INTERNATIONAL MONETARY FUND

Report of the Managing Director to the International Monetary and Financial Committee on the IMF's Policy Agenda

April 11, 2007

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Abbreviations and Acronyms

AFRITAC	Technical Assistance Center in Africa
CCL	Contingent Credit Line
CEMAC	Central African Monetary and Economic Union
CGER	Consultative Group on Exchange Rates
DSF	Debt Sustainability Framework
ECCU	Eastern Caribbean Currency Union
EFF	Extended Fund Facility
ESAF	Enhanced Structural Adjustment Facility
FSAP	Financial Sector Assessment Program
GFSR	Global Financial Stability Report
GRA	General Resources Account
HIPC	Heavily Indebted Poor Countries
IEO	Independent Evaluation Office
IMF	International Monetary Fund
IMFC	International Monetary and Financial Committee
MDG	Millennium Development Goal
MDRI	Multilateral Debt Relief Initiative
MTS	Medium-Term Strategy
PIN	Public Information Notice
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
PSI	Policy Support Instrument
ROSC	Report on Standards and Codes
SAF	Structural Adjustment Facility
SBA	Stand-By Arrangement
TAIMS	Technical Assistance Information Management System
WAEMU	West African Economic and Monetary Union
WEO	World Economic Outlook

I. INTRODUCTION

1. **This report describes the work of the Fund since the 2006 Annual Meetings and its direction in the period ahead.** Over the past six months, work has concentrated on making surveillance more effective, reforming quotas and voice, and reviewing the finances of the institution to place them on a sustainable footing. Progress has also been made with other key elements of the medium-term strategy, including capacity building, crisis prevention, and support for emerging markets and low-income countries. In January, the Fund welcomed its 185th member, the Republic of Montenegro.

2. **Since the Annual Meetings, global growth has remained strong and become better balanced regionally, while risks have eased despite recent market turbulence.** Growth in the euro area, Japan, and some important emerging economies has picked up. The decline in oil prices and liquid financial conditions have helped support demand while inflation risks have moderated. Risks remain—including inflationary pressures as output gaps close or if oil prices rebound, spillovers from a sharper slowdown of the U.S. housing sector, a recurrence of late February's financial market volatility, and the possibility of a disorderly unwinding of global imbalances. Protectionism and trade distortions also need to be firmly resisted, and hence the renewed impetus of the Doha Round is very welcome.

3. **The paper reports on progress in the following key areas:** modernizing surveillance (Section II); building institutions and capacity (Section III); quota and voice issues (Section IV); crisis prevention (Section V); the Fund's role in low-income countries (Section VI); and managing an effective institution (Section VII). The last section includes the contribution of two important external reports, on the sustainable long-term financing of the IMF, and on Bank-Fund collaboration.

II. RESHAPING SURVEILLANCE

4. **The Fund is continuing to reshape surveillance, with the aim of ensuring its sustained effectiveness as globalization spreads.** To serve the purposes of the membership, surveillance must be focused, candid, transparent, even-handed, and accountable, while dealing better with cross-country spillovers. Work toward these goals has advanced on two fronts: we have begun to modernize the *framework* for surveillance and we are continuing to improve *implementation*.

A. Modernizing the Framework for Surveillance

5. **We have made significant progress in reviewing the surveillance framework since the Annual Meetings.** The Board has already found important areas of broad agreement in the review of the 1977 Decision on Surveillance Over Exchange Rate Policies, and is building common ground on areas where agreement is yet to be reached.[1] It is clear that three principles should guide any revision: (i) there should be no new obligations, and

[1] *IMF Managing Director Rodrigo de Rato Sees Continued Strong Global Outlook, Notes Progress on Fund Reform* (PR/07/64, 4/09/07).

dialogue and persuasion should remain key pillars of surveillance; (ii) the Decision should pay due regard to country circumstances, and emphasize evenhandedness; and (iii) it should remain flexible, to allow surveillance to continue evolving. In the coming months, staff will present specific proposals for a revised Decision to the Board, seeking the broadest possible support.

6. **We have also examined our methods for assessing the effectiveness of Fund surveillance.** Over the past 30 years, the Fund has reviewed its surveillance work extensively. Hence the main new task was to develop a framework to ensure rigor, continuity, and strategic prioritization in our assessments, drawing on the experience of comparable institutions. The Board agreed that a strengthened methodology for assessing the effectiveness of surveillance should be introduced in the context of the 2008 triennial surveillance review. The Board also exchanged views on a possible clear and high-profile statement of time-bound surveillance priorities, to guide implementation and facilitate ex post monitoring of effectiveness against the background of the existing accountability and independence framework. Further discussion on these issues will take place in the summer.

B. Improving the Implementation of Surveillance

7. **Over the past year, we have introduced several innovations in the way we implement surveillance, some on an experimental basis.** Lessons from the innovations will allow us to define and agree on a more modern format for surveillance, targeted to today's globalized environment.

- **The first multilateral consultation has provided a new forum for multilateral discussions on an issue of collective concern—global imbalances.** Policy dialogues have taken place, individually and jointly, with five participants—China, the euro area, Japan, Saudi Arabia, and the United States. The discussions have been candid and instructive, contributing to a better understanding of the issues and each participant's position, and to possible future policy decisions. After the Spring Meetings, following a Board presentation and a report to the IMFC, the Board will have an opportunity to review the experience with the first multilateral consultation and draw lessons for the future. Interest has been expressed in a second consultation, among an appropriate group of participants, to foster dialogue on how financial globalization and innovation influence growth and stability. An informal Board seminar will help to frame the specific issues to be addressed.

- **At the bilateral level, surveillance is becoming more selective**—identifying the most important risks facing members and focusing on topics that are core to the Fund's mandate. We have already conducted ten streamlined Article IV consultations, with more in process, and the Board will assess experience with these in the coming months.

- **Regional surveillance has expanded.** At the policy level, the Board already considers regional reports on CEMAC, the ECCU, the euro area, and WAEMU. Staff analytical work and technical assistance cover additional regions, such as Central

America and the Maghreb, and include issues such as trade facilitation, tax harmonization, and financial development.

8. **The framework for surveillance of the financial sector and capital markets is being strengthened.** The recommendations of the Task Force on Integrating the Financial Sector into the Surveillance Work of the Fund emphasize the need for a broader multilateral perspective, more focus on the financial sector's impact on growth and the macroeconomy, and a thorough assessment of risks. In light of this, staff have begun to exploit mechanisms for closer inter-departmental cooperation and are improving the prioritization of financial sector work, with heightened monitoring of systemically important countries and those vulnerable to crises.

9. **Analytical tools are increasingly being applied to capture cross-country spillovers and draw policy lessons.** Work is progressing on incorporating a financial sector component into the Fund's Global Economy Model. The *World Economic Outlook's (WEO)* analysis of the impact of a slowdown in the U.S. economy on the rest of the world uses a variety of econometric and modeling approaches to assess cross-country spillovers. Studies are also in preparation on the implications of increasing international financial integration for national fiscal policies, and on the linkages between the financial sector and fiscal institutions and policy.

10. **Furthermore, methodologies for assessing the appropriateness of exchange rate levels have been extended and their implementation broadened.** Multilateral assessments of equilibrium exchange rates (the Consultative Group on Exchange Rates, CGER) have been applied to about 20 emerging markets, in addition to advanced economies. Staff organized outreach events with officials, academics, and market participants in Europe, Asia, and Africa to discuss this extension and approaches to exchange rate modeling. Participants welcomed the Fund's use of a range of techniques to model exchange rates while underscoring the significant challenges associated with estimation of equilibrium real rates. After the Spring Meetings, discussion of an Independent Evaluation Office (IEO) report will provide additional insight into the Fund's exchange rate policy advice.

C. Multilateral Surveillance Issues

11. **Recent developments—both financial and in world trade—have underscored the importance of an effective voice for the Fund in multilateral surveillance.**

- **February's financial volatility was a timely reminder that market sentiment can change abruptly, especially when risk premia are compressed.** The *Global Financial Stability Report (GFSR)* assesses these market movements. It notes that low volatility in financial markets may have resulted in increased risk-taking, heightening vulnerability to a deterioration in credit quality and a sharp turnaround in sentiment. February's correction was timely, as it reminded market participants to assess risk properly in their investment decisions and practice, including by maintaining prudent lending standards. The *GFSR* more broadly concludes that, notwithstanding the recent bout of financial market turbulence, global financial stability continues to be well-supported by solid economic prospects. In addition, the report considers the implications for financial stability of the globalization of capital flows and financial institutions, and the growth of hedge funds. It discusses how countries can take advantage of cross-border flows while containing vulnerabilities, emphasizing the need for collaboration among supervisors of globalized financial institutions.

- **The market turbulence also highlighted the need to continue Fund work on spillovers and a possible disorderly unwinding of global imbalances.** The Spring 2007 *WEO* examines in particular the contribution of exchange rate movements to the build-up and resolution of large and persistent current account imbalances. It finds that real exchange rates can play an important role, but must be accompanied by policy actions to rebalance domestic demand.

- **The Fund also continues to call attention to risks of renewed trade protectionism and the role an ambitious Doha Round outcome could play to reduce these risks.** Rapid progress is needed in the negotiations, as the present political window of opportunity will soon close. Successive multilateral trade rounds, complemented in many countries by unilateral trade reforms, have contributed greatly to global growth and stability. Moreover, many Doha Round benefits would flow to least-developed countries, where they are most needed. Outside the Doha Round, the delivery of trade-related assistance ("aid for trade") can help developing countries take full advantage of trade reform and global market opening. Preferential trade agreements can, under the right conditions and if well designed, help open the global economy; however, they cannot substitute for the Doha Round or for national programs of trade liberalization. More generally, as noted in the WEO, trade liberalization should be complemented by policies to ensure that domestic economies adjust to the pressures of globalization—including by better education systems, more flexible labor markets, and welfare systems that cushion but do not obstruct change.

III. Building Institutions and Capacity

12. **As bilateral surveillance becomes more focused, the close relationship between surveillance and capacity building becomes more apparent.** Fund technical assistance and training are important vehicles for helping members make surveillance recommendations operational. Hence the integration of capacity building with surveillance and program work has become a key objective.

13. **Work has continued to align capacity building more closely with overall Fund and country priorities.** The Committee on Capacity Building has carried forward the work program of the medium-term strategy to ensure technical assistance and training respond to country needs, are coordinated with other providers, and are guided by appropriate priorities. The process for allocating technical assistance resources has been improved, including through the introduction of medium-term regional plans, which will be integrated with the budget process. Further work has been undertaken on the role of Fund training, including continuation of the strategy of cutting training costs through co-financed courses at regional training centers. Recognizing the critical capacity-building needs of developing countries, a third AFRITAC—the Central Africa Technical Assistance Center—has been opened in Gabon and a seventh regional training program in India.

14. **Ensuring adequate financing for capacity building is also under study.** The Fund's capacity-building services represent a fundamental contribution to the well-being of many members—both as a bilateral public service and a global public good. It is thus critical that countries continue to have access to technical assistance and training and important that they are not deterred from undertaking needed reforms. These considerations need to be balanced against the need to improve efficiency in providing capacity-building services, ensure the right incentives for providers and beneficiaries, and enhance Fund transparency and accountability. Thus, various options for improving costing, pricing, and financing of such services are being considered. The role of external financing will need to be maintained and increased to ensure the Fund's resources for capacity building remain adequate to meet members' needs. To this end, the Fund will strengthen its engagement with potential donors. We will return to the issue with proposals that weigh the different considerations appropriately.

15. **Recent reforms in the management, monitoring, and evaluation of technical assistance are now bearing fruit.** The Fund's central repository for technical assistance project information (TAIMS) is now fully in place, with clearly-defined objectives and outputs, against which results can be measured. TAIMS is complemented by the Fund's evaluation program for technical assistance, which is continuing to expand.

16. **Policy development in specific areas of capacity building is targeted to issues of current global interest.** A strategy is being developed, jointly with the World Bank, to enhance capacity building in the design of medium-term debt strategies—both in emerging markets and low-income countries. Advice on the appropriate fiscal institutions for managing oil resources has also been prepared, to complement Fund recommendations on resource revenue transparency and support for the Extractive Industries Transparency Initiative.

IV. Quota and Voice Issues

17. **Building on the momentum from Singapore, we are moving forward with the second stage of quota and voice reform.**[2] The first-round ad hoc quota increases agreed in Singapore have already strengthened the voice of four of the Fund's most clearly underrepresented members: China, Korea, Mexico, and Turkey. Work is now proceeding on the second stage to reflect better the weight and role of members in the global economy—through development of a new quota formula that can guide a second round of ad hoc increases. Equally important, work is underway toward enhancing the voice and participation of low-income countries, including an amendment to the Fund's Articles that would, at a minimum, double basic votes for all members and protect the voting share low-income countries as a group had before the first-round quota increases. The resolution also calls for the share of basic votes in total voting power to remain constant going forward.

18. **We have already had two informal Board discussions on a new quota formula.** There is general agreement on a set of underlying principles for a new quota formula, namely that it should be simple and transparent, consistent with the multiple roles of quotas in the

[2] *IMF Board of Governors Approves Quota and Related Governance Reforms* (PR/06/205, 9/18/06).

Fund, and appropriately capture members' relative positions. At the same time, it will need to be broadly acceptable to the membership as a whole and reinforce the objective of safeguarding and enhancing the effectiveness of the Fund. Bearing these considerations in mind, it will be important that the new formula results in higher shares for dynamic economies, especially for emerging markets, whose weight and role in the global economy has been growing. We also need to be mindful of the goal of enhancing the voice and participation of low-income countries, a key mechanism for which is an increase in basic votes. This suggests that we would not expect to see an outcome that raises the calculated quota share of advanced countries as a whole, while this would still allow for increases for individual underrepresented advanced economies. The objective continues to be to reach agreement on the new formula by the 2007 Annual Meetings, if possible, and by the 2008 Spring Meetings at latest.

19. **There has also been important progress in the agenda to enhance the role of low-income members.** In an initial discussion of the proposed amendment to the Articles of Agreement regarding basic votes, Directors supported staff's proposed legal framework, agreeing that work on basic votes had to proceed in parallel to the work on the new quota formula. They noted that the amount of the increase—and therefore the ratio to be specified in the amendment—will need to be discussed and agreed when the work on the formula is more advanced, since this amount will be linked to the size of the second round of ad hoc quota increases. An increase in staffing resources for Executive Directors elected by a large number of members was taken up by the Board's Committee on Executive Board Administrative Matters and a concrete proposal is under consideration. Further, the first meeting of the African Consultative Group is to take place at the time of the Spring Meetings.

20. **Separately, the Thirteenth General Review of Quotas was initiated** through a decision to establish the Committee of the Whole. This review will need to be completed by January 28, 2008.

V. Emerging Market Economies and Crisis Prevention

21. **Many emerging markets have had a major success in moving from programs to a surveillance relationship with the Fund.** Moreover, prospects remain positive, with financial conditions favorable and further robust growth expected. Many emerging markets have reduced risks with higher international reserve cushions and less vulnerable debt profiles, and some systemically important economies have strengthened domestic policies further. Strong private capital inflows open the door to important new opportunities. However, these also pose challenges for policy makers—in particular, risks from rapid credit growth, upward pressures on exchange rates, and the possibility of a reversal of flows if global conditions deteriorate. The Fund's strategy for surveillance described earlier has particular relevance for emerging markets, and contributes to strengthening tools available for effective crisis prevention.

22. **In the current benign environment, we have focused on strengthening the diagnosis of vulnerabilities and the coverage of financial and capital markets.** Staff's methodology for assessing underlying vulnerabilities and exposure to crisis risks in emerging

markets has been updated and will be presented to the Board after the Spring meetings. In an informal seminar, Directors reviewed regional reserve pooling and similar financial arrangements and possible ways in which the Fund could support them.

23. **As requested by the IMFC in September, work has continued on the design of a new liquidity instrument.** To be useful, this must address the problems that hampered the earlier CCL, giving potential users confidence that sufficient and timely access is available in a crisis, while safeguarding the Fund's resources and minimizing moral hazard. The instrument would aim to complement the private sector and stabilize both balance of payments flows and expectations by providing fresh resources at the time of crisis.

24. **Outreach by Fund management and staff with officials and market participants has facilitated further work on the instrument's design.** Most officials thought a well-designed instrument would be of use, and market participants emphasized the importance of its commitment and signaling framework. Directors discussed a Board paper which sought further convergence of views on key issues for a potential Reserve Augmentation Line—such as qualification, monitoring, access, terms, and a sunset clause.[3] The discussion clarified areas of emerging common ground on key issues and revealed areas where further progress is needed. Staff will prepare a follow-up paper refining the proposals.

25. **The Fund is also strengthening its preparedness for crisis management.** A recent crisis simulation exercise by management and staff (and with World Bank staff observers) demonstrated that the institution has taken on board many lessons from past crises: analysis of contagion risks and banking issues are at the forefront of staff thinking, and staff resources can be redeployed quickly. Lessons to be drawn from the exercise cover internal processes relating to the Fund's contingency planning, information flow, and external communications.

26. **Many of these issues will be taken forward after the Spring Meetings.** Work will continue on the design of a possible new instrument. Other work before the Annual Meetings will focus on the scope of a review of the Fund's lending-into-arrears policy, a review of access policy and the exceptional access framework, as well as further analytical work by staff on assessing the benefits from risk pooling, and deepening local capital markets.

VI. Role of the Fund in Low-Income Countries

27. **The Fund is committed to supporting its low-income members and to the international effort to meet the Millennium Development Goals.** New facilities have been put in place and delivery of debt relief continues under the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative and Multilateral Debt Relief Initiative (MDRI). Recent efforts have concentrated on determining how members can consolidate gains from debt relief while avoiding a reaccumulation of excessive debt, and best maintain macroeconomic stability in the face of potentially larger and volatile aid flows. We also continue to assist countries, within our areas of expertise, in undertaking reforms to enhance private sector growth,

[3] *IMF Executive Board Discusses Design Issues for a New Liquidity Instrument for Market Access Countries* (PIN/07/40, 03/23/07).

including in public financial management, natural resource management, and financial sector reform. And we are planning to review the Fund's responsibilities in the PRSP process and to development partners.

28. **The Fund now has a wider array of instruments to support its low-income members.** While the PRGF remains the centerpiece of Fund financial assistance to low-income countries, our support has become more flexible and tailored to their needs through the Exogenous Shocks Facility and the Policy Support Instrument (PSI). Four countries are now benefiting from the PSI, and it is expected that, as more countries become mature stabilizers, demand for the PSI will grow further. Experience with the PSI will be reviewed in 2008.

29. **The HIPC Initiative and the MDRI continue to move forward.** A total of 22 countries have reached their HIPC completion point, and 24 countries have received debt relief from the Fund under the MDRI. A further eight countries are between HIPC Initiative decision and completion points. The need to secure additional resources to allow all pre-decision point HIPCs (including protracted arrears cases) to benefit from debt relief has become even more pressing with the expansion of the list of countries eligible or potentially eligible for HIPC assistance.

30. **Work has continued on improving the quality and rigor of debt sustainability analyses and fostering their use by borrowers and creditors.** Recent refinements to the joint Debt Sustainability Framework for Low-Income Countries (DSF) have focused on integrating new policy challenges, including the increased policy space in some low-income countries following debt relief, rising domestic debt, and the emergence of new creditors.[4] Baseline forecasts and the DSF's precautionary features are being strengthened to improve assessment of the appropriate pace of debt accumulation. Domestic debt will be covered more systematically, and additional vulnerability analyses will address risks associated with borrowing from private external creditors. While concessional flows remain the most appropriate source of external finance for low-income countries, nonconcessional borrowing could be considered on a case-by-case basis, taking into account its impact on debt sustainability, the quality of financed projects and of the public expenditure program, and the strength of borrower policies and institutions. Use of the DSF is expanding, with all low-income countries now expected to undertake debt sustainability analyses on an annual basis. Country authorities are expected to take a more active role in the preparation of these exercises, as part of the design of their own medium-term debt strategies. The Fund, along with the World Bank, has been active in disseminating these analyses and encouraging through outreach their use by all creditors, including emerging lenders.

31. **Work is underway on best practices for policy advice and program design in the context of potential scaling-up of aid and aid volatility.** Program design has evolved to help low-income members use available aid effectively while maintaining macroeconomic stability. Further changes may be needed to enable countries to absorb substantially larger aid

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[4] *IMF Executive Board Discusses the Application of the Debt Sustainability Framework for Low-Income Countries Post Debt Relief* (PIN/06/136, 12/07/2006).

inflows while preserving hard-won macroeconomic improvements. Attention will also be paid to developing appropriate policies in the event that aid is volatile or is not scaled up as expected. Indeed, while scaling-up is evident in some countries, the joint IMF-World Bank *Global Monitoring Report 2007*, which assesses the efforts of developing countries and the international community to meet the MDGs, shows that progress is too slow in many others.[5] The G-8's timely fulfillment of the increased aid commitments made at Gleneagles will help to create space for the higher social and infrastructure spending necessary to accelerate growth and fight poverty.

32. **This work program also addresses the recommendations made in the IEO's evaluation of *The IMF and Aid to Sub-Saharan Africa*.**[6] The IEO report acknowledged the important contribution of the Fund to improvements in the region's macroeconomic performance. However, it also recommended clarifying the Fund's role, and enhancing further the alignment of the Fund's actions with the agreed policy framework; this includes its role in determining aid needs in individual countries and in reaching understandings with development partners. Fund communications on aid and poverty reduction should also better reflect the Fund's policies and practice; this recommendation, as well as that for broader outreach in low-income countries, will be considered as part of a review of the communications strategy.

33. **A review of the Fund's role in the poverty reduction strategy process and in collaboration with donors is in preparation.** It seeks to define areas and limits of the Fund's responsibility and accountability and an institutional approach to collaborating with development partners. As regards the role of these partners, the Global Monitoring Report calls for faster progress in implementing the donor harmonization and alignment agenda agreed in Paris in 2005.

34. **Implementation of the agenda will broaden after the Spring Meetings.** Several papers will consider the issues of sound macroeconomic policy design and public financial management in the face of increased and more volatile aid flows. Proposals to improve the Fund's support for post-conflict countries and fragile states, whose weak performance is highlighted in the Global Monitoring Report, will be considered before the Annual Meetings. Work has already been stepped up on protracted arrears cases, including Liberia. The Board will be informed of the status of participation of non-Paris Club bilateral creditors in the HIPC Initiative, while implementation of the HIPC Initiative and MDRI, and the status of financing of the Fund's concessional assistance and debt relief to low-income members, will be covered in the next periodic review.

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[5] *Global Monitoring Report 2007—Confronting the Challenges of Gender Equality and Fragile States.*

[6] *Independent Evaluation Office Releases Report on The IMF and Aid to Sub-Saharan Africa* (PR/07/01, 03/12/07).

VII. Managing an Effective Institution

35. **Management is committed to ensuring that the Fund is a cost-effective institution, while not compromising its ability to deliver key outputs under the medium-term strategy.** The strategy is being delivered against tightening budget constraints set in the medium-term budget. Hence, a collective effort by the whole institution—management, staff, and the Board—is in train to enhance efficiency. Real medium-term administrative spending is to decline significantly, processes are being streamlined, risk management enhanced, collaboration with the Bank improved, and the recommendations of independent evaluations more effectively internalized. In parallel, work has begun on building a consensus on a new income model for the institution that will provide sustainable long-term financing for the Fund's activities.

36. **The Fund continues to limit administrative expenditures strictly, to strengthen budget practices**. While expenditure restraint alone cannot put the Fund's finances on a sustainable footing, the institution is committed to ensuring that it meets the needs of the membership as cost-effectively as possible. Following zero real budget growth during the past two years, the medium-term budget envisages real resource cuts in the order of two percent annually in each of the next three years. To hold down outlays, some support services are being outsourced and IT services offshored. The medium-term budget also incorporates a more output-oriented approach aimed at improving budgetary incentives, with more detailed definition of outputs and introduction of performance indicators. The Employment, Compensation, and Benefits Review is coming to a close, with good progress made on the remaining technical issues.

37. **Additional action has been taken to streamline procedures**. The Board has lengthened the cycle for most policy reviews, consolidated some reports, and eliminated others. To enhance the timeliness of surveillance, the interval between the conclusion of Article IV missions and Board discussions has been shortened. Other work on streamlining will include improving the quality and focus of staff papers, enhancing Board efficiency, and strengthening management oversight.

38. **Putting the Fund's finances on a sustainable footing is fundamental for the institution to carry out its mandate and serve its membership effectively.** A committee of persons at the highest levels of the international monetary system has recently assessed the range of options to finance the Fund's diverse activities over the long term.[7] We are very grateful for their involvement and efforts, which testify to the importance the membership attaches to the Fund. Their report concludes that the current reliance on income from lending is no longer appropriate—a view strongly shared by management. The committee offers a package of proposals to build a new income model better aligned with the Fund's diverse activities and sustainable at all lending levels. Major recommendations include broadening the Fund's investment mandate, investing a portion of quota subscriptions, and establishing an endowment through a limited gold sale (that would be ring-fenced and managed so as not to increase official sales).

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[7] *Eminent Persons Group Outlines Long-Term Revenue Plan to Finance IMF Activities* (PR/07/18, 01/31/07).

39. **Management will work to build consensus on solutions that are carefully thought through and durable.** The report was immediately published, and initial discussions with the Board and in other fora have already proven very useful. Following further consultation and outreach, management will make proposals for Board consideration.

40. **The report of the External Review Committee examining Bank-Fund collaboration is also under careful consideration**.[8] The Fund continues to be fully committed to close cooperation with the Bank, to deliver policy and capacity-building services more effectively and efficiently to member countries at all income levels. The report, prepared by an eminent group of policymakers, represents a valuable contribution to improving collaboration between the institutions, drawing on inputs from governors, management, and staff of both institutions, and civil society organizations. The report has been presented to a joint meeting of the Boards of both institutions, and made public. Its recommendations will be discussed shortly, beginning with an informal exchange of views.

41. **The Fund has a broad and strong commitment to transparency and accountability.** Current initiatives to enhance these, besides measures described in earlier sections, include reinforcing communications, improving risk-management, and ensuring the effective utilization of IEO reports.

42. **Several initiatives are aimed at enhancing the Fund's communications and outreach.** A review of the Fund's external communications strategy is underway. It aims to identify concrete steps to strengthen links with our operational strategy and to enhance the impact of the Fund's communications and outreach, including in languages other than English. An informal Board seminar in February gave guidance on how to achieve more targeted and cost-effective use of communications to promote strategic goals, including by rebalancing outreach efforts across audiences and harnessing evolving technology. As one example of reform already in train, our outreach through *Regional Economic Outlooks* is broadening the policy dialogue, creating a new frame of reference for regional analysis, and eliciting positive feedback from members.

43. **The Fund's risk management practices are being strengthened**. An Advisory Committee on Risk Management is in place, and the 2007 risk management exercise has been completed. This identified the main strategic, core mission, operational, and financial risks facing the Fund and highlighted where additional measures are needed to address key risks. Modalities of Board involvement in risk management remain to be decided.

44. **Management is committed to ensuring that IEO findings and recommendations are fully and promptly internalized in the work of the institution.** Among other measures, forward-looking and costed implementation plans will be presented to the Board for all Board-endorsed IEO recommendations, and management will provide the Board with a periodic monitoring report.

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[8] *IMF Managing Director Rodrigo de Rato and World Bank President Paul Wolfowitz Welcome Report on Enhancing IMF-World Bank Cooperation* (PR/07/32, 02/27/07).

45. **In the period ahead, consultations on a new income model and continued improvements in efficiency will be at the forefront of the Fund's work.** Following the Spring Meetings, management will continue discussions with the membership. While there is no immediate financing crisis, progress should be made within a reasonable timeframe so that the Fund can respond to the evolving needs of the membership. In parallel with the income review, the Fund will continue to pursue cost effectiveness and expenditure restraint.

Box 1. Implementation of the Medium-Term Strategy

Implementing the Fund's Medium-Term Strategy: An Overview of Progress on Key Aspects	
Objective	**Action**
Modernizing Surveillance	
• A modernized framework	First Multilateral Consultation; Review of 1977 decision; Remit-Independence-Accountability Framework
• A global perspective and strengthened financial sector surveillance	Expansion of regional surveillance and analysis of cross-country spillovers. Financial sector coverage; Report of Taskforce on Integrating Financial Sector Work into Surveillance
• Effective country surveillance	Surveillance agendas; experimentation with streamlined consultations
Building Institutions and Capacity	
• An integrated complement to surveillance	Implementing the Medium Term Strategy for Capacity Building Financing of Technical Assistance and Training New AFRITAC Regional Training Center, India
Quota and Voice Issues	
• Reinforce Fund effectiveness through quotas and voice reform	Considerations for a new quota formula; discussion of the legal framework for increasing basic votes; increasing staff resources for Executive Directors elected by a large number of members
Emerging Market Economies and Crisis Prevention	
• Centrality of financial market issues	Development of a framework for addressing financial sector issues in country surveillance
• Adequacy of financing instruments	Board discussions and outreach on elements of a crisis prevention instrument
Role of the Fund in Low-Income Countries	
• Aid and the MDGs	Global Monitoring Report; review of the Fund's role in PRSP Process and Collaboration with Donors; IEO paper on aid to Sub-Saharan Africa
• Successful debt relief	Debt Sustainability Framework – Follow up and Outreach
Managing an Effective Institution	
• Efficiency	Budget Reform
• Income	Report of the Committee of Eminent Persons
• Implementing Streamlining	Focused reports
• Bank-Fund collaboration	Report of the External Review Committee
• Risk Management	Risk Management Exercise
• Communications	Fund Communications Strategy

Table 1. Participation in Transparency, FSAP, and Standards and Codes Initiatives 1/ 2/

(As of February 28, 2007)

	(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	18	13	32	14	28	185
Initiatives								
SDDS Subscriber 3/								
Number of subscribers	3	5	12	7	10	1	26	64
GDDS Participant 4/								
Number of members	41	13	3	4	20	7	0	88
PIN Published								
Number of members 5/	50	28	17	12	31	14	28	180
Percentage	98%	97%	94%	92%	97%	100%	100%	97%
Article IV Staff Report Published								
Number of members 5/	49	23	17	11	28	10	28	166
Percentage	96%	79%	94%	85%	88%	71%	100%	90%
FSAPs Completed								
Number of members	24	5	16	9	25	10	25	114
Percentage	47%	17%	89%	69%	78%	71%	89%	62%
FSAP Updates Completed								
Number of members	5	0	3	3	5	1	2	19
Percentage	10%	0%	17%	23%	16%	7%	7%	10%
ROSC Modules Completed								
Number of members 6/	31	14	17	11	24	10	28	135
Percentage	61%	48%	94%	85%	75%	71%	100%	73%
ROSC Modules Completed								
Number of modules 7/	139	64	158	77	136	51	183	808
Percentage of total modules	17%	8%	20%	10%	17%	6%	23%	100%
ROSC Modules Published								
Number of members	29	13	17	11	23	9	28	130
Percentage	57%	45%	94%	85%	72%	64%	100%	70%
ROSC Modules Published								
Number of modules 7/	99	41	147	53	80	25	172	617
Percentage of completed modules	71%	64%	93%	69%	59%	49%	94%	76%

Sources: IMF; and World Bank staff estimates.

1/ This table does not include territories, special administrative regions (SARs), and monetary unions except for SDDS, GDDS and ROSCs. SDDS subscribers include Hong Kong SAR, GDDS participants include West Bank and Gaza, and ROSC figures include 18 completed and published modules for Hong Kong SAR,Kosovo, the euro area, the ECCB, and CEMAC.
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.
6/ 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.
7/ Shows the total number of completed modules. A member can have more than one full assessment for the same standard. The table includes 18 completed and published modules for Hong Kong SAR, Kosovo, the euro area, the ECCB, and CEMAC.

Table 2. FSAP Participation

(as of February 28, 2007)

Countries Completed 1/		Countries Under Way 3/	Future Participation
Albania	Kuwait	Argentina 3/	Angola
Algeria	Kyrgyz Republic	Botswana	BCEAO/WAEMU
Antigua and Barbuda	Latvia	Cote d'Ivoire 3/	Burkina Faso
Armenia	Lebanon 2/	Fiji	Burundi
Australia	Lithuania	Mauritania	Cape Verde
Austria	Luxembourg	Montenegro	Central African Republic
Azerbaijan	Macedonia, FYR	Qatar	Djibouti
Bahrain	Madagascar	Tajikistan	Haiti
Bangladesh	Malta	Thailand	Malawi
Barbados	Mauritius	Turkey	Mali
Belarus	Mexico		Mongolia
Belgium	Moldova		Niger
Bolivia	Morocco		San Marino
Bosnia and Herzegovina	Mozambique		Syrian Arab Republic
Brazil	Namibia		
Bulgaria	Netherlands		
Cameroon 2/	New Zealand		
Canada 2/	Nicaragua		
CEMAC 4/	Nigeria		
Chile	Norway		
Colombia 2/	Oman		
Costa Rica	Pakistan		
Croatia	Paraguay		
Czech Republic	Peru		
Denmark	Philippines		
Dominica	Poland		
Dominican Republic	Portugal		
Ecuador	Romania		
Egypt	Russia		
El Salvador 2/	Rwanda		
Estonia 2/	Saudi Arabia		
Finland	Senegal		
France	Serbia		
Gabon	Sierre Leone		
Georgia	Singapore		
Germany	Slovak Republic		
Ghana	Slovenia		
Greece	South Africa 2/		
Grenada	Spain		
Guatemala	Sri Lanka		
Guyana	St. Kitts and Nevis		
Honduras	St. Lucia		
Hong Kong SAR	St. Vincent and the		
Hungary 2/	Grenadines		
Iceland	Sudan		
India 2/	Sweden		
Iran 2/	Switzerland		
Ireland 2/	Tanzania		
Israel	Tunisia		
Italy	Trinidad and Tobago		
Jamaica	Uganda		
Japan	Ukraine		
Jordan	United Arab Emirates		
Kazakhstan 2/	United Kingdom		
Kenya	Uruguay		
Korea	Yemen		
	Zambia		

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.

Table 3. HIPC Initiative and MDRI: Committed and/or Delivered Assistance 1/

(In millions of U.S. dollars; as of March 19, 2007)

			Assistance Under the HIPC Initiative		Assistance Under the MDRI 7/	Total
	HIPC Decision Point Date	HIPC Completion Point Date	Committed Assistance in NPV terms as of the Decision Point	Committed Nominal Debt Service Relief	Delivered Assistance in nominal terms	Total Committed Assistance under the HIPC Initiative and Delivered Assistance under the MDRI in nominal terms
Countries that have reached their Completion Points (22)						
TOTAL			**25,262**	**45,373**	**37,465**	**82,838**
Benin	Jul-00	Mar-03	265	460	1,092	1,552
Bolivia 3/	Feb-00	Jun-01	1,302	2,060	1,764	3,824
Burkina Faso 3/ 4/	Jul-00	Apr-02	553	930	1,158	2,088
Cameroon	Oct-00	Apr-06	1,267	4,900	1,130	6,030
Ethiopia 4/	Nov-01	Apr-04	1,982	3,275	3,181	6,456
Ghana	Feb-02	Jul-04	2,186	3,500	3,788	7,288
Guyana 3/	Nov-00	Dec-03	591	1,353	237	1,590
Honduras	Jul-00	Apr-05	556	1,053	1,337	2,390
Madagascar	Dec-00	Oct-04	836	1,900	2,330	4,230
Malawi 4/	Dec-00	Aug-06	1,057	1,600	1,400	3,000
Mali 3/	Aug-00	Mar-03	539	895	1,904	2,799
Mauritania	Feb-00	Jun-02	622	1,100	851	1,951
Mozambique 3/	Apr-00	Sep-01	2,023	4,300	1,973	6,273
Nicaragua	Dec-00	Jan-04	3,308	4,500	910	5,410
Niger 4/	Dec-00	Jun-04	664	1,190	1,025	2,215
Rwanda 4/	Dec-00	Jun-05	696	1,400	488	1,888
São Tomé and Príncipe 4/	Dec-00	Mar-07	124	263	50	314
Senegal	Jun-00	Apr-04	488	850	2,403	3,253
Sierra Leone	Mar-02	Dec-06	675	994	610	1,603
Tanzania	Apr-00	Nov-01	2,026	3,000	3,722	6,722
Uganda 3/	Feb-00	May-00	1,003	1,950	3,405	5,355
Zambia	Dec-00	Apr-05	2,499	3,900	2,706	6,606
Countries that have reached their Decision Points (8)						
TOTAL			**10,154**	**16,797**	…	**16,797**
Burundi	Aug-05		826	1,465	…	1,465
Chad	May-01		170	260	…	260
Congo, Dem. Rep. of the	Jul-03		6,311	10,389	…	10,389
Congo, Rep. of	Apr-06		1,679	2,881	…	2,881
Gambia, The	Dec-00		67	90	…	90
Guinea	Dec-00		545	800	…	800
Guinea-Bissau	Dec-00		416	790	…	790
Haiti	Nov-06		140	122	…	122
Countries that have not yet reached their Decision Points 5/ (10)						
Côte d'Ivoire 6/	…	…	…	…	…	…
Central African Republic	…	…	…	…	…	…
Comoros	…	…	…	…	…	…
Eritrea	…	…	…	…	…	…
Kyrgyz Republic	…	…	…	…	…	…
Liberia	…	…	…	…	…	…
Nepal	…	…	…	…	…	…
Somalia	…	…	…	…	…	…
Sudan	…	…	…	…	…	…
Togo	…	…	…			
Total debt relief committed			**35,415**	**62,170**	**37,465**	**99,635**

Sources: HIPC documents; World Bank; and IMF staff estimates.

1/ Committed debt relief under the assumption of full participation of creditors.

2/ Many creditors have already delivered on their commitments to the countries that have reached their completion points. See SM/06/289, 08/23/2006.

3/ Also reached completion point under the original HIPC Initiative. The assistance includes original debt relief.

4/ The assistance includes topping up at the completion point.

5/ These are countries that may wish to be considered for HIPC Initiative assistance.

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/ It includes assistance provided by the IMF, IDA, and the AFDF under the MDRI.

Table 4. IMF Implementation of the HIPC Initiative and the MDRI

(In millions of SDRs, unless otherwise indicated; as of March 19, 2007)

Member	HIPC Initiative Assistance				MDRI Debt Relief 1/	Total HIPC and MDRI debt relief delivered
	Amount Committed		Amount Disbursed into HIPC Umbrella Account 2/ (A)		Total Delivered 3/ (B)	(A+B)
Completion point countries (22)	**1,556.7**		**1,668.4**		**2,169.0**	**3,837.4**
Benin	18.4		20.1		34.1	54.2
Bolivia	62.4	4/	65.5		154.8	220.3
Burkina Faso	44.0	4/	46.0		57.1	103.0
Cameroon	28.6		33.7		149.2	182.8
Ethiopia	45.1		46.7		79.6	126.3
Ghana	90.1		94.3		220.0	314.3
Guyana	56.6	4/	59.6		31.6	91.2
Honduras	22.7		26.4		98.2	124.6
Madagascar	14.7		16.4		128.5	144.9
Malawi	33.4		37.2		14.5	51.7
Mali	45.5	4/	49.3		62.4	111.7
Mauritania	34.8		38.4		30.2	68.7
Mozambique	106.9	4/	108.0		83.0	191.0
Nicaragua	63.5		71.2		91.8	162.9
Niger	31.2		34.0		59.8	93.8
Rwanda	46.8		50.6		20.2	70.7
São Tomé and Príncipe	0.8		--	5/	1.0	1.0
Senegal	33.8		38.4		94.8	133.2
Sierra Leone	100.0		106.6		76.8	183.3
Tanzania	89.0		96.4		207.0	303.4
Uganda	119.6	4/	121.7		75.8	197.5
Zambia	468.8		508.3		398.5	906.7
Decision point countries (8)	**304.8**		**18.3**		--	**18.3**
Burundi	19.3		0.2		--	0.2
Chad	14.3		8.6		--	8.6
Congo, Dem. Rep. of	228.3		3.4		--	3.4
Congo, Rep. of 6/	5.6		--		--	--
Gambia, The	1.8		0.4		--	0.4
Guinea	24.2		5.2		--	5.2
Guinea-Bissau	9.2		0.5		--	0.5
Haiti	2.1		0.0		--	0.0
Decision point countries under the Original HIPC Initiative (1)						
Côte D'Ivoire	16.7	4/ 7/	--		--	--
Non-HIPCs (2)					**126.1**	**126.1**
Cambodia	--		--		56.8	56.8
Tajikistan	--		--		69.3	69.3
Total	**1,878.2**		**1,686.7**		**2,295.1**	**3,981.8**

Source: IMF Finance Department.

1/ Excludes remaining HIPC Initiative assistance delivered.
2/ Includes interest on amounts committed under the Enhanced HIPC Initiative.
3/ Assistance was delivered in January 2006 except for the countries which reached their respective completion points thereafter, these are: Cameroon (April 2006), Mauritania (June 2006), Malawi (September 2006), Sierra Leone (December 2006), and São Tomé (March 2007).
4/ Includes commitment under the Original HIPC Initiative.
5/ Additional HIPC assistance of SDR 0.824 million to be disbursed to São Tomé and Príncipe subject to receipt of satisfactory financing assurances from other creditors.
6/ No interim relief has been provided by the IMF as the necessary financing assurances from external creditors are not yet in place.
7/ 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.

Table 5. Access Under Fund Arrangements by Year of Approval, 1996–2007 1/

(In percent of quota, unless otherwise indicated; as of February 28, 2007) 2/

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007 February
Number of arrangements approved											
All arrangements	21	21	20	23	21	20	21	13	14	12	2
Non-exceptional arrangements	18	19	19	22	20	18	19	13	12	12	2
Commitments (on approval)											
In percent of total quota	20	17	6	6	7	18	7	1	4	0.2	0.1
In billions of SDRs	29	24	14	12	15	39	15	2	9	0.5	0.2
GRA resources											
Average annual access 3/											
SBA											
Non-exceptional 4/	36	45	45	46	33	39	55	21	44	29	13
of which: Precautionary	27	42	25	40	30	30	55	17	33	29	13
Exceptional and SRF	329	200	100	…	320	510	159	…	157	…	...
EFF											
Non-exceptional	28	48	40	12	…	46	12	…	…	6	…
of which: Precautionary	…	45	21	…	…	…	…	…	…	…	...
Exceptional and SRF	…	144	…	60	…	…	…	…	…	…	...
SBA and EFF											
Non-exceptional 4/	33	46	43	43	33	40	50	21	44	16	13
of which: Precautionary	27	43	24	40	30	30	55	17	33	29	13
Exceptional and SRF	329	172	100	60	320	510	159	…	157	…	...
Range of average annual access 5/											
SBA											
Non-exceptional 4/	24 - 69	21 - 81	20 - 85	18 - 85	16 - 51	19 - 97	25 - 100	7 - 42	25 - 86	29	13
Exceptional and SRF	163 - 646	200	100	…	320	456 - 564	141 - 176	…	83 - 230	…	...
EFF											
Non-exceptional	20 - 45	45 - 55	21 - 84	12	…	46	12	…	…	6	…
Exceptional and SRF	…	144	…	60	…	…	…	…	…	…	...
Projected use of Fund credit outstanding at start of arrangement, including all GRA and PRGF facilities											
SBA	47	41	84	52	47	228	110	47	262	0	0
EFF	78	217	94	224	…	68	53	…	…	0	0
Projected use of Fund credit outstanding at end of arrangement, including all GRA and PRGF facilities											
SBA	365	116	133	103	113	313	184	64	203	65	0
EFF	189	317	181	237	…	163	118	…	…	18	…
Concessional resources											
Average annual access 3/											
ESAF/PRGF	35	35	24	22	25	21	16	16	9	16	15
Range of average annual access 5/											
ESAF/PRGF	25 - 50	27 - 53	14 - 40	5 - 33	17 - 42	2 - 36	3 - 31	3 - 30	3 - 18	3 - 30	15
Projected use of Fund credit outstanding at start of arrangement, including all GRA and PRGF facilities											
ESAF/PRGF	96	94	103	78	98	74	71	84	102	52	13
Projected use of Fund credit outstanding at end of arrangement, including all GRA and PRGF facilities											
ESAF/PRGF	183	169	134	122	123	109	90	85	86	87	58

Sources: IMF Executive Board documents; and information provided by PDR.

1/ Reflects amounts and duration at the time arrangements were approved; excludes potential access under external contingency mechanisms and other augmentations and reductions.

2/ Access expressed in terms of quota: Ninth General Review of Quotas through January 1999; 11th General Review of Quotas through January 2003; and 12th Review of Quotas thereafter.

3/ Average annual access refers to total access divided by length of arrangement (in years), except where otherwise specified.

4/ Including first credit tranche and precautionary arrangements.

5/ Maximum and minimum value of average annual access

Table 6. Current Financial Arrangements (GRA) 1/

(In millions of SDRs, as of March 22, 2007)

Member	Date of Approval	Date of Expiration	Amount Agreed	Undrawn Balance	IMF Credit Outstanding
Stand-by Arrangements					
Bulgaria	8/6/2004	3/31/2007	100	100	214
Dominican Republic	1/31/2005	1/30/2008	438	154	327
Iraq	12/23/2005	9/28/2007	475	475	297
Macedonia, FYR	8/31/2005	8/30/2008	52	41	28
Paraguay	5/31/2006	8/31/2008	65	65	--
Peru	1/26/2007	2/25/2009	172	172	--
Turkey	5/11/2005	5/10/2008	6,662	2,998	5,624
7 Arrangements			7,964	4,006	6,490
Extended Arrangements					
Albania	2/1/2006	1/31/2009	9	5	4
Total 8 SBA and EFF			7,973	4,011	6,493

Source: IMF, Finance Department; also available at www.imf.org/external/fin.htm, which are updated on a weekly basis.

1/ Figures may not add due to rounding.

Table 7. Current Financial Arrangements (PRGF) 1/

(In millions of SDRs; as of March 22, 2007)

Member	Date of Approval	Date of Expiration	Amount Agreed	Undrawn Balance	IMF Credit Outstanding
Afghanistan	6/26/2006	6/25/2009	81	68	13
Albania	2/1/2006	1/31/2009	9	5	58
Armenia	5/25/2005	5/24/2008	23	10	107
Bangladesh	6/20/2003	6/19/2007	400	84	317
Benin	8/5/2005	8/4/2008	6	4	2
Burundi	1/23/2004	9/30/2007	69	7	62
Cameroon	10/24/2005	10/23/2008	19	11	8
Central African Rep.	12/22/2006	12/21/2009	36	19	31
Chad	2/16/2005	2/15/2008	25	21	44
Congo, Rep. of	12/6/2004	6/5/2008	55	31	24
Gambia, The	2/21/2007	2/20/2010	14	12	13
Georgia	6/4/2004	9/30/2007	98	14	163
Grenada	4/17/2006	4/16/2009	11	9	2
Haiti	11/20/2006	11/19/2009	74	46	28
Kenya	11/21/2003	4/30/2007	225	150	101
Kyrgyz Republic	3/15/2005	3/14/2008	9	4	104
Madagascar	7/21/2006	7/20/2009	55	39	27
Malawi	8/5/2005	8/4/2008	38	23	13
Mali	6/23/2004	10/31/2007	9	1	7
Mauritania	12/18/2006	12/17/2009	16	12	5
Moldova	5/5/2006	5/4/2009	111	67	67
Mozambique	7/6/2004	7/5/2007	11	2	8
Nepal	11/19/2003	11/18/2007	50	21	29
Niger	1/31/2005	1/30/2008	26	3	24
Rwanda	6/12/2006	6/11/2009	8	6	4
Sao Tome & Principe	8/1/2005	7/31/2008	3	1	2
Sierra Leone	5/10/2006	5/9/2009	31	22	23
Zambia	6/16/2004	6/15/2007	220	28	28
28 Arrangements			1,733	719	1,310

Source: IMF, Finance Department; also available at www.imf.org/exgternal/fin.htm, which are updated on a weekly basis.

1/ Figures may not add due to rounding.

Table 8. IMF's Financial Resources and Liquidity Position, 2002–07 1/

(In billions of SDRs unless otherwise indicated; as of February 28, 2007)

		2002	2003	2004	2005	2006	Feb 2007 SDRs	Feb 2007 US$
I.	Total resources	218.1	219.1	220.6	221.1	224.2	224.3	337
	Member' currencies	210.3	211.3	213.1	213.4	209.0	209.1	315
	SDR holdings	1.2	1.1	0.8	1.1	2.7	2.7	4
	Gold holdings	5.9	5.9	5.9	5.9	5.9	5.9	9
	Other assets	0.8	0.9	0.8	0.8	6.6	6.6	10
	Available under GAB/NAB activation	...	...	...	...	...	...	...
II.	Less: Nonusable resources	117.9	118.4	109.2	75.9	63.0	61.6	93
	Of which: Credit outstanding	63.6	65.0	55.4	28.4	9.8	8.3	13
III.	Equals: Usable resources	100.2	100.7	111.3	145.2	161.2	162.7	245
IV.	Less: Undrawn balances under GRA arrangements	31.9	22.8	19.4	12.7	3.9	4.0	6
V.	Equals: Uncommitted usable resources	68.3	77.9	91.9	132.5	157.3	158.7	239
VI.	Plus: Repurchases one-year forward	19.0	9.2	12.9	8.0	2.8	1.6	2
VII.	Less: Prudential balance	32.6	32.8	32.8	34.1	34.8	34.8	52
VIII.	Equals: One-year forward commitment capacity (FCC) 2/	54.7	54.2	71.9	106.4	125.4	125.5	189
	Memorandum items:							
	Potential GAB/NAB borrowing	34.0	34.0	34.0	34.0	34.0	34.0	51
	Quotas of members that finance IMF transactions	163.1	164.1	164.1	170.5	173.8	173.8	262
	Liquid liabilities	66.1	66.5	55.7	28.6	17.5	15.9	24
	US$ per SDR	1.35952	1.48597	1.55301	1.42927	1.50440	1.50472	

Source: IMF Finance Department; also available at www.imf.org/external/fin.htm, which are updated on a monthly basis.

1/ Figures may not add due to rounding.
2/ The FCC is defined as the Fund's stock of usable resources less undrawn balances under existing arrangements, plus projected repurchases during the coming 12 months, less a prudential balance intended to safeguard the liquidity of creditors' claims and to take account of any erosion of the Fund's resources base.

Table 9. Total Fund Credit and Loans Outstanding to the Ten Largest Borrowers

(In millions of SDRs; as of March 22, 2007)

Member	Non-concessional (GRA)	Concessional (PRGF, SAF, and Trust Fund Loans)	Total	
			Outstanding Amount	In percent of quota
Turkey	5,624.0	0.0	5,624.0	472.1
Pakistan	33.2	933.4	966.6	93.5
Congo, Dem.Rep.of	0.0	553.5	553.5	103.8
Ukraine	517.6	0.0	517.6	37.7
Sudan [1]	271.6	59.2	330.8	194.9
Dominican Republic	327.5	0.0	327.5	149.6
Bangladesh	0.0	316.7	316.7	59.4
Iraq	297.1	0.0	297.1	25.0
Liberia[1]	200.2	22.9	223.1	312.8
Bulgaria	213.6	0.0	213.6	33.4
Total	7,484.7	1,885.8	9,370.5	…
Memo:				
All Fund Members	8,009.5	3,874.4	11,883.9	…

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