



International Monetary Fund

Annual Report 2003

Making the Global Economy Work for All

A Global Institution

The International Monetary Fund is a specialized agency of the United Nations system set up by treaty in 1945 to help promote the health of the world economy. Headquartered in Washington, D.C., it is governed by its almost global membership of 184 countries.

The IMF is the central institution of the international monetary system—the system of international payments and exchange rates among national currencies that enables business to take place among countries.

The IMF's statutory purposes include facilitating the balanced expansion of world trade, promoting the stability of exchange rates, avoiding competitive currency devaluations, and helping in the orderly correction of a country's balance of payments problems.

To achieve these goals, the IMF

- Monitors economic and financial developments and policies, in member countries and at the global level, and gives policy advice to its members based on its more than 50 years of experience.
- Lends to member countries with balance of payments problems, to provide temporary financing in support of adjustment and reform policies aimed at correcting the underlying problems.
- Provides the governments and central banks of its member countries with technical assistance and training in its areas of expertise.

By working to strengthen the international financial system and to accelerate progress toward reducing poverty, as well as promoting sound economic policies among all its member countries, the IMF is helping to make globalization work for the benefit of all.

The IMF routinely provides information on its activities to the public, in particular through its website: www.imf.org

International Monetary Fund

Annual Report 2003

Working to Strengthen Global Growth

Uncertainties in the world economic environment, coupled with the economic and financial difficulties faced by many member countries, posed numerous challenges for the IMF during the 2002/03 financial year.

Despite some signs in early 2002 that global economic growth was strengthening from the 2001 slowdown, the recovery subsequently faltered. Demand and activity were weakened by geopolitical uncertainties in the run-up to the war in Iraq, which affected both oil prices and confidence among consumers and businesses, as well as by continuing fallout from the collapse of equity markets during 2000–02. Monetary and fiscal policy actions taken by a number of countries provided support for demand, but world output growth in calendar year 2002, though somewhat higher than in 2001, was again well below trend. World trade growth picked up in 2002 from its 2001 low but was weaker than in any other year since the global recession of the 1980s.

In this environment, the IMF continued to work with its member countries to foster stronger sustainable growth through its policy advice and surveillance activities; its financial support for the efforts of members to tackle balance of payments problems; its financial assistance to low-income countries, promoting growth and poverty reduction; its technical assistance; and its continuing work on the reform of the international monetary system and of its own operations.

Surveillance and Crisis Prevention

The IMF oversees the international monetary system to ensure that it operates efficiently and it exercises surveillance over the exchange rate policies of its member countries. The Fund carries out these responsibilities by consulting with members on their economic and financial policies, and by regularly reviewing economic and financial developments at the global, regional, and country levels.

The Democratic Republic of Timor-Leste (formerly East Timor) became the IMF's 184th member in July 2002. His Excellency Mari Alkatiri, Prime Minister of Timor-Leste (left), is welcomed by IMF Managing Director Horst Köhler at the signing ceremony.

During FY2003, the IMF held bilateral (country) discussions with 136 members. It also took a number of steps to enhance the effectiveness of its surveillance and crisis prevention work. Among these efforts, it continued to develop a system to assess countries' vulnerability to balance of payments crises. The Board also proposed improvements to assessment exercises under the IMF's standards and codes initiative and the joint IMF–World Bank Financial Sector Assessment Program (FSAP); supported proposals to enhance data provision for surveillance; adopted a new framework for debt sustainability assessments; and endorsed further measures to strengthen surveillance in program countries. The IMF also advanced its contribution to combating money laundering and the financing of terrorism.

Crisis Resolution

Crisis *prevention* has always been the primary focus of the IMF's reform agenda. But because it is not likely that all crises can be prevented, the Fund has also worked to develop a more robust framework for crisis *resolution*.

Specifically, the IMF has sought to combine a clearer policy on access to its resources and greater selectivity in its lending with a strengthening of mechanisms for restructuring sovereign debt.

In recent years, the IMF has supported some member countries' efforts to resolve capital account crises by providing large amounts of financing, often well above normal access limits. During FY2003, the Board discussed this policy and set more clearly defined criteria for such exceptional access in capital account crises.

The Board also reviewed recent experience in the restructuring of sovereign bonds and the policy of lending IMF resources to countries in arrears to private creditors, discussed the design and effectiveness of collective action clauses to facilitate debt restructuring, and considered a proposal for a sovereign debt restructuring mechanism to resolve unsustainable sovereign debt situations.

Lending Policies and Practices

The IMF provides financial support to member countries under a variety of policies and lending instruments. Most forms of IMF financing are made conditional on the recipient country's adopting policies to correct the underlying problems that gave rise to its need for support.

During FY2003, the IMF concluded a two-year review of the conditions attached to IMF-supported programs and approved new guidelines for designing and implementing such conditionality to enhance country ownership and program effectiveness.

The Board also discussed a progress report on strengthening collaboration with the World Bank in this area and concluded a discussion on prolonged use of IMF resources, based on a report by the Fund's Independent Evaluation Office (see below).

Fight Against Poverty in Low-Income Countries

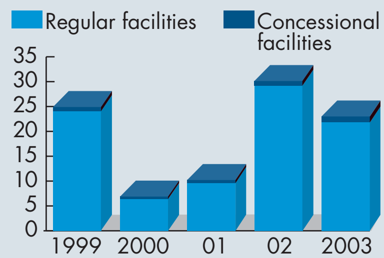
The main objective of the IMF's work with low-income countries is to promote deep and lasting poverty reduction. In this work it follows the "two-pillar" strategy, endorsed by the international community in the Monterrey Consensus, which refers to the need both for low-income countries themselves to accept responsibility for pursuing sound policies, including good governance, and for the international community to provide stronger support for these efforts.

The Fund complements its policy advice with financial support for its poorest members through low-interest loans under the Poverty Reduction and Growth Facility (PRGF) and debt relief through the enhanced Heavily Indebted Poor Countries (HIPC) Initiative. It also offers technical assistance to help countries build institutional capacity. The Board reviewed PRGF lending and the Poverty Reduction Strategy Paper (PRSP) process in FY2002. During FY2003, the IMF followed up on this review by paying increased attention in country programs to creating the right environment for investment and growth, bringing poverty and social impact analysis more systematically to bear in helping countries formulate poverty reduction strategies and PRGF-supported programs, and strengthening public expenditure management.

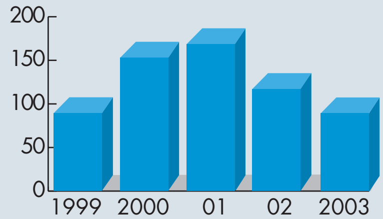
The IMF also advocated greater market access for developing country exports, including the phasing out of trade-distorting subsidies in industrial countries. As part of this work, it cooperated with the World Trade Organization on ways to enhance the coherence of the work of the two organizations, and stood ready to contribute to developing proposals for an agricultural trade

The Ghanaian authorities are signposting construction projects to highlight the tangible benefits of their participation in the IMF–World Bank Heavily Indebted Poor Countries Initiative. Ghana published a Poverty Reduction Strategy Paper in February 2003.

Regular and Concessional Lending
(In billions of SDRs, financial year)

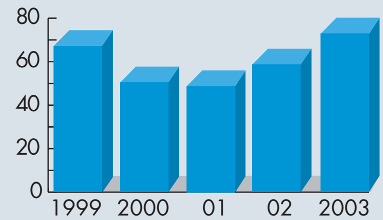


IMF Liquidity Ratio*
(In percent, end of financial year)



*Ratio of net uncommitted usable resources to liquid liabilities.

IMF Credit Outstanding
(In billions of SDRs, end of financial year)



An IMF team meets a senior tax official and his staff in Afghanistan. The Fund provided the equivalent of 356 person-years of technical assistance in FY2003.

agenda for Africa. The IMF also supported calls for more international aid and the system for monitoring actions aimed at achieving the United Nations' Millennium Development Goals.

Technical Assistance and Training

IMF technical assistance and training aim both to help countries strengthen their policymaking capacity and to assist them in designing particular policies.

In FY2003, the IMF provided 356 person-years of technical assistance. Reflecting new needs, technical assistance increased in FY2003 for post-conflict cases, regional initiatives, crisis prevention, and crisis resolution and management. Sub-Saharan Africa continued to receive the largest share. The IMF established two regional Africa Technical Assistance Centers (AFRITACs), in Tanzania (October 2002) and Mali (May 2003), to increase the volume, range, and coordination of assistance from various providers within the respective regions.

The IMF reviewed its technical assistance policies in FY2003. The Board endorsed measures to introduce an institution-wide methodology for monitoring and evaluation, and to set up a comprehensive accounting system to capture the full cost of technical assistance.

External financing is an important source of support for technical assistance. In FY2003 such external financing accounted for about 30 percent of total IMF-directed technical assistance, with Japan the largest donor.

The IMF worked with donor partners and participating countries in FY2003 to establish two Africa Regional Technical Assistance Centers (AFRITACs). The first, based in Dar es Salaam, was inaugurated in October 2002.

Transparency

Many of the reforms introduced by the IMF in recent years have been based on a recognition that the Fund's effectiveness is improved by *transparency* in its development and provision of policy advice, *accountability* for the advice it provides, *responsiveness* to lessons drawn from past experiences, *openness* to outside views, and *cooperation* with other members of the international community.

In September 2002, the Board reviewed its transparency policy and discussed the next steps. Directors welcomed the increased release of country documents and other materials, but stressed that the IMF's transparency should not lessen the candor of its dialogue with members or of the staff's reporting.

In March 2003, the Board considered the IMF's external communications strategy. The review recognized that key objectives were to improve public understanding of the IMF's work and support for its policies, and to be more open to analysis and criticism of its work from outside. Directors agreed that more might be achieved by better focusing communications, including through more contact with legislatures and civil society organizations in member countries.

Independent Evaluation Office

The Independent Evaluation Office (IEO) was set up in July 2001 to conduct objective and independent assessments of issues related to the IMF's mandate. During FY2003, the IEO conducted three evaluation projects. These were on the prolonged use of IMF resources, the role of the IMF in three recent capital account crises (Brazil, Indonesia, and Korea), and fiscal adjustment in IMF-supported programs. After the Board broadly endorsed the first report in September 2002, IMF management set up a task force on ways to address the issues raised.

Financial Operations and Policies

In FY2003 a Stand-By Arrangement for Brazil amounting to SDR 22.8 billion ($31.5 billion)—the largest arrangement in IMF history—dominated new IMF lending commitments to its member countries. This arrangement, plus other large arrangements for Colombia and Argentina, and the augmentation of an existing arrangement for Uruguay, kept commitments in FY2003 relatively high. New commitments totaled SDR 29.4 billion ($40.7 billion), SDR 10 billion lower than commitments in FY2002.

During the financial year, the IMF disbursed SDR 21.8 billion in loans from its General Resources Account. This total exceeded loan repayments of SDR 7.8 billion. Consequently, IMF credit outstanding at end-April amounted to a record high of SDR 66 billion ($91.3 billion), SDR 13.9 billion higher than a year earlier.

At the same time, the IMF's liquidity position remained adequate to meet the needs of its members. The one-year forward commitment capacity (FCC) amounted to SDR 61 billion at the end of FY2003. (The FCC—a new measure of liquidity, introduced in FY2003—indicates the amount of quota-based resources available for lending over the next 12 months.)

The IMF's concessional assistance is provided under the PRGF and the HIPC Initiative. Ten new PRGF arrangements were approved during the financial year, with commitments totaling SDR 1.2 billion, and one existing loan was increased. Total PRGF disbursements in FY2003 amounted to SDR 1.2 billion. At end-April, the adjustment and reform efforts of 36 countries were being supported by PRGF arrangements, with commitments totaling SDR 4.5 billion and undrawn balances of SDR 2.5 billion. By the end of FY2003, eight countries had reached their completion points under the enhanced HIPC Initiative, and another 18 had passed their decision points and had begun to receive interim debt relief.

The IMF also provides emergency assistance through loans to countries emerging from conflict. By the end of FY2003, seven donor countries had pledged SDR 11.5 million in subsidies for such loans, and disbursements to seven affected countries totaled SDR 1.4 million.

Membership

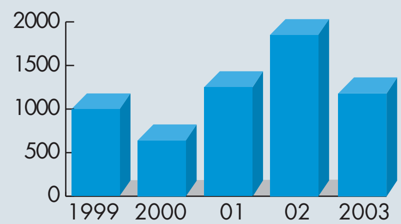
The Democratic Republic of Timor-Leste (formerly East Timor) became the 184th member of the IMF on July 23, 2002. Timor-Leste's initial quota in the IMF was set at SDR 8.2 million (about $11 million).

Organization, Budget, and Human Resources

FY2003 saw a number of institutional changes. The Monetary and Financial Systems Department replaced the Monetary and Exchange Affairs Department, reflecting its expanded responsibilities. The Treasurer's Department was renamed the Finance Department. It was announced that Deputy Managing Director Eduardo Aninat would leave his post in June 2003, and that Economic Counsellor and Director of the Research Department Kenneth Rogoff would return to Harvard University in fall 2003. They will be succeeded, respectively, by Agustín Carstens, Mexico's Deputy Secretary of Finance, and Raghuram Rajan of the University of Chicago Graduate School of Business.

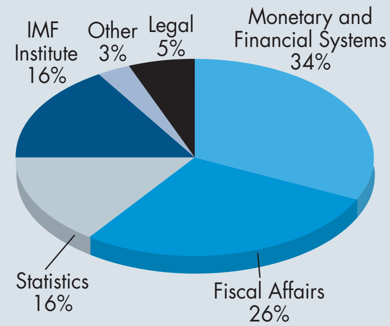
Independent Evaluation Office staff present their first report—on prolonged use of IMF resources—to the press in September 2002.

PRGF—New Commitments*
(In millions of SDRs, financial year)

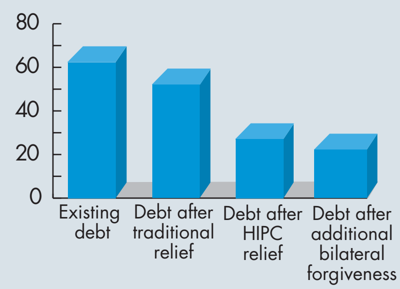


*Includes augmentations less approved reduction.

Technical Assistance
(By function, as a percent of total resources, in effective person-years, FY2003)



HIPCs—Debt Reduction**
(Net present value of debt, in billions of U.S. dollars, in decision-point terms)



**Countries that reached their decision points as of April 30, 2003.

Managing Director Horst Köhler

World economic growth picked up modestly in 2002, following the 2001 slowdown. However, relatively strong growth in the first quarter of 2002 was followed by a gradual weakening, extending to the end of the IMF's 2002/03 financial year. In this context of tepid global recovery, it has been incumbent on the advanced economies, in particular, to gear their policies toward restoring confidence and sustainable growth. The commitment of the major industrial countries, at the June 2003 G-8 summit in Evian, to do so—following stimulative policy measures already taken in a number of cases—is welcome.

Promoting policies to support economic recovery and raise growth prospects for all continued to be a prime focus of the IMF's work in FY2003. Strengthening the framework for surveillance and crisis prevention remained central to the Fund's efforts. In our surveillance at the country, global, and regional levels, we paid closer attention to the external implications of national policies. We also sharpened our analysis of vulnerabilities, concentrating on assessments of debt sustainability and crisis risks, and increasing our emphasis on financial sector surveillance (including through our joint Financial Sector Assessment Program with the World Bank) and on institution building (through our Reports on the Observance of Standards and Codes).

When crises occur, in spite of these heightened efforts to prevent them, we need effective mechanisms to resolve them and limit their costs. IMF management's proposal for a sovereign debt restructuring mechanism catalyzed a debate on ways to deal with unsustainable debt, and we are continuing to work toward a more orderly resolution of such situations within the existing legal framework. The increased use of collective action clauses in recent sovereign bond issues is encouraging, and we support efforts by debtors and creditors to develop a voluntary code of conduct during debt restructuring.

Meanwhile, to make IMF lending decisions in crises more predictable for members and markets, we clarified criteria for access to Fund resources. We also revised our guidelines for the policy conditionality associated with IMF lending to enhance the country ownership and effectiveness of the economic programs the Fund supports.

The IMF is committed to playing its full part in the fight against poverty in low-income countries. These countries are benefiting from increased macroeconomic stability thanks to both the implementation of good policies and stronger support from the international community—a combination known as the two-pillar approach. Reform efforts must now shift focus to raising the potential for higher growth needed to reach the Millennium Development Goals. The IMF remains fully engaged in these objectives through its low-interest Poverty Reduction and Growth Facility (PRGF) and its joint participation with the World Bank in the Heavily Indebted Poor Countries debt-relief initiative. We are also improving the alignment of the Fund's programs supported by PRGF lending with country-driven Poverty Reduction Strategy Papers, now widely accepted as the operational framework for these endeavors.

Technical assistance and training strengthen local capacity to design and implement policy. During the past year, the IMF opened two Africa Regional Technical Assistance Centers, in Tanzania and Mali, and provided technical assistance to countries reestablishing institutions after prolonged periods of conflict, including Afghanistan, Iraq, and Timor-Leste.

A successful conclusion of the Doha Round is a singularly important priority for boosting global confidence and growth. Countries worldwide would help themselves by lowering trade barriers. And industrial countries, by doing this, would also help developing countries integrate into the global economy. A reduction in trade-distorting subsidies, particularly in industrial countries' agricultural sectors, would raise the growth prospects of developing countries significantly. The IMF will continue to work to promote the balanced growth of world trade, in close cooperation with our members and other multilateral bodies.

The past financial year also saw a consolidation of the reforms of the IMF itself, a key element of which has been to strengthen our ability to listen and learn. The first reports from our new Independent Evaluation Office made valuable contributions to improving the quality of Fund policy advice and support. We have also continued to increase the transparency of the IMF's own operations and finances.

H. Köhler

Deputy Managing Directors

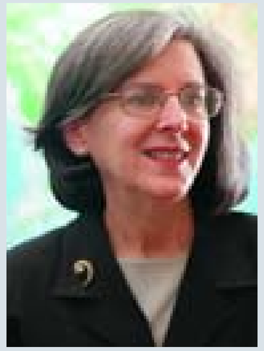
on April 30, 2003

First Deputy Managing Director
Anne Krueger

Deputy Managing Director
Shigemitsu Sugisaki

Deputy Managing Director
Eduardo Aninat

EXECUTIVE BOARD on April 30, 2003



United States

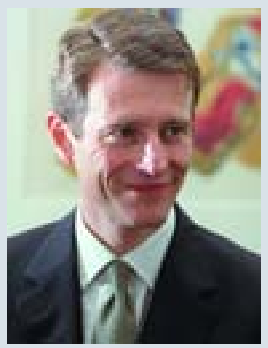
Nancy P. Jacklin
Meg Lundsager

Japan

Ken Yagi
Haruyuki Toyama

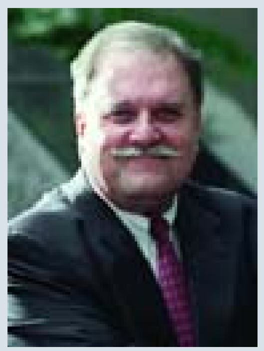
Germany

Karlheinz Bischofberger
Ruediger von Kleist



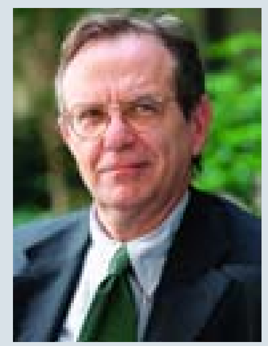
Armenia, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Georgia, Israel, FYR Macedonia, Moldova, Netherlands, Romania, Ukraine

Jeroen Kremers
Yuriy G. Yakusha



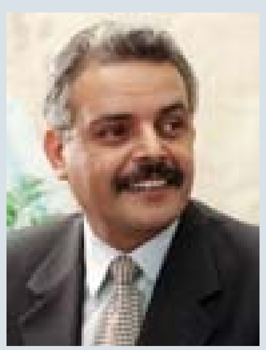
Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Spain, Venezuela

Hernán Oyarzábal
Mario Beauregard



Albania, Greece, Italy, Malta, Portugal, San Marino, Timor-Leste

Pier Carlo Padoan
Harilaos Vittas

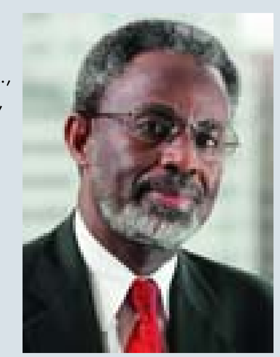


Saudi Arabia

Sulaiman M. Al-Turki
Abdallah S. Alazzaz

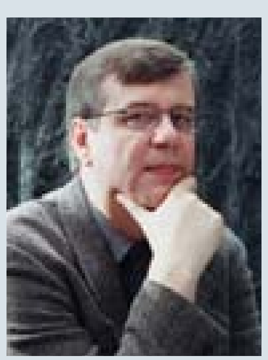
Brunei Darussalam, Cambodia, Fiji, Indonesia, Lao P.D.R., Malaysia, Myanmar, Nepal, Singapore, Thailand, Tonga, Vietnam

Sri Mulyani Indrawati
Ismail Alowi



Angola, Botswana, Burundi, Eritrea, Ethiopia, The Gambia, Kenya, Lesotho, Malawi, Mozambique, Namibia, Nigeria, Sierra Leone, South Africa, Sudan, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe

Ismaila Usman
Peter J. Ngumbullu

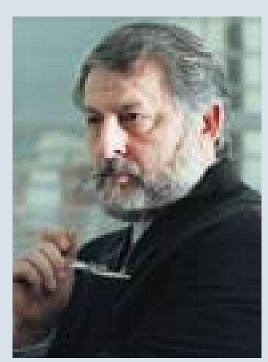


Russian Federation

Aleksei V. Mozhin
Andrei Lushin

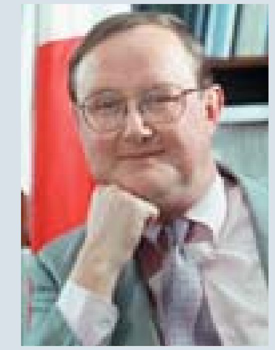
Brazil, Colombia, Dominican Republic, Ecuador, Guyana, Haiti, Panama, Suriname, Trinidad and Tobago

Murilo Portugal
Roberto Steiner



Afghanistan, Algeria, Ghana, Islamic Republic of Iran, Morocco, Pakistan, Tunisia

Abbas Mirakhor
Mohammed Daïri



France

Pierre Duquesne
Sébastien Boitreaud

United Kingdom

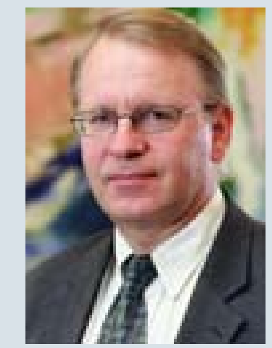
Tom Scholar
Martin A. Brooke

Austria, Belarus, Belgium, Czech Republic, Hungary, Kazakhstan, Luxembourg, Slovak Republic, Slovenia, Turkey

Willy Kiekens
Johann Prader

Antigua and Barbuda, The Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Ireland, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines

Ian E. Bennett
Nioclás A. O'Murchú

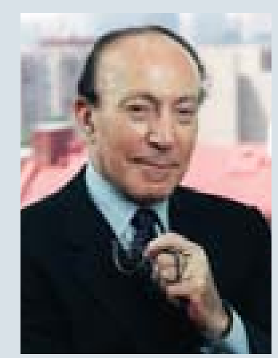


Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, Sweden

Vilhjálmur Egilsson
Benny Andersen

Australia, Kiribati, Korea, Marshall Islands, Federated States of Micronesia, Mongolia, New Zealand, Palau, Papua New Guinea, Philippines, Samoa, Seychelles, Solomon Islands, Vanuatu

Michael J. Callaghan
Michael H. Reddell

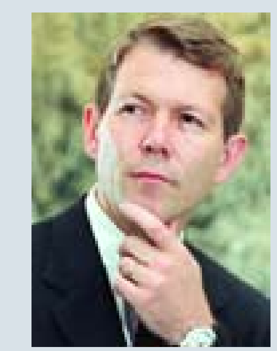


Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Maldives, Oman, Qatar, Syrian Arab Republic, United Arab Emirates, Yemen

A. Shakour Shaalan
Oussama T. Kanaan

China

WEI Benhua
WANG Xiaoyi



Azerbaijan, Kyrgyz Republic, Poland, Serbia and Montenegro, Switzerland, Tajikistan, Turkmenistan, Uzbekistan

Fritz Zurbrügg
Wieslaw Szczuka

Bangladesh, Bhutan, India, Sri Lanka

Yaga V. Reddy
R.A. Jayatissa

Argentina, Bolivia, Chile, Paraguay, Peru, Uruguay

Guillermo Le Fort
A. Guillermo Zoccali

Benin, Burkina Faso, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Dem. Rep. of Congo, Rep. of Congo, Côte d'Ivoire, Djibouti, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Madagascar, Mali, Mauritania, Mauritius, Niger, Rwanda, São Tomé and Príncipe, Senegal, Togo

Damian Ondo Mañe
Laurean W. Rutayisire

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Gerd Häusler
Counsellor

Kenneth S. Rogoff
Economic Counsellor

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Director, African Department

David Burton
Director, Asia and Pacific Department

Michael C. Deppler
Director, European I Department

John Odling-Smee
Director, European II Department

George T. Abed
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Anoop Singh
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Functional and Special Services Departments

Eduard Brau
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Teresa M. Ter-Minassian
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Mohsin S. Khan
Director, IMF Institute

Gerd Häusler
Director, International Capital Markets Department

François P. Gianviti
General Counsel, Legal Department

Stefan Ingves
Director, Monetary and Financial Systems Department*

Timothy F. Geithner
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Kenneth S. Rogoff
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Director, Statistics Department

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Flemming Larsen
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Shailendra J. Anjaria
Secretary, Secretary's Department

Brian C. Stuart
Director, Technology and General Services Department

Offices

Barry Potter
Director, Office of Budget and Planning

Alain Coune
Director, Office of Internal Audit and Inspection

Claire Liuksila
Director, Office of Technical Assistance Management

Montek Singh Ahluwalia
Director, Independent Evaluation Office

Jeanette Morrison
Chief, Editorial Division

*The Treasurer's Department became the Finance Department and the Monetary and Exchange Affairs Department became the Monetary and Financial Systems Department on May 1, 2003.

IMF GOVERNANCE AND THE ANNUAL REPORT

This ***Annual Report of the Executive Board of the IMF*** reports on the activities of the Board during the financial year May 1, 2002, through April 30, 2003. Most of the Report consists of reviews of Board discussions of the whole range of IMF policy and operations.

Responsible for conducting the day-to-day business of the IMF, the Board is composed of 24 Directors, who are appointed or elected by member countries or by groups of countries, and the Managing Director, who serves as its Chair. The Board usually meets several times each week. In 2002/2003, the Board spent the bulk of its time on member country matters and much of its remaining time on global economic and financial surveillance and policy issues.

The Board carries out its work largely on the basis of papers prepared by IMF management and staff. Typically, a staff paper includes background factual and analytical material on various aspects of the issue at hand and requests the Board's views on the main issues involved. It may also present proposals by the IMF's management on how the Board and the institution should move forward on an issue. Although a staff paper presents the positions of staff and management, it does not necessarily represent the IMF's position on the issue. The Board may or may not agree with the analysis or the proposals. The position of the IMF is, rather, the position of the Board as reflected in a decision, or as explained in a statement summarizing the discussion (usually referred to in the IMF as the "summing up"). A great many of these summaries are published as Public Information Notices (PINs) on the Fund's website: *www.imf.org*.

The Executive Board exercises all the powers for conducting the IMF's business except those that the Articles of Agreement have reserved for the ***Board of Governors,*** which is the supreme organ of the IMF. It consists of one governor and one alternate governor for each member country. The governor is appointed by the member country and is usually the minister of finance or the governor of the central bank. The Board of Governors normally meets once a year.

The ***International Monetary and Financial Committee*** of the Board of Governors (formerly the Interim Committee on the International Monetary System) is an advisory body made up of 24 IMF governors, ministers, or other officials of comparable rank, representing the same constituencies as in the IMF's Executive Board. The International Monetary and Financial Committee normally meets twice a year, in April or May, and at the time of the Annual Meeting of the Board of Governors in September or October. Among its responsibilities are to provide ministerial guidance to the Executive Board and to advise and report to the Board of Governors on issues regarding the management and adaptation of the international monetary and financial system, including sudden disturbances that might threaten the international monetary system, and on proposals to amend the IMF's Articles of Agreement.

The ***Development Committee*** (the Joint Ministerial Committee of the Boards of Governors of the World Bank and the IMF on the Transfer of Real Resources to Developing Countries) is a joint World Bank–IMF body composed of 24 members—finance ministers or other officials of comparable rank. It generally meets the day after the International Monetary and Financial Committee.

Letter of Transmittal to the Board of Governors

August 27, 2003

Dear Mr. Chairman:

I have the honor to present to the Board of Governors the Annual Report of the Executive Board for the financial year ended April 30, 2003, in accordance with Article XII, Section 7*(a)* of the Articles of Agreement of the International Monetary Fund and Section 10 of the IMF's By-Laws. In accordance with Section 20 of the By-Laws, the administrative and capital budgets of the IMF approved by the Executive Board for the financial year ending April 30, 2004, are presented in Chapter 9. The audited financial statements for the year ended April 30, 2003, of the General Department, the SDR Department, and the accounts administered by the IMF, together with reports of the external audit firm thereon, are presented in Appendix IX.

Horst Köhler
Chairman of the Executive Board

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The IMF's financial year is May 1, 2002, through April 30, 2003.

The unit of account of the IMF is the SDR; conversions of IMF financial data to U.S. dollars are approximate and provided for convenience. As of April 30, 2003, the SDR/U.S. dollar exchange rate was US$1 = SDR 0.722589, and the U.S. dollar/SDR exchange rate was SDR 1 = US$1.383913. The year-earlier rates (April 30, 2002) were US$1 = SDR 0.788826 and SDR 1 = US$1.267706.

The following conventions are used in this Report:

- ... to indicate that data are not available;
- — to indicate that the figure is zero or less than half the final digit shown or that the item does not exist;
- – between years or months (for example, 1999–2000 or January–June) to indicate the years or months covered, including the beginning and ending years or months;
- / between years or months (for example 1999/00) to indicate a fiscal or financial year.

"Billion" means a thousand million; "trillion" means a thousand billion; minor discrepancies between constituent figures and totals are due to rounding.

As used in this Report, the term "country" does not in all cases refer to a territorial entity that is a state as understood by international law and practice. As used here, the term also covers some territorial entities that are not states but for which statistical data are maintained on a separate and independent basis.