



## Statement by Rodrigo de Rato, Managing Director of the International Monetary Fund, on the Work Program of the Executive Board - June 7, 2006

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1. The International Monetary and Financial Committee (IMFC) at its April 2006 meeting welcomed my Report on Implementing the Fund's Medium-Term Strategy as well as the public debate on the role of the IMF. It called on management and the Executive Board to complete our considerations and move rapidly to implementation. Prompt and decisive implementation based on a strong consensus will strengthen the Fund's key role in supporting growth and stability in a rapidly expanding and increasingly integrated international financial system. This work program statement accordingly focuses on how the Medium-Term Strategy is proposed to be implemented in the coming period. The statement is in two parts: Part I highlights the priorities in the implementation of the Medium-Term Strategy in the period leading up to the Singapore Annual Meetings (Section A) and following the meetings (Section B), and Part II outlines other key non-country Board items in the period to the meetings and beyond.

### The Medium-Term Strategy

**Surveillance:** Increasing effectiveness through focusing on the essential, framing and discussing issues in a multilateral context, sharpening exchange rate analysis, and better integrating macroeconomic and financial market analysis. Safeguarding independence, staying at the forefront of analysis, and strengthening outreach will also be required.

**Emerging Market Economies:** Centering work on financial and capital market issues, ensuring appropriate financing instruments and terms.

**Fund Governance:** Reflecting important changes in the weight and role of members in the world economy in a fair distribution of quotas, adopting a transparent procedure for the selection of the Managing Director, and balancing Executive Board oversight with operational involvement at a detailed level.

**Low-Income Countries:** Supporting, in concert with others, the assessment and monitoring of aid flows in the context of the Millennium Development Goals (MDGs), supporting members in developing medium-term debt strategies, refining the focus on macrocritical issues, reviewing modalities for Fund-Bank collaboration, and assessing possibilities for adapting facilities for post-conflict countries.

**Capacity Building:** Better aligning Fund capacity building with member needs and complementarities with other donors and prioritizing work on the FSAP program and on standards and codes.

**The Fund's Medium-Term Budget:** Embedding Medium-Term Strategy priorities in a sustainable medium-term real budget envelope, and placing the Fund on a sound financial footing for the long-term.

**Streamlining Fund Operations:** Eliminating extraneous documentation and increasing the efficiency of operations.

### Part I - Implementation of the Medium-Term Strategy

#### A. Discussions Ahead of the 2006 Annual Meetings

2. I suggest that we aim to make substantial progress in three key areas for the Singapore Meetings: surveillance, quotas and voice, and crisis prevention instruments/ pooling arrangements. Prior to the 2006 Spring Meetings, the heads of strategic groups produced helpful road maps for implementation, which still provide a useful starting point for prioritization of our work over the coming months.<sup>1</sup>

#### Surveillance

3. **The establishment of multilateral consultations**, which was endorsed by the IMFC at the 2006 Spring Meetings, will add a new dimension to the Fund's work. The consultations will provide an important instrument for analysis and consensus building on issues of systemic importance. The consultations will take up such issues comprehensively and collectively with systemically important members and, where relevant, with entities formed by groups of members. The objective of the multilateral consultations will be to produce a common vision for action, with balanced contributions and collective benefits, to address vulnerabilities that affect individual members and the international financial system. A priority for the period between now and the 2006 Annual Meetings will be to make substantial progress towards completing the first multilateral consultation. To move ahead quickly, I have asked Mark Allen, Director of the Policy Development and Review Department, to develop a framework for the consultations, and Michael Deppler and Raghuram Rajan, Directors of the European and Research

Departments, respectively, to co-head the first multilateral consultation, which will be on global imbalances. The Board will be briefed shortly on the modalities for the first consultation.

<b>Surveillance-Key Actions</b>	<b>June</b>	<b>July</b>	<b>Aug.</b>	<b>Sept.</b>
Multilateral Consultations	Brief			
Updating the 1977 Decision on Surveillance over Exchange Rates		DIS <sup>2</sup>		
CGER Findings			DIS	
Coverage of Exchange Rate Issues in Article IVs			DIS	
Financial Sector Issues in Surveillance				Brief

**4. Work is also moving forward on the foundations of surveillance.** The updating of the relevant 1977 decision on surveillance will proceed in steps. A first substantive discussion on all the key issues related to the decision will be held ahead of the Annual Meetings. Consideration will be given to both the broad role of surveillance in pursuing international stability and monitoring members' observance of their commitments to the Fund, and ways in which the basis for exchange rate surveillance might be strengthened. The review of the decision would be completed after the meetings in Singapore. This will also initiate the discussion on how the Fund's surveillance operations could promote greater accountability and independence within the context of a surveillance remit, and pave the way for the consideration of the overall framework for assessing the effectiveness of surveillance (see paragraph 19).

**5. Work is proceeding as well on improving analysis and assessments of exchange rate policies.** A Board discussion on the Consultative Group on Exchange Rates (CGER) findings, including those for all key emerging markets, will be scheduled before the Annual Meetings. While publication of these findings will not be proposed at this stage, we will issue a Public Information Notice explaining the nature of the CGER exercise. Also ahead of the Annual Meetings, a discussion is planned on assessing experience and drawing lessons from the coverage of exchange rate issues in Article IV consultations.

6. A task force, led by Messrs. Rajan and Lipschitz, is expected to report to management this summer with recommendations on **the development of an analytical framework for addressing financial sector issues in country surveillance.** Ahead of the Annual Meetings, a briefing will provide an overview of this work, and set out future directions for the development of financial sector analysis for bilateral surveillance.

7. In agreement with concerned authorities, **staff will begin implementing the streamlined consultation procedures on an experimental basis.** The medium-term strategy proposes conducting Article IV surveillance for a number of countries with lighter procedures every other year, with the goal of providing more selective analysis and sharper policy advice. The frequency of dialogue with the authorities will be unaffected, and the main changes will relate to mission size and length, and to the volume of reporting to the Board-with brief reports possibly cast around the final statement. Non-systemic and stable economies will form the bulk of cases to be covered by the streamlined procedures, but consideration will also be given to countries where there has been little change in the economic situation or issues since the last consultation. Staff will contact potentially concerned authorities on this basis.

## Governance

**8. The IMFC called on me to work with the IMFC and the Executive Board to come forward with concrete proposals on quotas and voice for agreement at the Annual Meetings.** This will require us to make real progress on these issues in the coming months. Thinking on possible elements of proposals is proceeding in the Fund and in several capitals. Recognizing that success will depend on building consensus and reflecting preliminary discussions that have already taken place, work will need to begin on the development of concrete proposals, and there will need to be at least one substantive Board discussion on quotas and voice prior to the Singapore Meetings. I plan to update Directors at an early stage on the developing proposals, and to hear Directors' views on the best way forward with Board discussions on quotas and voice prior to the Annual Meetings.

<b>Governance-Key Actions</b>	<b>July</b>	<b>Aug.</b>	<b>Sept.</b>
Proposals for Quota & Voice			DIS

## Emerging Markets

9. Building on earlier analytical discussions,<sup>3</sup> **key priorities in the period to the Annual Meetings will be to make substantial progress on a crisis prevention financing instrument and to develop ideas on how to assist members through pooling arrangements.** Work on proposals to align surcharges, and the review of the exceptional access framework are less time sensitive, and will be brought to the Board after the Annual Meetings, unless there is sufficient capacity in the staff and on the Board calendar to make progress earlier.

<b>Emerging Markets-Key Actions</b>	<b>July</b>	<b>Aug.</b>	<b>Sept.</b>
Elements of a Crisis Prevention Financing Instrument			DIS
Pooling Arrangements		DIS	

**10. A preliminary discussion on the elements of a crisis prevention financing instrument** and on issues related to the Supplemental Reserve Facility will be held ahead of the Annual Meetings. A discussion on how to support pooling arrangements will aim in particular to develop ideas for assisting members with such arrangements already in place.

## Low-Income Countries

**11. Our support to help low-income members achieve the Millennium Development Goals (MDG) will center on**

**improving the focus of our policy advice.** This will entail looking at the effective absorption of increased aid flows and debt relief, the provision of financial assistance, and efforts to strengthen members' institutional capacity.

Low-Income Members-Key Actions	July	Aug.	Sept.
Review of the Debt Sustainability Framework for Low Income Countries and Implications of the MDRI		DIS	

12. A discussion is planned to address **debt issues raised in the Medium-Term Strategy** and to follow up on the April 2006 consideration of the debt sustainability framework for low-income countries.

### Capacity Building

13. **Under the Medium-Term Strategy, capacity-building will be better aligned with the needs of member countries and evolving Fund priorities**, especially addressing the macroeconomic and financial sector vulnerabilities identified in surveillance.

Capacity Building-Key Actions	June	July	Aug.	Sept.
Implementation of the Medium-Term Strategy for Standards and Codes	INFO			

14. **The implementation of the Medium-Term Strategy for standards and codes** will aim at making the coverage and prioritization of reports on the observance of standards and codes (ROSCs) more efficient, better integrating ROSCs with Fund surveillance and technical assistance, and improving the clarity and timeliness of ROSCs. A description of plans for making these changes operational will be circulated for information in June.

### Streamlining

15. **A broad program of steps to improve the Fund's efficiency and flexibility is moving forward.** Several of the envisaged measures will not require Board decisions and will be implemented rapidly. Beyond this, a proposal for **streamlining policy reviews and other streamlining** will be issued for consideration on a lapse of time basis in July. The streamlining aspects of Ex Post Assessments were discussed in May as part of this review and, in June, the Board will take up proposals for **making the guidelines on misreporting less onerous** in cases where the deviation is very small.

Streamlining-Key Actions	June	July	Aug.	Sept.
Making the Misreporting Guidelines Lighter in De Minimis Cases	DIS			
Streamlining Policy Reviews and Other Streamlining		LOT <sup>4</sup>		

### B. Discussions after the 2006 Annual Meetings

16. The agenda following the 2006 Annual Meeting targets bringing closure on a number of items for which the scope was set, or initial understandings reached in earlier discussions.

### Surveillance

Surveillance-Key Actions	TB3	TB4	TB5
Multilateral Consultation- Conclusion	DIS		
Review of the 1977 Decision on Surveillance over Exchange Rate Policies	DIS		
Framework for Assessing the Effectiveness of Surveillance	DIS		
Streamlined Consultations		DIS	
Exchange Rate Assessments		IDIS <sup>5</sup>	

17. **The conclusion of the first multilateral consultation** will be brought to the Board for discussion in time band 3, although the precise timing is uncertain.

18. Building on the earlier discussion, proposals to update **the 1977 decision on surveillance over exchange rate policies** will be brought to the Board in time band 3.

19. **A discussion on the framework for assessing the effectiveness of surveillance**, in time band 3 (September-December 2006), will follow up on an earlier Board request to undertake further methodological work in this area, including issues related to the various changes adopted to implement the Medium-Term Strategy. This will provide an opportunity for further reflection on how the objectives of surveillance should be defined and monitored (e.g., by means of the multiyear surveillance agendas that are now being prepared by staff).

20. After some experimentation with the **streamlined consultations**, proposed procedures elaborating on the accumulation of experience and lessons learned will be brought to the Board during time band 4 (January 2007 and after).

21. Informal discussions on **the work of the Consultative Group on Exchange Rates** will continue in time band 4. At the same time, staff will continue to work on methodological issues in the analysis of equilibrium real exchange rates.

### Governance

Governance-Key Actions	TB3	TB4	TB5
Quota and Voice Issues	DIS		
Development of More Stable Sources of Income		SEM <sup>6</sup>	

22. Action on **quota and voice issues** will continue with discussions in time band 3, drawing on guidance from the IMFC.

23. In light of the change in the budgetary position consequent to the decline in the use of Fund resources, we need to take **action to reestablish a stable long-term financial footing**. In light of this, I have constituted an eminent committee of highly qualified individuals of outstanding international reputation to provide advice on this matter. A seminar in time band 4, informed in part by the work of this committee, is expected to outline some of the options for the development of more predictable and stable sources of income.

### Emerging Markets

Emerging Markets-Key Actions	TB3	TB4	TB5
Lending into Arrears Policy	ISEM <sup>7</sup>		
Charges and Maturities: Follow-Up		DIS	
Review of Access Policy and the Exceptional Access Framework			DIS

24. An informal seminar on the **lending into arrears policy** after the Annual Meetings will provide an opportunity to clarify the scope of the review on this issue, including a reconsideration of the good faith criterion and the Fund's role in defining the resource envelope.

25. The follow-up on **charges and maturities**, in time band 4, will present specific proposals on the alignment of surcharges for exceptional access across facilities and elimination of the policy on time-based repurchase expectations.

26. The next review of **access policy and the exceptional access framework**, in time band 5 (June 2007 and after), will make recommendations to amend the exceptional access framework to clarify the coverage of non-capital account cases.

### Support for Low-Income Members

Low-Income Members-Key Actions	TB3	TB4	TB5
Managing Aid Flows in Fund-Supported Programs	DIS		
Role of the Fund in the PRSP and Donor Coordination	DIS		
Reconciling Policies to Promote the MDGs with Sound Fiscal Policies	SEM		
Assistance to Post-Conflict/ Fragile Countries		DIS	
Review of Fund/World Bank Collaboration		DIS	

27. **The management of aid flows in Fund-supported programs**, which will be taken up in time band 3, will cover the coordination of fiscal, monetary and exchange rate policies in response to large changes in aid flows, along with an examination of aid volatility, and its implications for program design.

28. In time band 3, the Board will consider **the appropriate level and means of involvement of Fund staff in the PRSP and donor coordination processes**. The parameters of the Fund's involvement will be defined more clearly, as will the limits of Fund accountability and responsibility in the PRS process and in the broader context of the MDGs. The aim will be to support the focus of Fund involvement in the PRSP process on macroeconomic issues, with the objective of shaping a set of best practices to guide fieldwork in low-income countries.

29. A seminar on reconciling policies to promote the MDGs with sound fiscal policies, in time band 3, will examine the principal fiscal policy issues that confront country policy makers in the context of a significant scaling up of external resources.

30. In time band 4, the Board will review **the Fund's support to post-conflict countries and fragile states**, including under Emergency Post-Conflict Assistance and staff-monitored programs, and consider the potential for an instrument with more flexible conditionality and a larger capacity-building component to deliver support to these countries.

31. The review of **Bank-Fund collaboration**, in time band 4, will aim at a clearer division of labor and effective collaboration with the World Bank and other agencies, and contribute critically to refocusing Fund support on macro-critical issues. The review will build on the results of the external review of Bank-Fund collaboration.

### Capacity Building

Capacity Building-Key Actions	TB3	TB4	TB5
Implementing the Medium-Term Strategy for Capacity Building-Technical Assistance	DIS		
Resource Options for Capacity Building	ISEM	DIS	
Training as Part of Capacity Building: Strategic Considerations	SEM		

32. Building on the recent assessments by the Independent Evaluation Office (IEO) and the Office of Internal Audit and

Inspection, a discussion is planned on follow-up actions in the context of **implementing the Medium-Term Strategy for technical assistance**, with the timing to be set in light of staff capacity and the Board calendar.

33. An informal seminar exploring **options for raising additional external financing for capacity building**, including trust funds and user fees, in time band 3, will be followed by a discussion later in the year to consider specific proposals.

34. A seminar on **training as part of capacity building**, in time band 3, will explore medium-term issues and considerations related to Fund training activities.

### Streamlining

Streamlining-Key Actions	TB3	TB4	TB5
Elimination of the JSAN	DIS		

35. In line with the discussion on streamlining in the Medium-Term Strategy, a discussion on **the elimination of Joint Staff Advisory Notes (JSAN)** is planned. The timing of this discussion will be coordinated with the World Bank in the context of the wider review of Bank-Fund collaboration.

### Part II - The Continuing Work of the Fund

36. The continuing work program, which will include a range of discussions, briefings, and seminars, will complement initiatives under the Medium-Term Strategy, and/or support the regular operations of the Fund.

37. In surveillance, the fall 2006 **World Economic Outlook** will address growth and convergence in Asia, questions relating to the long-term movements in nonfuel commodity prices, and financial systems and economic cycles. The **Global Financial Stability Report** will take up the limits of market-based risk transfer and reinsurance markets, household credit in emerging market and selected mature market countries, and commodities derivatives. These discussions will be supplemented by sessions on World Economic and Market Developments and Financial Markets Update.

38. Other aspects of ongoing work will cover a range of topics, from **measuring and analyzing sovereign risk with contingent claims** to **financial soundness indicators**. An informal briefing on the **Enhanced HIPC Initiative: Possible Options Regarding the Sunset Clause** in June will be followed in July by a discussion on specific sunset clause proposals, to be taken together with **HIPC and MDR Initiatives: Status of Implementation**. An update on the **Doha Round and Aid for Trade**, to be discussed by the Development Committee in Singapore, will also be considered. Given budgetary constraints, the preparation of case studies of Fund trade policy advice, which was part of the planned follow-up to the Board's February 2005 review of the Fund's work on trade, will need to be postponed.

39. The eighth basic period for a **general SDR allocation** will end on December 31, 2006. The Articles of Agreement set out the conditions for determining whether a proposal for a general allocation can be made in the next (ninth) basic period and if so, whether any proposal has the necessary broad support among participants. I intend to address this issue with the Board shortly.

40. The Independent Evaluation Office's work program for the period ahead will comprise: (i) during June-September (either time band 1 or 2), IMF Structural Conditionality, which will evaluate experience with structural conditionality in programs; (ii) by end-2006, the Role of the IMF in the Determination of the External Resource Envelope in Sub-Saharan Africa, which will examine IMF experience in assisting Sub-Saharan African countries in determining their external resource envelopes; and (iii) during time band 4, IMF Advice on Exchange Rate Policy, which will assess the extent to which the Fund fulfills its obligations towards exchange rate surveillance under the Articles.

41. A list of non-country agenda items that constitute Part II of the work program follows in Tables 1 and 2:

**Table 1. The Continuing Work of the Fund before the Annual Meetings**

Title and Subject/Description
<b>Time Band 1-June-July 2006</b>

### Surveillance

*Informal Discussion*-World Economic and Market Developments/Financial Markets Update (June).

*Seminar*-Review of Exchange Rate Arrangements, Restrictions and Markets: trends and developments in exchange systems, the existing classification of exchange rate regimes, and analytical aspects of capital, exchange, and other administrative controls and restrictions (June).

### Capacity Building

*Seminar*-Strengthening Debt Management Practices: Lessons from Country Experiences: Country experiences with implementing the Guidelines for Public Debt Management. The current state of debt management practices identified in a select group of countries and also drawing on the FSAPs, technical assistance work in debt management, and other Fund's surveillance activities. Identification of areas for further developing advice on public debt management and ways to strengthen further debt management practices (July).

## Governance

*Discussion*-Task Force Proposals on the Implementation of a Risk Management Framework at the Fund (June).

*Discussion*-Managing Director's Statement on the Work Program of the Executive Board (June).

*Informal Briefing*-Audited Financial Statements for the Financial Year Ended April 30, 2006: Financial statements of the IMF including audit reports issued by the external audit firm and Audit and Control-Related Matters: Briefing by the External Audit Committee (July).

*Committee on the Budget*-Performance Indicators: Consideration of the report of the Task Force on Performance Indicators: identify indicators that can be used in gauging performance in executing the Fund's mandate, aiming for incorporation in setting the FY2008 medium-term budget and in reporting on the budget execution (July).

SDR Allocation-Conclusion of Eighth Basic Period (June).

*Informal Briefing*-Functional Paylines: Terms of reference for a preliminary study on functional paylines (July).

## Low-Income Countries

*Informal Briefing*-Enhanced HIPC Initiative: Possible Options Regarding the Sunset Clause: Options to deal with countries that will not be able to commence a program relationship (e.g., the protracted arrears cases) by end-2006, the expiration of the sunset clause (June).

*Discussion*-Enhanced HIPC Initiative: Possible Options Regarding the Sunset Clause: Options to deal with countries that will not be able to commence a program relationship (e.g., the protracted arrears cases) by end-2006, the expiration of the sunset clause (July).

*Discussion*-HIPC and MDR Initiatives: Status of Implementation: Updates progress under the Enhanced HIPC and MDR Initiatives over the past year (2005/06) (July).

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## Time Band 2-August-September 2006

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## Surveillance

*Discussion*-World Economic Outlook/WEMD: Special coverage of growth and convergence in Asia, questions relating to the long-term movements in nonfuel commodity prices, and financial systems and economic cycles.

*Discussion*-Global Financial Stability Report: Special coverage of prudential risk management.

*Discussion*-Doha Development Agenda and Aid for Trade.

## Governance

*Discussion*-IMFC Agenda

*Discussion*-The Managing Director's Report to the IMFC on the Fund's Policy Agenda.

## Emerging Markets

*Informal Seminar*-Country Insurance: Work on country insurance: (i) analyzes the determinants of countries' external financial structures (debt versus FDI or other equity-like forms of financing; and the composition of external debt), and linking desirable financial structures to country characteristics such as vulnerability to real and financial shocks; (ii) identifies the optimal level of international reserves; and (iii) assesses how Fund lending policies might be structured to provide country insurance against shocks without an adverse impact on incentives.

## Low-Income Countries

*Discussion*-Review of Financing of the Fund's Concessional Assistance and Debt Relief to Low-Income Member Countries: Semi-annual review of the adequacy of financing available to support the Fund's concessional assistance to low-income countries.

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## Table 2. The Continuing Work of the Fund after the Annual Meetings

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### Title and Subject/Description

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## Time Band 3-September-December 2006

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## Surveillance

*Discussion*-Framework for Assessing the Effectiveness of Surveillance: Follow up on Board request to undertake further methodological work on assessment of surveillance effectiveness, with proposals for a permanent framework that takes into account the various changes adopted to implement the MTS.

**Governance**

*Informal Briefing*- Spouse Employment Assistance.

*Discussion*-Rules for determining and allocating merit pay resources; Indexation methodology for Year 2 and 3 compensation reviews; and Study on the development of A1-A8 comparator market.

*Discussion*-Functional Paylines.

*Discussion*-Review of the Staff Retirement Plan: Proposed changes resulting from employment, compensation, and benefits decisions.

**Emerging Markets**

*Discussion*-Follow-up on the Review of Charges and Maturities-Policies Supporting the Revolving Nature of Fund Resources.

**Low-Income Countries**

*Discussion*-Consideration of MDRI Eligibility for the Protracted Arrears Cases: Consideration of modalities of access to and financing of MDRI assistance for protracted arrears cases of Liberia, Somalia, and Sudan.

**Capacity Building**

*Seminar*-Training as Part of Capacity Building: Strategic Considerations: Medium-term issues and considerations related to Fund training activities.

**Time Bands 4 and 5-January 2007 and after<sup>8</sup>****Surveillance**

*Informal Seminar*-Measuring and Analyzing Sovereign Risk with Contingent Claims: Combines balance sheet information with current financial market prices to compute vulnerability indicators, distance to distress, and default probabilities.

*Discussion*-Triennial Surveillance Review: Stocktaking of actions taken to implement the MTS and recommendations of the 2004 Biennial Surveillance Review (TB5).

**Governance**

*Informal Briefing*-Report by External Audit Committee on FY2007 Audit Plan: Briefing by the Chairman of the External Audit Committee (January).

*Informal Briefing*-Audit and Control-related Matters (March).

*Discussion*-External Communications Strategy: Assesses experience since the review in Spring 2005, and identifies new directions and priorities.

*Discussion*-Semi-Annual Review of Operation of Investment Account: Reviews the Investment Account's performance and policies.

*Discussion*-Review of the Fund's Income Position for FY 2007 and FY 2008: Reviews the FY 2007 income outcome and sets the FY 2008 net income target.

*Discussion*-Staff Retirement Plan Contribution Rate for FY 2008.

*Discussion*-2007 Staff Compensation Review: Will include a background paper-Staff Recruitment and Retention Experience 2006.

*Discussion*-Integrated Disability Management Plan.

*Discussion*-Benefits for Domestic Partners and Same Sex Spouses.

*Discussion*-Medium-Term Administrative and Capital Budgets for FY08-10.

*Discussion*-IMFC Agenda

*Discussion*-The Managing Director's Report to the IMFC on the Fund's Policy Agenda.

*Discussion*-Salaries and Benefits of Locally Hired Employees Outside of Headquarters (TB5).

**Emerging Markets**

*Discussion*-Review of Access Policy in the Credit Tranches, Under the EFF and PRGF and Exceptional Access Policy: Periodic review of access policies.

*Discussion*-Review of the Compensatory Financing Facility: Regular review of the CFF (TB5).

**Low-Income Countries**

*Discussion*-Review of Financing of the Fund's Concessional Assistance and Debt Relief to Low-Income Member Countries: Semi-annual review of the adequacy of financing available to support concessional assistance to low-income countries.

*Discussion*-HIPC and MDR Initiatives: Status of Implementation: Provides an update to the Board on progress under the Enhanced HIPC and MDR Initiatives over 2006/07 (TB5).

**Capacity Building**

*Discussion*-Financial Soundness Indicators: Report on the outcome of the Coordinated Compilation Exercise (CCE) for Financial Soundness Indicators (FSIs) and on proposals for future work on FSIs, including considerations for adding FSIs to the SDDS. The report will reflect the CCE participating countries' views and experience in compiling FSIs and lessons learned in the exercise. It will also reflect the conclusions of analytical work carried out by Fund staff on FSIs (TB5).

<sup>1</sup> Report on Implementing the Fund's Medium-Term Strategy, Tables 1-6, provide a summary of recommendations related to

the Medium-Term Strategy.

<sup>2</sup> DIS—Discussion

<sup>3</sup> The Board calendar for May 2006 included a discussion on the purposes and performance of precautionary arrangements and an informal seminar on Fund-supported programs and crisis prevention.

<sup>4</sup> LOT—Lapse of Time (The Executive Board takes decisions under its lapse of time procedure when it is agreed by the Board that a proposal can be considered without convening formal discussions.)

<sup>5</sup> IDIS—Informal Discussion

<sup>6</sup> SEM—Seminar

<sup>7</sup> ISEM—Informal Seminar

<sup>8</sup> Time band 5 (TB5): June 2007 and after.

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