CHAPTER 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

For additional information on the IMF’s surveillance activities, see “Factsheet: IMF Surveillance” (www.imf.org/external/np/ext/facts/surv.htm).


Systemic economies are those countries with financial sectors that have the greatest impact on global financial stability.

For more information on the FSAP, see “Factsheet: Financial Sector Assessment Program (FSAP)” (http://www.imf.org/external/np/ext/facts/fsap.htm).


1 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.


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.

19 A transfer in the amount of SDR 280 million was subsequently approved.


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.


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.”


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/pr/2011/pr1138.htm). Web Box 3.2 provides background information on ROSCs, including statistics on ROSC completion in FY2011.


CHAPTER 4

40 Currently the members with the five largest quotas each appoint an Executive Director.


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.


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).


For more information on the SDDS and GDDS, see “Factsheet: IMF Standards for Data Dissemination” (www.imf.org/external/np/ext/facts/data.htm), as well as Web Box 3.2.

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


CHAPTER 5


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.

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.


For an explanation of the SDR and related issues, see “Fact-sheet: Special Drawing Rights (SDRs)” (www.imf.org/external/np/ext/facts/sdr.htm).

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.


Diversity issues are addressed separately in the Diversity Annual Report.


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_011202011.html).


See “IMF Interactions with Member Countries” (www.ieo-imf.org/eval/complete/eval_01202010.html).


The Regional Advisory Group for the Caucasus and Central Asia was formed after the 2010 Annual Meetings, at the beginning of 2011.


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.