NOTES

CHAPTER 1

1 The IMF's financial year (FY) begins on May 1 and ends the following April 30. The 2012 Annual Report covers the period May 1, 2011, through April 30, 2012 (FY2012).

2 This amount was subsequently increased, to US$456 billion, during the Group of Twenty Leaders' Summit in Los Cabos in June 2012.

3 The IMF's Special Drawing Right (SDR) is an international reserve asset whose value is based on a basket of four key international currencies (see Web Box 3.1), All conversions of SDR amounts to specific currencies are approximate.

CHAPTER 3

4 See Press Release (PR) No. 12/13, "Statement by IMF Managing Director Christine Lagarde Following Executive Board Discussion on the Adequacy of Fund Resources" (www.imf.org/external/np/sec/pr/2012/pr1213.htm).

5 The Executive Board's discussion on the setting of the margin (that is, the amount in excess of the SDR interest rate) for FY2012 is covered in Chapter 5.

6 There are exceptions; in FCL and PLL arrangements, for example, the full amount of resources committed is available at any time during the period of the arrangements, subject to review requirements inherent in each type of arrangement.

7 This is a gross amount, not netted for cancelled arrangements.

8 The arrangement for Georgia is a blend of an SBA and a Standby Credit Facility.

9 Disbursements under financing arrangements from the General Resources Account are termed "purchases," and repayments are referred to as "repurchases."

10 The IMF uses the same per capita income threshold as is used by the World Bank Group to determine eligibility for International Development Association resources, which is revised annually.

11 Specifically, an income that exceeds twice the International Development Association per capita income threshold.

12 See Public Information Notice (PIN) No. 12/22, "IMF Reviews Eligibility for Using Concessional Financing Resources" (www.imf.org/external/np/sec/pn/2012/pn1222.htm).

13 See PR No. 09/268, "IMF Announces Unprecedented Increase in Financial Support to Low-Income Countries" (www.imf.org/external/np/sec/pr/2009/pr09268.htm).

14 "Windfall" profits from the IMF's gold sales refer to the difference between the profits projected at the time the gold sales were proposed, and the actual profits realized, given that gold prices rose considerably in the interim. See Chapter 5.

15 See PIN No. 11/152, "The Fund's Financing Role—Reform Proposals on Liquidity and Emergency Assistance and the Review of the Flexible Credit Line and Precautionary Credit Line" (www.imf.org/external/np/sec/pn/2011/pn11152.htm).

16 See PIN No. 12/25, "IMF Executive Board Discusses Amendment to the Extended Fund Facility to Extend the Arrangement Duration at Approval" (www.imf.org/external/np/sec/pn/2012/pn1225.htm).

17 See PIN No. 11/95, "IMF Executive Board Discusses the Macroeconomic and Operational Challenges in Countries in Fragile Situations" (www.imf.org/external/np/sec/pn/2011/pn1195.htm). As defined in the staff paper that formed the basis for the Board's discussion, fragility has a number of dimensions, with economic conditions being only one. The paper notes that common characteristics of fragile states are institutions that are seen as being weak and governments that are perceived to lack legitimacy, all of which elevate the risk of violence, and that virtually all existing definitions of fragility incorporate a measure of institutional weakness.

18 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 (and also the Flexible Credit Line). Access to IMF resources outside an arrangement is rare and expected to remain so.

19 See PIN No. 11/98, "IMF Executive Board Discusses Systemic Crises, Financial Linkages, and the Role of Global Financial Safety Nets" (www.imf.org/external/np/sec/pn/2011/pn1198.htm).

20 A consolidated spillover report was prepared in early FY2013, covering the same five systemic economies as in the FY2012 pilot exercise.

21 See PIN No. 11/130, "IMF Executive Board Reviews Surveillance: Making IMF Surveillance as Interconnected as the Global Economy" (www.imf.org/external/np/sec/pn/2011/pn11130.htm).

22 See "Managing Director's Statement on Strengthening Surveillance: 2011 Triennial Surveillance Review" (www.imf.org/external/np/pp/eng/2011/102711.pdf).

23 These are missions conducted in connection with the Fund's regular Article IV consultations with members; see "Bilateral Surveillance" earlier in the chapter.

24 In its evaluation of IMF performance in the run-up to the financial and economic crisis, available on the IEO's website (www.ieo-imf.org).

25 See PIN No. 11/61, "IMF Executive Board Discusses Monitoring Financial Interconnectedness, Including the Data Template for Global Systemically Important Financial Institutions" (www.imf.org/external/np/sec/pn/2011/pn1161.htm).

26 See PIN No. 11/74, "IMF Executive Board Reviews Efforts in Anti–Money Laundering and Combating the Financing of Terrorism" (www.imf.org/external/np/sec/pn/2011/pn1174.htm).

27 Reports on the Observance of Standards and Codes (see Web Box 4.1) are prepared and published at the request of member countries and summarize the extent to which those countries observe certain internationally recognized standards and codes in 12 areas, including AML/CFT. They are used to help sharpen the institutions' policy discussions with national authorities, and in the private sector (including by rating agencies) for risk assessment.

28 This review took place in March 2011; see Chapter 3 of the IMF's *Annual Report 2011: Pursuing Balanced and Equitable Growth* (www.imf.org/external/pubs/ft/ar/2011/eng/index.htm).

29 See PIN No. 12/37, "IMF Discusses Work Agenda for Financial Sector Surveillance" (www.imf.org/external/np/sec/pn/2012/pn1237.htm).

30 See PIN No. 11/118, "IMF Executive Board Discusses Modernizing Fiscal Policy Framework and Public Debt Sustainability Analysis" (www.imf.org/external/np/sec/pn/2011/pn11118.htm).

31 See PIN No. 11/139, "IMF Executive Board Discusses Managing Global Growth Risks and Commodity Price Shocks—Vulnerabilities and Policy Challenges for Low-Income Countries" (www.imf.org/external/np/sec/pn/2011/pn11139.htm).

32 See PIN No. 11/143, "IMF Executive Board Discusses the Multilateral Aspects of Policies Affecting Capital Flows" (www.imf.org/external/np/sec/pn/2011/pn11143.htm).

33 See PIN No. 12/42, "IMF Executive Board Discusses Liberalizing Capital Flows and Managing Outflows" (www.imf.org/external/np/sec/pn/2012/pn1242.htm).

34 See PIN No. 11/137, "IMF Executive Board Discusses Criteria for Broadening the SDR Currency Basket" (www.imf.org/external/np/sec/pn/2011/pn11137.htm).

35 Since 2000, the SDR basket has consisted of the four currencies that (1) are issued by Fund members (or monetary unions of Fund members) which are the largest exporters and (2) have been determined by the Fund to be a "freely usable" currency—a currency that is, in fact, widely used to make payments for international transactions and is widely traded in the principal foreign exchange markets. The SDR basket currencies are currently the U.S. dollar, the euro, the pound sterling and the Japanese yen. Considerations relating to the freely usable concept have been taken into account for SDR valuation since the Second Amendment to the Articles of Agreement in 1978, but a formal requirement that currencies in the SDR basket be freely usable was adopted only in 2000.

CHAPTER 4

36 The resources of this trust, established to provide debt relief under the HIPC Initiative and to subsidize PRGT lending, consist of grants and deposits pledged from 93 member countries and contributions from the IMF itself.

37 The IMF has also provided SDR 116 million in debt relief to Liberia beyond that provided through the HIPC Initiative, as well as SDR 178 million in debt relief to Haiti through the Post-Catastrophe Debt Relief Trust.

38 See PIN No. 11/151, "IMF Executive Board Discusses the Heavily Indebted Poor Countries (HIPC) Initiative and Multilateral Debt Relief Initiative (MDRI)—Status of Implementation and Proposals for the Future of the HIPC Initiative" (www.imf.org/external/np/sec/pn/2011/pn11151.htm).

39 Chad, Comoros, Côte d'Ivoire, Eritrea, Guinea, Somalia, and Sudan.

40 See PIN No. 12/17, "IMF Executive Board Reviews the Joint IMF–World Bank Debt Sustainability Framework for Low-Income Countries" (www.imf.org/external/np/sec/pn/2012/pn1217.htm).

41 As noted previously, in May 2012 the IMF Institute was merged into a new Fund department, the Institute for Capacity Development.

42 For more information on the SDDS and GDDS, see "Factsheet: IMF Standards for Data Dissemination" (www.imf.org/external/np/exr/facts/data.htm), as well as Web Box 4.1.

43 See PR No. 11/423, "The Former Yugoslav Republic of Macedonia Subscribes to the IMF Special Data Dissemination Standard" (www.imf.org/external/np/sec/pr/2011/pr11423.htm),

and PR No. 12/62, “Mauritius Subscribes to the IMF’s Special Data Dissemination Standard” (www.imf.org/external/np/sec/pr/2012/pr1262.htm).

44 See PR No. 11/242, “The Solomon Islands Begins Participating in the IMF’s General Data Dissemination System” (www.imf.org/external/np/sec/pr/2011/pr11242.htm); PR No. 11/247, “The Republic of Guyana Begins Participating in the IMF’s General Data Dissemination System” (www.imf .org/external/np/sec/pr/2011/pr11247.htm); PR No. 11/305, “Burundi Begins Participation in the IMF’s General Data Dissemination System” (www.imf.org/external/np/sec/pr/2011/pr11305.htm); PR No. 11/367, “The Republic of Maldives Begins Participation in the IMF’s General Data Dissemination System” (www.imf.org/external/np/sec/pr/2011/pr11367.htm); PR No. 11/441, “Montenegro Begins Participation in the IMF’s General Data Dissemination System” (www.imf.org/external/np/sec/pr/2011/pr11441.htm); PR No. 12/48, “The Republic of Djibouti Begins Participating in the IMF’s General Data Dissemination System” (www.imf .org/external/np/sec/pr/2012/pr1248.htm); and PR No. 12/51, “Papua New Guinea Begins Participation in the IMF’s General Data Dissemination System” (www.imf.org/external/np/sec/pr/2012/pr1251.htm).

45 This bulletin board is available via the IMF’s website (http://dsbb.imf.org/Applications/web/gdds/gddscountrylist/).

46 See PIN No. 12/18, “IMF Executive Board Discusses Eighth Review of Data Standards” (www.imf.org/external/np/sec/pn/2012/pn1218.htm).

47 See PR No. 11/274, “IMF Releases 2011 Financial Access Survey Data” (www.imf.org/external/np/sec/pr/2011/pr11274.htm). The database is available publicly on the IMF’s website (http://fas.imf.org/) and through the IMF’s e-Library–Data (http://elibrary-data.imf.org/).

48 See PR No. 11/271, “IMF Expands Foreign Direct Investment Coverage to 84 Economies” (www.imf.org/external/np/sec/pr/2011/pr11271.htm), and PR No. 11/479, “IMF Releases Results from Its 2010 Coordinated Direct Investment Survey” (www.imf.org/external/np/sec/pr/2011/pr11479.htm). The database is available publicly on the IMF’s website (http://cdis.imf.org) and through the IMF’s e-Library–Data (http://elibrary-data.imf.org/).

49 See PR No. 11/428, “Cross-Border Holdings Increased 7.7 Percent in 2010, Shows IMF Annual Coordinated Portfolio Investment Survey Now Available via New Online Database” (www.imf.org/external/np/sec/pr/2011/pr11428.htm). The new database is available on the IMF’s website (http://cpis.imf.org) and through the IMF’s eLibrary–Data (http://elibrary-data.imf.org/).

50 See PR No. 11/161, “IMF and World Bank Co-Host Third Global SDMX Conference to Advance Implementation of Worldwide Standards for Data and Metadata Exchange” (www.imf.org/external/np/sec/pr/2011/pr11161.htm).

51 The website is available at www.principalglobalindicators.org/default.aspx.

52 See PIN No. 11/72, “IMF Executive Board Reviews Experience with the Fund’s Involvement in the G-20 Mutual Assessment Process” (www.imf.org/external/np/sec/pn/2011/pn1172.htm).

53 See IMF and FSB, “The Financial Crisis and Information Gaps: Implementation Progress Report” (www.financialstabilityboard.org/publications/r_110715.pdf).

CHAPTER 5

54 See www.imf.org/external/np/sec/pr/2011/pdfs/quota_tbl.pdf.

55 See PIN No. 12/35, “IMF Executive Board Begins Review of Quota Formula” (www.imf.org/external/np/sec/pn/2012/pn1235.htm).

56 The current additive quota formula consists of four variables. GDP has the largest weight (50 percent), consisting of a blend of GDP converted at market exchange rates (30 percent) and purchasing-power-parity-based GDP (20 percent). Openness, which measures the sum of current payments and receipts (30 percent); variability of current receipts and net capital flows (15 percent); and official foreign exchange reserves (5 percent) are the remaining variables.

57 A compression factor of 0.95 is applied to the weighted sum of the four variables in the quota formula, which reduces the dispersion in calculated quota shares across members. This has the effect of reducing the share calculated under the formula for the largest members, and raising those for all other countries.

58 Activation requires the consent of NAB participants with an 85 percent majority of total credit arrangements among participants eligible to vote, and the approval of the Executive Board.

59 Individual member countries in the euro area contributed toward this €150 billion pledge in the following amounts: Austria, €6.1 billion; Belgium, €10.0 billion; Cyprus, €0.5 billion; Finland, €3.8 billion; France, €31.4 billion; Germany, €41.5 billion; Italy, €23.5 billion; Luxembourg, €2.1 billion; Malta, €0.3 billion; the Netherlands, €13.6 billion; the Slovak Republic, €1.6 billion; Slovenia, €0.9 billion; and Spain, €14.9 billion.

60 Norway’s April 2012 announcement confirmed a pledge made in December 2011; see PR No. 12/138, “Statement by IMF Managing Director Christine Lagarde on Pledges by Denmark, Norway and Sweden to Increase IMF Resources by over US$26 Billion” (www.imf.org/external/np/sec/pr/2012/pr12138.htm).

61 See PR No. 12/137, “Statement by IMF Managing Director Christine Lagarde on Japan’s $60 Billion Pledge” (www.imf.org/external/np/sec/pr/2012/pr12137.htm); PR No. 12/138, “Statement by IMF Managing Director Christine Lagarde on Pledges by Denmark, Norway and Sweden to Increase IMF

Resources by over US$26 Billion" (www.imf.org/external/np/sec/pr/2012/pr12138.htm); PR No. 12/141, "Statement by IMF Managing Director Christine Lagarde on Pledge by Poland to Increase IMF Resources by about US$8 Billion" (www.imf.org/external/np/sec/pr/2012/pr12141.htm); PR No. 12/142, "Statement by IMF Managing Director Christine Lagarde on Further Pledges by Switzerland and Other Members to Increase IMF Resources by about US$26 Billion" (www.imf.org/external/np/sec/pr/2012/pr12142.htm); PR No. 12/146, "Statement by IMF Managing Director Christine Lagarde on Pledges by Australia, Korea, Singapore and the United Kingdom to Increase IMF Resources by about US$41 Billion" (www.imf.org/external/np/sec/pr/2012/pr12146.htm); PR No. 12/147, "IMF Managing Director Christine Lagarde Welcomes Pledges by Members to Increase Fund Resources by over US$430 Billion" (www.imf.org/external/np/sec/pr/2012/pr12147.htm); and PR No 12/148, "Statement from Indonesia, Malaysia and Thailand" (www.imf.org/external/np/sec/pr/2012/pr12148.htm). As noted previously, this amount was subsequently increased, to US$456 billion, in June 2012.

62 See PR No. 11/485 "IMF Executive Board Adopts New Rule for Basic Rate of Charge on IMF's GRA Lending" (www.imf.org/external/np/sec/pr/2011/pr11485.htm).

63 For an explanation of credit tranches, see note 18.

64 See PIN No. 11/48, "IMF Executive Board Considers Use of Gold Sale Profits" (www.imf.org/external/np/sec/pn/2011/pn1148.htm).

65 See PR No. 12/56, "IMF Executive Board Approves Distribution of US$1.1 Billion Gold Sales Profits to Facilitate Contributions to Support Concessional Lending to Low-Income Countries" (www.imf.org/external/np/sec/pr/2012/pr1256.htm).

66 See PIN No. 11/121, "IMF Executive Board Considers Use of Windfall Gold Sale Profits" (www.imf.org/external/np/sec/pn/2011/pn11121.htm).

67 The difference between gross and net expenditures relates to receipts, mostly external donor financing for capacity-building activities carried out by the IMF.

68 See PR No. 11/292, "IMF Statement on South Sudan" (www.imf.org/external/np/sec/pr/2011/pr11292.htm); PR No. 11/472, "Statement by IMF Managing Director Christine Lagarde Following a Meeting with South Sudan's President Salva Kiir Mayardit" (www.imf.org/external/np/sec/pr/2011/pr11472.htm); and PR No. 12/140, "Republic of South Sudan becomes IMF's 188th Member" (www.imf.org/external/np/sec/pr/2012/pr12140.htm).

69 Diversity issues are addressed separately in the Diversity Annual Report, including a Discussion Note on Broadening the IMF Diversity Agenda, which is responsive to issues raised by the Executive Board in its May 2011 discussion on the 2010 Diversity Annual Report.

70 The IMF's Diversity Annual Reports are available at www.imf.org/external/np/div/index.asp.

71 See PIN No. 11/63, "IMF Executive Board Discusses the 2010 Diversity Annual Report" (www.imf.org/external/np/sec/pn/2011/pn1163.htm).

72 See PR No. 11/187, "IMF Managing Director Dominique Strauss-Kahn Resigns" (www.imf.org/external/np/sec/pr/2011/pr11187.htm).

73 See PR No. 11/191, "IMF Executive Board Initiates Selection Process for Next IMF Managing Director" (www.imf.org/external/np/sec/pr/2011/pr11191.htm), and PR No. 11/195, "Statement by the IMF Executive Directors Representing Brazil, Russia, India, China and South Africa on the Selection Process for Appointing an IMF Managing Director" (www.imf.org/external/np/sec/pr/2011/pr11195.htm).

74 See PR No. 11/259, "IMF Executive Board Selects Christine Lagarde as Managing Director" (www.imf.org/external/np/sec/pr/2011/pr11259.htm).

75 See PR No. 11/275, "IMF Managing Director Christine Lagarde Proposes Appointment of Mr. David Lipton as First Deputy Managing Director and Mr. Min Zhu as Deputy Managing Director" (www.imf.org/external/np/sec/pr/2011/pr11275.htm).

76 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).

77 See "Key Trends in Implementation of the Fund's Transparency Policy" (www.imf.org/external/np/pp/eng/2011/070611.pdf).

78 www.ieo-imf.org.

79 See PIN No. 11/123, "IMF Executive Board Concludes Fourth Periodic Report on Implementing IEO Recommendations Endorsed by the Executive Board" (www.imf.org/external/np/sec/pn/2011/pn11123.htm).

80 See "Ethics Framework: IMF Updates Standards for Staff Conduct" (www.imf.org/external/hrd/conduct.htm).

81 The Code of Conduct for Executive Directors is available at www.imf.org/external/hrd/edscode.htm.

82 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 FY2012 can also be found on the website.