed. Against this background, staff and the authorities have agreed on further discussions in early April, encompassing both the changed macroeconomic situation and the results of the FSAP mission. Staff plans to bring the Article IV and the FSSA to the Board together, most likely in late May 2015.
- 11. Miscellaneous.** *Guinea's* and *Liberia's* Article IV consultations are delayed due to the Ebola outbreak and related Fund travel ban. The travel ban has now been extended indefinitely so it is not clear when the Article IV missions can be conducted although it is hoped that the Article IV mission for Guinea will take place in March 2015 with a Board meeting in June 2015. *The Republic of Serbia's* Article IV consultation is delayed as a result of devastating floods in May 2014. The Article IV mission took place in November 2014 and the Board meeting is scheduled for February 2015. *Turkmenistan's* Article IV consultation is delayed to benefit from recent measures undertaken by the authorities to improve data quality. The Article IV mission will take place in January 2015 with a Board date expected in March 2015.

Box 1. Taxonomy of Reasons for Delays in Article IV Consultations

Article IV consultations are delayed for a variety of reasons. For the purpose of monitoring delays, staff has grouped the reasons into the following categories, though it should be recognized that a delay may be due to more than one reason.

- **Program-related issues:** Delayed (i) in order to combine the consultation with a request for use of Fund resources (UFR) or Policy Support Instrument (PSI), or program review; or (ii) due to ongoing discussions on UFR or PSI, or continued work on a program review.
- **Further discussions:** Delayed due to further discussions with the authorities on economic developments and policies.
- **Political/security situation:** Delayed due to an unsettled political and/or security situation.
- **Government change:** Delayed due to forthcoming or recent elections, change of government, or changes within government.
- **Staffing constraints.**
- **Authorities' request:** Delayed at the request of the authorities due to, for example, their inability to host the mission as a result of their work schedule.
- **No agreement on mission dates/modalities:** There was no agreement on the modalities for the mission/the authorities have not communicated dates for the Article IV consultation mission.
- **Miscellaneous:** Includes reasons not accommodated above.

LAGS BETWEEN END OF STAFF DISCUSSIONS AND BOARD COMPLETION OF ARTICLE IV CONSULTATIONS

12. It is expected that the Executive Board will conclude the Article IV consultation no later than 65 days after the termination of discussions between the member and the staff, except in the case of PRGT-eligible members where the lag is expected to be no more than three months.¹

- The average lag for PRGT-eligible members was 67 days during this quarter (Table 2). This is a decrease compared to the third quarter (79 days) and below the expectation of a maximum lag of three months.
- For the rest of the membership, the average lag was 72 days. This is an increase compared with the third quarter (66 days) and above the expectation of a lag of at most 65 days.

¹ The Board converted the 65-day (three-month for PRGT-eligible countries) limit after the termination of the discussions with the authorities until conclusion of the Article IV consultations into an expectation in August 2009 with a view to eliminating the processing of requests for extension of this deadline ([SM/09/213, Supplement 3](#)). This section of the report aims to keep the Board informed of the speed with which Article IV consultation reports are presented to the Board.

Table 2. Lags between End of Staff Discussions with the Authorities and Board Completion of Article IV Consultations
(October – December 2014)

	Member	Discussion End Date	Board Date ^{1/}	Lag ^{2/}	Delay ^{3/}
PRGT-eligible members	Niger	11/4/2014	12/17/2014	43	-
	South Sudan	10/29/2014	12/15/2014	47	-
	Rwanda	10/7/2014	12/8/2014	62	-
	Senegal	10/1/2014	12/15/2014	75	-
	Sudan	9/16/2014	12/3/2014	78	-
	Papua New Guinea	8/22/2014	11/24/2014	94	4
Average				67	
Others	El Salvador	10/28/2014	12/11/2014	44	-
	Mexico	9/23/2014	11/7/2014	45	-
	Netherlands	10/7/2014	12/3/2014	57	-
	Turkey	9/24/2014	11/21/2014	58	-
	Algeria	10/1/2014	12/1/2014	61	-
	South Africa	9/30/2014	12/3/2014	64	-
	Denmark	9/26/2014	12/5/2014	70	5
	Kuwait	9/15/2014	12/5/2014	81	16
	Cyprus	7/30/2014	10/20/2014	82	17
	Armenia	9/30/2014	12/22/2014	83	18
	Antigua And Barbuda	8/29/2014	11/24/2014	87	22
	Fiji	7/30/2014	10/31/2014	93	28
	Suriname	6/16/2014	10/1/2014	107	42
	Average				72

Source: Strategy, Policy, and Review Department.

1/ Actual date of Executive Board consideration (including on lapse of time) of the consultation during October - December, 2014.

2/ Measures the period (in days) between the end of discussions with the authorities and the date of completion of the consultation with the Executive Board.

3/ Measures the time elapsed (in days) beyond the expected applicable period for completion of the consultation and the actual Executive Board date. If the deadline of the three-month/65 day expectation falls during the Board recess, the Friday of the week immediately following such a period would be regarded as the applicable deadline.

* Indicates cases where the Board Date is tentative at the time this paper is issued.

ARTICLE XIV CONSULTATIONS

13. According to Article XIV, Section 3, member countries maintaining restrictions under the transitional arrangements of Article XIV are required to consult annually with the Fund regarding the retention of the restrictions. Normally, these consultations are held in the context of consultations under Article IV.

14. As of December 2014, three of the 18 Article XIV members have not yet concluded the required annual Article XIV consultations for 2014 (Table 3).

- **Albania** maintains an exchange restriction in the form of outstanding debit balances on inoperative bilateral payment agreements, which were in place before Albania became a Fund member. These relate primarily to debt in nonconvertible and formerly nonconvertible currencies.
- In the case of **Somalia**, the staff has not had the opportunity to review the country's standing with respect to Article XIV due to political and security difficulties, insufficient contact with the authorities, and thus the lack of official information on economic and financial developments. Fund contact with the current government continues to be limited.
- For the **Syrian Arab Republic**, due to the security situation and suspension of Fund travel to Syria since April 2011, the staff has not had the opportunity to update information on and review exchange restrictions maintained under the transitional arrangements under Article XIV, Section 2, and exchange restrictions and multiple currency practices that are subject to Fund approval under Article VIII.

Table 3. Member Countries with Transitional Arrangements under Article XIV

Country	Maintains Restrictions on Payments and Transfers under Article XIV	Completed Article XIV Consultation in 2014
Afghanistan, Islamic Republic of	no	N/A ^{2/}
Albania	yes	no
Angola	yes	completed ^{1/}
Bhutan	yes	completed ^{1/}
Bosnia and Herzegovina	no	N/A ^{2/}
Burundi	no	N/A ^{2/}
Eritrea	no	N/A ^{2/}
Ethiopia	no	N/A ^{2/}
Iraq	no	N/A ^{2/}
Liberia	no	N/A ^{2/}
Maldives	no	N/A ^{2/}
Myanmar	no	N/A ^{2/}
Nigeria	no	N/A ^{2/}
Sao Tome and Principe	no	N/A ^{2/}
Somalia	...	no
Syrian Arab Republic	...	no
Turkmenistan	no	N/A ^{2/}
Tuvalu ^{3/}	...	N/A ^{2/}

Source: Strategy, Policy, and Review Department.

1/ Member countries that maintain restrictions under transitional arrangements of Article XIV and have concluded the required 2014 Article XIV consultations in the context of consultations under Article IV.

2/ Member countries that continue to avail themselves of the transitional arrangements under Article XIV but no longer maintain restrictions under Article XIV, and therefore are not required to hold the annual Article XIV consultations with the Fund.

3/ A jurisdictional review of Tuvalu's exchange system is underway and, as such, an assessment has not yet been made as to whether Tuvalu maintains restrictions inconsistent with Article VIII, Sections 2, 3 or 4. Therefore, there is currently no basis on which an Article XIV consultation can be conducted.

Appendix I. IMF Member Countries with Delays in Completion of Article IV Consultations Over 18 Months

The following table lists the IMF members for which the Article IV consultation or the mandatory financial stability assessment has been delayed by more than 18 months at end-January 2015. The delay is counted past the stipulated date for the consultation plus any applicable grace period.

IMF Member Countries with Delays in Completion of Article IV Consultations or Mandatory Financial Stability Assessments over 18 Months^{1/}

Member	Completion Date of Last Consultation	Stipulated Date for Completion of Next Consultation ^{2/}	Main Reason for Delay ^{3/}	Delay in Completion of Consultation (in months) ^{4/}
Somalia	11/13/1989	11/13/1990	Political/security situation	288
Venezuela	9/13/2004	9/13/2005	No agreement on mission dates/modalities	110
Argentina	7/28/2006	7/28/2007	No agreement on mission dates/modalities	87
Eritrea	12/7/2009	12/7/2010	No agreement on mission dates/modalities	47
Syrian Arab Rep.	2/26/2010	2/26/2011	Political/security situation	44
Central African Republic	1/30/2012	1/30/2013	Political/security situation	21

Source: IMF staff.

1/ The status and classification of countries are as of January, 2015. There are currently no countries for which mandatory financial stability assessments have been delayed by more than 18 months.

2/ Excluding three-month grace period, where applicable, for member countries without a Fund arrangement or PSI.

3/ Reasons for delay are explained in the Note below.

4/ The delay measures the lag between the stipulated date of completion of the next Article IV consultation plus the three-month grace period, where applicable. If the stipulated date for completion of the consultation falls in the first half of a given month, the calculation of the delay includes this month.

Note: Taxonomy of the Reasons for Delays of Article IV Consultations

Article IV consultations are delayed for a variety of reasons. For the purpose of monitoring delays, Fund staff groups the reasons into the following categories. It should be recognized, however, that a delay may have more than one reason.

- Program-related issues: Delayed (i) in order to combine the consultation with a request for use of Fund resources (UFR) or Policy Support Instrument (PSI), or program review; or (ii) due to ongoing discussions on UFR or PSI, or continued work on program review.
- Further discussions: Delayed due to further discussions with the authorities on economic developments and policies.
- Political/security situation: Delayed due to the unsettled political and/or security situation.
- Government change: Delayed due to forthcoming or recent elections, change of government, or changes within government.

- Staffing constraints.
- Authorities' request: Delayed at the request of the authorities due to, for example, their inability to host the mission as a result of their work schedule.
- No agreement on mission dates/modalities: There was no agreement on the modalities for the mission/the authorities have not communicated dates for the Article IV consultation mission.
- Miscellaneous: Includes reasons not accommodated above.