

NOTES

CHAPTER 1

- 1 The IMF's financial year (FY) begins on May 1 and ends the following April 30. This Annual Report covers FY2011, which ran from May 1, 2010, through April 30, 2011, though as necessary it makes reference to pertinent events that occurred after the end of April 2011 but before the Report went to press in mid-August.

CHAPTER 3

- 2 For additional information on the IMF's surveillance activities, see "Factsheet: IMF Surveillance" (www.imf.org/external/np/exr/facts/surv.htm).
- 3 See Public Information Notice (PIN) No. 10/128, "IMF Executive Board Discusses Follow-Up to Modernizing the Fund's Surveillance Mandate and Modalities" (www.imf.org/external/np/sec/pn/2010/pn10128.htm). The September Board discussion focused on selected ideas that had garnered support in previous Board discussions, including that in April 2010 on modernizing the Fund's surveillance mandate (see PIN No. 10/52, "IMF Executive Board Discusses Modernizing the Surveillance Mandate and Modalities and Financial Sector Surveillance and the Mandate of the Fund," www.imf.org/external/np/sec/pn/2010/pn1052.htm), as well as a broad review of the Fund's mandate covering surveillance, financing, and the stability of the international monetary system in February 2010 (see PIN No. 10/33, "The Fund's Mandate—An Overview of Issues and Legal Framework," www.imf.org/external/np/sec/pn/2010/pn1033.htm).
- 4 Systemic economies are those countries with financial sectors that have the greatest impact on global financial stability.
- 5 For more information on the FSAP, see "Factsheet: Financial Sector Assessment Program (FSAP)" (<http://www.imf.org/external/np/exr/facts/fsap.htm>).
- 6 See PIN No. 10/76, "IMF Executive Board Discusses Study on Emerging Markets' Performance During the Crisis" (www.imf.org/external/np/sec/pn/2010/pn1076.htm).
- 7 See PIN No. 10/59, "IMF Executive Board Discusses Revenue and Expenditure Policies for Fiscal Consolidation in the Wake of the Global Crisis" (www.imf.org/external/np/sec/pn/2010/pn1059.htm).
- 8 This figure includes amounts for arrangements that were subsequently cancelled.
- 9 The arrangement with Armenia is a blended arrangement under the Extended Fund Facility and Extended Credit Facility.
- 10 The arrangement with Honduras is a blended Stand-By Arrangement and arrangement under the Standby Credit Facility (a concessional facility funded by the Poverty Reduction and Growth Trust; see "Concessional Financing" later in the chapter).
- 11 In IMF terminology, disbursements under financing arrangements from the General Resources Account are termed "purchases" and repayments are referred to as "repurchases."
- 12 Once a country has met certain criteria, the Executive Boards of the IMF and World Bank decide on its qualification for debt relief, and the international community commits to reducing debt to a level that is considered sustainable. This first stage under the HIPC Initiative is referred to as the decision point. Once a country reaches its decision point, it may immediately begin receiving interim relief on its debt service falling due.
- 13 A country must meet additional criteria to reach its completion point, which allows it to receive the full debt relief committed at decision point under the HIPC Initiative.
- 14 Debt relief under the MDRI is provided to qualifying countries in support of their efforts to reach the United Nations' Millennium Development Goals.
- 15 See Press Release (PR) No. 10/299, "IMF Executive Board Cancels Haiti's Debt and Approves New Three-Year Program to Support Reconstruction and Economic Growth" (www.imf.org/external/np/sec/pr/2010/pr10299.htm).
- 16 See PR No. 10/321, "IMF Enhances Crisis Prevention Toolkit" (www.imf.org/external/np/sec/pr/2010/pr10321.htm).
- 17 In establishing the FCL in 2009, the Board expressed an expectation that access under FCL arrangements would normally not exceed 1,000 percent of quota, although there was no preset limit on access.
- 18 See PIN No. 10/92, "IMF Executive Board Establishes a Post-Catastrophe Debt Relief Trust" (www.imf.org/external/np/sec/pn/2010/pn1092.htm).

- 19 A transfer in the amount of SDR 280 million was subsequently approved.
- 20 See PIN No. 10/133, “IMF Executive Board Approves Fund Membership in the Financial Stability Board” (www.imf.org/external/np/sec/pn/2010/pn10133.htm).
- 21 See PIN No. 11/1, “IMF Executive Board Discusses the Fund’s Role Regarding Cross-Border Capital Flows” (www.imf.org/external/np/sec/pn/2011/pn1101.htm).
- 22 See PIN No. 11/42, “IMF Executive Board Discusses Recent Experiences in Managing Capital Inflows” (www.imf.org/external/np/sec/pn/2011/pn1142.htm).
- 23 See PIN No. 10/72, “IMF Discusses Reserves Accumulation and International Monetary Stability” (www.imf.org/external/np/sec/pn/2010/pn1072.htm).
- 24 See PIN No. 11/47, “IMF Executive Board Discusses Assessing Reserve Adequacy” (www.imf.org/external/np/sec/pn/2011/pn1147.htm).
- 25 See PIN No. 11/22, “IMF Executive Board Concludes the Meeting on Enhancing International Monetary Stability—A Role for the SDR?” (www.imf.org/external/np/sec/pn/2011/pn1122.htm). For more information about the SDR, an international reserve asset created by the IMF in 1969 to supplement its member countries’ official reserves, see “Fact-sheet: Special Drawing Rights (SDRs)” (www.imf.org/external/np/exr/facts/sdr.htm).
- 26 See PR No. 10/434, “IMF Determines New Currency Weights for SDR Valuation Basket” (www.imf.org/external/np/sec/pr/2010/pr10434.htm).
- 27 See PIN No. 10/149, “IMF Executive Board Completes the 2010 Review of SDR Valuation” (www.imf.org/external/np/sec/pn/2010/pn10149.htm).
- 28 The FSAP—the IMF’s premier tool for assessing members’ financial vulnerabilities and financial sector policies—is legally a technical assistance instrument with voluntary country participation, and assessments under the FSAP take place separately from members’ Article IV consultations, which are mandatory for all members.
- 29 See PIN No. 10/135, “IMF Executive Board Discusses Integrating Stability Assessments into Article IV Surveillance” (www.imf.org/external/np/sec/pn/2010/pn10135.htm) and PR No. 10/357, “IMF Expanding Surveillance to Require Mandatory Financial Stability Assessments of Countries with Systemically Important Financial Sectors” (www.imf.org/external/np/sec/pr/2010/pr10357.htm).
- 30 See PIN No. 11/46, “Macroprudential Policy: An Organizing Framework” (www.imf.org/external/np/sec/pn/2011/pn1146.htm).
- 31 The staff paper proposed the following definition of macroprudential policy: “an overarching policy to address the stability of the financial system as a whole, the objective of which is to limit systemic, or system-wide, financial risk.”
- 32 See PIN No. 10/89, “IMF Discusses Central Banking Lessons from the Crisis” (www.imf.org/external/np/sec/pn/2010/pn1089.htm).
- 33 See PIN No. 10/90, “IMF Executive Board Discusses Cross-Border Bank Resolution” (www.imf.org/external/np/sec/pn/2010/pn1090.htm).
- 34 See PIN No. 10/150, “IMF Executive Board Discusses Financial Interconnectedness” (www.imf.org/external/np/sec/pn/2010/pn10150.htm).
- 35 The FSB established the Working Group on Data Gaps and Systemic Linkages in early 2010 to address the recommendations in the IMF-FSB report “The Financial Crisis and Information Gaps” on the design of a common template for systemically important financial institutions. The IMF led the work stream on data availability and collection of new statistics.
- 36 See PIN No. 11/38, “Review of the Standards and Codes Initiative” (www.imf.org/external/np/sec/pn/2011/pn1138.htm). Web Box 3.2 provides background information on ROSCs, including statistics on ROSC completion in FY2011.
- 37 See PIN No. 10/148, “Emerging from the Global Crisis—Macroeconomic Challenges Facing Low-Income Countries” (www.imf.org/external/np/sec/pn/2010/pn10148.htm).
- 38 See PR No. 11/102, “IMF Introduces Framework for Low-Income Country Vulnerability Exercise to Assess Impact of External Shocks” (www.imf.org/external/np/sec/pr/2011/pr11102.htm).
- 39 See PIN No. 11/36, “IMF Executive Board Discusses Revenue Mobilization in Developing Countries” (www.imf.org/external/np/sec/pn/2011/pn1136.htm).

CHAPTER 4

- 40 Currently the members with the five largest quotas each appoint an Executive Director.
- 41 See PR No. 11/64, “The IMF’s 2008 Quota and Voice Reforms Take Effect” (www.imf.org/external/np/sec/pr/2011/pr1164.htm).
- 42 An amendment to the IMF’s Articles of Agreement enters into force for all members on the date the IMF certifies that three-fifths of IMF members representing 85 percent of the total voting power have accepted the amendment.
- 43 See PR No. 10/418, “IMF Executive Board Approves Major Overhaul of Quotas and Governance” (www.imf.org/external/np/sec/pr/2010/pr10418.htm).
- 44 See www.imf.org/external/np/sec/pr/2011/pdfs/quota_tbl.pdf.
- 45 See PR No. 10/477, “IMF Board of Governors Approves Major Quota and Governance Reforms” (www.imf.org/external/np/sec/pr/2010/pr10477.htm).

- 46 These included discussions of considerations surrounding the size of the Fund (April), as well as a number of discussions in the specific context of the Fourteenth General Review of Quotas: further considerations regarding quota shares (July), further considerations on the review in general (September), and possible elements of a compromise (October), as well as the culminating discussions on the Fourteenth General Review and elements of an agreement regarding IMF quota and governance reform (November).
- 47 See PIN No. 10/108, “IMF Executive Board Discusses IMF Governance Reform” (www.imf.org/external/np/sec/pn/2010/pn10108.htm).
- 48 See PIN No. 10/124, “The Fund’s Mandate—Future Financing Role” (www.imf.org/external/np/sec/pn/2010/pn10124.htm).
- 49 The IMF’s Guidelines on Conditionality, adopted in 2002, are available on the IMF’s website at www.imf.org/External/np/pdr/cond/2002/eng/guid/092302.htm. For general information on conditionality in IMF financing, see “Factsheet: IMF Conditionality” (www.imf.org/external/np/extr/facts/conditio.htm).
- 50 See PR No. 10/256, “Tuvalu Joins the IMF as 187th Member” (www.imf.org/external/np/sec/pr/2010/pr10256.htm).
- 51 See PR No. 11/145, “IMF Receives Membership Application from South Sudan, Seeks Contributions to Technical Assistance Trust Fund to Help New Country” (www.imf.org/external/np/sec/pr/2011/pr11145.htm).
- 52 See PR No. 10/298, “Lao People’s Democratic Republic Accepts IMF’s Article VIII Obligations” (www.imf.org/external/np/sec/pr/2010/pr10298.htm).
- 53 See PR No. 10/458, “IMF Membership Completes 2010 Executive Board Election” (www.imf.org/external/np/sec/pr/2010/pr10458.htm).
- 54 See PR No. 11/96, “IMFC Selects Tharman Shanmugaratnam as New Chairman” (www.imf.org/external/np/sec/pr/2011/pr1196.htm).
- 55 See PR No. 11/29, “Youssef Boutros-Ghali Resigns from the Chairmanship of the IMFC” (www.imf.org/external/np/sec/pr/2011/pr1129.htm).
- 56 See PR No. 11/85, “Statement by IMF Managing Director Dominique Strauss-Kahn on Death of Central Bank of Lesotho Governor and IMF Alternate Governor Moeketsi Senaohana” (www.imf.org/external/np/sec/pr/2011/pr1185.htm).
- 57 See PR No. 10/497, “IMF Launches Trust Fund to Help Countries Manage Their Natural Resource Wealth” (www.imf.org/external/np/sec/pr/2010/pr10497.htm), and PR No. 10/500, “IMF Launches Trust Fund to Help Countries Improve Tax Policy and Administration” (www.imf.org/external/np/sec/pr/2010/pr10500.htm).
- 58 See PR No. 10/215, “IMF Managing Director Dominique Strauss-Kahn Says Brazil Key in Global Economic Governance; Signs Agreement for New Joint Regional Training Center for Latin America” (www.imf.org/external/np/sec/pr/2010/pr10215.htm).
- 59 See PR No. 10/412, “IMF and Kuwait Establish an IMF–Middle East Center for Economics and Finance” (www.imf.org/external/np/sec/pr/2010/pr10412.htm).
- 60 For more information on the SDDS and GDDS, see “Factsheet: IMF Standards for Data Dissemination” (www.imf.org/external/np/extr/facts/data.htm), as well as Web Box 3.2.
- 61 This bulletin board is available via the IMF’s website (<http://dsbb.imf.org/Applications/web/gdds/gddscountrylist/>).
- 62 See PIN No. 11/33, “Interim Report for the Eighth Review of the IMF’s Data Standards and Codes Initiative” (www.imf.org/external/np/sec/pn/2011/pn1133.htm).

CHAPTER 5

- 63 See PR No. 11/74, “Major Expansion of IMF Borrowing Arrangements Takes Effect, Boosting Resources for Crisis Resolution” (www.imf.org/external/np/sec/pr/2011/pr1174.htm).
- 64 See PR No. 11/109, “IMF Activates Expanded Borrowing Arrangements” (www.imf.org/external/np/sec/pr/2011/pr11109.htm).
- 65 See PR No. 10/281, “IMF Signs Agreement to Borrow up to €2.18 Billion from the Österreichische Nationalbank” (www.imf.org/external/np/sec/pr/2010/pr10281.htm); PR No. 10/384, “IMF Signs Agreement to Borrow up to €280 Million from the Bank of Slovenia” (www.imf.org/external/np/sec/pr/2010/pr10384.htm); and PR No. 11/76, “IMF Signs Agreement to Borrow up to €8.11 Billion from Bank of Italy” (www.imf.org/external/np/sec/pr/2011/pr1176.htm).
- 66 See PR No. 10/286, “IMF Signs SDR 300 Million Borrowing Agreement with the Norwegian Ministry of Finance Representing the Kingdom of Norway to Support Lending to Low-Income Countries” (www.imf.org/external/np/sec/pr/2010/pr10286.htm); PR No. 10/309, “IMF Signs SDR 500 Million Borrowing Agreement with De Nederlandsche Bank NV to Support Lending to Low-Income Countries” (www.imf.org/external/np/sec/pr/2010/pr10309.htm); PR No. 10/340, “IMF Signs Agreements Totaling SDR 5.3 Billion with Japan, the Banque de France, the United Kingdom and the People’s Bank of China to Support Lending to Low-Income Countries” (www.imf.org/external/np/sec/pr/2010/pr10340.htm); PR No. 11/50, “IMF Signs SDR 500 Million Borrowing Agreement with the Bank of Korea to Support Lending to Low-Income Countries” (www.imf.org/external/np/sec/pr/2011/pr1150.htm); PR No. 11/172, “IMF Signs SDR 800 Million Borrowing Agreement with the Bank of Italy to Support Low-Income Countries” (www.imf.org/external/np/sec/pr/2011/pr1172.htm); and PR No. 11/185, “IMF Signs SDR 500 million Borrowing Agreement with the Swiss National Bank to Support Low-Income Countries” (www.imf.org/external/np/sec/pr/2011/pr1185.htm).

- 67 See PIN No. 10/137, “IMF Executive Board Discusses the Adequacy of the Fund’s Precautionary Balances” (www.imf.org/external/np/sec/pn/2010/pn10137.htm).
- 68 As of the end of July 2010, shortly before the Board discussion, the five largest borrowers accounted for 71 percent of total IMF credit extended.
- 69 The IMF’s framework for managing credit risk—that is, the risk that a borrower could fail to meet its financial obligations to the Fund—comprises a number of elements, including, in addition to those mentioned (its lending policies and its precautionary balances), the IMF’s safeguards assessments, its arrears strategy, and its burden-sharing mechanism. The IMF’s de facto preferred creditor status—that is, its members’ giving priority to repayment of their obligations to the Fund over those to other creditors—provides an additional measure of credit risk mitigation.
- 70 See PR 11/52, “IMF’s Broader Investment Mandate Takes Effect” (www.imf.org/external/np/sec/pr/2011/pr1152.htm).
- 71 For an explanation of the SDR and related issues, see “Fact-sheet: Special Drawing Rights (SDRs)” (www.imf.org/external/np/exr/facts/sdr.htm).
- 72 *Credit tranches* refer to the size of a member’s purchases (disbursements) in proportion to its quota in the IMF. Disbursements up to 25 percent of a member’s quota are disbursements under the *first credit tranche* and require members to demonstrate reasonable efforts to overcome their balance of payments problems. Disbursements above 25 percent of quota are referred to as *upper credit tranche* drawings; they are made in installments, as the borrower meets certain established performance targets. Such disbursements are normally associated with Stand-By or Extended Arrangements, as well as the Flexible Credit Line. Access to IMF resources outside an arrangement is rare and expected to remain so.
- 73 See PR No. 10/333, “IMF Announces Sale of 10 Metric Tons of Gold to the Bangladesh Bank” (www.imf.org/external/np/sec/pr/2010/pr10133.htm).
- 74 See PR No. 10/509, “IMF Concludes Gold Sales” (www.imf.org/external/np/sec/pr/2010/pr10509.htm).
- 75 See PIN No. 11/48, “IMF Executive Board Considers Use of Gold Sale Profits” (www.imf.org/external/np/sec/pn/2011/pn1148.htm).
- 76 See PIN No. 10/113, “IMF Executive Board Concludes Review of the Safeguards Assessments Policy” (www.imf.org/external/np/sec/pn/2010/pn10113.htm).
- 77 Diversity issues are addressed separately in the Diversity Annual Report.
- 78 See PR No. 11/12, “Deputy Managing Director Murilo Portugal to Leave the IMF” (<http://www.imf.org/external/np/sec/pr/2011/pr1112.htm>).
- 79 See PR No. 11/55, “IMF Managing Director Dominique Strauss-Kahn Proposes Appointment of Nemat Shafik as Deputy Managing Director” (www.imf.org/external/np/sec/pr/2011/pr1155.htm).
- 80 For the full text of the IMF’s transparency policy, see “The Fund’s Transparency Policy” (www.imf.org/external/np/pp/eng/2009/102809.pdf).
- 81 See “Key Trends in Implementation of the Fund’s Transparency Policy” (www.imf.org/external/np/pp/eng/2010/082310.pdf).
- 82 The IEO’s report, along with the Summing Up of the Executive Board discussion of the report and the IMF staff response to the report, is available on the IEO’s website (www.ieo-imf.org/eval/complete/eval_01102011.html).
- 83 See PIN No. 11/4, “IMF Executive Board Discusses Implementation Plan in Response to Board-Endorsed Recommendations Arising from the IEO Evaluation of IMF Interactions with Member Countries” (www.imf.org/external/np/sec/pn/2011/pn1104.htm). The implementation plan and supplement are available at www.imf.org/external/pp/longres.aspx?id=4519 and www.imf.org/external/pp/longres.aspx?id=4520, respectively.
- 84 See “IMF Interactions with Member Countries” (www.ieo-imf.org/eval/complete/eval_01202010.html).
- 85 See PR No. 10/350, “IMF Regional Advisory Groups to Hold First Joint Meeting During 2010 Annual Meetings” (www.imf.org/external/np/sec/pr/2010/pr10350.htm), and PR No. 10/382, “IMF Advisory Groups Discuss Regional Economic Challenges During 2010 Annual Meetings” (www.imf.org/external/np/sec/pr/2010/pr10382.htm).
- 86 The Regional Advisory Group for the Caucasus and Central Asia was formed after the 2010 Annual Meetings, at the beginning of 2011.
- 87 See PR No. 10/314, “IMF and ILO Conference in Oslo to Address Ways of Accelerating a Job-Rich Crisis Recovery” (www.imf.org/external/np/sec/pr/2010/pr10314.htm), and PR No. 10/324, “IMF and ILO Launch Background Paper on the ‘Challenges of Growth, Employment and Social Cohesion’ for High-Level Conference on September 13 in Oslo” (www.imf.org/external/np/sec/pr/2010/pr10324.htm).
- 88 The REOs are available via the REO web page on the IMF’s website (www.imf.org/external/pubs/ft/reo/rerepts.aspx). Materials related to the REOs published in FY2011 can also be found on the website.