

INTERNATIONAL MONETARY FUND

**The Standards and Codes Initiative—Is It Effective?
And How Can It Be Improved**

Background Paper

Prepared by the Policy Development and Review Department
(In Consultation with Other Departments)

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July 1, 2005

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List of Acronyms

| | |
|---------|--|
| AA | Accounting and Auditing |
| AML/CFT | Anti-Money Laundering/Combating the Financing of Terrorism |
| APD | Asia and Pacific Department of the Fund |
| BCBS | Basel Committee on Banking Supervision |
| BCP | Basel Core Principles |
| CAS | Country Assistance Strategy |
| CG | Corporate governance |
| CIS | Community of Independent States |
| CPSS | Committee on Payment and Settlement Systems |
| DQAF | Data Quality Assessment Framework |
| ECA | Europe and Central Asia Department of the World Bank |
| ECLA | Economic Commission for Latin America |
| EITI | Extractive Industries Transparency Initiative |
| ESCWA | United Nations Economic and Social Commission for Western Asia |
| ESW | Economic Sector Work |
| EXR | External Relations Department of the Fund |
| FAD | Fiscal Affairs Department of the Fund |
| FATF | Financial Action Task Force on Money Laundering |
| FSAP | Financial Sector Assessment Program |
| FSF | Financial Stability Forum |
| FSRB | Financial Standards Reporting Board |
| FSSA | Financial System Stability Assessment |
| FY | Fiscal Year |
| GDSS | General Data Dissemination System |
| IAIS | International Association of Insurance Supervisors |
| IASB | International Accounting Standards Board |
| ICM | International Capital Market Department of the Fund |
| ICR | Insolvency and Creditors Rights |
| IFA | Institute of Financial Accountants |
| IIF | Institute of International Finance |
| IMF | International Monetary Fund |
| INS | IMF Institute |
| IOSCO | International Organization of Securities Commissions |
| ISA | International Standards on Auditing |
| ISP | Insurance Supervisory Principles |
| JVI | Joint Vienna Institute |
| MCD | Middle-East and Central Asia Department of the Fund |
| MFD | Monetary and Financial Systems Department of the Fund |

| | |
|----------|---|
| MFPT | Monetary and Financial Policy Transparency |
| MNA | Middle East and North Africa Department of the World Bank |
| NGO | Nongovernmental Organization |
| OECD | Organization for Economic Cooperation and Development |
| OFC | Off-shore Financial Center |
| PDR | Policy Development and Review Department of the Fund |
| ROSC | Report of the Observance of Standards and Codes |
| RSSS | Recommendations for Securities Settlements Systems |
| S&C | Standards and Codes |
| SDDS | Special Data Dissemination Standard |
| SOE | State Own Enterprise |
| STA | Statistics Department of the IMF |
| TA | Technical Assistance |
| TAMS | Task Force on the Assessment and Monitoring of Standards |
| UAE | United Arab Emirates |
| UFR | Use of Fund Resources |
| UNCITRAL | United Nations Commission on International Trade Law |
| USA | United States of America |
| WHD | Western Hemisphere Department of the Fund |

I. INTRODUCTION

1. This paper contains background information for the review of the standards and codes initiative (*The Standards and Codes Initiative-Is It Effective? And How Can It Be Improved?*)

The paper:

- provides an overall view of the initiative and describes its history and evolution (Section II);
- takes stock of the implementation of the initiative thus far (Section III);
- describes the Fund and Bank's outreach on the initiative (Section IV);
- reviews the literature on the benefits from observing standards (Section V);
- presents the views of stakeholders of the initiative as expressed in the surveys and follow-up interviews conducted for this review (Section VI);
- presents a summary of staff analysis of case studies they examined closely (Section VII); and
- evaluates the resource costs of the initiative (Section VIII).

2. Appendix I describes the current ROSC prioritization process. Appendix II gives the references relevant to this review. Appendix III lists the Fund and Bank outreach seminars conducted in the context of the initiative. Appendix IV provides detailed data on the implementation of the initiative. Appendix V details the country classification used in the review.

II. OVERALL PRESENTATION OF THE INITIATIVE

A. History of the Initiative

3. **The standards and codes initiative** (hereafter, "the initiative") **was launched six years ago**. It was a prominent component of efforts to strengthen the international financial architecture that were initiated in response to the emerging market crises of the 1990s. Noting the need to strengthen financial systems including by the adoption of best international standards, in its Communiqué of April 16, 1998, the Interim Committee called on the Fund to work with other concerned institutions and organizations responsible for the development of standards and to consider how best the Fund could assist in the dissemination of such standards to the membership and to encourage members to adopt them.¹ In its

¹ See the April 1998 Communiqué of the Interim Committee.
<http://www.imf.org/external/np/cm/1998/041698a.htm>

following meetings, the Committee noted the progress in developing, disseminating, and monitoring the implementation of standards, and encouraged the Fund to develop the process to encompass in its surveillance work the standards and codes relevant to international financial stability.² Responding to this call, the Fund's work in this area proceeded along two fronts: the development of what are now known as the transparency standards, and efforts to explore how such an initiative would be implemented in practice.

4. **Parallel work was being done by the international community.** A Working Group on Transparency and Accountability, composed mainly of G-20 countries, recommended that the International Monetary Fund (IMF) prepare, in the context of Article IV consultations, a Transparency Report that summarizes the degree to which an economy meets internationally recognized disclosure standards.³ Two waves of experimental reports were subsequently produced by IMF staff for a number of countries. A task force of the Financial Stability Forum (FSF) examined, among other issues, the number and scope of standards to be endorsed by the international community as important for sound financial systems.⁴ The task force culled, from an extensive list of possible standards, a set of twelve, which were subsequently endorsed by the FSF. The task force also considered the role of financial markets in providing incentives for country adoption and implementation of standards. Financial markets, by discriminating among countries according to whether they had implemented international standards and codes, would provide a market-based incentive for countries to adopt and effectively implement such standards. Other institutions (such as the Fund) would be responsible for monitoring the implementation of standards.

5. **These combined international efforts led eventually to the current shape of the initiative.** The FSF's endorsement of the twelve standards in early 2000 laid the ground for the Bank and Fund Boards to recognize this same set of standards as operationally relevant for their work. The Fund's work on setting standards within its main areas of expertise was proceeding apace, and the two waves of experimental transparency reports helped inform the Board's decision on how to proceed.⁵ The core areas of concern for the Fund were recognized early on as data dissemination, transparency of fiscal, monetary and financial policies, and banking supervision. With respect to the treatment in Fund surveillance of non-core areas covered by the initiative, the Board agreed that Fund staff should not be expected

² See for example the April 1999 Communiqué. <http://www.imf.org/external/np/cm/1999/042799a.htm>

³ *Report of the Working Group on Transparency and Accountability*, October 1998 (<http://www.imf.org/external/np/g22/taarep.pdf>). The Group was composed of Finance Ministers and Central Bank Governors from 22 systematically important economies.

⁴ *Issues Paper of the Task Force on Implementation of Standards*, Financial Stability Forum, March 2000. http://www.fsforum.org/publications/Issues_Paper_Standards00.pdf

⁵ See Appendix II for references to previous Board discussions.

to analyze non-core areas in the same depth as core areas, and that cooperation with other standard setting institutions should be sought in this effort.

B. The Initiative's Current Shape

6. **The initiative's objective is to promote greater financial stability at both the domestic and international levels through the development, dissemination, and implementation of internationally recognized standards and codes.** Fulfillment of this objective has been seen as holding the promise of better informed lending and investment decisions, increased accountability of policymakers and more transparent policy making, and, ultimately, improved economic performance. To achieve this final objective, the initiative's intermediate aims are (i) to help member countries strengthen their economic institutions; (ii) to inform Fund work, including surveillance, and Bank Country Assistance Strategies; and (iii) to help market participants discriminate better among investment opportunities.

7. The initiative covers twelve areas and associated standards and codes (hereafter, "standards" for short) that have been recognized as relevant for the operational work of the Bank and the Fund. These twelve areas and standards relate to policy transparency, financial sector regulation and supervision, and market integrity.⁶

8. **The Fund and the Bank play multiple roles in the initiative.** They are both designers and reviewers. They are standard setters in 4 of the 12 covered areas. Other standard setters are the BCBS, IOSCO, the IAIS, the CPSS, the OECD, the IASB, the IFA, and UNCITRAL (see list of acronyms above). The Bank and the Fund also undertake most of the assessments of observance of standards by member countries. All of these assessments, which are done on a voluntary basis, result in Reports on the Observance of Standards and Codes (ROSCs), which may be published with the participating member's consent. The Financial Action Task Force (FATF) and FATF-Style Regional Bodies (FSRBs) are the only other organizations that produce ROSCs, and they do so solely in the area of anti-money laundering and combating the financing of terrorism (AML/CFT).

9. **The Fund and Bank Boards reviewed the implementation of the initiative in 2001 and 2003.** In 2001, Directors drew a number of lessons from experience. In particular, they agreed that the existing modalities for undertaking assessments and producing ROSCs, including the voluntary nature of ROSC participation, should continue. Directors also stressed that all members had a role in shaping and guiding the work on standards. Fund Directors also endorsed modalities for linking work on standards to the surveillance process.⁷

⁶ Agreement has recently been reached between the Bank and UNCITRAL, in consultation with the Fund staff, on a unified standard encompassing the Bank's Principles for Effective Insolvency and Creditor Rights Systems and UNCITRAL's Legislative Guide on Insolvency Law. A paper proposing the recognition by the Fund Board of the unified standard is forthcoming.

⁷ See Appendix II.

In 2003, a key focus of the review was how to handle the growing demand for standards assessments. Directors saw greater prioritization of assessments as key to focusing the scarce capacity of members and Fund resources on areas where reforms were most needed. Directors also agreed that there did not seem to be sufficient basis for adding new standards to the list of those for which ROSCs are undertaken, but asked staff to monitor emerging needs for additional standards.

C. Developments in Standard Setting and Methodologies

10. **Since 1999, most of the standards covered by the initiative have been reviewed and, where necessary, amended in light of developments in the international financial system.**

- The data standards have been reviewed on five occasions. In the last review, a flexibility option for monthly data on central government operations was introduced in the Special Data Dissemination Standard (SDDS) for subscribers disseminating data on general government operations, in order to facilitate their adoption of accrual-based reporting systems for fiscal data. The General Data Dissemination Standard (GDDS) was also modified to give explicit recognition to the Millennium Development Goals.
- *The Code of Good Practices on Transparency in Monetary and Financial Policies* (MFPT) was reviewed in 2003. No changes were proposed at that time.
- The *Objectives and Principles for Securities Regulation* were updated by the International Organization of Securities Commissions (IOSCO) in May 2003. They now cover such areas as the regulator, enforcement, issuers, market intermediaries, collective investment schemes, and secondary markets.
- The International Association of Insurance Supervisors (IAIS) revised the *Insurance Supervisory Principles* (ISP) in October 2003, incorporating additional core principles, including adequacy of risk management, AML/CFT issues, and transparency of insurance supervision policies. The revised standard also incorporated other IAIS guidelines that were initially issued outside the ISP as well as more specific criteria for assessment purposes, drawing on earlier assessment experience under the Financial Sector Assessment Program (FSAP).
- IOSCO and the Committee on Payments and Settlements Systems (CPSS) developed *Recommendations for Securities Settlements Systems* (RSSS) in 2001. In the 2003 review of the standards and codes initiative, the Fund and Bank Boards agreed to include assessments against the RSSS as a complement to a payments and settlement system ROSC for members with significant securities trading.
- The FATF undertook a comprehensive review of the AML standard in 2003. The revised standard was made the basis of Bank/Fund AML/CFT assessments in March

2004 when the two Boards agreed that AML/CFT should be part of the two institutions' regular work. The FATF added a 9th CFT Special Recommendation on cross-border cash movements in October, 2004.⁸

- The Organization for Economic Cooperation and Development's (OECD) *Principles of Corporate Governance* went through an extensive review, which culminated in the adoption of revised principles by the OECD Ministerial Council in May 2004. The World Bank-OECD Regional Corporate Governance Roundtables, as well as the ROSC country assessments, provided significant input to these revisions through regional and country "white papers," which reflected the views of participating developing countries and transition economies.
- The World Bank developed the *Principles and Guidelines for Effective Insolvency and Creditor Rights* and recently reviewed them, in light of experience with pilot ROSCs. The United Nations Commission on International Trade Law (UNCITRAL) has finalized a *Legislative Guide on Insolvency Law*. Work is in progress between Bank staff and UNCITRAL, in consultation with Fund staff, on a unified standard encompassing these two documents.

11. **Further work on standards is under way.** Most notably, the Basel Committee on Banking Supervision (BCBS) decided at the end of 2004 to review the *Core Principles for Effective Banking Supervision* (BCP), following the issuance of the Basel II framework. In addition, as highlighted in the Board discussion on *Financial Sector Regulations – Issues and Gaps*, further work is needed to improve clarity and practical guidance in some important areas. These include the treatment of system-wide regulatory issues and the handling of legal, institutional, and policy conditions that are not directly under the control of the regulators but have a bearing on the quality of financial supervision. Directors encouraged staff to work closely with standard setters, including to develop guidance on the regulation of financial operations with cross-sectoral and cross-border features, without getting directly involved in standard setting itself.

12. **Methodologies to assess observance of standards have been enhanced in light of experience with assessments.**

- Since its integration in the Fund's Data Standards Initiative in 2001, the Data Quality Assessment Framework (DQAF) has been refined to reflect good practices identified in ROSCs and international statistical developments. Most of these refinements entailed greater precision in describing good practices and greater attention to the effectiveness and efficiency of the management of the statistical processes.

⁸ The 9th CFT Special Recommendation on cross-border cash is scheduled to be presented for Board consideration in the context of the report on the AML/CFT Work Program in September 2005.

- The fiscal ROSC methodology has been strengthened and revised. In 2004, a Fund interdepartmental working group examined the methodology and explored ways of improving linkages between departments in preparing the ROSCs. This led to a major revision of the ROSCs questionnaire as well as experimentation with the format of the ROSC document.
- In addition, the Fund's Fiscal Affairs Department (FAD) produced a *Guide on Resource Revenue Transparency*, which applies the principles of the *Code of Good Practices on Fiscal Transparency* to the unique set of problems faced by countries that derive a significant share of revenues from natural resources.
- Additional reference material has been introduced to facilitate the interpretation and assessment of *Code of Good Practices on Transparency in Monetary and Financial Policies*.
- In the context of the 2003 revision of the *Insurance Supervisory Principles*, the assessment methodology was strengthened by providing explanations on the purpose of each principle and the elements that need to be reflected in its implementation. It also provided a scheme for assessing the effectiveness of the insurance supervisory regime by prescribing over 200 assessment criteria of elements of sound supervisory and regulatory practices. Furthermore, the IAIS decided that it would be useful for all IAIS members to undertake a self assessment in order to benefit fully from an independent ISP assessment.
- In the areas of accounting and auditing, the standard approach and diagnostics tool were updated in 2004 to reflect changes in the underlying benchmarks.
- The Bank's corporate governance questionnaire template has been amended to reflect the revised OECD *Principles of Corporate Governance* and the lessons learned from country assessments. The amended template has undergone wide consultation inside and outside the Bank, including with the OECD and the Fund.

III. TAKING STOCK OF THE INITIATIVE: DETAILED DATA⁹

Participation in the initiative

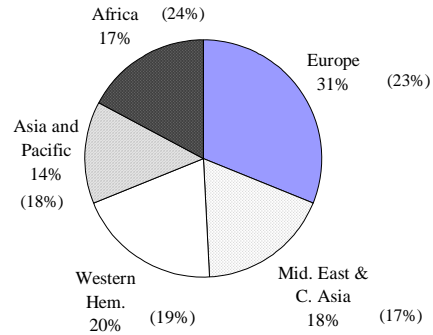
13. **About two thirds of the membership has participated in the initiative by having at least one standard assessed** (Table 1). Participation has been very high for emerging market countries (93 percent of potential participants participated), high for advanced economies (87 percent), and somewhat lower for developing countries (50 percent). Regional

⁹ See Appendix IV for a comprehensive set of tables and figures.

participation rates are uneven. Participation rates are highest for Europe, and lowest for Asia and Sub-Saharan Africa (Figure 1).¹⁰

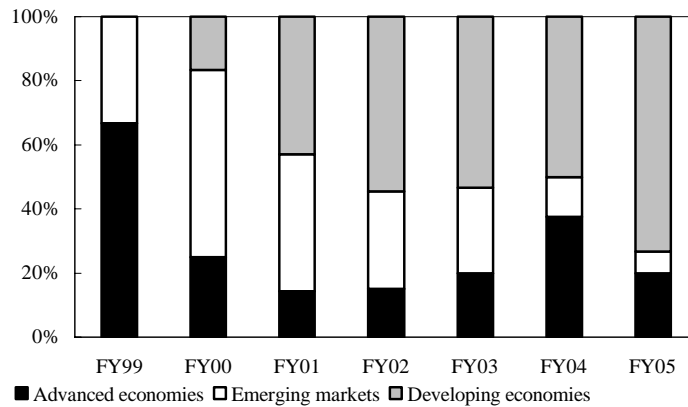
14. **The number of countries taking part each year in the initiative has been fairly stable since FY02, at around 50 countries.**¹¹ Since FY02, participation of developing countries has risen faster than that of other country groups. Developing countries now constitute the bulk of first-time participants in the initiative (Figure 2).

Figure 1. Geographic Distribution of Participants in the Initiative (As of April 30, 2005)



(Numbers in parenthesis are the percentage of each region in the total number of countries).

Figure 2. Repartition of First-Time Participants in the Initiative (In percent of total number of new participants each fiscal year)



15. **On average, 6 standards assessments (including updates) were completed for each participant.** Participating emerging markets had on average 9 standard assessments, compared to 6 for participating advanced economies and 4 for participating developing countries. Altogether, close to half of standards assessments were done for emerging market countries (See Table 2 for the average number of initial assessments completed per country).¹²

¹⁰ See Appendix V for the classification of countries by regions and type of economies.

¹¹ Fiscal year in the entire document is taken to be the Fund fiscal year, i.e., from May 1st to April 30, even in the case of standards assessed by the Bank.

¹² See Box 1 for the definitions and assumptions used for counting the number of assessments.

Table 1. Participation in the Initiative 1/

| | FY99 | FY00 | FY01 | FY02 | FY03 | FY04 | FY05 | FY99-05 2/ |
|---|------|------|------|------|------|------|------|------------|
| First-Time Participants | | | | | | | | |
| Total | 3 | 12 | 28 | 33 | 15 | 16 | 15 | 122 |
| Advanced economies | 2 | 3 | 4 | 5 | 3 | 6 | 3 | 26 |
| Emerging market economies | 1 | 7 | 12 | 10 | 4 | 2 | 1 | 37 |
| Developing economies | 0 | 2 | 12 | 18 | 8 | 8 | 11 | 59 |
| Africa | 0 | 2 | 3 | 9 | 5 | 1 | 1 | 21 |
| Asia and Pacific | 1 | 2 | 5 | 3 | 0 | 4 | 2 | 17 |
| Europe | 1 | 4 | 10 | 9 | 3 | 5 | 6 | 38 |
| Middle East and Central Asia | 0 | 2 | 7 | 6 | 2 | 2 | 3 | 22 |
| Western Hemisphere | 1 | 2 | 3 | 6 | 5 | 4 | 3 | 24 |
| Number of Countries Taking Part in the Initiative | | | | | | | | |
| Total | 3 | 12 | 29 | 48 | 50 | 54 | 53 | 36 |
| Advanced economies | 2 | 3 | 4 | 8 | 7 | 13 | 8 | 6 |
| Emerging market economies | 1 | 7 | 13 | 20 | 24 | 21 | 20 | 15 |
| Developing economies | 0 | 2 | 12 | 20 | 19 | 20 | 25 | 14 |
| Africa | 0 | 2 | 4 | 11 | 11 | 7 | 6 | 6 |
| Asia and Pacific | 1 | 2 | 5 | 6 | 3 | 9 | 7 | 5 |
| Europe | 1 | 4 | 10 | 15 | 17 | 18 | 18 | 12 |
| Middle East and Central Asia | 0 | 2 | 7 | 7 | 9 | 9 | 11 | 6 |
| Western Hemisphere | 1 | 2 | 3 | 9 | 10 | 11 | 11 | 7 |
| Participation Rates (Cumulative, percent) | | | | | | | | |
| Total | 2 | 8 | 23 | 41 | 49 | 57 | 65 | ... |
| Advanced economies | 7 | 17 | 30 | 47 | 57 | 77 | 87 | ... |
| Emerging market economies | 3 | 20 | 50 | 75 | 85 | 90 | 93 | ... |
| Developing economies | 0 | 2 | 12 | 27 | 34 | 41 | 50 | ... |
| Africa | 0 | 5 | 11 | 32 | 43 | 45 | 48 | ... |
| Asia and Pacific | 3 | 9 | 24 | 32 | 32 | 44 | 50 | ... |
| Europe | 2 | 12 | 35 | 56 | 63 | 74 | 88 | ... |
| Middle East and Central Asia | 0 | 6 | 29 | 48 | 55 | 61 | 71 | ... |
| Western Hemisphere | 3 | 9 | 17 | 34 | 49 | 60 | 69 | ... |

1/ Participation is defined as the completion of at least one ROSC module.

2/ Sum over FY99-05 for the new participants, average for the total participants.

Box 1. Counting the Number of Assessments

The following definitions and assumptions have been used in this paper for counting the number of assessments that have been done to date.

- A ROSC or ROSC update was considered completed:
 - on the date the document containing the ROSC was circulated to the Board for data and fiscal ROSCs, and for ROSCs included in an FSSA update.
 - on the date of the Board’s discussion for ROSCs included in an initial Financial System Stability Assessment (FSSA);
 - on the date when the aide-memoire was given to country authorities for market integrity ROSCs or other Bank-led ROSCs not included in an FSSA.
- Accounting and Auditing ROSCs were counted together as one ROSC because they are assessed concurrently and presented together in a single document.
- Assessments of observance of AML/CFT principles conducted by the FATF were included in the count.
- Assessments of offshore financial centers (OFCs) were not included in this review.
- A ROSC or ROSC update was considered published on the date when it was posted on the external website of the Fund or Bank.

Table 2. Average Number of Initial Assessments Completed per Country, FY1999-2005

| | All countries | Advanced economies | Emerging markets | Developing economies |
|------------------------|---------------|--------------------|------------------|----------------------|
| Total | 4.9 | 4.9 | 7.0 | 3.5 |
| Policy transparency | 1.7 | 1.7 | 2.2 | 1.5 |
| Financial standards | 2.3 | 3.1 | 2.9 | 1.5 |
| Market integrity | 0.8 | 0.1 | 1.9 | 0.5 |
| Memorandum item: | | | | |
| Number of participants | 122 | 26 | 37 | 59 |

16. **Participation in the initiative seems to exhibit a degree of self-selection by “best performers”.** A simple test of the difference in mean values of many governance indicators between participating and non-participating countries yields significant results for all tested indicators. When the differences in means are tested in sub samples according to type of economy, the results are weaker but still significant for many indicators, especially for developing countries (Table 3).

Table 3. Tests for Differences in Means of Participating and Non-participating Countries
(A shaded cell indicates significance at the 5 percent level)

| | Overall sample | | | Emerging market countries | | | Developing countries | | |
|----------------------------------|---------------------------|---------------------------|---------|---------------------------|---------------------------|---------|---------------------------|---------------------------|---------|
| | Mean for non participants | Difference from non part. | p-value | Mean for non participants | Difference from non part. | p value | Mean for non participants | Difference from non part. | p value |
| TI: Corruption Perceptions Index | 3.2 | 1.3 | 0.00 | 3.1 | 0.8 | 0.34 | 2.7 | 0.5 | 0.10 |
| ICRG: Composite Risk Rating | 63.6 | 9.4 | 0.00 | 72.7 | -0.9 | 0.79 | 60.0 | 8.3 | 0.00 |
| Political Risk | 58.0 | 12.4 | 0.00 | 63.8 | 5.1 | 0.39 | 54.2 | 9.4 | 0.00 |
| Financial Risk | 34.8 | 3.6 | 0.00 | 43.8 | -6.0 | 0.00 | 32.8 | 4.9 | 0.01 |
| Economic Risk | 34.4 | 2.9 | 0.02 | 37.7 | -0.9 | 0.58 | 33.0 | 2.2 | 0.21 |
| World Bank: Bureaucracy Quality | 1.4 | 1.0 | 0.00 | 1.7 | 0.6 | 0.12 | 1.0 | 0.6 | 0.00 |
| Voice and Accountability | -0.4 | 0.5 | 0.00 | -0.6 | 0.8 | 0.10 | -0.5 | 0.2 | 0.36 |
| Political Stability | -0.3 | 0.3 | 0.05 | -0.4 | 0.3 | 0.50 | -0.4 | 0.0 | 0.86 |
| Government Effectiveness | -0.6 | 0.8 | 0.00 | -0.2 | 0.3 | 0.41 | -0.7 | 0.4 | 0.00 |
| Regulatory Quality | -0.6 | 0.8 | 0.00 | -0.6 | 0.8 | 0.09 | -0.7 | 0.5 | 0.00 |
| Rule of Law | -0.5 | 0.6 | 0.00 | -0.5 | 0.5 | 0.17 | -0.6 | 0.3 | 0.08 |
| Control of Corruption | -0.5 | 0.7 | 0.00 | -0.6 | 0.5 | 0.14 | -0.6 | 0.2 | 0.09 |
| Freedom House: Political Rights | 4.0 | -1.0 | 0.00 | 4.0 | -1.4 | 0.23 | 4.2 | -0.2 | 0.55 |
| Civil Liberties | 3.9 | -0.2 | 0.00 | 3.5 | -1.0 | 0.17 | 4.3 | -0.1 | 0.35 |

Sources: Transparency International, International Country Risk Guide, World Bank, and Freedom House.

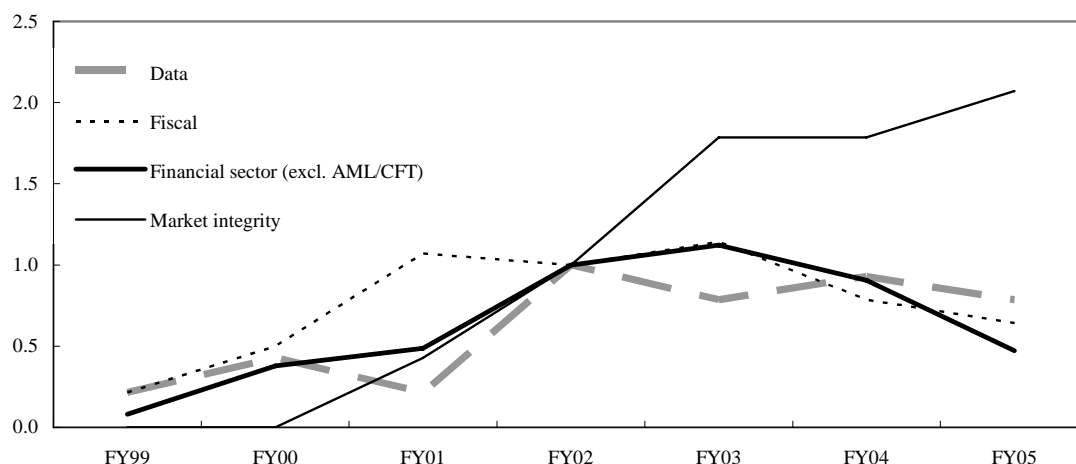
ROSCs completed

17. **As of April 30, 2005, 723 initial assessments, reassessments and updates had been completed.** The largest number of assessments were done in the areas of transparency (data, fiscal, MFPT) and BCP, followed by other financial sector standards.

18. **The time distribution of assessments varies considerably across the different standards** (Figure 3). The total number of initial assessments reached a peak at 137 in FY03, and decreased to 96 in FY05.

- After a late start, market integrity standards assessments doubled since FY02.
- The number of AML/CFT assessments has also surged in the past two years. The first assessments were carried out in FY03. Only 2 of them were done that year, as opposed to 14 in FY04 and 12 in FY05.
- The pace of initial assessments of data standards has remained roughly constant at around 12 per year.
- Assessments of fiscal transparency and financial sector standards have slowed markedly in the last two years, following a peak of activity in FY01-03.

Figure 3. Annual Number of ROSCs Completed (Index, FY02=1)



19. **The time taken to complete ROSCs varies by regions, types of economies and types of ROSCs.** It takes on average 8 months between the (last) ROSC mission and the issuance of the ROSC, with a standard deviation of 4 months. Data ROSCs take the longest to be finalized, with an average completion time of 11 months. Non-financial sector ROSCs are completed faster in advanced economies than in emerging markets and developing countries (Table 4).

Table 4. Lag in Completing the ROSCs 1/
(In months)

| | Overall | | | | Data | | | | Fiscal | | | | Financial Sector (excluding AML/CFT) | | | | AML/CFT | | | |
|-------------------------|--------------|--------------|-----|-----|--------------|--------------|-----|-----|--------------|--------------|-----|-----|--------------------------------------|--------------|-----|-----|--------------|--------------|-----|-----|
| | Ave- rage | Std. Dev. | Max | Min | Ave- rage | Std. Dev. | Max | Min | Ave- rage | Std. Dev. | Max | Min | Ave- rage | Std. Dev. | Max | Min | Ave- rage | Std. Dev. | Max | Min |
| Overall | 8 | 4.1 | 32 | 1 | 11 | 4.5 | 23 | 3 | 8 | 5.7 | 32 | 1 | 7 | 3.3 | 22 | 2 | 8 | 5.1 | 23 | 2 |
| Advanced | 7 | 2.2 | 12 | 2 | 8 | 2.2 | 11 | 4 | 7 | 3.2 | 12 | 2 | 8 | 2.0 | 11 | 4 | 6 | 3.0 | 11 | 2 |
| Emerging | 8 | 4.8 | 32 | 1 | 11 | 5.6 | 23 | 3 | 8 | 7.6 | 32 | 1 | 7 | 3.4 | 15 | 2 | 13 | 6.7 | 23 | 6 |
| Developing | 8 | 4.2 | 22 | 3 | 11 | 3.6 | 20 | 4 | 9 | 4.5 | 20 | 3 | 8 | 4.0 | 22 | 3 | 7 | 4.7 | 19 | 3 |
| Africa | 10 | 4.8 | 22 | 3 | 11 | 4.7 | 20 | 5 | 9 | 5.5 | 20 | 3 | 10 | 4.8 | 22 | 3 | 11 | 4.1 | 14 | 6 |
| Asian and Pacific | 9 | 3.4 | 23 | 2 | 12 | 6.3 | 23 | 6 | 9 | 4.7 | 16 | 2 | 8 | 2.1 | 11 | 5 | 7 | 2.1 | 9 | 5 |
| Europe | 7 | 3.2 | 21 | 1 | 8 | 3.5 | 16 | 3 | 7 | 5.7 | 21 | 1 | 7 | 2.6 | 12 | 2 | 6 | 2.9 | 11 | 2 |
| Middle-East and C. Asia | 7 | 3.9 | 19 | 2 | 11 | 2.9 | 14 | 4 | 7 | 3.2 | 13 | 4 | 7 | 3.8 | 15 | 2 | 7 | 6.3 | 19 | 4 |
| Western Hemisphere | 9 | 5.1 | 32 | 3 | 12 | 5.6 | 23 | 4 | 11 | 7.7 | 32 | 3 | 8 | 3.3 | 14 | 3 | 13 | 8.3 | 23 | 3 |

1/ The lag is considered as the time between the (last) ROSC mission and the issuance of the ROSC to the Board.

Publication and access to published ROSCs

20. **A large majority of ROSCs have been published.** The publication rate has been fairly stable at around 75 percent. All updates have been published. The highest publication

rates are for advanced economies, and for fiscal and data ROSCs; the lowest is for the insolvency and creditors rights ROSC (Table 5).

Table 5. Publication Rates of Initial Assessments ROSCs, FY1999-2005
(In percent)

| | | | |
|-------------------------|----|--|----|
| Overall | 74 | Data dissemination/quality | 93 |
| | | Fiscal policy transparency | 93 |
| Advanced economies | 99 | Insurance supervision | 82 |
| Emerging markets | 71 | Corporate governance | 80 |
| Developing economies | 63 | Securities regulation | 76 |
| | | Accounting & Auditing | 75 |
| Europe | 94 | AML/CFT | 71 |
| Asia and Pacific | 75 | Banking supervision | 67 |
| Africa | 67 | Monetary and financial policy transparency | 64 |
| Western Hemisphere | 56 | Payment and settlement systems | 65 |
| Middle-East and C. Asia | 54 | Insolvency and creditors rights | 21 |

21. **On average, country papers related to the initiative (ROSCs, updates, FSSA, detailed assessments) are the most accessed documents of all types of Fund country papers published on the Fund external website.**¹³ In 2004, ROSC papers were accessed on average 2.4 times more often than surveillance-only papers, 3 times more often than combined surveillance-Use of Fund Resources (UFR) papers, and 1.5 times more often than UFR papers (Table 6).

22. **This is because the lifetime of a ROSC is much longer than that of any other country papers, which are updated more often.** Among new reports, initiative-related papers are not accessed more often than other country papers on average. In fact, on average, a new Article IV report or a new UFR paper is slightly more often accessed than a new ROSC. However, the older the papers get, the wider the gap in access between ROSCs and other country papers. Among papers published in 2001, ROSCs were accessed during 2004 on average 728 times, while surveillance papers were accessed 139 times and UFR papers only 59 times.

¹³ Data is indicative, as the IMF website does not attempt detailed tracking of its users.

Table 6. Summary Statistics on Accesses to Country Papers Posted on the Fund External Website, 2004 1/

| | Number of papers | Number of accesses | Average number of accesses per paper |
|----------------------------------|------------------|--------------------|--------------------------------------|
| All papers | 1,753 | 788,918 | 450 |
| S&C Initiative | 223 | 186,628 | 837 |
| Surveillance | 1,080 | 377,862 | 350 |
| Surveillance/UFR | 116 | 32,847 | 283 |
| Use of Fund Resources | 334 | 191,581 | 574 |
| Papers published in 2004 | 406 | 347,024 | 855 |
| S&C Initiative | 74 | 59,169 | 800 |
| Surveillance | 172 | 159,485 | 927 |
| Surveillance/UFR | 19 | 12,106 | 637 |
| Use of Fund Resources | 141 | 116,264 | 825 |
| Papers published in 2003 or 2004 | 808 | 611,872 | 757 |
| S&C Initiative | 148 | 135,024 | 912 |
| Surveillance | 355 | 268,922 | 758 |
| Surveillance/UFR | 45 | 21,793 | 484 |
| Use of Fund Resources | 260 | 186,133 | 716 |
| Papers published in 2001 | 226 | 41,409 | 183 |
| S&C Initiative | 24 | 17,462 | 728 |
| Surveillance | 141 | 19,565 | 139 |
| Surveillance/UFR | 25 | 2,245 | 90 |
| Use of Fund Resources | 36 | 2,137 | 59 |

1/ These statistics exclude papers that have never been accessed.

23. **Access to published initiative-related papers varies according to the nature of the papers, the regions and types of economies.** FSSAs are by far the most popular initiative-related papers. Initiative-related papers for Asian countries are significantly more often accessed than those for others regions, among which there is no significant difference. Initiative-related papers for advanced economies are more often accessed than those for emerging markets and developing economies (Table 7).

Table 7. Summary Statistics on Accesses to Initiative-Related Papers Posted on the Fund External Website, 2004

| | Number of papers | Number of accesses | Average access per paper |
|-------------------------------------|------------------|--------------------|--------------------------|
| All S&C papers | 223 | 186,628 | 837 |
| <i>Of which:</i> Asia and Pacific | 26 | 29,855 | 1,148 |
| Europe | 93 | 75,666 | 814 |
| Middle East and Central Asia | 32 | 25,590 | 800 |
| Western Hemisphere | 27 | 21,470 | 795 |
| Africa | 28 | 21,548 | 770 |
| All S&C papers | 223 | 186,628 | 837 |
| <i>Of which:</i> Advanced economies | 50 | 48,447 | 969 |
| Emerging markets | 76 | 65,838 | 866 |
| Developing economies | 78 | 58,686 | 752 |
| All S&C papers | 223 | 186,628 | 837 |
| <i>Of which:</i> FSSA | 51 | 67,588 | 1,325 |
| AML/CFT | 7 | 5,245 | 749 |
| Fiscal | 45 | 31,996 | 711 |
| Data | 4 | 2,411 | 603 |

IV. OUTREACH ON STANDARDS AND CODES

A. Objectives and Types of Standards and Codes Outreach

24. **The aim of standards and codes (S&C) outreach is ultimately that underlying the S&C initiative itself**, namely the adoption by member countries of internationally recognized standards and codes in areas central to the working of domestic and international financial systems, with a view to strengthening financial stability, and helping promote transparency, accountability and good governance. However, specific outreach activities can be grouped based on their immediate objectives. These fall into at least four main types:

- **Promoting** standards, especially in lagging regions/countries, by increasing general awareness of the value of standards assessments and the role of the Fund in this area, and encouraging implementation in member countries.
- Clarifying and explaining **technical** aspects of specific standards through narrower and more targeted forms of outreach.
- Enhancing the effectiveness and value of ROSCs by **disseminating** lessons learned from ROSCs or communicating the findings of individual ROSCs to stakeholders in

ways that are compatible with diverse users and target audiences (country authorities, financial markets, non-governmental organization (NGOs), parliaments, and the general public).

- Soliciting **feedback** from various stakeholders (officials, market participants, NGOs) on specific ROSCs as well as the initiative in general.

25. It should be mentioned that more awareness about the Fund's contribution to the promotion of transparency, accountability and good governance (through the S&C initiative) is also important, given the focus of many stakeholders on these issues and the general consensus that better governance and more accountable institutions are critical for improving economic performance in general, including creating jobs and reducing poverty.

B. Evolution of S&C Outreach and Recent Trends

Fund¹⁴

26. **Over the past few years, many Fund departments have participated in outreach efforts related to S&C** (Appendix IV). Area departments have conducted outreach activities in countries that are lagging behind in participating in the initiative. In addition to the broad promotion of standards, functional departments have organized regional seminars to highlight key findings and participated in activities with country officials and private sector participants to discuss more specialized and technical aspects related to observance of S&C.

27. **In recent years, broad S&C outreach has become an integral part of general outreach on the role of the Fund by its External Relations Department (EXR)** – e.g., seminars with parliamentarians, media, NGOs and other audiences. Elements of transparency underlying S&Cs are particularly emphasized in outreach to parliamentarians and NGOs. EXR also disseminates general S&C material as well as country ROSCs through the external website, the email notification service, and publications.

28. While all types of S&C outreach continue to be pursued, there has been some shift in emphasis from the “first generation” of outreach efforts, which focused on promoting and explaining in general terms the S&C initiative, to selectively targeting audiences to emphasize more specialized and technical aspects of individual standards. FAD, the Monetary and Financial Systems Department (MFD), and the Statistics Department (STA), in particular, have made department-specific efforts in this direction:

- **MFD** launched a series of seminars on monetary and financial sector issues (in collaboration with the Bank), directed at central bankers and regulators from around the world. These seminars are designed to help the audience assess their countries'

¹⁴ This section and section IV.A draw from a note on standards and codes outreach prepared by TAMS' Working Group on Standards and Codes Outreach.

financial sector from both stability and developmental points of view. Three or four seminars of this type are envisaged per year. Regional meetings have been held in Abu Dhabi, Basel, Gaborone, Mexico City, Singapore, and Washington. MFD has also conducted roundtable sessions, reviewing information sharing and data dissemination in relation to the staff's work with OFCs. MFD staff, together with their colleagues in the Legal Department, made presentations on various aspects of the AML/CFT standard to some 30 international conferences and seminars between January 2004 and April 2005.

- **FAD** has also been taking a regional approach to discuss and promote improvement in fiscal transparency. Seminars on fiscal transparency and data quality have been given at Joint Vienna Institute (JVI) for EU accession countries (2/03) and for Commonwealth of Independent States (CIS) countries (2/04), and others are planned at JVI for Eastern European countries (7/05) and non-European transition countries (8/06). In addition, FAD and the Asia and Pacific Department (APD) are jointly organizing a conference on fiscal risks in Asia at the Singapore Training Institute in June 2005. A similar seminar is planned for countries in Latin America at the Brasilia Training Institute in 2006. FAD has solicited area departments' support and feedback on this regional approach through a series of area seminars, with the aim of better integrating fiscal transparency issues in area department consultations. FAD is also leading a collaborative effort to disseminate widely the *Guide on Resource Revenue Transparency*, aimed at promoting transparency in oil-producing countries.
- **STA** has held outreach activities in support of the data dissemination standards and the DQAF. Outreach visits were conducted to Thailand, Japan, and Indonesia (November 2004). Increasingly, outreach is combined with participation in international statistical meetings. For example, presentations on S&C were made during regional meetings of heads of national statistical agencies such as the Economic Commission for Latin America (ECLA, 11/04), the Arab League meeting of statisticians (12/04), the United Nations Economic and Social Commission for Western Asia (ESCWA, 2/05), the United Nations Statistical Commission Meeting (3/05), the IMF Balance of Payments Committee Meeting (South Africa, 10/04) and during regional workshops (United Arab Emirates (UAE), 3/05) or high-level seminars (Morocco (3/05), Qatar (5/05)). Slides on S&C and DQAF are also included in all training courses as part of a presentation of current issues and developments in statistics. STA's General Note, which is published once a year at the time of the annual meetings, translated into five languages, and sent to all national statistical agencies and to many central banks and finance ministers, is also a venue for outreach. A new Factsheet on data ROSCs is in preparation.
- The Bank conducted and participated with the Fund in many outreach seminars and conferences, including general outreach seminars (Australia, Bahrain, Brazil, Chile, Czech Republic, Egypt, Hong Kong, Philippines, South Africa, the U.K., and the U.S.) and seminars focusing on specific standards (for example on accounting and auditing).

29. **Efforts have also been made to solicit feedback on the S&C Initiative and its effectiveness.** For example, in October 2004, the IMF (MFD, APD) cosponsored a “listening and learning” conference in Malaysia on the FSAP and the experience of countries in Asia that have participated in the process.

Bank

30. As noted above, much of the outreach done for financial sector standards is done jointly between the Bank and the Fund, in the context of the FSAP. Other outreach undertaken by the Bank include the following activities.

- The Bank’s “Global Policy Dialogue Series” connect Bank-Fund staff and experts with policymakers and financial industry experts from around the world. Some of these series have dealt with **AML/CFT** issues, including “*Anti-Money Laundering and Combating the Financing of Terrorism*,” “*Strengthening collaborative processes to build an effective AML/CFT regime*,” and “*New international standards on AML/CFT*.”
- In **accounting and auditing** (AA), the Bank, in partnership with the European Commission, has launched in May 2005 a Global Distance Learning Network-based knowledge-sharing program designed to give senior civil servants, financial sector regulators, and accounting and auditing bodies from 14 participating locations in South Central and South East Europe an opportunity to interact with a panel of leading international experts. Early this year, the Bank also organized a Roundtable which brought together management and staff from IASB, IFA, BCBS, IAIS, IOSCO, FSF, MDBs, and members of governments from client countries in order to learn the lessons from the AA ROSC and to enhance the approach to future ROSCs.
- With respect to **corporate governance** (CG), the Bank is collaborating with the OECD on initiatives to promote the voice and perspective of developing countries. These include: (i) the *Global Corporate Governance Forum*, which aims to promote the improvement of the institutional framework and practices of corporate governance in developing countries in emerging markets; (ii) the *Corporate Governance Roundtables*, which are used to gather views from developing and emerging market countries in regional groupings; and (iii) the *Private Sector Advisory Group*, which engages senior level private sector counterparts in developing countries that are key players in improving the corporate governance environment.
- In the area of **insolvency and creditor rights** (ICR), the Bank continues to work with a broad range of partners and participates in various working groups organized by UNCITRAL. The Bank, in cooperation with the OECD, has also conducted outreach activities aiming to discuss the experience of the pilot program of assessments, as well as various regional forums on insolvency reform, including the Forum on Asian Insolvency Reform and the Forum on Insolvency in Latin America.

V. LITERATURE REVIEW

31. This section surveys the literature analyzing the benefits of adherence to standards and of greater policy transparency. A significant share of the studies discussed below were conducted by the Fund. The section also describes ongoing work on the design and performance of a synthetic fund that allocates assets using a ranking of observance of international standards.
32. Existing studies can be divided in two types: survey-based studies and econometrics-based studies. The survey-based studies usually attempt to evaluate market participants' degree of awareness about transparency initiatives and their usefulness. The econometrics-based studies typically consider how indicators of market access (measured by market ratings and interest spreads) are influenced by observance of international standards and decisions to disseminate information to the public.
33. The findings of the survey-based studies suggest that awareness of the market participants is still low, especially outside US-based financial institutions. The main shortcoming of these studies is the limited size of the survey sample.
34. The econometrics-based studies present some evidence that greater adherence to standards and broader public dissemination of information (especially decisions to publish ROSCs and IMF Article IV staff reports) are associated with higher market ratings and lower interest spreads. These studies are subject to significant data and methodological limitations. The main data limitations are short data samples and lack of consistent data over time. The methodological limitations stem from a large number of possible factors affecting the interest spreads and rating decisions of the rating agencies, which lead to possible biases from omitted variables. Another important problem for studies looking at the impact of decisions to volunteer for ROSCs and to disseminate the information is possible endogeneity of these decisions with other reform measures affecting ratings and spreads. Thus, the results should be interpreted with caution.

A. Survey-Based Studies

35. Petrie (2003) conducts a survey study on whether various IMF transparency initiatives, in particular, fiscal transparency ROSC have an impact on fiscal transparency. The study suggests that the awareness of the fiscal ROSC is still low outside major sovereign rating agencies and US-based financial institutions, as well as among civil society groups. The paper provides a number of recommendations to improve fiscal ROSCs.
36. Mosley (2003) surveys market participants with regard to the use of SDDS, and concludes that the private sector had yet to become involved fully in the promulgation of the SDDS. The paper argues that full involvement of the private sector is crucial for success of the standard, and therefore the SDDS effort has not yet achieved its goals. The analysis is limited by a small survey sample.

B. Econometrics-based Studies

37. Sundararajan, Marston, and Basu (2001) analyze the relation between adherence to standards and financial stability. They stress that this relation is complex because of a multitude of factors affecting risk exposures and contagion. The findings suggest that, while several macroeconomic and financial indicators appear to account for cross-country variation of credit risk and soundness, they have no direct association with the extent of observance of BCP. The paper provides some evidence that observance of BCP positively influences the soundness of financial systems and risk taking behaviors indirectly. A small survey sample and possibly omitted factors (such as presence of Fund programs) limit the study.

38. Podpiera (2004) explores whether observing the BCP creates a regulatory and supervisory environment that improves banking performance. The study is based on a panel data set covering 1998-2002 and 65 countries. The index of BCP observance is constructed using results of detailed BCP assessments during FSAPs. The paper finds that observance of BCP is associated with a lower share of nonperforming loans and a lower net interest margin. Important data limitations impinge on the analysis, notably the lack of consistent data on regulation and supervision over time.

39. Glennerster and Yongsek (2003) analyze the impact of three different transparency policy initiatives on emerging market spreads for 23 emerging market economies during 1999-2002. The transparency reforms considered are: (i) the voluntary publication of the IMF country documents, in particular, Article IV reports; (ii) the production and publication of ROSCs, and (iii) the creation of SDDS. They present some evidence that sovereign bond spreads fall following the introduction of all three measures of transparency, although evidence for ROSCs is weaker. The main limitation of the study lie in the difficulty to control for other factors affecting spreads.

40. Christofides, Mulder, and Tiffin (2003) examine the relationship between adherence to international standards and two key indicators of access to capital markets—sovereign spreads and sovereign ratings. Their results suggest that standard-related indicators contribute to explain spreads and sovereign ratings for emerging market economies. In particular, they find that property rights and accounting standards are important for spreads, and that there is some evidence that subscription to SDDS also reduces spreads. The shortcomings of the analysis include limited data sets and possibly omitted variables, such as presence of the IMF programs and incidence of crisis during the period considered.

41. Price (2002) looks at the impact of the standards and codes initiative on sovereign ratings. The report concludes that (i) the standards with the greatest potential to enhance the creditworthiness of sovereign governments are those on data, fiscal transparency, banking supervision, and transparency in monetary and financial policies; (ii) awareness of the standards does not seem to be widespread among market participants, and yet (iii) over 1999-2002, there has been a strong statistical relationship between upgrades and downgrades of sovereign ratings and the numbers of reports countries have agreed to publish.

42. Cady (2004) investigates whether subscription to SDDS reduces spreads on emerging market bonds using data on new issues of sovereign bonds in several emerging market countries. The paper presents some evidence that, after controlling for several other factors (GDP growth, maturity of issue, external indebtedness and others), subscription to SDDS contributes to further reducing the spreads. The limitations of the analysis include small data sample, omitted factors, and possible endogeneity of the timing of SDDS subscriptions.

43. Hameed (forthcoming) examines the relationship between fiscal transparency on the one hand, and, on the other hand, market credibility, fiscal discipline, and corruption. The paper develops an index of fiscal transparency using data derived from fiscal transparency ROSCs. More transparent countries are shown to have better credit ratings, better fiscal discipline, and less corruption, after controlling for other socio-economic variables. The primary limitations of this paper include sample size, omitted variables, and endogeneity of fiscal transparency and the decision to participate in the ROSC process.

44. Gelos and Wei (2002), using a comprehensive database on asset allocation by investment funds, present evidence that international funds invest systematically less in less transparent countries. Furthermore, herding among funds tends to be more prevalent in less transparent countries. There is also some evidence that during crises, funds flee non-transparent countries by a greater amount.

45. A number of studies, such as Deutsche Bank (2004), Maher and Anderson (1999), and Yu (2005), present evidence that good corporate governance and accounting transparency are correlated with higher investment returns and lower spreads for corporate borrowers. The importance of good governance for financial performance is also emphasized by the Economic Intelligence Unit (2005).

C. A Synthetic Portfolio

46. Young and Conant (2005) suggested the hypothesis that investors in international equities systematically undervalue the significance of each country's relative quality of information, leading to suboptimal performance. They tested this hypothesis using data from eight investment funds investing in a mix of developed and emerging countries and comparing it with the result of a synthetic financial standard fund that allocates assets using a ranking of observance of international standards. The authors suggest that the synthetic fund offered better risk-adjusted performance than some other investment funds.

VI. THE VIEWS OF THE STAKEHOLDERS ON THE INITIATIVE: RESULTS FROM THE SURVEYS AND FOLLOW-UP INTERVIEWS

A. Country Authorities

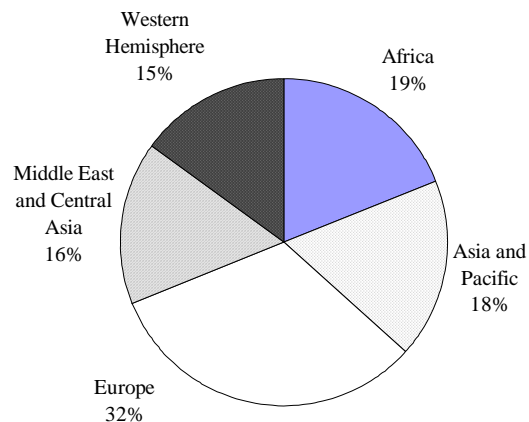
47. **The survey of the country authorities covered the whole membership.** It was sent to 189 survey coordinators in 185 countries and 4 regional central banks, who had been designated in advance by their own country authorities.¹⁵ The questionnaire was divided into four sections: taking stock (10 questions), the usefulness of the initiative (17 questions), the quality of assessments (9 questions), and the evolution of the initiative (7 questions). The survey was supplemented by a series of follow-up interviews, during which Fund and Bank staff discussed the initiative in depth with officials from a number of countries.¹⁶

Taking stock

48. **106 participants answered the questionnaire, entailing a response rate of 56 percent.** Among the respondents, 35 were from advanced economies, 25 from emerging markets and 44 from developing countries.¹⁷ About a third of respondents were from Europe (Figure 7). 73 percent of the survey respondents had participated in the initiative, i.e., had completed at least one standard assessment.

49. For the countries that had not participated in the initiative, the **main obstacles** to participation were (i) timing issues, i.e., the countries were undergoing reforms and planned to participate later; (ii) insufficient information about the initiative, and (iii) concerns about the resource cost of undergoing an assessment.

Figure 4. Region of Origin of Country Authorities Survey Respondents



¹⁵ The surveys to country authorities, Fund mission chiefs, and market participants were administered by an external survey research firm. Answers were transmitted to staff cleaned of information identifying the respondents.

¹⁶ The visited countries for follow-up interviews were Bulgaria, Italy, Korea, Poland, Portugal, Senegal, South Africa, Tanzania, and the United Kingdom. Views of country authorities from other regions views were collected at headquarters at the time of the 2005 Spring meetings.

¹⁷ Two respondents did not indicate the type of economy of their country.

50. For the countries that had participated in the initiative, the **primary motivations** for participating were, by order of importance, (i) to help foster greater transparency in the country; (ii) to help identify key institutional vulnerabilities; (iii) to help strengthen the economic policy framework and institutions; (iv) to respond to encouragements from the Fund or the Bank; and (v) to provide information to market participants about economic policy framework and institutions.

51. **For countries that had chosen not to publish a ROSC, no predominant motivation for such decision emerged from the answers to the questionnaire.** Among the reasons cited were the concern about unfavorable public reactions (including financial markets), unfavorable assessments, disagreement with the reports' content, and preference given to candor and depth of dialogue over transparency.

Usefulness of the initiative

52. **Overall, country authorities found their participation in the initiative worthwhile to a large extent** (Table 8). Developing countries expressed the highest satisfaction about their participation. Overall, participants in the initiative expressed a higher satisfaction when asked about the initiative as a whole, than when asked about its usefulness in meeting specific objectives.

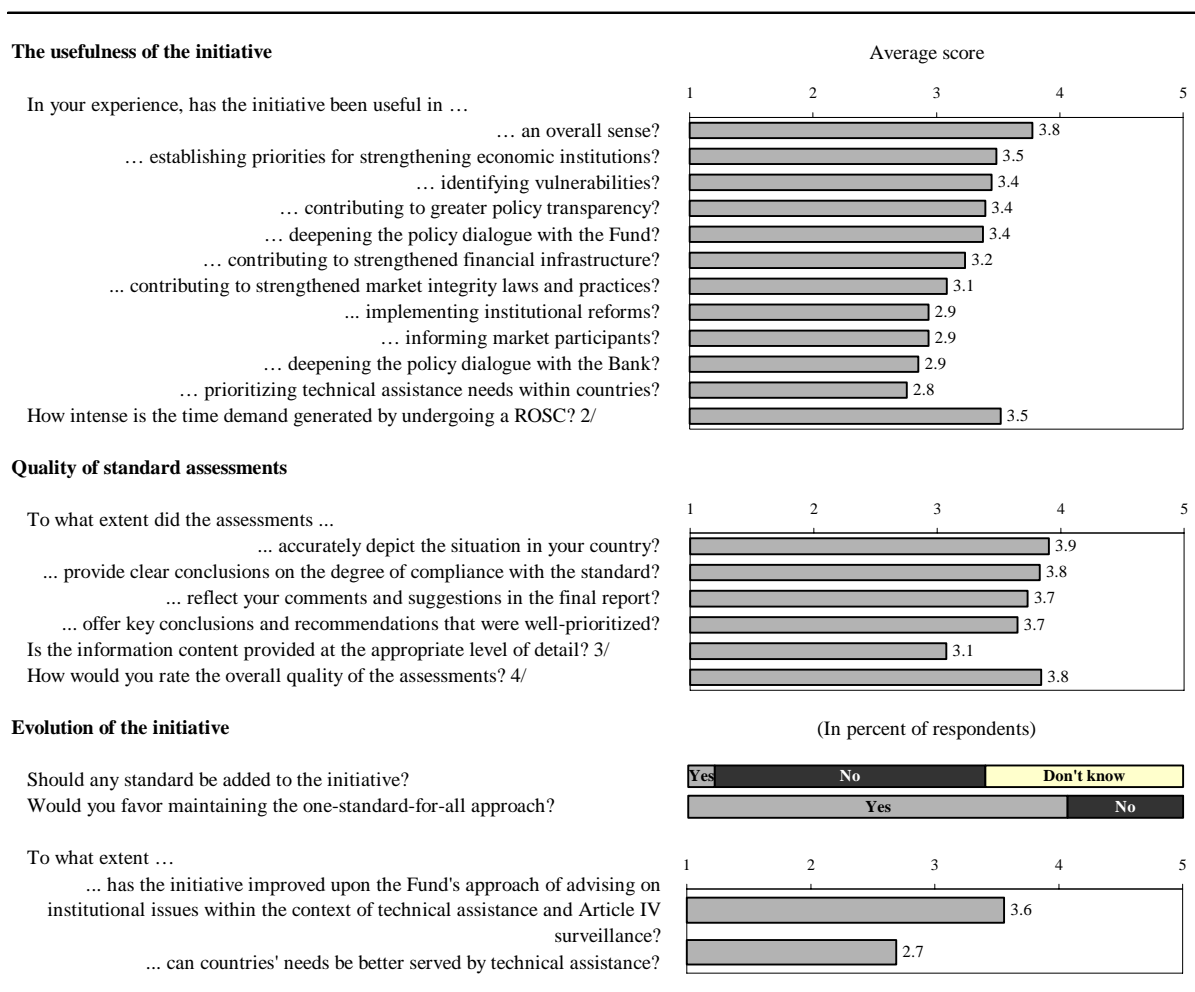
53. **The nature of the benefits has similarities across countries.** All countries ranked identifying vulnerabilities, establishing priorities for strengthening domestic institutions, contributing to greater policy transparency, strengthening of financial infrastructure (for those who undertook an FSAP), and deepening the policy dialogue with the Fund as the main benefits they draw from participating in the initiative. For all groups, the role of the initiative in leading to the implementation of reforms, strengthening market integrity laws and practice and informing market participants was ranked lower than most other benefits (Table 9).

Table 9. Usefulness of the Initiative: Country Authorities' Answers to the Survey
(Average rating on a scale of 1 = not at all, to 5 = to a very great extent)

| | All countries | Advanced economies | Emerging markets | Developing countries |
|---|---------------|--------------------|------------------|----------------------|
| To what extent did you find the participation in the initiative worthwhile? | 3.8 | 3.6 | 3.8 | 4.0 |
| To what extent did the initiative... | | | | |
| ...help identify vulnerabilities? | 3.4 | 3.4 | 3.4 | 3.6 |
| ...help establish priorities for strengthening domestic institutions? | 3.5 | 3.4 | 3.6 | 3.5 |
| ...help prioritize technical assistance needs? | 2.8 | 2.2 | 2.9 | 3.4 |
| ...lead to implementation of institutional reforms? | 2.9 | 2.7 | 3.2 | 3.0 |
| ...help inform market participants? | 2.9 | 2.8 | 3.0 | 3.0 |
| ...contribute to greater policy transparency? | 3.4 | 3.0 | 3.8 | 3.4 |
| ...contribute to strengthened financial infrastructure? | 3.2 | 3.0 | 3.5 | 3.2 |
| ...contribute to strengthened market integrity laws and practice? | 3.1 | 2.8 | 3.3 | 2.5 |
| ...help deepen the policy dialogue with the IMF? | 3.4 | 3.0 | 3.8 | 3.4 |
| ...help deepen the policy dialogue with the World Bank? | 2.9 | 2.0 | 3.5 | 3.1 |
| Average across objectives | 3.2 | 2.8 | 3.4 | 3.2 |

Note: a shaded cell indicates a rating higher than the average across objectives for the relating country group.

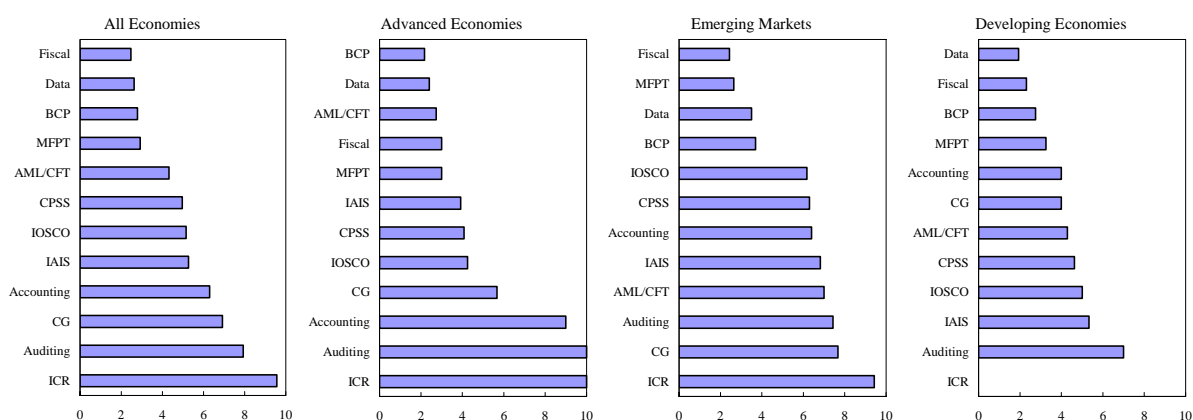
Table 8. Summary of Country Authorities' Views 1/



1/ Unless otherwise indicated, on a scale of 1 = Not at all, to 5 = To a very great extent.
 2/ On a scale of 1 = Not at all intense, to 5 = Extremely intense.
 3/ On a scale of 1 = Much too detailed, to 5 = Much too general.
 4/ On a scale of 1 = Very poor, to 5 = Excellent.

54. **The three policy transparency assessments and the BCP assessments were seen as the most useful for all groups of countries.** One exception is MFPT which is supplanted by AML/CFT in the case of advanced economies. Assessments of other financial standards came next (Figure 5).

Figure 5. Relative Usefulness of ROSCs
(Average rank from 1 = the most useful, to 12 = the least useful)



55. **Yet, all standards were considered useful, as they all served more particularly certain groups of countries for certain objectives.** When asked to name the least useful standards, the large majority of the survey respondents answered that there were none. In particular, all standards were seen as specifically useful by at least one group of countries (advanced economies, emerging markets and developing economies) for at least one objective in terms of assessment tools (identify vulnerability, establish priorities for strengthening institutions, identify and prioritize technical assistance needs) (Table 10).

Table 10. Usefulness of Standards as a Diagnostic Tool
(Average grade on a scale of 1 = not helpful at all, to 5 = helpful to a very great extent in meeting the related objective)

| | Identify vulnerability | | | | Strengthen institutions | | | | Identify and prioritize TA | | | |
|--|------------------------|-----|-----|-----|-------------------------|-----|-----|-----|----------------------------|-----|-----|-----|
| | Total | ADV | EMC | LDC | Total | ADV | EMC | LDC | Total | ADV | EMC | LDC |
| Average grade | 3.4 | 3.4 | 3.4 | 3.6 | 3.5 | 3.4 | 3.6 | 3.5 | 2.8 | 2.2 | 2.9 | 3.4 |
| Monetary and financial policy transparency | 3.3 | 3.3 | 3.2 | 3.4 | 3.3 | 3.2 | 3.3 | 3.4 | 2.7 | 2.3 | 2.8 | 3.4 |
| Fiscal policy transparency | 3.4 | 3.2 | 3.3 | 3.8 | 3.5 | 3.4 | 3.5 | 3.5 | 3.0 | 2.7 | 2.9 | 3.3 |
| Data dissemination/quality | 3.6 | 3.5 | 3.6 | 3.7 | 3.5 | 3.2 | 3.6 | 3.6 | 3.1 | 2.8 | 2.9 | 3.7 |
| Banking supervision | 3.5 | 3.4 | 3.4 | 3.9 | 3.6 | 3.5 | 3.8 | 3.3 | 2.7 | 2.1 | 3.1 | 3.4 |
| Securities regulation | 3.4 | 3.2 | 3.5 | 3.6 | 3.4 | 3.2 | 3.7 | 3.6 | 2.4 | 1.7 | 2.7 | 3.3 |
| Insurance supervision | 3.5 | 3.4 | 3.4 | 3.9 | 3.3 | 3.4 | 3.3 | 3.3 | 2.5 | 2.0 | 2.6 | 3.8 |
| Payment and settlement systems | 3.3 | 3.2 | 3.3 | 3.6 | 3.3 | 3.0 | 3.6 | 3.6 | 2.3 | 1.7 | 2.5 | 3.1 |
| AML/CFT | 3.6 | 3.5 | 3.9 | 3.6 | 3.8 | 3.7 | 4.3 | 3.7 | 2.6 | 2.0 | 3.4 | 3.3 |
| Insolvency and creditors rights | 3.4 | 3.0 | 3.5 | ... | 3.4 | 3.0 | 3.5 | ... | 3.0 | 3.0 | 3.0 | ... |
| Corporate governance | 3.3 | 4.0 | 3.1 | 2.0 | 3.4 | 4.0 | 3.3 | 3.0 | 3.0 | 3.3 | 2.9 | 3.0 |
| Accounting | 3.5 | 4.0 | 3.5 | 3.0 | 3.7 | 4.0 | 3.7 | 3.3 | 2.9 | 3.3 | 2.9 | 2.8 |
| Auditing | 3.6 | 4.0 | 3.6 | 3.0 | 3.7 | 4.0 | 3.7 | 3.0 | 3.1 | 3.3 | 3.1 | 3.0 |

Notes:

1. A shaded cell indicates a rating higher than the average across objectives for the relating country group.
2. ADV = advanced economies, EMC = emerging markets, LDC = developing economies.
3. Some statistics in this table are based on a very small number of observations.

56. **Participation in the initiative brought additional benefits relative to regular Article IV consultations.** In particular, country authorities appreciated the signaling of the government’s commitment to transparency (mentioned by 55 respondents), the focus on institutional issues that are macro-economically relevant (49 respondents), the greater specificity of the recommended reform agenda (46 respondents), and the help in identifying and prioritizing technical assistance needs (37 respondents).

57. **Overall, country authorities considered that the demand on government officials’ time generated by undergoing an assessment was somewhat to very intensive in terms of preparation for the assessment and time spent with the assessors.** There was no major differences by standards. The overall average grade on a scale of 1 (not at all intense) to 5 (extremely intense) was 3.5. The most time consuming assessment was for the AML/CFT standard (average grade of 3.9).

Quality of assessments

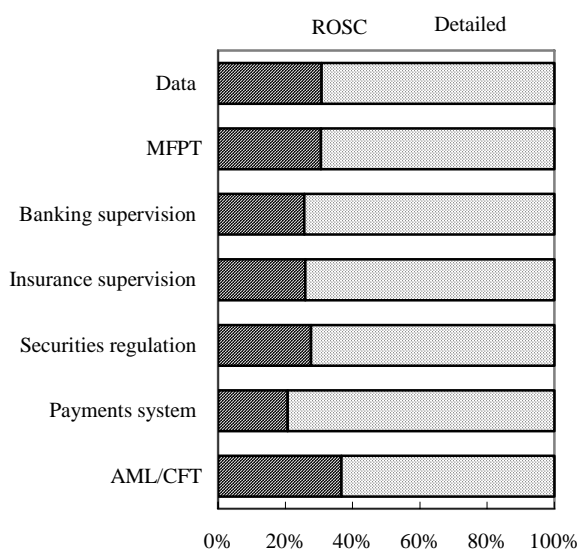
58. **Country authorities considered that the assessments were of good quality.** With no major difference by standards, they found that the assessments provided clear conclusions on their country’s degree of observance of the standard, accurately depicted the situation in their country, and offered well-prioritized conclusions and recommendations. They were also satisfied with the extent to which the final reports reflected their comments and suggestions (Table 11). On average, they considered that ROSCs provided information at an appropriate level of detail.

Table 11. Quality of the Assessments: Country Authorities' Answers to the Survey
(Average grade on a scale of 1 =lowest, to 5 = highest)

| | Overall Quality | Clarity | Accuracy | Prioritization | Reflection of Authorities's Comments |
|--|-----------------|---------|----------|----------------|--------------------------------------|
| All standards | 3.8 | 3.8 | 3.9 | 3.7 | 3.7 |
| Monetary and financial policy transparency | 3.8 | 3.9 | 3.9 | 3.6 | 3.9 |
| Fiscal policy transparency | 3.9 | 3.8 | 3.9 | 3.7 | 3.7 |
| Data dissemination/quality | 4.0 | 4.0 | 4.0 | 3.8 | 3.9 |
| Banking supervision | 3.9 | 4.0 | 4.0 | 3.7 | 3.7 |
| Securities regulation | 3.8 | 3.7 | 3.9 | 3.6 | 3.8 |
| Insurance supervision | 3.8 | 3.8 | 3.9 | 3.6 | 3.9 |
| Payment and settlement systems | 3.8 | 3.9 | 3.9 | 3.6 | 3.6 |
| AML/CFT | 3.8 | 3.9 | 3.8 | 3.7 | 3.6 |
| Insolvency and creditors rights | 3.6 | 3.6 | 3.7 | 3.4 | 3.5 |
| Corporate governance | 3.7 | 3.7 | 4.0 | 3.7 | 3.6 |
| Accounting | 3.6 | 3.4 | 3.6 | 3.4 | 3.6 |
| Auditing | 3.7 | 3.6 | 3.7 | 3.5 | 3.6 |

59. A large majority of countries authorities found that detailed assessments, when prepared, were more useful than the ROSCs (Figure 6).

Figure 6. Which is the More Useful?
(Percent of respondents)



Evolution of the initiative

60. **Country authorities did not call for a major overhaul of the initiative.** The majority of respondents considered that no standard should be added to the initiative and three quarters of them favored maintaining the “one-standard-for-all” approach, as compared to creating different standards for different groups of countries (e.g., advanced economies, emerging markets, developing economies) (Table 8).

61. **Views were divided regarding the best way to keep ROSCs up to date.** 41 percent of respondents favored updates in the context of Article IV consultations, 27 percent updates by experts sent by the Fund or the Bank, and 21 percent country self-updates.

62. **Almost all respondents considered that the initiative improved upon the prior approach of providing advice on institutional issues within the context of technical assistance and Article IV surveillance** (51 percent of respondents thought that it did so to a great or very great extent, 47 percent to some extent). In this context, views differed on the extent to which their country’s needs in the areas covered by the initiative would be better served by technical assistance than by participation in the initiative: a third of respondents thought that it would not do so at all or to a very limited extent, half to some extent, and 18 percent to a great or very great extent.

B. Fund Area Department Mission Chiefs

63. **The survey of Fund area department mission chiefs included similar questions to those included in the country authorities’ survey.** The on-line survey was sent to mission chiefs for 187 economies, and had an overall response rate of 65 percent.¹⁸ By department, the response rate was close to 70 percent of countries in the European (EUR), the Middle East and Central Asia (MCD), and Western Hemisphere (WHD) Departments, and over 50 percent in the African Department and APD. By type of economy, the response rate was

¹⁸ The survey encompassed mission chiefs for the entire membership of 184 countries, and some other entities, including Hong Kong SAR, the euro area, and the ECCU, for which ROSCs have been produced.

highest for advanced economies, followed by developing economies and emerging market economies (Table 12).

Table 12. Area Department Mission Chiefs Survey: Response Rates

| | Numb. of Respondents | Percent of Respondents | Percent of Department | | Numb. of Respondents | Percent of Respondents | Percent of Category |
|-------|----------------------|------------------------|-----------------------|---------------------------|----------------------|------------------------|---------------------|
| AFR | 25 | 20.7 | 56.8 | Advanced economies | 21 | 17.4 | 70.0 |
| APD | 19 | 15.7 | 55.9 | Emerging market economies | 23 | 19.0 | 57.5 |
| EUR | 31 | 25.6 | 72.1 | Developing economies | 77 | 63.6 | 65.8 |
| MCD | 22 | 18.2 | 71.0 | | | | |
| WHD | 24 | 19.8 | 68.6 | Total | 121 | 100.0 | 65.0 |
| Total | 121 | 100.0 | 65.0 | | | | |

64. Mission chiefs of countries that have not participated in the initiative provided some insights on non-participation and main ROSCs of interest.

- From their point of view, the most likely reason for non-participation was “little interest from the authorities and from the Fund.” However, for the four main Fund-led ROSCs, a significant minority of respondents (20 to almost 30 percent of respondents) noted “interest from the Fund, but not from the authorities (unwillingness to participate.)” A smaller proportion of respondents noted that there was “interest from the authorities, but low priority for the Fund” (10-16 percent) for the same group of ROSCs (Table 13).
- These mission chiefs indicated that they would like to see their countries participate in the fiscal ROSC most, followed by the banking supervision, data, monetary and financial policies transparency (MFPT), and AML/CFT ROSCs (Figure 7).

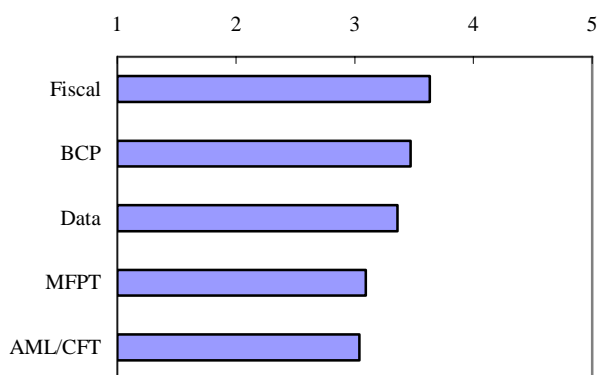
Table 13. Reasons for Non-participation
(In percent of responses)

| | (1) | (2) | (3) |
|------------|------|------|------|
| Data | 68.2 | 19.7 | 12.1 |
| Fiscal | 62.1 | 27.6 | 10.3 |
| MFPT | 68.2 | 19.7 | 12.1 |
| BCP | 56.4 | 27.3 | 16.4 |
| IOSCO | 75.4 | 15.9 | 8.7 |
| IAIS | 69.9 | 15.1 | 15.1 |
| CPSS | 72.5 | 17.4 | 10.1 |
| AML/CFT | 58.5 | 26.2 | 15.4 |
| ICR | 81.1 | 11.1 | 7.8 |
| CG | 81.6 | 11.5 | 6.9 |
| Accounting | 82.6 | 11.6 | 5.8 |
| Auditing | 80.9 | 11.2 | 7.9 |

- (1) Little interest from authorities and Fund
(2) Fund interest, but not authorities
(3) Authorities interest, low priority for Fund

65. **Overall, mission chiefs in area departments found the initiative to be somewhat useful.** Over the range of questions asked, most average scores ranged between “to a very little extent” and “to some extent” (Table 14). These included questions gauging to what extent participation in the initiative had helped in identifying vulnerabilities, in strengthening domestic institutions, or in prioritizing technical assistance needs. Similar results were found for questions asking whether participation had contributed to greater policy transparency or strengthened financial infrastructure. Mission chiefs thought that the initiative had helped inform market participants “to a very little extent.”

Figure 7. Which ROSCs Should Be Done?
(Average rating on a scale of 1 = not at all, to 5 = to a very great extent)



Note: Other ROSCs scores averaged below 3, "to some extent."

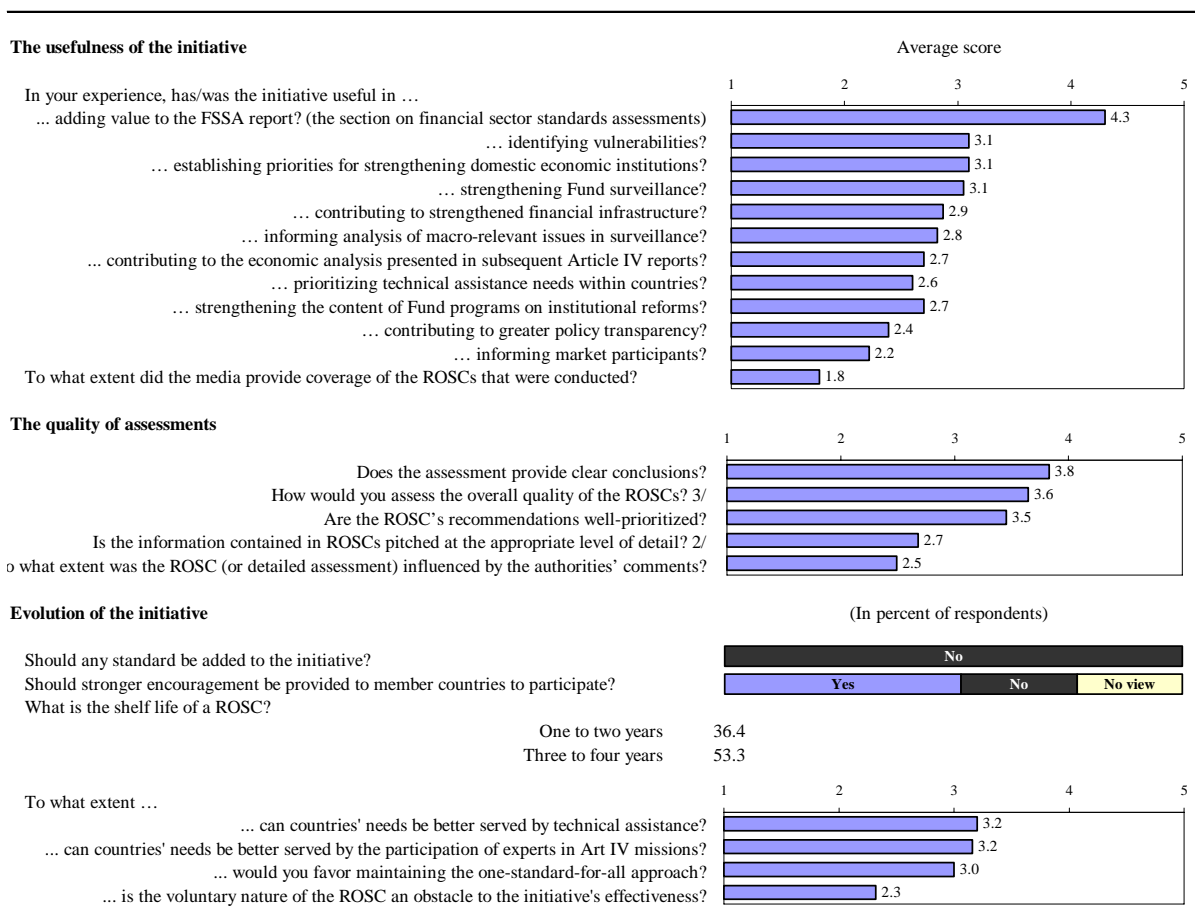
66. **On average, the initiative’s contribution to informing Fund surveillance appears to have been limited.** In line with the above findings, respondents believed that their country’s participation in the ROSC process strengthened Fund surveillance “to some extent.” Results for other questions relating to surveillance yielded results on the weaker side of “to some extent,” including whether participation helped inform the analysis of macro-relevant issues in surveillance, and whether the assessments contributed to the economic analysis presented in subsequent Article IV reports. Questions relating to financial sector standards and the FSAP drew a slightly stronger response (Table 15). Mission chiefs, especially those working on emerging market countries, appeared to use FSSA reports for surveillance somewhere between “to some extent” and “to a great extent.” They also found that, especially for emerging market and developing countries, the section on standard assessments added value to the FSSA report to a “great or very great extent.”

Table 15. Usefulness for Surveillance: Mission Chiefs' Answers to the Survey
(Average and standard deviation of ratings on a scale of 1 = not at all, to 5 = to a very great extent)

| | All countries | | Advanced economies | Emerging markets | Developing economies |
|---|---------------|----------|--------------------|------------------|----------------------|
| | Avg. | Std dev. | Avg. | Avg. | Avg. |
| Did each of the documents contribute to economic analysis? | 3.3 | 1.1 | 2.9 | 3.6 | 3.5 |
| FSSA report (excluding ROSCs) | 3.8 | 1.0 | 3.2 | 4.1 | 3.9 |
| FSAP Aide-memoire | 3.5 | 1.0 | 3.3 | 3.6 | 3.7 |
| Detailed assessment/technical notes | 3.2 | 1.1 | 2.7 | 3.4 | 3.3 |
| ROSCs | 2.9 | 1.0 | 2.4 | 3.2 | 3.1 |
| Did the section on standards assessments add value to the FSSA? | 4.3 | 1.0 | 3.7 | 4.6 | 4.5 |

Note: a shaded cell indicates a rating higher than the average across objectives for the relating country group.

Table 14. Summary of Area Department Mission Chiefs' Views 1/



1/ Unless otherwise indicated, on a scale of 1 = Not at all, to 5 = To a very great extent.

2/ On a scale of 1 = Much too detailed, to 5 = Much too general.

3/ On a scale of 1 = Very poor, to 5 = Excellent.

67. **Large variations can be found in the usefulness of the initiative across types of ROSCs and groups of economies.** Some questions elicited a stronger response from mission chiefs, sometimes for particular sub groups. Some examples of these variations follow.

- When asked to what extent standard assessments helped **identify vulnerabilities**, mission chiefs gave higher ratings to the policy transparency and BCP ROSCs (Figure 8). These ROSCs seemed to be particularly useful to mission chiefs of emerging market and developing economies: around half of these mission chiefs found that fiscal and MFPT ROSCs helped identify vulnerabilities to a great or very great extent (Figure 9). A similar fraction of emerging market mission chiefs found the data and the banking supervision ROSCs of the same degree of usefulness. Banking supervision ROSCs were very useful for developing economy mission chiefs, as over 70 percent of them found the ROSCs helped identify vulnerabilities to a great or very great extent.

- A significant minority of mission chiefs for emerging market and developing economies also found that the initiative helped establish objectives and priorities for strengthening domestic institutions and strengthen financial infrastructure. Around a third of these mission chiefs thought participation had helped in these objectives to a great/very great extent (Figure 10).

Figure 8. ROSCs' Helpfulness in Identifying Vulnerabilities
(Average rating by type of ROSC)

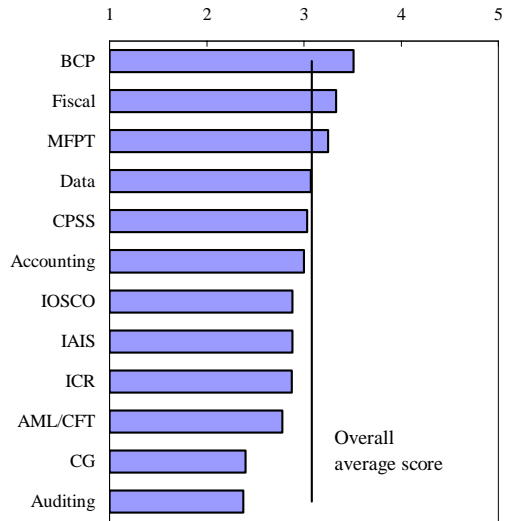


Figure 9. Usefulness of ROSCs in Identifying Vulnerabilities

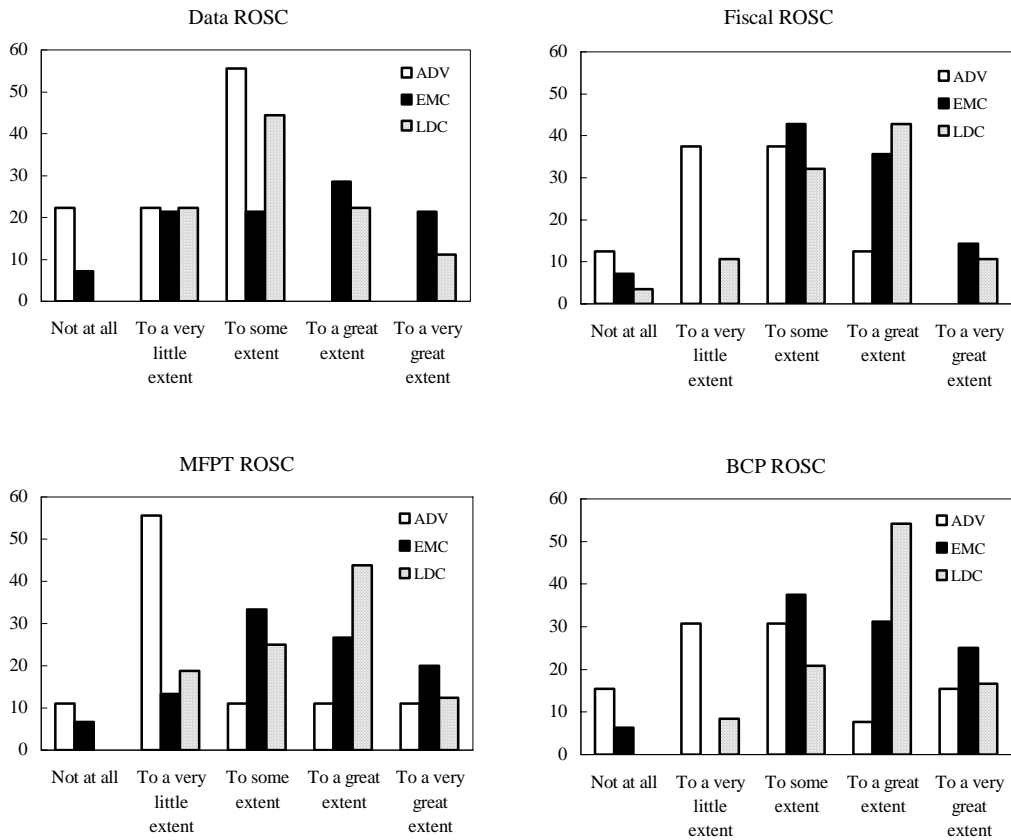
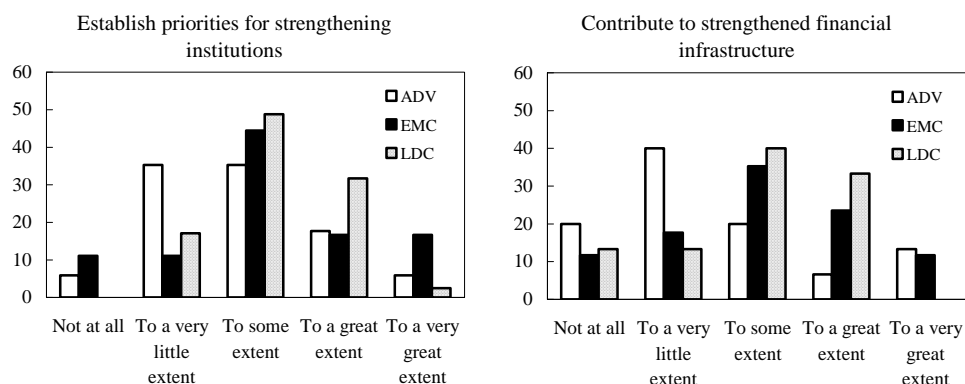


Figure 10. Usefulness of ROSCs in Strengthening Institutions and Financial Infrastructure



68. **Mission chiefs found the ROSCs, particularly those related to the financial sector, to be reasonably clear and well prioritized** (Table 16). The average score for each of the dimensions fell between “to some extent” and “to a great extent.” In particular, ROSCs

Table 16. Clarity of ROSCs
(Average rating by type of economy)

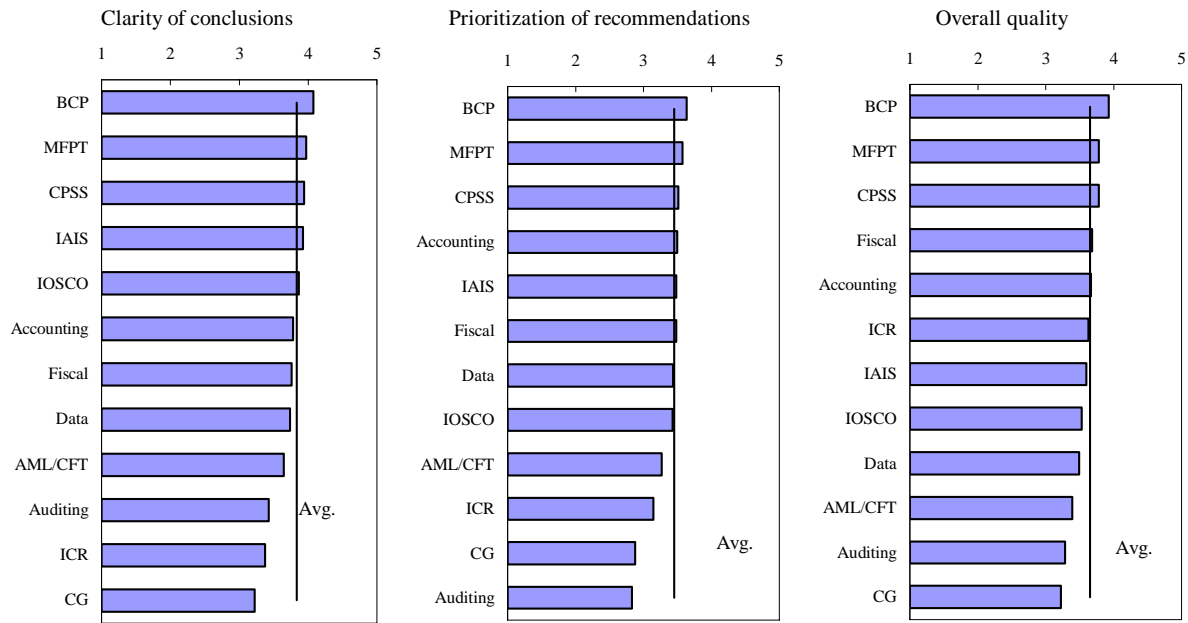
| | |
|----------------------|-----|
| Overall | 3.8 |
| Advanced economies | 4.0 |
| Emerging markets | 3.7 |
| Developing countries | 3.8 |

for advanced economies were found “to a great extent” to provide clear conclusions on their mission country’s degree of observance of the standard. Across types of ROSCs, the scores on clarity in financial sector-related ROSCs were stronger.¹⁹ These ROSCs, as well as the fiscal ROSC, were also found to be well-prioritized. Some other findings of the survey with regard to the quality of assessments follow.

- The overall quality of the ROSCs was judged to be between “acceptable” and “good,” across all types of ROSCs (Figure 11).
- The information contained in ROSCs was considered to be pitched at the appropriate level of detail, with the average score falling between “somewhat too detailed” and “about right” (Table 14).
- The information contained in ROSCs was considered to be pitched at the appropriate level of detail, with the average score falling between “somewhat too detailed” and “about right” (Table 14).

¹⁹ Including banking supervision, payments systems, insurance supervision, securities’ regulation, and monetary and financial policy transparency ROSCs.

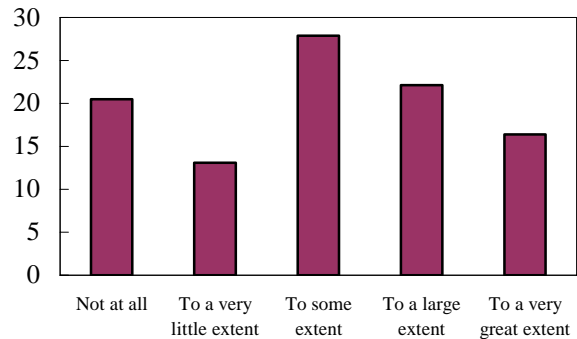
Figure 11. Quality of ROSCs (Average rating by type of ROSC)



69. Mission chiefs did not see the need for major changes to the initiative.

None of the respondents thought any standard should be added, and no majority was expressed on possible standards that might be dropped (Table 14). The distribution of answers to the question of whether the one-standard for all approach should be maintained was broadly even across all categories, resulting in an average score of “to some extent” (Figure 12). The voluntary nature of the initiative was found to be an obstacle to its effectiveness only between “to a very little extent” and “to some extent,” though over half of mission chiefs thought stronger encouragements should be provided for countries to participate.²⁰

Figure 12. To What Extent is the One-Standard-For-All Approach Favored? (Histogram of ratings)



²⁰ Mission chiefs for advanced economies did not believe that stronger encouragements for participation should be provided.

70. **On possible alternatives to ROSCs, respondents had a lukewarm response.** Only “to some extent” could countries’ needs in areas covered by the initiative be better served by the participation of experts on Article IV or other surveillance missions (Table 14). Similar results were found for whether technical assistance could better serve these needs, though there were significant differences across types of economies. Mission chiefs for advanced economies did not think so, but mission chiefs for developing economies were more in favor of the idea (Table 17).

Table 17. Technical Assistance
(Average rating on a scale of 1 = not at all, to 5 = to a very great extent)

| | |
|----------------------|-----|
| Overall | 3.2 |
| Advanced economies | 1.6 |
| Emerging markets | 3.0 |
| Developing countries | 3.7 |

C. Fund Functional Department Mission Chiefs

71. **The views of mission chiefs who led ROSC/FSAP missions were also gathered through an on-line survey.** The survey garnered a 57 percent response rate, with a broadly even distribution of responses across the three ROSC-producing departments (FAD, MFD, and STA).²¹ The responses captured the views of mission chiefs with experience ranging from those having led one ROSC or FSAP mission to those having led up to five ROSC or FSAP missions.

72. **Mission chiefs generally found the standards and codes initiative to be useful, especially with respect to contributing to the first objective of strengthening institutions.** In particular, most respondents believed that the standards and codes initiative has been useful in identifying vulnerabilities, in establishing priorities for strengthening domestic economic institutions, and in prioritizing technical assistance needs within countries, with the average response falling somewhere between “in some cases” and “in most cases” in their experience (Table 18). On more specific questions as to whether the initiative has contributed to greater policy transparency and to strengthened financial infrastructure, scores from STA and MFD respondents were stronger than the average score (Table 19).

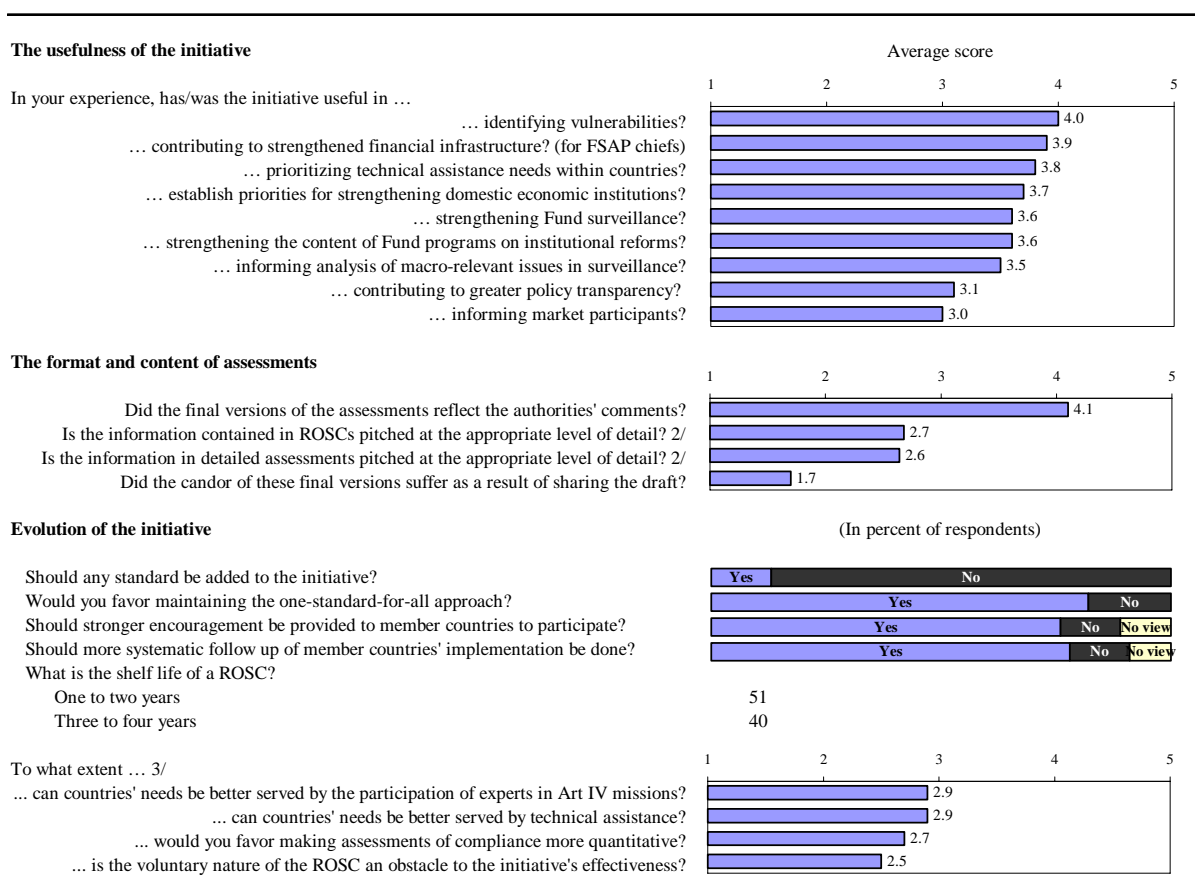
Table 19. Initiative's Contribution: Mission Chiefs' Answers
(Average rating on a scale of 1 = not at all, to 5 = in all/almost all cases)

| | All | FAD | MFD | STA |
|---|-----|-----|-----|-----|
| In your experience, has the initiative contributed to ... | | | | |
| ... greater policy transparency? | 3.1 | 3.1 | 2.6 | 3.6 |
| ... strengthened financial infrastructure? | 3.9 | ... | 4.4 | ... |

Note: a shaded cell indicates a rating higher than the overall average.

²¹ The survey was sent to 79 mission chiefs in functional departments, of which 45 responded; 14 each in FAD and STA, and 17 respondents in MFD.

Table 18. Summary of ROSC/FSAP Mission Chiefs' Views 1/



1/ Unless otherwise indicated, on a scale of 1 = Not at all, to 5 = In all/almost all cases.

2/ On a scale of 1 = Much too detailed, to 5 = Much too general.

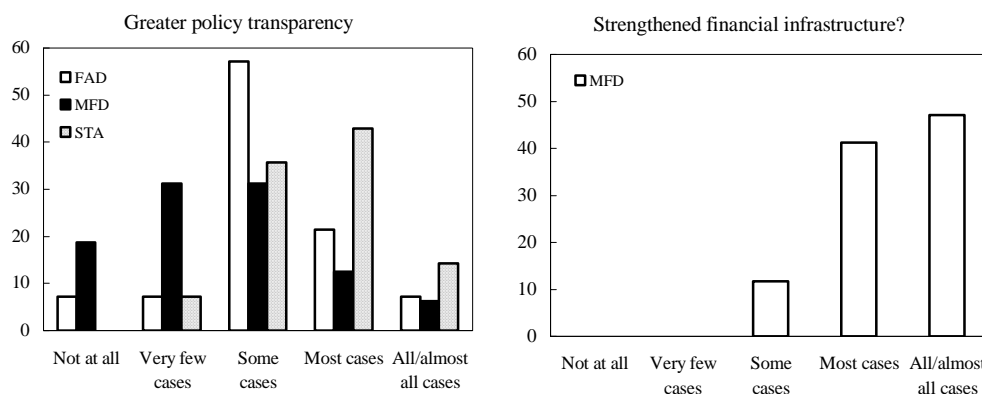
3/ On a scale of 1 = Not at all, to 5 = To a very great extent.

73. **Views on whether the initiative has been useful in meeting its other two objectives were more mixed.** Mission chiefs thought the initiative has not been very useful in informing financial market participants (average response around “to some extent”). The majority of mission chiefs (56 percent) thought the initiative helped strengthen Fund surveillance in most or almost all of their cases. Similarly, ROSC findings were thought to be informative for the analysis of key macro-economically relevant issues in the surveillance process, with the average response falling between “in some cases” and “in most cases” (Table 20).

Table 20. Strengthened Surveillance?
(In percent of respondents)

| | |
|----------------------|------|
| Not at all | 2.3 |
| Very few cases | 9.1 |
| Some cases | 31.8 |
| Most cases | 40.9 |
| All/almost all cases | 15.9 |

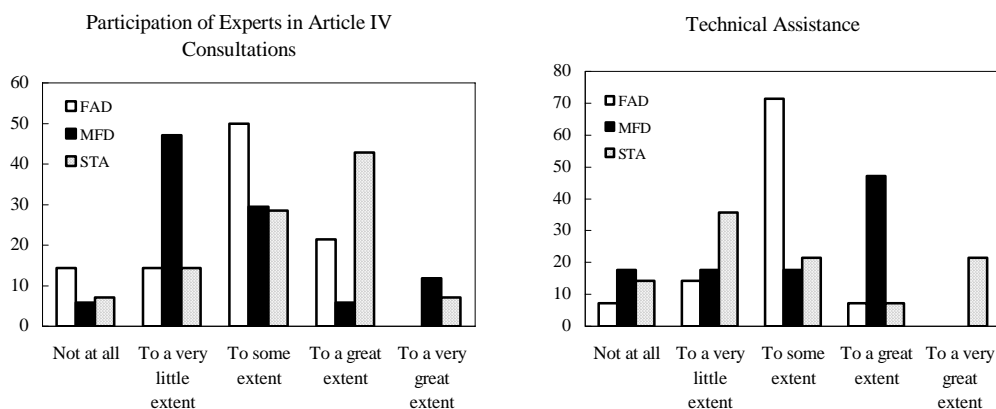
Figure 13. Contribution of the Initiative
(Histogram by department)



74. **No major changes to the initiative were thought to be needed** (Table 18). The number of standards was judged to be appropriate, though some respondents thought that the AML/CFT standard should be dropped. The existing approach of having one standard that is applicable for all countries was strongly supported. While respondents did not feel that the voluntary nature of the initiative has been an obstacle to its effectiveness, most did believe that stronger encouragements should be provided to member countries to participate. Most respondents also thought the Fund and the Bank should do more systematic follow up of member countries' implementation of ROSC recommendations.

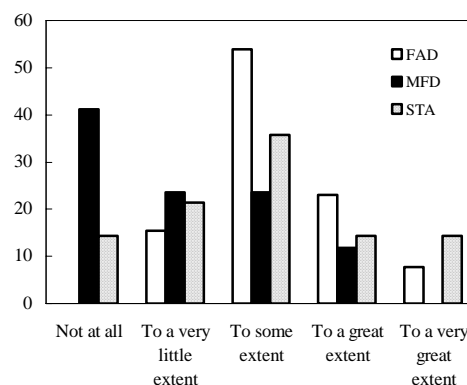
75. **Views were mixed on possible alternatives to full ROSCs** (Figure 14). The overall finding was that, to some extent, countries' needs in the areas covered by the initiative could be better served by the participation of experts in area department Article IV or other surveillance missions, though views differed significantly across departments. STA respondents found the possibility most appealing, while MFD respondents were least supportive of the idea. Mission chiefs thought that, "to some extent," countries' needs in the initiative's areas could be better served by technical assistance rather than participation in the initiative. Almost half of MFD respondents supported this view "to a great extent," while in STA half of the responses were on the other side of the scale, replying "not at all" or "very little." For both questions, FAD respondents mostly answered "to some extent."

Figure 14. Possible Alternative to Full ROSCs
(Histograms by department)



76. **Mission chiefs generally did not favor making assessments of observance of a standard more quantitative** (Figure 15). Some differences across departments were observed. FAD mission chiefs were more positively inclined to more quantitative assessments, while MFD mission chiefs were the least so inclined. STA’s responses were closest to bell-shaped, with the average response being “to some extent.”²²

Figure 15. More Quantitative Assessments?
(Histograms by department)



77. **The level of detail of ROSCs and detailed assessments seems to be broadly appropriate, with a few exceptions** (Figure 16).

For most standards, the majority of respondents thought that ROSCs and detailed assessments were about of the right length. A striking exception is the result for AML/CFT, for which 46 percent of respondents thought the ROSC much too detailed, resulting in an average score of 1.9. Half of the FSAP mission chiefs also found the MFPT ROSCs to be on the detailed side. Similar results were found for the detailed assessments in standards for which they exist.

78. Other questions with regard to the ROSC process yielded the following findings.

- **Candor does not seem to be an issue for ROSC mission chiefs** (Table 18). As reflected in the average score of 4.1, most mission chiefs responded that the final versions of the ROSCs reflected in most or almost all cases the authorities’ comments

²² Note that Data ROSCs currently generally include a summary table of observance.

and suggestions (beyond factual corrections). Respondents added that the candor of the final versions of the assessments suffered not at all or in very few cases, resulting in an average score of 1.7.

- To the question of the shelf life of a ROSC, most respondents answered “between one and two years,” and the next largest group responded “between three and four years.” In comments, many respondents noted that the shelf life of a ROSC depended very much on whether reforms were undertaken after the assessment.
- FSAP mission chiefs noted that, of the documents produced during the FSAP process, the FSAP aide-memoire was the document of most interest to the authorities. Other documents, including the main FSSA, the ROSCs, and draft detailed assessments or technical notes were found to be of still strong interest, but to a lesser degree than the aide-memoire (Table 21).

Figure 16. Assessments' Level of Detail
(Average rating by type of ROSC)

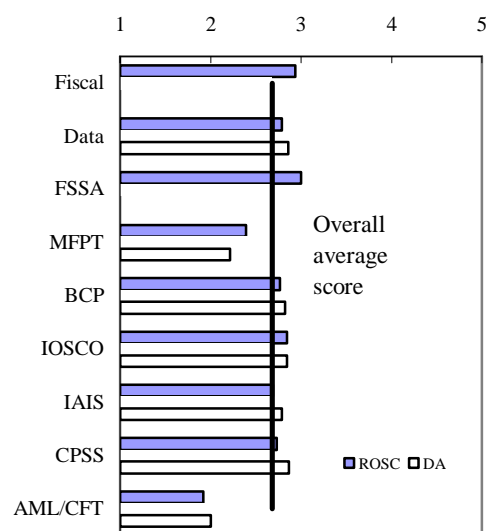


Table 21. Value of Various FSAP Components
(Average rating)

| | |
|--|-----|
| FSAP aide-memoire | 4.8 |
| FSSA | 4.5 |
| ROSCs | 3.8 |
| Draft detailed assessments/technical notes | 3.8 |

D. World Bank ROSC Mission Chiefs²³

79. The internal survey questionnaire of mission leaders of Bank-led ROSCs, aimed at gathering views from Bank staff on cross-cutting issues pertaining to the standards and codes initiative, was met by a 75 percent response rate (98 percent among accounting and auditing ROSC mission chiefs, 76 percent for corporate governance, 58 percent for ICR and 81 percent for AML/CFT). Responses on the usefulness of the initiative, the format and

²³ This section was prepared by Bank staff.

content of assessments, the initiative's evolution, and possible improvements are summarized below.

The usefulness of the standards and codes initiative

80. The initiative was found useful in identifying vulnerabilities in almost all cases and in prioritizing technical assistance needs in most of the countries. Only in some cases, it has contributed to strengthen domestic economic institutions, including laws and practices in the areas of accounting, auditing, corporate governance, insolvency and creditor rights and strengthened financial infrastructure (e.g., regulatory and supervisory institutions, payments systems).

81. The initiative has provided benefit to TA and advisory services. Lending instruments, and especially CASs, benefited from ROSC findings only in very few cases.

82. The ROSCs (or detailed assessment) findings were useful in identifying key relevant issues in most of the cases. However, the institutional content of Bank's Country Work have been strengthened only in very few cases.

83. Incentives to converge toward the European Union's *Acquis Communautaire* (of relevance for many ECA countries and also MNA countries) was a key element for follow up actions and policy reform.

84. ROSCs provide a useful form of analysis to assist countries in knowing how closely their systems compare to international standards and the practices of other countries considered within the same geographic region. In negotiating for reform measures, it is very helpful to cite specific legislation or institutional practices and point out the ways in which laws and institutions fail to meet specific principles.

Format and content of assessments

85. Given the type of audience (e.g., senior policymakers, market participants, country teams), the information contained in ROSCs is pitched at the appropriate level of detail.

86. The authorities were more interested in the FSAP main report or Aide Memoire than ROSCs or technical notes. Respondents suggested to produce an integrated document with only the extended executive summary of assessments attached to the FSSA. They also suggested that the ROSC document should have the clear aim of improving institutional capacity in order to support proper implementation of international standards and codes, and contain a detailed matrix of key findings including supportive information for the recommendations and proposed actions.

87. Although the final versions of the ROSCs reflect the authorities' comments and suggestions in most of the cases, the candor of the final versions of the assessments did not suffer as a result of sharing the draft with the authorities. Staff suggested that sharing drafts does not have a detrimental impact on content. However, it results in delays, and at times,

difficult discussions. In sum, it is the process, not the end result, which seems to be affected by this practice.

88. Staff noted that ROSC findings remain relevant between two and three years.

Evolution of the initiative

89. While new standards should not be added, respondents were of the view that there is a need for an increased level of detail in specialized areas: (i) governance and insolvency of financial institutions (banks, insurers, pension funds and mutual funds), (ii) governance of state-owned enterprises (SOEs) and larger unlisted firms. This would be especially useful in the case of countries where the listed sector has not yet attained a high level of economic significance, SOEs dominate the market, and corporate governance and insolvency regimes might affect the observance of other financial sector standards.

90. None of the current standards should be dropped from the initiative, and staff is in favor of maintaining the “one-standard-for-all” approach.

91. To some extent, respondents considered that the voluntary nature of the ROSC is an obstacle to the effectiveness of the initiative. Stronger encouragement should be provided to member countries to participate. Respondents also supported making assessments of observance of a standard more quantitative.

92. There should be more systematic follow up of member countries’ implementation of ROSC recommendations.

Suggestions on the improvement of the initiative

93. **Better integrate ROSC diagnostic work and the Bank’s Country Work (CAS, TA, Lending and Advisory Services).** Respondents thought that the 12 building blocks should be better integrated horizontally and vertically, priorities permanently visualized, and the linkage between findings, budget, and follow up more clearly delineated. Vertically, the lack of explicit and formalized processes to follow up on ROSC/FSAP findings frequently debilitates the effectiveness and efficiency of the exercise. Horizontally, FSAP experience has shown the benefit of a more coordinated approach by clustering ROSCs rather than conducting stand-alone sequential ROSCs. Progress could be achieved by: (i) better coordination within each Region for ROSC activities; (ii) better coordinating the implementation in the field and via the Banks’ cycle of assistance to the country; (iii) ensuring a process (purpose, policies, procedures, and budget) to follow up in a concerted and integrated manner, besides the lending cycle of the Bank; and (iv) better integrating private sector issues into CAS documents.

94. **Confidentiality and Publication.** Respondents noted that the ROSC process would benefit from the involvement at early stages of a wide range of stakeholders to review drafts and make policy suggestions. Removing the confidentiality restriction (at least for the Bank led ROSCs) would lead to a significantly wider awareness of the ROSC process. In many

cases, the authorities are more interested in taking developmental actions to address the shortcomings identified in the ROSC, rather than clearing the document for publication.

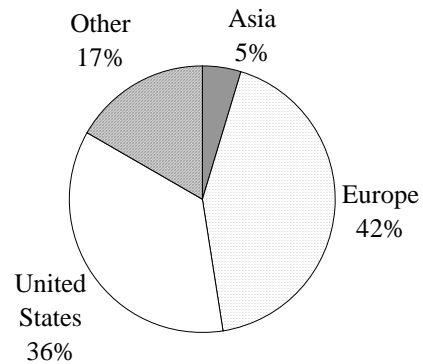
95. **Internal procedure and coding.** Respondents favored the harmonization within the Bank's procedures, treating ROSCs as economic sector work (ESW), and using standard ESW procedures (e.g., need for a concept note and for peer review meeting, etc.).

96. **Outreach Activities.** Success of the ROSC initiative depends on the impact of each assessment on operational activities in a client country related to institution building. Respondents considered that a dissemination campaign would be necessary. An official, clear and brief explanatory brochure on the ROSC Program (objectives, methodologies, deliverables, publication, TA, advisory services, etc.) should be disseminated to different sectors, both internally and externally, followed by regional seminars.

E. Market Participants

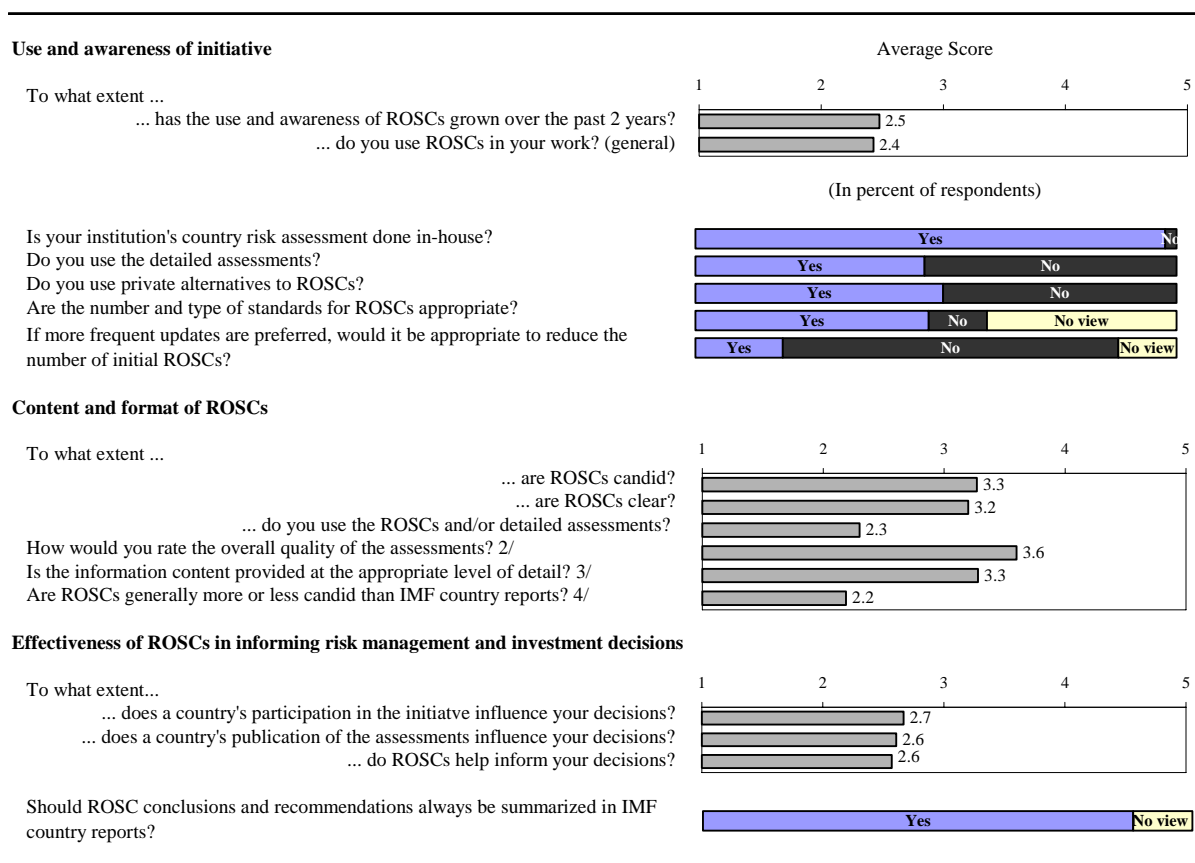
97. **The views of market participants were assessed through a survey and follow-up meetings.**²⁴ The survey had the lowest response rate of all surveys, with answers from only a third of the 123 invited participants. Respondents were from 42 internationally active financial institutions, including 18 from Europe, 15 from the USA and 2 in Asia (Figure 17). Respondents were mainly involved in risk management and investment decisions in their institutions. Among the types of institutions responding, 45 percent were commercial banks, over 20 percent were investment banks, 10 percent were institutional investors, 5 percent were rating agencies, and 20 percent from other institutions.

Figure 17. Region of Primary Location of Market Participants Survey Respondents



²⁴ This section is based on a report prepared by Mr. Smee, consultant, who actively participated in processing the results of the survey and follow up meetings with market participants.

Table 22. Summary of Market Participants' Views 1/



1/ Unless otherwise indicated, on a scale of 1 = Not at all, to 5 = To a very great extent.

2/ On a scale of 1 = Very poor, to 5 = Excellent.

3/ On a scale of 1 = Much too detailed, to 5 = Much too general.

4/ On a scale of 1 = Less candid, to 3 = More candid.

98. **Direct use of ROSCs by market participants is moderate and does not differ significantly from what it was two years ago.** About 10 percent of respondents reported that they use the ROSCs to a large extent overall, while 45 percent reported that they do not use them at all or to a very little extent only. A survey conducted among market participants for the 2003 Standard and Codes Review reported a similar number for the use of ROSCs. Of those reporting that they use the ROSCs, almost half said that they use the detailed assessments that are produced for some of the standards. Participants noted this is done on a very selective basis.

99. Approximately half of the respondents reported they also use private alternatives to ROSCs in their work, mainly because they are more up-to-date and more user-friendly. Market participants also use ROSCs “second-hand” as they rely on private alternatives to ROSCs, which themselves typically include an analysis of the ROSCs and summarize the recommendations and conclusions of the ROSCs (Box 2).

Box 2. Private Sector Extensions of the Standards and Codes Initiative

The initiative has spawned further private sector work, some of which could be considered alternatives to official ROSCs, while others combine the information presented in ROSCs in a more user-friendly format. The distinguishing feature of this body of work is that it seems to fill in some of the gaps that market participants have identified from Fund/Bank ROSCs: information for countries that have not participated in the Fund/Bank initiative, with regular updates, and presented in a quantitative format.

Oxford Analytica

Oxford Analytica, an international consulting firm, conducts assessments to help inform investment decisions by a few large public pension funds such as Calpers. These assessments cover monetary transparency and fiscal transparency, benchmarking practices against the IMF standards. Evaluations of shareholder and creditor rights are also done. The assessments are updated annually for 27 emerging market countries (some of whom have not participated in the initiative), and provide explicit numerical scores. These scores are used as an input into Calpers' investment decisions.

E-standards Forum

This organization gathers publicly available cross-country information on adherence to standards and codes and combines it into a user-friendly format. Standards covered are not limited to the twelve areas that are operationally relevant for the IMF/World Bank; for example, information on labor standards is also included. Their website (<http://www.estandardsforum.com/servlet/home>) covers 83 countries, and provides qualitative as well as numerical scores for countries' adherence to the twelve standards and codes. These scores across various standards are aggregated into one number and the countries ranked based on this score. All information contained on the website is available to the public without restriction.

Others

Beyond these examples, many private sector firms have done some work on assessing countries' adherence to standards and governance-related dimensions, as reported in the 2003 review background paper (March 6, 2003, <http://www.imf.org/external/np/pdr/sac/2003/030503s1.pdf>).

100. **Market participants look to the rating agencies to include the impact of ROSC recommendations and conclusions in their ratings and reports.** Rating agencies typically analyze the recommendations and conclusions in ROSCs and, where relevant, these recommendations and conclusions impact a country’s rating.

101. **The ROSCs most used by market participants are monetary and financial policy transparency, fiscal transparency, data dissemination and banking supervision** (Table 23). The average usefulness scores for these standards were close to or exceeded 3 on a scale of 1 (lowest) to 5 (highest), and shares of market participants who use the above standards to at least some extent were close to or exceeded 70 percent. In particular, MFPT and data ROSCs were used to at least some extent by close to 76 percent of respondents, banking supervision ROSCs by close to 73 percent of respondents, and fiscal transparency ROSC by 70 percent of respondents. Use of other ROSCs was significantly lower, with the next most useful ROSCs being those on corporate governance (49 percent) and insolvency and creditor rights (39 percent).

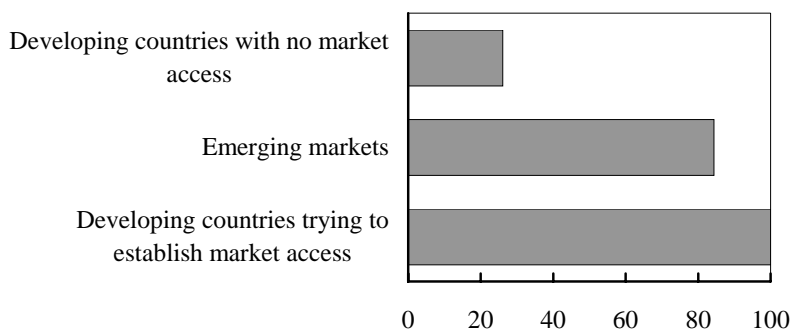
Table 23. Market Participants' Views on the Usefulness of ROSCs by Standards
(In percent of total responses, unless otherwise specified)

| | MFPT | Fiscal | Data | BCP | IOSCO | IAIS | CPSS | AML/ CFT | ICR | CG | Accounting | Auditing |
|-----------------------------|------|--------|------|-----|-------|------|------|-------------|-----|-----|------------|----------|
| Not at all | 3 | 9 | 9 | 0 | 45 | 70 | 48 | 61 | 36 | 33 | 42 | 52 |
| To a very little extent | 21 | 21 | 15 | 27 | 39 | 18 | 27 | 24 | 24 | 18 | 30 | 27 |
| To some extent | 45 | 39 | 27 | 24 | 15 | 12 | 21 | 9 | 21 | 27 | 18 | 18 |
| To a large extent | 21 | 27 | 33 | 30 | 0 | 0 | 3 | 6 | 15 | 15 | 9 | 0 |
| To a very great extent | 9 | 3 | 15 | 18 | 0 | 0 | 0 | 0 | 3 | 6 | 0 | 3 |
| Average usefulness score 1/ | 3.1 | 2.9 | 3.3 | 3.4 | 1.7 | 1.4 | 1.8 | 1.6 | 2.2 | 2.4 | 1.9 | 1.8 |

1/ On a scale of 1 = not at all, to 5 = to a very great extent.

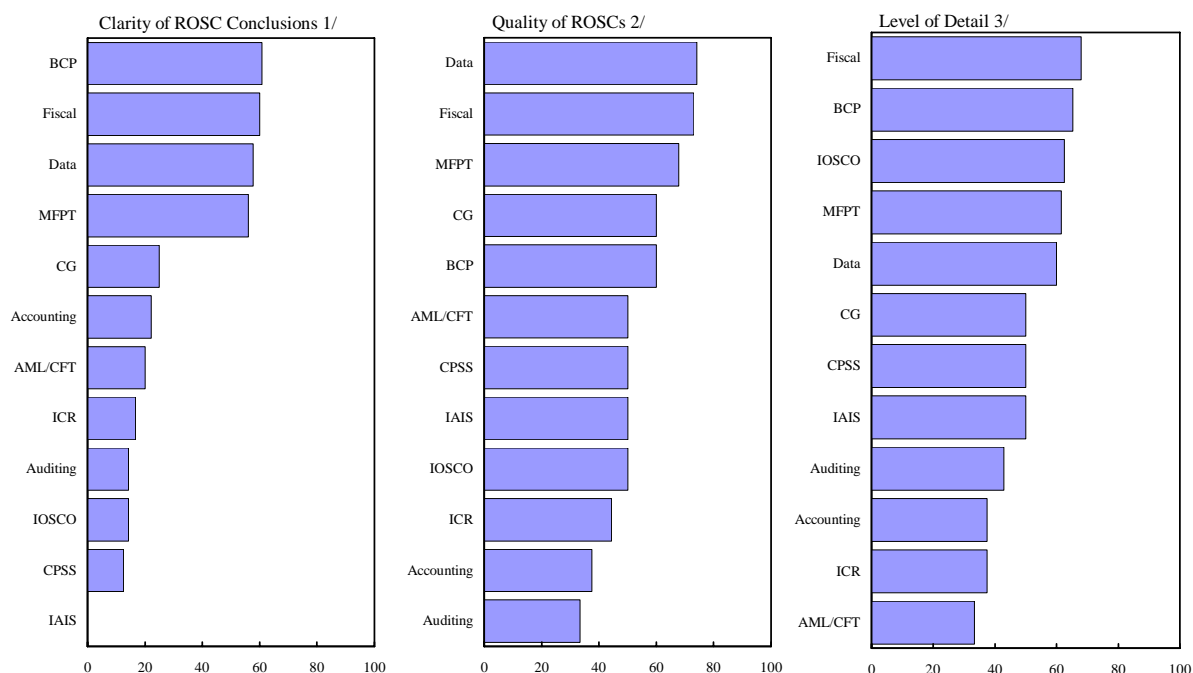
102. **The ROSCs are mainly used by respondents for their assessments of emerging market countries and developing countries trying to establish market access.** Much less use of the ROSCs is made for developing countries with no market access and even less for advanced countries (Figure 18).

Figure 18. Usefulness of ROSCs by Country Groups
(Percentage of answers of the highest and second highest ranking)



103. **Policy transparency and BCP ROSCs were seen by about half of respondents as providing clear conclusions to a large extent.** Respondents' views on the clarity of the conclusions of other ROSCs were less favorable. ROSCs were rated as good by almost 65 percent of respondents for fiscal transparency, over 50 percent for MFPT and data dissemination, and just under 50 percent for banking supervision and corporate governance. The quality of other ROSCs was deemed acceptable on average (Figure 19).

Figure 19. ROSC Clarity, Quality, and Level of Detail
(Percentage of market participants survey responses of the highest rankings)



1/ Percentage of respondents who answered "To a large extent" and "To a very large extent."

2/ Percentage of respondents who answered "Good" and "Excellent."

3/ Percentage of respondents who answered "About right."

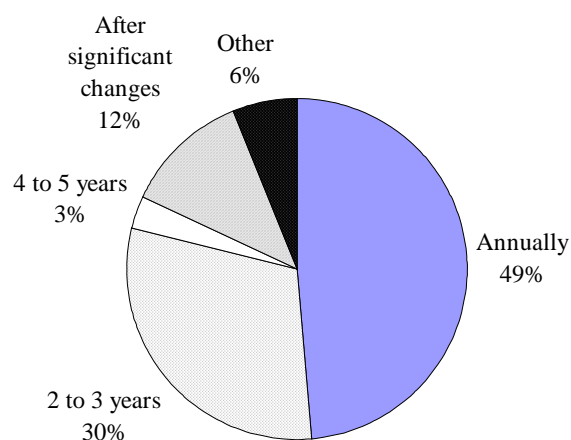
104. **The types of ROSCs whose quality was rated good were also regarded as candid.** In addition, more than 50 percent of the respondents also rated these same ROSCs as having the same level of candor as the IMF country reports (Article IV consultation staff reports). From 50 to 60 percent of the respondents reported that the most widely used four types of ROSCs contained about the right level of detail. The other types of ROSCs scored lower.

105. **Some respondents also commented that if the overall contribution of the ROSCs was seen to be more important to the IMF and to the countries themselves, the use of ROSCs by market participants for risk assessments would increase.** Participants noted that if the conclusions and recommendations of ROSCs were included in IMF country reports and the Board discussions, the importance of ROSCs would rise in their estimations. Most of

the participants noted that they would not want to see standards and codes become conditions in programs but rather, where the observance of a certain standard or code is significant for a country to fulfill the conditions of a program, the standard or code be highlighted as such in the country's program.

106. **Almost half of the respondents saw merit in the ROSCs being updated annually with another 30 percent requesting updates every two to three years.** Almost two-thirds of the respondents wanted to see the ROSC updates reassess countries' overall observance of a particular standard. Another 27 percent would like updated information on areas of improvement for countries (Figure 20).

Figure 20. Appropriate Frequency of ROSC Updates
(Percentage of responses)



107. **To make ROSCs more useful to them, market participants made the following suggestions, which were the same as in the 2003 review:**

- **Provide quantitative measures of observance.** Participants noted that with quantitative measures, they could include the ROSCs in their risk models. Some participants also noted that quantitative risk analysis was gaining greater importance in their institutions, partly due to preparations for the implementation of Basel II.
- **Make ROSCs clearer.** Participants noted that the ROSC conclusions are too complicated and difficult to interpret. The use of ROSCs by market participants will rise only if the conclusions are clearly drawn.
- **Make ROSCs shorter.** The participants noted that, most of the time, they need short reports that can be read within minutes, not hours.
- **Provide annual updates.** Almost half of the respondents saw merit in the ROSCs being updated annually, with another third favoring updates every two to three years.
- **Include routinely summaries of the conclusions and recommendations of ROSCs in IMF country reports.** Participants indicated that they always read IMF country reports and that the ROSCs and IMF country reports are not substitutes. They suggested that if the IMF country reports summarized ROSCs' conclusions and recommendations, these conclusions and recommendations will be included more in their risk management and investment decisions.

108. **Some market participants also called for making the IMF website more user-friendly.** Several participants had experienced difficulties navigating the IMF website and finding ROSCs. Participants indicated that the website could become more user-friendly, and the ROSCs used more often if categories such as ROSCs were highlighted on the opening page of the website.

F. Standard Setters

109. **Standard setters are generally satisfied with how the initiative has been working so far.** Their views on issues related to the initiative were expressed at a FSF/Bank/Fund roundtable in April 2005.²⁵ They noted that the initiative had been useful in strengthening financial systems, at both the international level and the domestic level, and that there has been a broad and growing acceptance of standards and codes by national authorities. The consensus was that the current number of standards remains appropriate; there do not currently seem to be gaps of sufficient systemic importance to justify an expansion, and much more work needs to be done within the current scope of the initiative. However, they agreed that standards and methodologies evolve, and that the current framework allows this flexibility. To increase ownership of the initiative, standard setters have been undertaking consultation processes in revising or elaborating their standards.

110. **For standard setters, the evolution of standards is not without challenges.** Some of the challenges that they have found associated with this effort include the following:

- While there is agreement that standards and methodologies should evolve, standard setters face a tension between the need to elaborate the standard further in particular areas and the risk of expanding the scope of the standard too far or modifying it too often.
- Balance is also needed between revising the standard to keep up with innovations in financial markets while ensuring that it can still encompass countries at different levels of development.
- The emergence of new issues to be covered can lead to questions about their fit within the existing structure of standards. For example, should the issue of bank insolvency, if it were to be elaborated as part of a standard, fall under insolvency and creditor rights or under bank supervision? Similarly, coverage of corporate governance of publicly listed banks may encompass elements of the corporate governance standard and the banking supervision standard.

²⁵ The meeting brought representation mainly from the financial sector standard setters.

- What should the approach be to changing a standard? Should changes be “saved up,” to be done infrequently in substantial “packages,” or should changes be incremental, when needed?

111. **Views on the initiative’s governance arrangements varied.** Some standard setters expressed the need for greater clarity in the governance of the initiative. They noted that the number of entities involved in the initiative, the respective roles of the standard setters, the FSF, the Bank and the Fund, meant that it was not always clear what process was to be followed when changes were to be proposed. In addition, some thought that it might be worthwhile to review whether and how accountability in various stages could be tightened. Other standard setters felt that the current governance structure was suitable. Under current practices, changes to the standards were mainly initiated by the standard setter, but with wide consultation and input from all stakeholders, including the standard assessors.

112. In terms of the initiative’s implementation, standard setters discussed the following issues:

- **The initiative’s voluntary nature.** There appeared to be a consensus that participation should remain voluntary, to increase country ownership of the process and foster greater acceptance of possible reform recommendations from participation. However, a judicious blend of incentives (positive and negative) may be necessary to encourage participation and effective implementation of reforms.
- The issue of **selectivity and prioritization** was touched upon, with some participants suggesting that one criterion for prioritizing among participants should be risk-focused. Another potential cost-saving measure proposed was to focus on assessing strategically the most relevant elements of the particular codes or principles instead of completing a full ROSC assessment.
- While standard setters were generally not in favor of a move toward **greater quantification of assessments**, it was recognized that some degree of summary was probably necessary. Some assessors noted that discussions on summary tables of observance were often the most contentious part of the assessment and that some country authorities indicated that they benefited more from the process than the summary output. However, some degree of summary was probably necessary to help both private and public sector observers absorb the assessments’ findings. Such summary tables would provide a useful benchmark for measuring progress over time and allowing comparability of assessments across countries. They would also provide markets with some useful information.
- **Follow-up** to help implement ROSC recommendations could be improved. This could be done in many different ways, including some informal means such as through regular email exchanges.

- **Self-assessments** are a very helpful element of the process, in preparing both the authorities (by provoking thought on the assessment) and the assessors (by providing more information on country practices) for the external assessment process. However, standard setters agreed that self-assessments should only be used to supplement, and not replace, third-party assessments.

G. Civil Society

113. **Efforts to reach out to civil society to gather their views have yielded few responses, though these organizations' strong interest in governance and particularly fiscal transparency is clear.** A mini-survey consisting of five questions was conducted, with the assistance and coordination of *Publish What You Pay* and *Global Witness*, who forwarded it to their affiliates in the field in all regions. The questions aimed to gauge awareness of the initiative, and to gather views on suggestions for improvement. Four responses were received, only one of which indicated that the respondent had heard of the initiative. Despite this low response rate to the survey, it is clear that many non-governmental organizations have an interest in issues covered by the initiative, as demonstrated by the following examples.

- Since 2003, *Transparency International* has been conducting National Integrity System reports, which describe and assess the institutional pillars that contribute to a countries' anti-corruption system. Some of the pillars touch upon areas related to fiscal transparency, such as the effectiveness of public accountability bodies.
- The *International Budget Project* was established with the ultimate aim of making budget systems more responsive to the needs of society, and accordingly, to make these systems more transparent and accountable to the public. It recently completed a study on "Opening Budgets to Public Understanding and Debate," which evaluates public access to budget information and the openness of the budget process from civil society's point of view in 36 countries.
- The *Extractive Industries Transparency Initiative* (EITI) and related efforts were launched to ensure that revenues from extractive industries contribute to sustainable development and poverty reduction. This initiative has received greater publicity and much attention from civil society groups, both at the grass-roots level in particular countries and at the international level.
- A public consultation period for the draft *Resource Revenue Guide* supplement to the *Code of Fiscal Transparency* gave civil society groups (and any other interested stakeholders) the opportunity to provide extensive comments on the document before its finalization.

114. **Discussions with selected civil society groups have yielded some observations and recommendations on the initiative.**²⁶ The groups consulted noted the following factors constraining greater use of ROSCs: (i) the voluntary nature of the initiative seems to have the outcome so far that fiscal ROSCs do not exist for many of countries of interest to them; and (ii) non-specialists find ROSCs difficult to absorb. Such groups would support making participation in the ROSC process mandatory, possibly as part of the Article IV consultation process.

VII. CASE STUDIES

115. **Case studies were carried out to assess whether the initiative has been effective in achieving its objective of informing Fund surveillance.** This study sought to answer the two following questions.

- Was progress made toward greater clarity of ROSC assessments and greater prioritization of ROSC recommendations, as called for by the Board during the 2003 review of the initiative?
- What are the links between financial standard assessments, financial system stability assessments, and overall stability/vulnerability assessments in Fund surveillance?

116. These studies had two components. First, they included a comprehensive review of all ROSCs, Article IV reports, and FSSA documents from the inception of the initiative for 15 countries²⁷, covering all regions and types of economies. This review assessed the overall quality of the ROSC, in terms of clarity of findings and recommendations, candor, prioritization of the recommendations, as well as the integration of the ROSC findings with the surveillance exercise (both FSSA and Article IV reports). Second, it included the review of all 26 transparency ROSCs (initial assessments) published in FY05 and 15 FSAP (including 4 updates) completed in FY05, specifically looking at the prioritization of their recommendations.

Comprehensive Review of 15 Country Cases

117. **The case studies revealed a great heterogeneity in the quality of the ROSCs** in terms of clarity of findings and recommendations, prioritization of recommendations, candor, and highlights of the macro-relevance of their findings.

²⁶ These include discussions in London with *Global Witness* and *Publish What You Pay*, and ongoing contacts with *Transparency International*.

²⁷ Chile, Canada, Germany, Honduras, India, Iran, Kyrgyz republic, Morocco, Philippines, Senegal, Slovak Republic, South Africa, Sri Lanka, Sweden and Tanzania.

- **The clarity of reviewed ROSCs was found to be uneven; in general the ROSCs tended to provide a clearer view of the principle-by-principle observance than the overall extent or degree of observance.** The majority of ROSCs were clear enough when describing observance by principle or element of the standards, but failed to provide a clear sense of the extent or degree of observance of the standard. In addition, it was generally difficult to get a sense of the relative importance of the issues that were highlighted. That being said, a whole array of cases were found. They ranged from extremely clear ROSCs, regarding both their overall and detailed assessments, including about the relative importance of the various findings, to a worst case that did not provide any assessment at all; only a factual description of the system in place.
- **Most ROSCs did not provide a prioritization of their recommendations.** However, this result is probably biased by the fact that most of the reviewed ROSCs were completed prior to the 2003 review of the standards and codes initiative. A number of recent ROSCs in this case study had clearly prioritized recommendations. For older ROSCs however, a few worst cases included ROSCs that did not offer any recommendation at all. There were also several cases for which the length of the recommendations list under each level of priority (high, medium, and low) was so long that the prioritization appeared of little help in practice.
- **Candor was generally not an issue.** The majority of the ROSCs came across as candid. The reasons why some of the ROSCs did not appear as candid included excessively cautious or unclear language that blurred the main messages, and too much emphasis on the description of the system instead of focusing on assessing how and whether the standard was observed. In addition, there were a few cases of very long delays between the ROSC missions and the issuance to the Board of the documents (up to two years) that also raised the issue of candor.
- **ROSCs did not usually provide comments on the macro-relevance of their findings.** This is the most robust result across the sample of reviewed ROSCs. There were very few examples of ROSCs providing a clear sense of whether the identified shortcomings and weaknesses were macro-relevant or systemically important.

118. **Despite a few very good examples, integration with the surveillance exercise was found to be fairly modest.** The main finding of the case studies in this respect are the following.

- **FSSAs usually did well at processing the material from the financial ROSCs, thus facilitating their integration into the surveillance exercise.** In general, FSSAs played a very useful filter role to help move from technical, detail-oriented assessments to more global, macro-surveillance oriented assessments. As a result, the integration of financial ROSCs into Article IV reports appeared to be better achieved than that of other ROSCs.

- **Overall, Article IV reports did not seem to have made full use of the ROSC findings.** This study found several types of problems, including (i) total absence of reference or use of the ROSCs findings; (ii) insufficient processing of the ROSCs' findings: in many cases references to the ROSCs in the Article IV reports was pro-forma (e.g., in *ad hoc* boxes), but one did not get the sense that the findings of the ROSCs fully informed the economic analysis underlying the Article IV discussions; (iii) partial treatment of ROSC findings in the Article IV reports, with selection criterion not being obviously macroeconomic relevance.
- **Notwithstanding these shortcomings, ROSCs have contributed to the surveillance exercise.** Even when ROSCs do not appear to have been fully used to inform Article IV discussions, they usually do contribute to some extent, including by bringing new issues onto the table, providing more details, and helping tailor more specific recommendations.
- **Follow-up of ROSCs' recommendations in subsequent Article IV reports is very uneven.** For some countries, post-ROSCs Article IV reports have systematically covered for several years the implementation status of the main recommendations of the ROSCs, often in *ad hoc* boxes or appendices. In other cases, there was no mention at all of the ROSCs' recommendations themselves or of their implementation status.

Review of ROSCs done in FY05

119. **For the majority, but not all, of the 26 reviewed transparency ROSCs, recommendations were clearly prioritized.** In the case of the MFPT ROSCs, the prioritization came in the FSSA. In most cases, the list of high priority recommendations was short enough for the prioritization to be useful in practice. Three data ROSCs and 2 fiscal ROSCs offered no prioritization of their recommendations.

120. **Most of the reviewed FSSAs also had prioritized lists of recommendations.** The length of high priority lists varied from fewer than 10 recommendations to as many as 30 in one case. The average over the 11 initial FSSA cases was 14 short term/high priority recommendations, which did not seem excessive given the number of areas covered by FSAPs (there were five or fewer recommendations for each area on average).

VIII. RESOURCE COSTS OF THE INITIATIVE

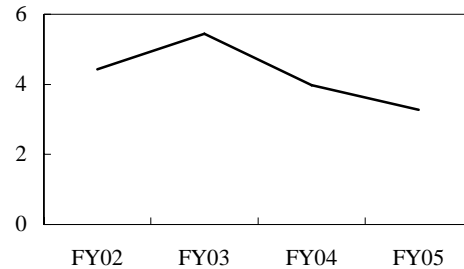
121. **Resources expended on the initiative have seen a hump-shaped evolution.** Activity associated with the initiative quickly grew to a sizeable share of the Fund's budget (Figure 21). Activity and, by extension, costs peaked in FY2003. In FY05, they accounted for around 3¼ percent of the Fund's administrative budget, against 5½ percent in FY2003. A similar pattern emerges across the activities included in these aggregate numbers: standard-setting activities declined after 2003, as the bulk of the work on creating the standards has already taken place; and the reduction in the number of ROSCs conducted in the context of

FSAPs are mirrored in the Fund's expenditures in these categories. Plans for FY06 suggest a likely further decline in this share, as departments expect to initiate fewer ROSCs and FSAPs.²⁸

122. ROSC costs do not appear to be systematically related to the type of economy assessed, though the number of staff on the average mission team does vary by economy type.

Advanced economies' assessments appear to consistently require more staff; data ROSCs may involve as many as three additional staff, while fiscal ROSCs of advanced economies require one additional mission member than other types of economies. Similar results apply to the FSAP as a whole; while the average team size of FSAP missions to advanced economies is somewhat smaller than the overall average, the Fund-only nature of the assessment requires more Fund staff.²⁹ However, these do not translate directly into higher costs for advanced economy assessments. Other factors contributing to raising the costs of individual ROSCs (particularly for developing economies) include: delay in finalization of the ROSC, sometimes requiring additional missions before finalization; the need for pre-ROSC missions in some cases; whether self-assessments were done before the mission; and the need for additional preparatory work (including translation), depending on the extent of readily available ROSC-related information.

Figure 21. Standard Setting, FSAP and ROSC Activity
(In percent of gross budget)



²⁸ Based on the planned number of ROSCs and FSAPs (initial and updates) to be conducted, as reported in Departmental Business Plans.

²⁹ Most financial standards assessments require the work of one expert, except for banking supervision (requiring two experts) and AML/CFT (requiring four to five experts).

Table 24. Average Size of Mission Teams, 2004-05
(By type of economy)

| | Advanced | Emerging Market | Developing | Overall |
|--|----------|--------------------|------------|---------|
| Data ROSC | 7.0 | 4.2 | 4.4 | 5.2 |
| Fiscal ROSC | 3.8 | 2.9 | 2.8 | 3.1 |
| Memorandum items: | | | | |
| FSAP 1/ | 14.2 | 16.6 | 15.0 | 15.1 |
| o/w: Fund staff | 9.2 | 6.2 | 5.0 | 6.8 |
| Bank staff | 0.5 | 7.6 | 7.0 | 5.0 |
| Experts | 4.5 | 2.8 | 3.0 | 3.4 |
| Average number of standards assessed per FSAP mission 2/ 3/ | 4.6 | 3.5 | 2.4 | 2.9 |

Sources: Office of Budget and Planning, FSSA documents, Monetary and Financial Systems Department.

1/ Assessments of financial sector standards are conducted in the context of FSAPs.

2/ Figures are based on the number of FSAPs started within the calendar years 2004 and 2005; includes AML/CFT ROSCs.

3/ The calculations for the 2005 figures included updates with no ROSCs.

123. **The limited experience with updates so far suggests that substantive updates, involving a reassessment of observance, can be as costly as initial assessments, while factual ROSC updates are significantly less costly.** Full reassessments of observance are expected to require about the same amount of resources as the initial assessment (or only slightly less), as country practices need to be evaluated over again. Factual updates can be done at lower cost as they require less use of expert time.

Table 25. Costs to the Fund of Standards and Codes Initiative-Related Work, FY2002-2005 1/ 2/
(In millions of U.S. dollars)

| | FY2002 | FY2003 | FY2004 | FY2005 |
|--|--------|--------|--------|--------|
| Standard setting/provision of standardized information (Fund output 2) | 40.3 | 42.7 | 46.8 | 43.7 |
| Staff time | 30.5 | 32.0 | 34.5 | 33.1 |
| Travel | 0.7 | 0.6 | 0.8 | 1.0 |
| Overhead | 9.1 | 10.1 | 11.5 | 9.5 |
| <i>of which</i> : Standard setting | 6.1 | 11.7 | 7.2 | 4.7 |
| Staff time | 4.5 | 8.9 | 4.9 | 3.6 |
| Travel | 0.3 | 0.1 | 0.7 | 0.1 |
| Overhead | 1.4 | 2.8 | 1.6 | 1.0 |
| Surveillance (Fund output 3) | 174.4 | 193.1 | 217.5 | 227.4 |
| Staff time | 112.1 | 125.3 | 144.9 | 155.8 |
| Travel | 23.1 | 22.3 | 24.0 | 21.9 |
| Overhead | 39.2 | 45.5 | 48.6 | 49.6 |
| <i>of which</i> : FSAP 3/ 4/ 5/ | 17.4 | 20.5 | 17.2 | 15.9 |
| Staff time | 9.1 | 10.8 | 9.4 | 9.1 |
| Travel | 4.4 | 4.9 | 4.0 | 3.3 |
| Overhead | 3.9 | 4.8 | 3.8 | 3.5 |
| <i>of which</i> : ROSC 6/ | 8.4 | 9.4 | 7.8 | 8.6 |
| Staff time | 4.2 | 4.8 | 4.1 | 4.6 |
| Travel | 2.3 | 2.3 | 2.0 | 2.1 |
| Overhead | 1.9 | 2.2 | 1.7 | 1.9 |
| Memorandum: | | | | |
| Gross administrative budget | 721.3 | 764.0 | 806.1 | 892.2 |
| Standard setting, FSAP and ROSC activity in percent of total | 4.4 | 5.4 | 4.0 | 3.3 |

Sources: Budget Reporting System (BRS), Time Reporting System (TRS), Travel Information Management System (TIMS), and Office of Budget and Planning.

Note: Totals may not add due to rounding.

1/ For all departments. Since the last review, the methodology for allocating costs to primary outputs and activities has been revised to directly allocate travel and overhead costs to outputs. Overhead includes expenses that cannot be uniquely allocated to outputs, e.g., the costs of building occupancy.

2/ Excluding governance, e.g., the costs of the Executive Board, OMD, SEC, and portions of FIN, LEG, and OTM.

3/ Includes the standards assessment component of FSAPs.

4/ These figures include a comprehensive coverage of overhead costs (see footnote 1).

5/ These costs do not reflect total FSAP costs, as such costs are shared with other institutions.

6/ Captures resources expended on Data and Fiscal ROSCs.

Fund Prioritization of Assessments of Observance of Standards and Codes

1. This appendix outlines the current mechanism used in the Fund for prioritizing assessments of observance of standards and codes and the production of ROSCs.³⁰

Introduction

2. This mechanism was designed to (i) build on existing prioritization mechanisms; (ii) increase transparency of the prioritization process; (iii) clarify the respective roles of area departments, functional departments, and task force on the assessment and monitoring of standards (TAMS); and (iv) reflect the linkages between FSAP and financial sector ROSC planning. It focuses on standard assessments involving the Fund, either solely or, for financial sector standards, in partnership with the Bank.

3. ROSC prioritization is done annually and is synchronized with the budget cycle. The prioritization process is jointly led by area and functional departments. It includes review by TAMS and Management.

Prioritization Mechanism—Steps

The prioritization mechanism includes the following steps.

4. Each area department sends to FAD, MFD, and STA, and copies to TAMS, a memorandum setting out its initial ROSC priorities for the coming fiscal year. As regards financial sector standard assessments, this memorandum fully reflects the area department's priorities for financial sector work, as communicated in the context of the FSAP country selection.³¹

5. The memorandum centers around a prioritized list of standard assessments/ROSCs. This list:

- covers all new ROSCs, reassessments, and updates requiring, in the area department's view, input from functional departments; the nature of the work to be undertaken (i.e., new assessment, reassessment, update) is indicated;

³⁰ All assessments of the observance of standards and codes are presented in a summary form in ROSCs.

³¹ When, in the context of the FSAP country selection, area departments have sent to MFD memoranda covering (i) their country priorities for financial sector work and (ii) their views on priorities for standard assessments (including, possibly, assessments in countries that are not within area departments' priorities for an FSAP exercise, reassessment, or update), area departments should also copy these memoranda to TAMS.

- includes assessments that, in the area department's view, merit to be undertaken but for which country authorities are perceived to be unlikely to volunteer; these assessments are to be clearly identified.^{32,33}
6. In their memoranda, area departments provide information on the factors behind their ROSC priority list and discuss how these relate to the criteria set by the Board. They also include complementary information on authorities' attitude toward volunteering for a ROSC, as needed. As regards countries that are deemed unfavorably disposed toward volunteering for particular ROSCs, area departments may also suggest alternative strategies (e.g., initial focus on provision of TA, leading eventually to a ROSC).
 7. Functional and area departments conduct bilateral discussions and produce mutually agreed tentative ROSC production plans for the coming fiscal year. Like the departments' priority lists, these plans cover new ROSCs, reassessments and updates requiring functional department participation. Functional departments circulate these plans to TAMS, together with relevant information on the treatment of individual cases (e.g., ROSCs not included in the lists due to members' unwillingness to agree to these ROSCs; ROSCs given higher or lower priority than in the area departments' initial lists) and resource constraints.
 8. For financial sector standard assessments to be undertaken in the context of the FSAP program (i.e., as part of full FSAP exercises, FSAP reassessments, or focused updates), consultations between MFD and area departments take full account of the FSAP priorities agreed in the Financial Sector Liaison Committee (FSLC). It is understood that the set of standards assessments to be undertaken in full FSAP exercises, updates, or reassessments is defined on a tentative basis, and may be subject to modification when the pre-FSAP mission scoping exercise—involving *inter alia* MFD, the relevant area department, and the World Bank—is conducted.
 9. TAMS discusses the plans provided by the functional departments, taking into consideration the area departments' initial priority lists and other relevant information.
 10. TAMS submits to management a memorandum that presents the overall ROSC production plan for the coming fiscal year and discusses how priorities were set against the criteria adopted by the Board. The memorandum is based on the submissions from functional departments and their discussion in TAMS. It makes clear that the ROSC production plan is subject to change during the course of the year, in light of progress with its implementation.

³² The prioritized list of ROSCs can be presented in a number of ways. One example of presentation is shown in the attachment.

³³ For information, area departments should provide a separate list of factual ROSC updates they intend to undertake on their own in the context of Article IV consultations.

11. TAMS monitors the implementation of the ROSC production plan on a quarterly basis. *Ad hoc* updates may be provided to management if deemed useful by TAMS.

A Prioritized List of Standard Assessments/ROSCs – An Example

| | Country | Standards | Authorities' Attitude | Type of Assessment |
|-----|---------|--|-----------------------|--------------------|
| 1 | Xx | Data dissemination | Favorable | Reassessment |
| 2 | Yy | Fiscal transparency | Highly unfavorable | New ROSC |
| 3 | Zz | Monetary and financial policy transparency | Favorable | Update |
| 3 | Zz | Banking supervision | Favorable | Update |
| 4 | Zz | Fiscal transparency | Favorable | Reassessment |
| 5 | Aa | ... | ... | ... |
| ... | ... | ... | ... | ... |

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<http://www.imf.org/external/np/rosc/stand.htm>; and the *Summing Up by the Acting Chairman* (September 20, 1999). <http://www.imf.org/external/np/rosc/sum.htm>

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Bank-Fund Outreach Seminars

| Date | Site | Bank/Fund Representatives | Broad/ Specific Standard | Country/ Regional/ Broader Focus | Stand- alone/ part of larger event | Participants |
|--------|--|------------------------------|--------------------------------|---|---|--|
| Jul-00 | Hong Kong, SAR China; Japan; Singapore; Thailand | PDR, STA, MFD FAD | B | C | S | General outreach seminar targeted at representatives of private sector institutions, financial markets, and official participants. |
| Aug-00 | ECCB | MFD | B | B | S | Outreach meeting on OFCs |
| Sep-00 | Australia | MFD | B | B | S | Outreach meeting on OFCs |
| Sep-00 | France | MFD | B | B | S | Outreach meeting on OFCs |
| Sep-00 | Czech Republic (Bank-Fund Annual meetings seminar) | PDR, STA, World Bank | B | B | L | General outreach seminar targeted at representatives of private sector institutions, financial markets, and official participants. |
| Nov-00 | Argentina; Belgium; Brazil; Chile; Egypt and South Africa, United Kingdom | PDR, STA, World Bank | B | C | S | General outreach seminar targeted at representatives of private sector institutions, financial markets, and official participants. |
| Apr-01 | Australia; Bahrain; (regional seminar); Hong Kong SAR China (follow- up seminar), Philippines | PDR, STA, MFD, World Bank | B | C/R | S | General outreach seminar targeted at representatives of private sector institutions, financial markets, and official participants. |
| Sep-01 | New York | PDR, MFD, World Bank | B | C | S | The goal was to discuss the private sector familiarity with standards and how the standards assessments are incorporated in countries' investment decisions. |
| Nov-01 | France | MFD | B | B | S | Outreach consultation on BCP, CPSS, |
| Nov-01 | Switzerland | MFD | B | B | S | FSF meeting on OFCs |
| Feb-02 | France; Germany; Italy; Spain; Tunisia | PDR, MFD, World Bank | B | C | S | General outreach seminar targeted at representatives of private sector institutions, financial markets, and official participants. |

Bank-Fund Outreach Seminars

| Date | Site | Bank/Fund Representatives | Broad/ Specific Standard | Country/ Regional/ Broader Focus | Stand- alone/ part of larger event | Participants |
|----------|---|------------------------------|--------------------------------|---|---|---|
| Feb-02 | Washington DC | World Bank | S | B | S | Review of experience with accounting and auditing ROSCs. Participants included standard setters, private sector representatives, |
| Feb-05 | Spain, Italy, France, Germany, Tunisia | MFD | B | R | S | Outreach on Standards and Codes and FSAP |
| Mar-02 | Switzerland | MFD | B | B | S | Outreach meeting on AML/CFT |
| Jun-02 | New York | PDR, ICM | B | B | S | Meeting with heads of country risk management from major investment banks to discuss use of ROSCs by market participants. |
| Aug-02 | People's Republic of China; Hungary; Russia | STA, PDR, MFD | B | C | L | General Outreach. Participants mostly from official sector. Seminars also covered the work on anti-money laundering and combating the financing of terrorism (AML/CFT). |
| Sep-02 | Washington, DC (Annual Meetings) | PDR, MFD, STA | B | B | L | General seminar on standards and transparency and Seminar on money laundering with both public and public sector participation. |
| Nov-02 | Rwanda | MFD | B | C | S | Outreach mission on Standards and Codes |
| Nov-02 | Kiel, Germany | WHD | B | B | S | Seminar on PRGF and Fund Policies |
| 02 or 03 | Washington, DC | EXR, PDR | S | B | S | Meeting on fiscal transparency issues with New Rules for Global Finance NGO |
| Apr-03 | Washington, DC (Spring Meetings) | FAD, EXR | S | B | L | Fiscal transparency session. |
| Aug-03 | Hungary | STA | B | C | S | Outreach on IMF Initiative on International Standards and Codes |
| Aug-03 | Russia | STA | B | C | S | Outreach on IMF Initiative on International Standards and Codes |

Bank-Fund Outreach Seminars

| Date | Site | Bank/Fund Representatives | Broad/ Specific Standard | Country/ Regional/ Broader Focus | Stand- alone/ part of larger event | Participants |
|---------------|-----------------------------------|-------------------------------|--------------------------------|---|---|--|
| Nov-03 | Kenya | MFD | S | R | S | One-day seminar focused on AML/CFT for African parliamentarians (GOPAC). |
| Dec-03 | Vienna | FAD | S | R | S | Fiscal transparency seminar for CIS countries |
| Dec-03 | Zambia | STA | S | C | S | Data ROSC Outreach and Preparation Mission |
| Dec-03 | Washington, DC | EXR, MFD | S | B | S | Economic Forum on FSAP |
| Dec-03/Jan-04 | Washington DC | FAD | B | | | Inreach seminar for MCD |
| Jan-04 | Video conference | FAD | ? | ? | ? | Wrap-up conference to December 2003 CIS seminar with Moscow-based journalists |
| Feb-04 | Vienna | FAD | B | R | S | Seminar on fiscal transparency and fiscal reform in CIS countries |
| Mar-04 | Washington, DC | PDR | B | C | S | Presentation on transparency and ROSCs to Russian entrepreneurs (CCI Russia) |
| Mar-04 | Laos | EXR, STA, external consultant | B | C | L | Seminar on macroeconomic issues including coverage of fiscal, banking, and corporate sectors to parliamentarians |
| Mar-04 | Vietnam | EXR, Res. Rep | S | C | L | Seminar on macroeconomic issues including coverage of AML/CFT to parliamentarians |
| Mar-04 | Hungary | MFD | S | C | S | Joint IMF/WB outreach meeting w/BCP assessors |
| Mar/Apr 04 | Lebanon; Balkan States | EXR, MCD | S | R | L | Fiscal transparency to be discussed as part of regional parliamentary seminars. |
| Apr-04 | UAE; Middle East and Central Asia | STA | S | R | S | Regional Seminar on FSIs |

Bank-Fund Outreach Seminars

| Date | Site | Bank/Fund Representatives | Broad/ Specific Standard | Country/ Regional/ Broader Focus | Stand- alone/ part of larger event | Participants |
|------------|-------------------------------|------------------------------|--------------------------------|---|---|--|
| May-04 | Washington, DC | EXR, FAD | B | B | S | Book Forum on Standards and Codes, <i>The Road to International Financial Stability</i> (Editor: Benu Schneider) |
| May-04 | Australia | STA | S | C | S | FSI outreach seminar |
| Jun-04 | USA | MFD | B | C | S | Joint IMF/WB FSAP seminar: Financial Stability and Development |
| Jul-04 | Singapore | STA | S | C | S | FSI outreach seminar |
| Oct-04 | Tanzania | EXR, AFR, FAD | S | C | L | Seminar on macroeconomic issues including coverage of fiscal transparency to parliamentarians |
| Oct-04 | Thailand | MFD | S | C? | S | FSAP outreach |
| Oct-04 | Malaysia | APD, MFD | S | R | L | High-level regional seminar to discuss Fund's financial sector work in the region and solicit feedback |
| Nov-04 | Mexico | FAD | S | C | L | Workshop at 5th Global Forum on Reinventing Government in Mexico |
| Nov-04 | Japan, Thailand, Indonesia | FAD | S | C | S | ROSC outreach |
| Nov-04 | St. Kitts | FAD | | | | presentation by FTU at the "Inaugural CAPFA (Caribbean Public Finance Association Conference) - Strengthening Public Finance Management in the Caribbean." |
| Dec-04 | Washington DC | FAD | B | | S | Inreach seminars with APD and WHD |
| Dec-04 | Moldova | EUR | B | C | S | Outreach to press, NGOs, authorities, parliamentarians on ROSC |
| 2004 Tent. | Bahrain; Morocco | MCD | S | R | L | Seminars for parliamentarians |
| Jan-05 | Washington DC | FAD | B | | S | Inreach seminar with EUR and AFR |
| Feb-05 | Austria | MFD | B | C | S | Outreach with WB: FSAP: Financial Stability and Development |
| Feb-05 | Moldova | EUR | B | C | S | Outreach to press on FSAP |

Bank-Fund Outreach Seminars

| Date | Site | Bank/Fund Representatives | Broad/ Specific Standard | Country/ Regional/ Broader Focus | Stand- alone/ part of larger event | Participants |
|-------------|------------------------|------------------------------|--------------------------------|---|---|--|
| Mar-05 | Vienna | MFD | S | R | S | Regional Seminar on AML/CFT for Parliamentarians in Balkans/Caucuses |
| Mar-05 | London | EXR/EUR | B | B | S | Meeting with Global Witness and other UK-based NGOs |
| Mar-05 | Singapore | MFD | B | R | S | Outreach with WB: FSAP: Financial Stability and Development |
| 2005 Tent. | Iran | MCD/World Bank | | | | Joint seminar with World Bank; details not yet available |
| Apr-05 | Washington DC | FAD | B | B | L | Introduce the new Guide on Resource Revenue Transparency to broad audience during Spring Meetings; with participation of Minister of Finance of Nigeria, and representative from Azerbaijan. Global Witness. |
| Apr-05 | Guatemala | WHD/EXR/MFD | B | C | S | Briefings for journalists and CSO representatives |
| Mar-05 | Singapore | FAD | B | R | S | Conference with country representatives |
| May-05 | Central America | WHD/INS/FAD/EXR | B | R | S | Two seminars of one day each, one for media and one for legislators from Central America and the Dominican Republic. Carstens participation. |
| May/June-05 | Washington DC | FAD | S | B | S | Inreach seminar with Executive Board on Guide on Resource Revenue Transparency; in context of review of S&C |
| Jun-05 | Singapore | FAD | S | R | S | High-level conference with 12 countries in Asia. Focus on identifying, analyzing, and disclosing fiscal risks. A. Carstens will attend. |
| Jul-05 | Vienna; Eastern Europe | FAD/STA | B | R | S | 3-day seminar with 17 countries from Eastern Europe; to promote sharing of experiences and ideas |

Bank-Fund Outreach Seminars

| Date | Site | Bank/Fund Representatives | Broad/ Specific Standard | Country/ Regional/ Broader Focus | Stand- alone/ part of larger event | Participants |
|----------|------------|------------------------------|--------------------------------|---|---|---|
| Fall-05 | Paris/OECD | FAD/STA | B | R | S | To promote sharing of experiences and ideas |
| Early-06 | Brasilia | FAD | B | ? | ? | Seminar at the Brasilia Research Institute |

Source: IMF, External Relation Department

Selected Tables and Graphs to Take Stock of the Initiative

Figure 1. Rate of Completion of Initial Assessments ROSC, FY1999-2005
(Percent of potential participant countries, cumulative)

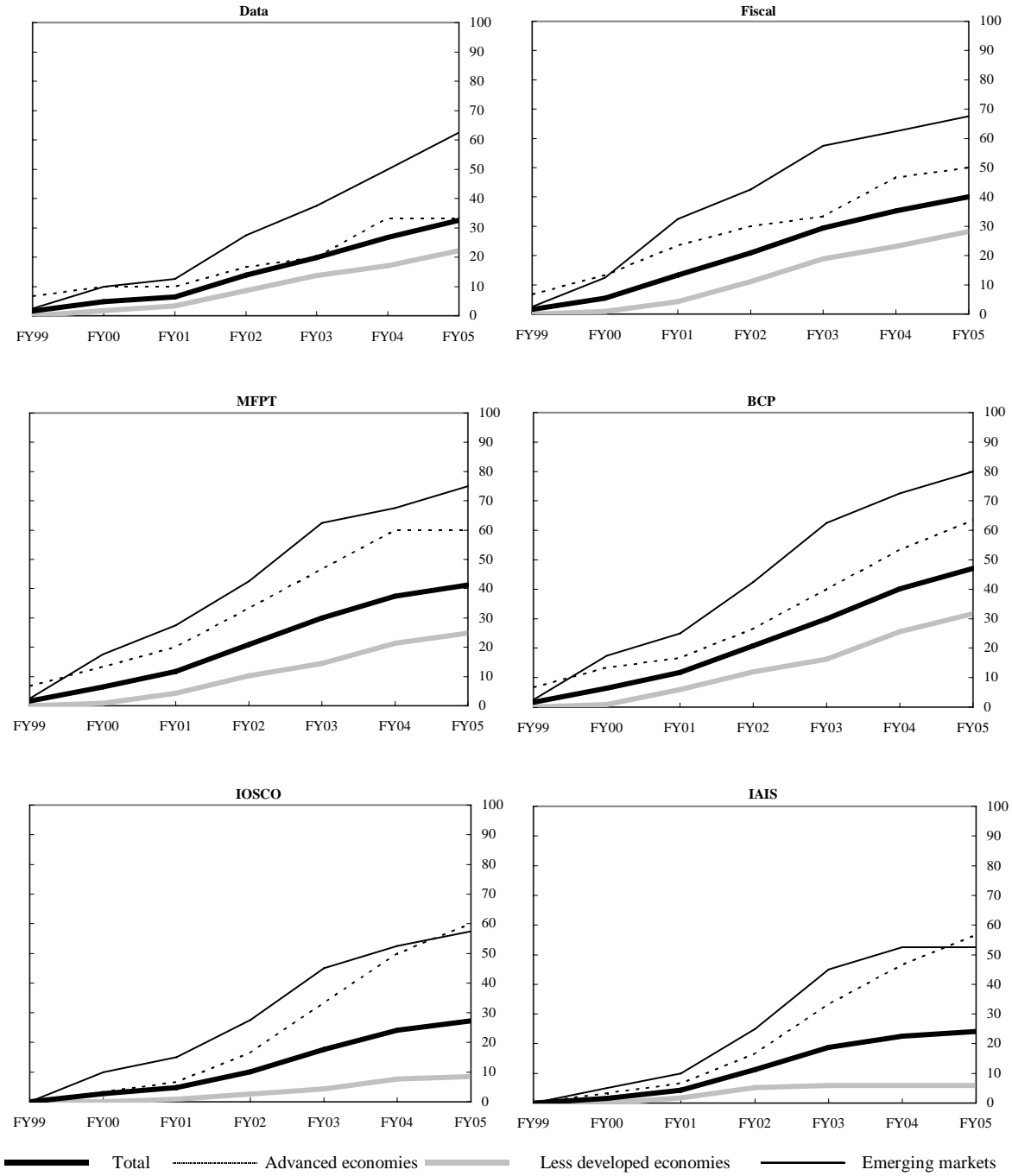


Figure 1. Rate of Completion of Initial Assessments ROSC, FY1999-2005 (continued)
 (Percent of potential participant countries, cumulative)

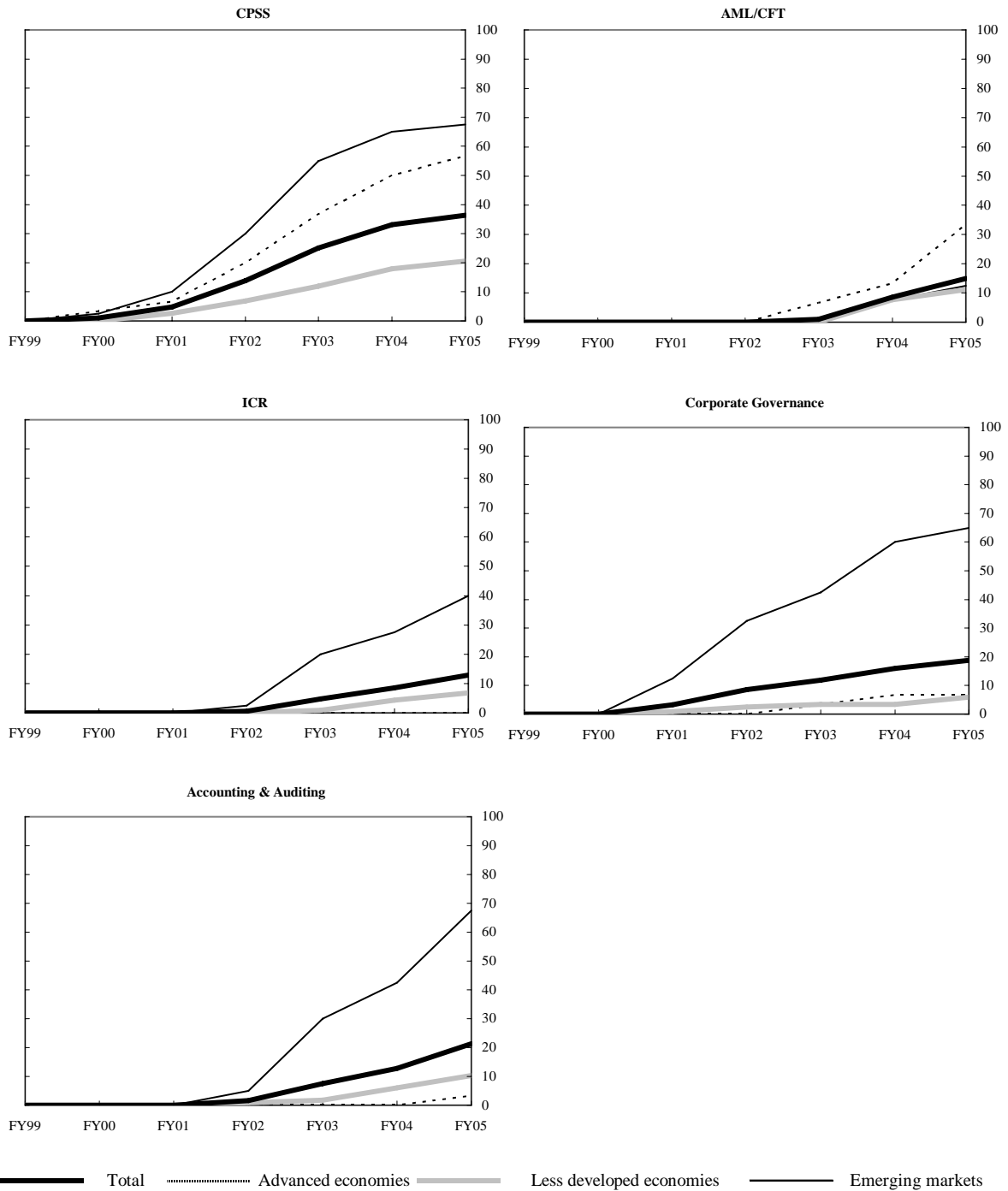


Figure 2. Annual Participation
(Participation defined as the completion of at least one ROSC module)

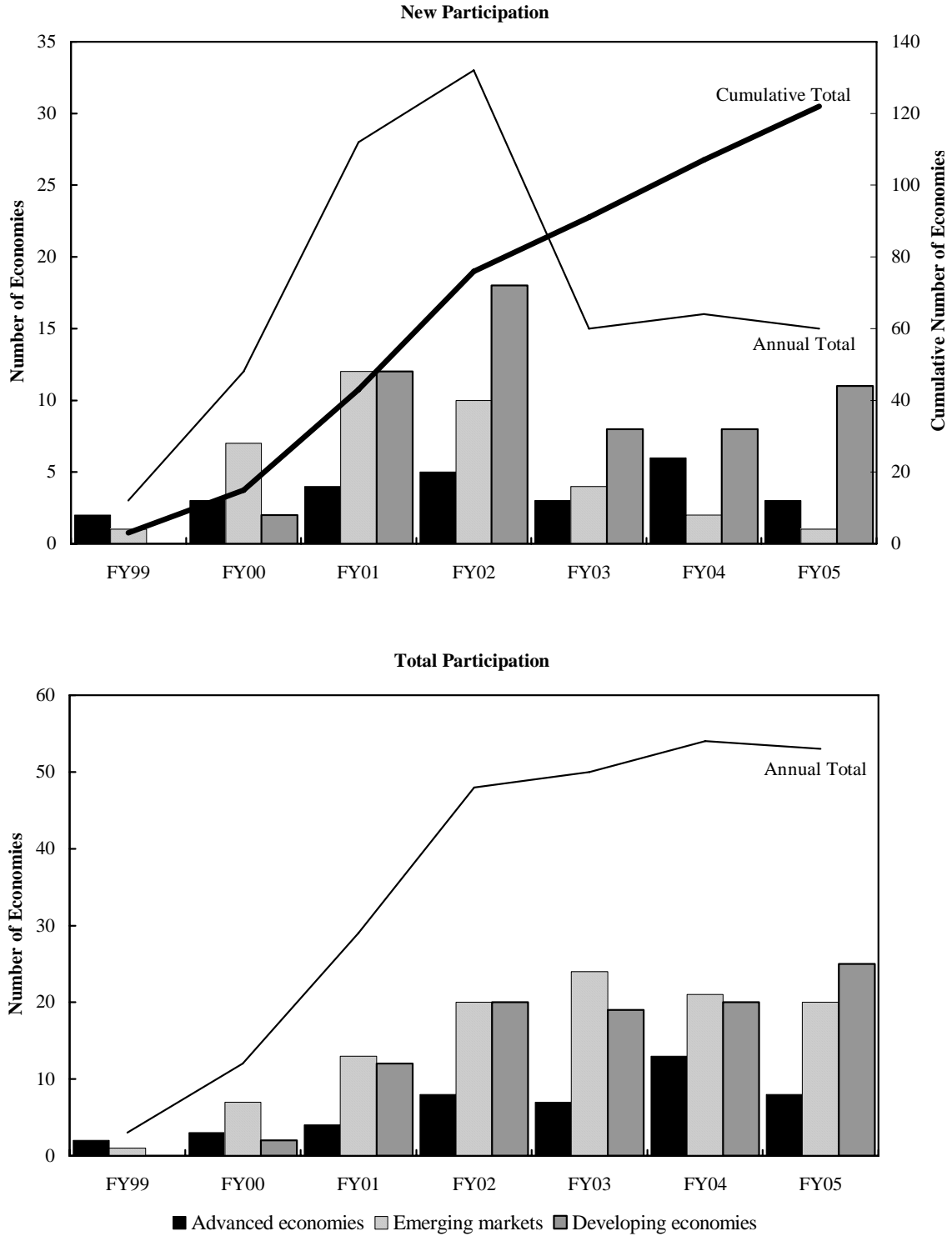


Table 2. Coverage of Countries, FY1999-FY2005
(Cumulative since FY99, in percent of countries)

| | FY99 | FY00 | FY01 | FY02 | FY03 | FY04 | FY05 |
|--|------|------|------|------|------|------|------|
| Initial assessments (cumulative since FY99, percent) | | | | | | | |
| Data dissemination/quality | 2 | 5 | 6 | 14 | 20 | 27 | 33 |
| Fiscal policy transparency | 2 | 5 | 13 | 21 | 29 | 35 | 40 |
| Monetary and financial policy transparency | 2 | 6 | 12 | 21 | 30 | 37 | 41 |
| Banking supervision | 2 | 6 | 12 | 21 | 30 | 40 | 47 |
| Securities regulation | 0 | 3 | 5 | 10 | 18 | 24 | 27 |
| Insurance supervision | 0 | 2 | 4 | 11 | 19 | 22 | 24 |
| Payment and settlement systems | 0 | 1 | 5 | 14 | 25 | 33 | 36 |
| AML/CFT | 0 | 0 | 0 | 0 | 1 | 9 | 15 |
| Insolvency and creditors rights | 0 | 0 | 0 | 1 | 5 | 9 | 13 |
| Corporate governance | 0 | 0 | 3 | 9 | 12 | 16 | 19 |
| Accounting & Auditing | 0 | 0 | 0 | 2 | 7 | 13 | 21 |
| Initial assessments, reassessments and updates | | | | | | | |
| Data dissemination/quality | 2 | 5 | 7 | 16 | 24 | 33 | 40 |
| Fiscal policy transparency | 2 | 5 | 15 | 25 | 40 | 50 | 59 |
| Monetary and financial policy transparency | 2 | 6 | 13 | 22 | 34 | 42 | 47 |
| Banking supervision | 2 | 6 | 13 | 22 | 33 | 45 | 52 |
| Securities regulation | 0 | 3 | 5 | 11 | 20 | 27 | 32 |
| Insurance supervision | 0 | 2 | 5 | 12 | 20 | 26 | 28 |
| Payment and settlement systems | 0 | 1 | 5 | 14 | 27 | 36 | 40 |
| AML/CFT | 0 | 0 | 0 | 0 | 1 | 9 | 15 |
| Insolvency and creditors rights | 0 | 0 | 0 | 1 | 5 | 9 | 13 |
| Corporate governance | 0 | 0 | 3 | 9 | 12 | 16 | 19 |
| Accounting & Auditing | 0 | 0 | 0 | 2 | 7 | 13 | 21 |

Table 4. Coverage of Countries, Advanced Economies, FY1999-FY2005
(Cumulative since FY99, in percent of countries)

| | FY99 | FY00 | FY01 | FY02 | FY03 | FY04 | FY05 |
|--|------|------|------|------|------|------|------|
| Initial assessments (cumulative since FY99, percent) | | | | | | | |
| Data dissemination/quality | 7 | 10 | 10 | 17 | 20 | 33 | 33 |
| Fiscal policy transparency | 7 | 13 | 23 | 30 | 33 | 47 | 50 |
| Monetary and financial policy transparency | 7 | 13 | 20 | 33 | 47 | 60 | 60 |
| Banking supervision | 7 | 13 | 17 | 27 | 40 | 53 | 63 |
| Securities regulation | 0 | 3 | 7 | 17 | 33 | 50 | 60 |
| Insurance supervision | 0 | 3 | 7 | 17 | 33 | 47 | 57 |
| Payment and settlement systems | 0 | 3 | 7 | 20 | 37 | 50 | 57 |
| AML/CFT | 0 | 0 | 0 | 0 | 7 | 13 | 33 |
| Insolvency and creditors rights | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Corporate governance | 0 | 0 | 0 | 0 | 3 | 7 | 7 |
| Accounting & Auditing | 0 | 0 | 0 | 0 | 0 | 0 | 3 |
| Initial assessments, reassessments and updates | | | | | | | |
| Data dissemination/quality | 7 | 10 | 10 | 17 | 23 | 37 | 43 |
| Fiscal policy transparency | 7 | 13 | 27 | 40 | 50 | 70 | 83 |
| Monetary and financial policy transparency | 7 | 13 | 20 | 37 | 60 | 80 | 83 |
| Banking supervision | 7 | 13 | 17 | 27 | 47 | 67 | 77 |
| Securities regulation | 0 | 3 | 7 | 17 | 37 | 57 | 67 |
| Insurance supervision | 0 | 3 | 7 | 17 | 37 | 53 | 63 |
| Payment and settlement systems | 0 | 3 | 7 | 20 | 40 | 57 | 63 |
| AML/CFT | 0 | 0 | 0 | 0 | 7 | 13 | 33 |
| Insolvency and creditors rights | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Corporate governance | 0 | 0 | 0 | 0 | 3 | 7 | 7 |
| Accounting & Auditing | 0 | 0 | 0 | 0 | 0 | 0 | 3 |

Table 6. Coverage of Countries, Emerging Market Economies, FY1999-FY2005
(Cumulative since FY99, in percent of countries)

| | FY99 | FY00 | FY01 | FY02 | FY03 | FY04 | FY05 |
|--|------|------|------|------|------|------|------|
| Initial assessments (cumulative since FY99, percent) | | | | | | | |
| Data dissemination/quality | 3 | 10 | 13 | 28 | 38 | 50 | 63 |
| Fiscal policy transparency | 3 | 13 | 33 | 43 | 58 | 63 | 68 |
| Monetary and financial policy transparency | 3 | 18 | 28 | 43 | 63 | 68 | 75 |
| Banking supervision | 3 | 18 | 25 | 43 | 63 | 73 | 80 |
| Securities regulation | 0 | 10 | 15 | 28 | 45 | 53 | 58 |
| Insurance supervision | 0 | 5 | 10 | 25 | 45 | 53 | 53 |
| Payment and settlement systems | 0 | 3 | 10 | 30 | 55 | 65 | 68 |
| AML/CFT | 0 | 0 | 0 | 0 | 0 | 8 | 13 |
| Insolvency and creditors rights | 0 | 0 | 0 | 3 | 20 | 28 | 40 |
| Corporate governance | 0 | 0 | 13 | 33 | 43 | 60 | 65 |
| Accounting & Auditing | 0 | 0 | 0 | 5 | 30 | 43 | 68 |
| Initial assessments, reassessments and updates | | | | | | | |
| Data dissemination/quality | 3 | 10 | 18 | 35 | 55 | 75 | 93 |
| Fiscal policy transparency | 3 | 13 | 38 | 53 | 85 | 105 | 123 |
| Monetary and financial policy transparency | 3 | 18 | 33 | 50 | 83 | 90 | 98 |
| Banking supervision | 3 | 18 | 33 | 55 | 88 | 105 | 115 |
| Securities regulation | 0 | 10 | 18 | 33 | 63 | 70 | 78 |
| Insurance supervision | 0 | 5 | 13 | 28 | 55 | 68 | 68 |
| Payment and settlement systems | 0 | 3 | 10 | 30 | 63 | 73 | 78 |
| AML/CFT | 0 | 0 | 0 | 0 | 0 | 8 | 13 |
| Insolvency and creditors rights | 0 | 0 | 0 | 3 | 20 | 28 | 40 |
| Corporate governance | 0 | 0 | 13 | 33 | 48 | 70 | 75 |
| Accounting & Auditing | 0 | 0 | 0 | 5 | 30 | 43 | 68 |

Table 8. Coverage of Countries, Developing Economies, FY1999-FY2005
(Cumulative since FY99, in percent of countries)

| | FY99 | FY00 | FY01 | FY02 | FY03 | FY04 | FY05 |
|--|------|------|------|------|------|------|------|
| Initial assessments (cumulative since FY99, percent) | | | | | | | |
| Data dissemination/quality | 0 | 2 | 3 | 9 | 14 | 17 | 22 |
| Fiscal policy transparency | 0 | 1 | 4 | 11 | 19 | 23 | 28 |
| Monetary and financial policy transparency | 0 | 1 | 4 | 10 | 15 | 21 | 25 |
| Banking supervision | 0 | 1 | 6 | 12 | 16 | 26 | 32 |
| Securities regulation | 0 | 0 | 1 | 3 | 4 | 8 | 9 |
| Insurance supervision | 0 | 0 | 2 | 5 | 6 | 6 | 6 |
| Payment and settlement systems | 0 | 0 | 3 | 7 | 12 | 18 | 21 |
| AML/CFT | 0 | 0 | 0 | 0 | 0 | 8 | 11 |
| Insolvency and creditors rights | 0 | 0 | 0 | 0 | 1 | 4 | 7 |
| Corporate governance | 0 | 0 | 1 | 3 | 3 | 3 | 6 |
| Accounting & Auditing | 0 | 0 | 0 | 1 | 2 | 6 | 10 |
| Initial assessments, reassessments and updates | | | | | | | |
| Data dissemination/quality | 0 | 2 | 3 | 9 | 14 | 18 | 23 |
| Fiscal policy transparency | 0 | 1 | 4 | 12 | 22 | 27 | 33 |
| Monetary and financial policy transparency | 0 | 1 | 4 | 10 | 16 | 23 | 27 |
| Banking supervision | 0 | 1 | 6 | 12 | 18 | 29 | 36 |
| Securities regulation | 0 | 0 | 1 | 3 | 4 | 9 | 10 |
| Insurance supervision | 0 | 0 | 2 | 5 | 6 | 7 | 8 |
| Payment and settlement systems | 0 | 0 | 3 | 7 | 13 | 19 | 22 |
| AML/CFT | 0 | 0 | 0 | 0 | 0 | 8 | 11 |
| Insolvency and creditors rights | 0 | 0 | 0 | 0 | 1 | 4 | 7 |
| Corporate governance | 0 | 0 | 1 | 3 | 3 | 3 | 7 |
| Accounting & Auditing | 0 | 0 | 0 | 1 | 2 | 6 | 10 |

Table 9. Average Lag Between the Completion of First ROSC and/or Update/Reassessment
(In months)

| | Overall | | Data | | Fiscal | | MFPT | |
|---------------|---------|----------------|------|----------------|--------|----------------|------|----------------|
| | Lag | No. of Updates | Lag | No. of Updates | Lag | No. of Updates | Lag | No. of Updates |
| Reassessment | 32.5 | 39 | 48.1 | 2 | 51.5 | 2 | 35.5 | 9 |
| Update 1 | 21.1 | 69 | 15.4 | 10 | 20.5 | 19 | 21.0 | 9 |
| Update 2 | 14.8 | 15 | 13.9 | 2 | 15.4 | 11 | 24.0 | 1 |
| Update 3 | 15.5 | 5 | 12.4 | 1 | 16.2 | 4 | ... | ... |
| Update 4 | 11.3 | 3 | 2.1 | 1 | 15.9 | 2 | ... | ... |
| Total Updates | 19.4 | 92 | 14.0 | 14 | 18.2 | 36 | 21.3 | 10 |

| | BCP | | IOSCO | | IAIS | | CPSS | |
|---------------|------|----------------|-------|----------------|------|----------------|------|----------------|
| | Lag | No. of Updates | Lag | No. of Updates | Lag | No. of Updates | Lag | No. of Updates |
| Reassessment | 33.0 | 13 | 25.9 | 4 | 27.9 | 3 | 12.8 | 1 |
| Update 1 | 19.8 | 9 | 24.6 | 8 | 25.7 | 7 | 23.6 | 7 |
| Update 2 | 25.2 | 1 | ... | ... | ... | ... | ... | ... |
| Update 3 | ... | ... | ... | ... | ... | ... | ... | ... |
| Update 4 | ... | ... | ... | ... | ... | ... | ... | ... |
| Total Updates | 20.3 | 10 | 25.5 | 8 | 25.7 | 7 | 23.6 | 7 |

| | CG | |
|---------------|------|----------------|
| | Lag | No. of Updates |
| Reassessment | 24.5 | 5 |
| Update 1 | ... | ... |
| Update 2 | ... | ... |
| Update 3 | ... | ... |
| Update 4 | ... | ... |
| Total Updates | ... | ... |

Table 10. Published ROSCs
(As of end April 2005)

| | Data | Fiscal | MFPT | BCP | IOSCO | IAIS | CPSS | AML/CFT | ICR | CG | AA |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|---------|--------|--------|--------|
| African Department | | | | | | | | | | | |
| Benin | ... | Oct-02 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Botswana | Apr-02 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Burkina Faso | Mar-04 | Jul-02 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Cameroon | Aug-01 | Jun-00 | Jun-00 | Jun-00 | ... | Jun-00 | Jun-00 | ... | ... | ... | ... |
| Equatorial Guinea | ... | Apr-05 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Gabon | ... | ... | May-02 | May-02 | ... | May-02 | ... | ... | ... | ... | ... |
| Ghana | ... | Jul-04 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Kenya | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | Jan-02 |
| Malawi | Feb-05 | Aug-02 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Mali | ... | Mar-02 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Mauritius | Apr-02 | ... | Oct-03 | Oct-03 | ... | ... | Oct-03 | Oct-03 | Mar-04 | Oct-02 | Apr-03 |
| Mozambique | Mar-03 | Mar-01 | ... | Mar-04 | ... | ... | Mar-04 | Mar-04 | ... | ... | ... |
| Namibia | Sep-02 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Nigeria | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | Dec-04 |
| Rwanda | ... | Jul-03 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Senegal | Dec-02 | ... | Oct-01 | Oct-01 | Oct-01 | Oct-01 | ... | ... | ... | ... | ... |
| South Africa | Oct-01 | ... | ... | ... | ... | ... | ... | Apr-04 | ... | Jul-03 | May-03 |
| Tanzania | Mar-04 | Mar-02 | ... | Aug-03 | ... | ... | ... | ... | ... | ... | ... |
| Uganda | Sep-99 | Sep-99 | Sep-99 | Sep-99 | ... | ... | Apr-03 | ... | ... | ... | ... |
| ... | ... | ... | Apr-03 | Apr-03 | ... | ... | ... | ... | ... | ... | ... |
| Zambia | Feb-05 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Zimbabwe | ... | ... | ... | ... | ... | ... | ... | ... | ... | Dec-00 | ... |
| Asia & Pacific Department | | | | | | | | | | | |
| Australia | Apr-99 | Apr-99 | Apr-99 | Apr-99 | ... | ... | ... | ... | ... | ... | ... |
| Bangladesh | ... | Jun-03 | ... | ... | ... | ... | ... | ... | ... | ... | Jan-04 |
| Fiji | ... | Mar-04 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Hong Kong SAR | Aug-99 | Aug-99 | Aug-99 | Aug-99 | Jun-03 | Jun-03 | Jun-03 | Jun-03 | ... | Jun-03 | ... |
| ... | ... | ... | Jun-03 | Jun-03 | ... | ... | ... | ... | ... | ... | ... |
| India | Apr-04 | Mar-01 | ... | ... | ... | ... | ... | ... | ... | Jan-01 | ... |
| ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | Jun-04 | ... |
| Indonesia | ... | ... | ... | ... | ... | ... | ... | ... | ... | Sep-04 | ... |
| Japan | ... | Sep-01 | Sep-03 | Sep-03 | Sep-03 | Sep-03 | Sep-03 | Jul-04 | ... | ... | ... |
| Korea | May-03 | Feb-01 | Mar-03 | Mar-03 | Mar-03 | Mar-03 | Mar-03 | ... | ... | Mar-03 | Nov-04 |
| Malaysia | ... | ... | ... | ... | ... | ... | ... | ... | ... | Dec-00 | ... |
| Mongolia | May-01 | Dec-01 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| New Zealand | ... | ... | May-04 | May-04 | May-04 | ... | ... | ... | ... | ... | ... |
| Papua New Guinea | ... | Oct-00 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Philippines | Aug-04 | Oct-02 | ... | Apr-04 | Mar-04 | ... | Jan-05 | ... | ... | Sep-01 | Jan-02 |
| Samoa | ... | Mar-05 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Singapore | ... | ... | Apr-04 | Apr-04 | Apr-04 | Apr-04 | Apr-04 | Apr-04 | ... | ... | ... |
| Sri Lanka | May-02 | Oct-02 | ... | ... | ... | ... | ... | ... | ... | ... | Jun-04 |

Table 10. Published ROSCs (continued)
(As of end April 2005)

| | Data | Fiscal | MFPT | BCP | IOSCO | IAIS | CPSS | AML/CFT | ICR | CG | AA |
|------------------------|--------|--------|--------|--------|--------|--------|--------|---------|--------|--------|--------|
| European Department | | | | | | | | | | | |
| Albania | Jun-00 | Jul-03 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Austria | ... | ... | ... | Aug-04 | Aug-04 | Aug-04 | ... | Aug-04 | ... | ... | ... |
| Belarus | Feb-05 | Nov-04 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Bosnia and Herzegovina | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | Feb-05 |
| Bulgaria | Sep-99 | Sep-99 | Sep-99 | Sep-99 | Aug-02 | Sep-99 | Aug-02 | ... | ... | Sep-02 | May-03 |
| | Dec-03 | ... | Aug-02 | Aug-02 | Sep-99 | Aug-02 | ... | ... | ... | ... | ... |
| Croatia | ... | Nov-04 | Aug-02 | Aug-02 | Aug-02 | Aug-02 | Aug-02 | ... | ... | Sep-01 | Jul-02 |
| Czech Republic | Sep-99 | Sep-99 | Sep-99 | Sep-99 | Sep-99 | Jul-01 | Jul-01 | Feb-04 | Dec-02 | Jul-01 | Aug-03 |
| | ... | ... | Jul-01 | Jul-01 | Jul-01 | ... | ... | ... | ... | Aug-02 | ... |
| Estonia | Nov-01 | Jul-01 | Jul-00 | Jul-00 | Jul-00 | Jul-00 | Jul-00 | ... | ... | ... | Sep-04 |
| European Union | ... | ... | Nov-01 | ... | ... | ... | Nov-01 | ... | ... | ... | ... |
| Finland | ... | ... | Nov-01 | Nov-01 | Nov-01 | Nov-01 | Nov-01 | ... | ... | ... | ... |
| France | Oct-03 | Nov-00 | Nov-00 | Nov-04 | Nov-04 | Nov-04 | Nov-04 | Nov-04 | ... | ... | ... |
| | ... | ... | Nov-04 | ... | ... | ... | ... | ... | ... | ... | ... |
| Germany | ... | Sep-03 | Nov-03 | Nov-03 | Nov-03 | Nov-03 | Nov-03 | Jul-04 | ... | ... | ... |
| Greece | Oct-03 | Dec-99 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Hungary | May-01 | May-01 | May-01 | May-01 | May-01 | May-01 | May-01 | ... | ... | Mar-03 | Sep-04 |
| | ... | ... | Jun-02 | Jun-02 | Jun-02 | Jun-02 | Jun-02 | ... | ... | ... | ... |
| Iceland | ... | ... | Jun-01 | Jun-01 | Jun-01 | Jun-01 | Jun-01 | ... | ... | ... | ... |
| | ... | ... | ... | Aug-03 | ... | ... | ... | ... | ... | ... | ... |
| Ireland | ... | ... | Feb-01 | Feb-01 | Feb-01 | Feb-01 | Feb-01 | ... | ... | ... | ... |
| Israel | ... | Apr-04 | Sep-01 | Sep-01 | Sep-01 | Sep-01 | Sep-01 | ... | ... | ... | ... |
| Italy | Oct-02 | Oct-02 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Latvia | Jul-04 | Apr-01 | Mar-02 | Mar-02 | Mar-02 | Mar-02 | Mar-02 | ... | ... | Mar-02 | ... |
| Lithuania | Dec-02 | Nov-02 | Feb-02 | Feb-02 | ... | Feb-02 | Feb-02 | ... | Dec-02 | Aug-02 | Jul-02 |
| Luxembourg | ... | ... | Jun-02 | Jun-02 | Jun-02 | Jun-02 | Jun-02 | Dec-04 | ... | ... | ... |
| Macedonia, FYR | Sep-04 | ... | Dec-03 | Dec-03 | ... | ... | Dec-03 | Dec-03 | ... | ... | Dec-03 |
| Malta | ... | ... | Sep-03 | Sep-03 | Sep-03 | Sep-03 | Sep-03 | Sep-03 | ... | ... | ... |
| Moldova | ... | Dec-04 | Feb-05 | Feb-05 | ... | ... | ... | ... | ... | Sep-04 | Oct-04 |
| Netherlands | ... | ... | ... | Sep-04 | Sep-04 | Sep-04 | Sep-04 | Sep-04 | ... | ... | ... |
| Norway | Jul-03 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Poland | Oct-03 | Feb-01 | Jun-01 | Jun-01 | Jun-01 | Jun-01 | Jun-01 | ... | ... | Dec-00 | Aug-02 |
| Portugal | ... | Dec-03 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Romania | Nov-01 | Nov-02 | Dec-03 | Dec-03 | Dec-03 | ... | ... | Dec-03 | ... | ... | Sep-03 |
| Russia | May-04 | Sep-04 | May-03 | May-03 | May-03 | May-03 | May-03 | ... | ... | ... | ... |
| Slovak Republic | ... | Aug-02 | Sep-02 | Sep-02 | Sep-02 | Sep-02 | Sep-02 | ... | Sep-02 | Oct-03 | Feb-02 |
| Slovenia | ... | Jun-02 | ... | Sep-01 | Sep-01 | Sep-01 | Sep-01 | ... | ... | May-04 | Sep-04 |
| | ... | ... | ... | May-04 | ... | May-04 | ... | ... | ... | ... | ... |
| Spain | ... | Feb-05 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Sweden | Sep-01 | Jan-01 | Aug-02 | Aug-02 | Aug-02 | Aug-02 | Aug-02 | ... | ... | ... | ... |
| Switzerland | ... | ... | Jun-02 | Jun-02 | Jun-02 | Jun-02 | Jun-02 | ... | ... | ... | ... |
| Turkey | Mar-02 | Jul-00 | ... | ... | ... | ... | ... | ... | ... | Apr-01 | ... |
| Ukraine | Aug-03 | Sep-99 | Nov-03 | Nov-03 | ... | ... | Nov-03 | ... | ... | ... | Feb-03 |
| | ... | Apr-04 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| United Kingdom | Apr-99 | Apr-99 | Apr-99 | Apr-99 | Mar-03 | Mar-03 | Mar-03 | Mar-03 | ... | ... | ... |
| | ... | ... | Mar-03 | Mar-03 | ... | ... | ... | ... | ... | ... | ... |

Table 10. Published ROSCs (concluded)
(As of end April 2005)

| | Data | Fiscal | MFPT | BCP | IOSCO | IAIS | CPSS | AML/CFT | ICR | CG | AA |
|---------------------------------------|--------|--------|--------|--------|--------|--------|--------|---------|--------|--------|--------|
| Middle East & Central Asia Department | | | | | | | | | | | |
| Algeria | ... | Mar-05 | May-04 | Aug-00 | ... | ... | ... | ... | ... | ... | ... |
| | ... | ... | ... | May-04 | ... | ... | ... | ... | ... | ... | ... |
| Armenia | Jan-02 | Mar-02 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Azerbaijan | Mar-03 | Jan-01 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Egypt | ... | ... | ... | ... | ... | ... | ... | ... | ... | Sep-01 | Jun-03 |
| | ... | ... | ... | ... | ... | ... | ... | ... | ... | Mar-04 | ... |
| Georgia | May-03 | Oct-03 | Nov-01 | Nov-01 | ... | Nov-01 | Nov-01 | ... | ... | Nov-01 | ... |
| Iran, I.R. of | ... | Dec-02 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Jordan | Oct-02 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Kazakhstan | Mar-03 | Apr-03 | ... | Aug-04 | ... | ... | ... | Aug-04 | ... | ... | ... |
| Kuwait | ... | ... | ... | May-04 | May-04 | ... | ... | May-04 | ... | ... | ... |
| Kyrgyz Republic | Nov-03 | Mar-02 | Mar-03 | Mar-03 | ... | ... | Mar-03 | ... | ... | ... | ... |
| Lebanon | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | Jun-04 |
| Mauritania | ... | Dec-02 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Morocco | Apr-03 | ... | Jul-03 | Jul-03 | Jul-03 | Jul-03 | Jul-03 | ... | ... | Aug-03 | Aug-02 |
| Pakistan | Dec-04 | Dec-00 | Jul-04 | Jul-04 | Jul-04 | ... | ... | ... | ... | ... | ... |
| Tajikistan | Apr-05 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Tunisia | Sep-99 | Sep-99 | Sep-99 | Sep-99 | Jun-02 | Jun-02 | Jun-02 | ... | ... | ... | ... |
| | ... | ... | Jun-02 | Jun-02 | Sep-99 | ... | ... | ... | ... | ... | ... |
| United Arab Emirates | ... | ... | Jan-03 | Jan-03 | ... | ... | Jan-03 | ... | ... | ... | ... |
| Western Hemisphere Department | | | | | | | | | | | |
| Antigua and Barbuda | ... | ... | ... | Dec-04 | ... | ... | ... | ... | ... | ... | ... |
| Argentina | Apr-99 | Apr-99 | Apr-99 | Apr-99 | ... | ... | ... | ... | Dec-02 | ... | ... |
| Barbados | ... | ... | Feb-03 | Feb-03 | Feb-03 | Feb-03 | Feb-03 | ... | ... | ... | ... |
| Bolivia | ... | ... | ... | ... | ... | ... | ... | Oct-03 | ... | ... | ... |
| Brazil | ... | Dec-01 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Canada | Oct-03 | Mar-02 | Jul-00 | Jul-00 | Jul-00 | Jul-00 | Jul-00 | ... | ... | ... | ... |
| Chile | Jul-01 | Aug-03 | Aug-04 | Aug-04 | Aug-04 | ... | ... | Mar-05 | ... | May-03 | Dec-04 |
| Colombia | ... | May-03 | ... | ... | ... | ... | ... | ... | ... | Aug-03 | Mar-04 |
| Costa Rica | Aug-02 | ... | Apr-03 | Apr-03 | ... | ... | Apr-03 | ... | ... | ... | ... |
| Eastern Caribbean Central Bank | ... | ... | ... | Sep-04 | ... | ... | ... | ... | ... | ... | ... |
| Ecuador | Mar-03 | ... | ... | ... | ... | ... | ... | ... | ... | ... | Feb-05 |
| El Salvador | Dec-04 | Mar-05 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Honduras | ... | Feb-02 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Jamaica | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | Jun-04 |
| Mexico | Jun-03 | Sep-02 | Oct-01 | Oct-01 | Oct-01 | Oct-01 | Oct-01 | ... | ... | Sep-03 | Mar-04 |
| Nicaragua | ... | Apr-02 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Panama | ... | ... | ... | ... | ... | ... | ... | ... | ... | Jun-04 | ... |
| Peru | Oct-03 | Apr-04 | ... | ... | ... | ... | ... | ... | ... | Aug-04 | ... |
| St. Vincent and the Grenadines | ... | ... | ... | Sep-04 | ... | ... | ... | ... | ... | ... | ... |
| United States | ... | Aug-03 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Uruguay | Oct-01 | Mar-01 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Overall Totals | 59 | 72 | 58 | 70 | 43 | 40 | 45 | 20 | 5 | 31 | 30 |

Table 11. Published ROSC Updates
(As of end April 2005)

| | Data | Fiscal | MFPT | BCP | IOSCO | IAIS | CPSS |
|---------------------------------------|--------|--------|--------|--------|--------|--------|--------|
| African Department | | | | | | | |
| Botswana | Mar-04 | ... | ... | ... | ... | ... | ... |
| Ghana | ... | ... | ... | Dec-03 | Dec-03 | Dec-03 | ... |
| Mozambique | ... | Aug-02 | ... | ... | ... | ... | ... |
| | ... | Mar-04 | ... | ... | ... | ... | ... |
| Uganda | ... | Mar-03 | ... | ... | ... | ... | ... |
| Asia & Pacific Department | | | | | | | |
| Japan | ... | Aug-04 | ... | ... | ... | ... | ... |
| Philippines | ... | Jun-04 | ... | ... | ... | ... | ... |
| European Department | | | | | | | |
| Bulgaria | Apr-01 | Aug-02 | Apr-01 | Apr-01 | Apr-01 | Apr-01 | ... |
| | Aug-02 | Apr-01 | ... | ... | ... | ... | ... |
| Croatia | ... | ... | ... | Aug-04 | Aug-04 | ... | Aug-04 |
| Czech Republic | Jul-01 | Jul-01 | Aug-02 | Jan-04 | Aug-02 | ... | Aug-02 |
| | ... | Oct-03 | ... | Aug-02 | ... | ... | ... |
| | ... | Aug-02 | ... | ... | ... | ... | ... |
| | ... | Aug-04 | ... | ... | ... | ... | ... |
| Estonia | Jul-02 | Jul-02 | Jul-02 | Jul-02 | Jul-02 | Jul-02 | Jul-02 |
| France | Nov-04 | Nov-01 | Nov-02 | ... | ... | ... | ... |
| | ... | Nov-04 | Nov-01 | ... | ... | ... | ... |
| | ... | Nov-02 | ... | ... | ... | ... | ... |
| Greece | Feb-05 | Jun-03 | ... | ... | ... | ... | ... |
| | ... | Mar-02 | ... | ... | ... | ... | ... |
| | ... | Feb-05 | ... | ... | ... | ... | ... |
| | ... | Feb-01 | ... | ... | ... | ... | ... |
| Hungary | Jul-04 | May-04 | ... | ... | ... | ... | ... |
| | May-04 | Jun-02 | ... | ... | ... | ... | ... |
| | Jun-02 | May-03 | ... | ... | ... | ... | ... |
| | May-03 | ... | ... | ... | ... | ... | ... |
| Iceland | ... | ... | Aug-03 | ... | Aug-03 | Aug-03 | Aug-03 |
| Israel | ... | ... | Mar-03 | Mar-03 | Mar-03 | Mar-03 | Mar-03 |
| Italy | ... | Nov-03 | ... | ... | ... | ... | ... |
| Lithuania | ... | ... | ... | Sep-03 | ... | Sep-03 | ... |
| Poland | ... | Jun-03 | ... | ... | ... | ... | ... |
| | ... | Jul-04 | ... | ... | ... | ... | ... |
| Slovak Republic | ... | Aug-03 | ... | ... | ... | ... | ... |
| | ... | Mar-05 | ... | ... | ... | ... | ... |
| Sweden | Aug-02 | Aug-02 | ... | ... | ... | ... | ... |
| Turkey | ... | Nov-03 | ... | ... | ... | ... | ... |
| Middle East & Central Asia Department | | | | | | | |
| Azerbaijan | ... | Mar-02 | ... | ... | ... | ... | ... |
| | ... | Jun-03 | ... | ... | ... | ... | ... |
| Jordan | Feb-04 | ... | ... | ... | ... | ... | ... |
| Kazakhstan | ... | ... | Aug-04 | ... | Aug-04 | Aug-04 | Aug-04 |
| Kyrgyz Republic | ... | Feb-05 | ... | ... | ... | ... | ... |
| Pakistan | ... | Nov-02 | ... | ... | ... | ... | ... |
| | ... | Dec-04 | ... | ... | ... | ... | ... |
| Tunisia | Feb-01 | Feb-01 | Feb-01 | Feb-01 | ... | ... | ... |
| | ... | Jun-02 | ... | ... | ... | ... | ... |
| United Arab Emirat | ... | ... | Mar-03 | Mar-03 | ... | ... | Mar-03 |
| Overall Totals | 14 | 36 | 10 | 10 | 8 | 7 | 7 |

Country Classification

| Country | Region ³⁴ | Type of Economy ³⁵ |
|--------------------------|------------------------------|-------------------------------|
| Afghanistan, I.S. of | Middle East and Central Asia | Developing |
| Albania | Europe | Developing |
| Algeria | Middle East and Central Asia | Developing |
| Angola | Africa | Developing |
| Antigua and Barbuda | Western Hemisphere | Developing |
| Argentina | Western Hemisphere | Emerging Market |
| Armenia | Middle East and Central Asia | Developing |
| Australia | Asia and Pacific | Advanced |
| Austria | Europe | Advanced |
| Azerbaijan | Middle East and Central Asia | Developing |
| Bahamas, The | Western Hemisphere | Developing |
| Bahrain | Middle East and Central Asia | Developing |
| Bangladesh | Asia and Pacific | Developing |
| Barbados | Western Hemisphere | Developing |
| Belarus | Europe | Developing |
| Belgium | Europe | Advanced |
| Belize | Western Hemisphere | Developing |
| Benin | Africa | Developing |
| Bhutan | Asia and Pacific | Developing |
| Bolivia | Western Hemisphere | Developing |
| Bosnia and Herzegovina | Europe | Developing |
| Botswana | Africa | Developing |
| Brazil | Western Hemisphere | Emerging Market |
| Brunei Darussalam | Asia and Pacific | Developing |
| Bulgaria | Europe | Emerging Market |
| Burkina Faso | Africa | Developing |
| Burundi | Africa | Developing |
| Cambodia | Asia and Pacific | Developing |
| Cameroon | Africa | Developing |
| Canada | Western Hemisphere | Advanced |
| Cape Verde | Africa | Developing |
| Central African Republic | Africa | Developing |

³⁴ According to IMF Area Departments

³⁵ Definitions: Advanced - WEO classification; Emerging Market - includes countries listed in the Emerging Market Bond Index (EMBI) Global, Morgan Stanley Capital International (MSCI) EM Free, and the ten newest members of the European Union as of 5/1/04, except Cyprus; Developing - countries that did not fall into the Advanced or Emerging Market categories as defined above.

| | | |
|---------------------|------------------------------|-----------------|
| Chad | Africa | Developing |
| Chile | Western Hemisphere | Emerging Market |
| China | Asia and Pacific | Emerging Market |
| Colombia | Western Hemisphere | Emerging Market |
| Comoros | Africa | Developing |
| Congo, Dem. Rep. of | Africa | Developing |
| Congo, Rep. of | Africa | Developing |
| Costa Rica | Western Hemisphere | Developing |
| Côte d'Ivoire | Africa | Developing |
| Croatia | Europe | Emerging Market |
| Cyprus | Europe | Advanced |
| Czech Republic | Europe | Emerging Market |
| Denmark | Europe | Advanced |
| Djibouti | Middle East and Central Asia | Developing |
| Dominica | Western Hemisphere | Developing |
| Dominican Republic | Western Hemisphere | Emerging Market |
| Ecuador | Western Hemisphere | Emerging Market |
| Egypt | Middle East and Central Asia | Emerging Market |
| El Salvador | Western Hemisphere | Emerging Market |
| Equatorial Guinea | Africa | Developing |
| Eritrea | Africa | Developing |
| Estonia | Europe | Emerging Market |
| Ethiopia | Africa | Developing |
| Fiji | Asia and Pacific | Developing |
| Finland | Europe | Advanced |
| France | Europe | Advanced |
| Gabon | Africa | Developing |
| Gambia, The | Africa | Developing |
| Georgia | Middle East and Central Asia | Developing |
| Germany | Europe | Advanced |
| Ghana | Africa | Developing |
| Greece | Europe | Advanced |
| Grenada | Western Hemisphere | Developing |
| Guatemala | Western Hemisphere | Developing |
| Guinea | Africa | Developing |
| Guinea-Bissau | Africa | Developing |
| Guyana | Western Hemisphere | Developing |
| Haiti | Western Hemisphere | Developing |
| Honduras | Western Hemisphere | Developing |
| Hungary | Europe | Emerging Market |
| Iceland | Europe | Advanced |
| India | Asia and Pacific | Emerging Market |
| Indonesia | Asia and Pacific | Emerging Market |
| Iran, I.R. of | Middle East and Central Asia | Developing |
| Iraq | Middle East and Central Asia | Developing |

| | | |
|---------------------------------|------------------------------|-----------------|
| Ireland | Europe | Advanced |
| Israel | Europe | Advanced |
| Italy | Europe | Advanced |
| Jamaica | Western Hemisphere | Developing |
| Japan | Asia and Pacific | Advanced |
| Jordan | Middle East and Central Asia | Emerging Market |
| Kazakhstan | Middle East and Central Asia | Developing |
| Kenya | Africa | Developing |
| Kiribati | Asia and Pacific | Developing |
| Korea | Asia and Pacific | Advanced |
| Kuwait | Middle East and Central Asia | Developing |
| Kyrgyz Republic | Middle East and Central Asia | Developing |
| Lao P.D.R. | Asia and Pacific | Developing |
| Latvia | Europe | Emerging Market |
| Lebanon | Middle East and Central Asia | Emerging Market |
| Lesotho | Africa | Developing |
| Liberia | Africa | Developing |
| Libya | Middle East and Central Asia | Developing |
| Lithuania | Europe | Emerging Market |
| Luxembourg | Europe | Advanced |
| Macedonia, FYR | Europe | Developing |
| Madagascar | Africa | Developing |
| Malawi | Africa | Developing |
| Malaysia | Asia and Pacific | Emerging Market |
| Maldives | Asia and Pacific | Developing |
| Mali | Africa | Developing |
| Malta | Europe | Emerging Market |
| Marshall Islands | Asia and Pacific | Developing |
| Mauritania | Middle East and Central Asia | Developing |
| Mauritius | Africa | Developing |
| Mexico | Western Hemisphere | Emerging Market |
| Micronesia, Federated States of | Asia and Pacific | Developing |
| Moldova | Europe | Developing |
| Mongolia | Asia and Pacific | Developing |
| Morocco | Middle East and Central Asia | Emerging Market |
| Mozambique | Africa | Developing |
| Myanmar | Asia and Pacific | Developing |
| Namibia | Africa | Developing |
| Nepal | Asia and Pacific | Developing |
| Netherlands | Europe | Advanced |
| New Zealand | Asia and Pacific | Advanced |
| Nicaragua | Western Hemisphere | Developing |
| Niger | Africa | Developing |
| Nigeria | Africa | Emerging Market |
| Norway | Europe | Advanced |

| | | |
|------------------------------------|------------------------------|-----------------|
| Oman | Middle East and Central Asia | Developing |
| Pakistan | Middle East and Central Asia | Emerging Market |
| Palau | Asia and Pacific | Developing |
| Panama | Western Hemisphere | Emerging Market |
| Papua New Guinea | Asia and Pacific | Developing |
| Paraguay | Western Hemisphere | Developing |
| Peru | Western Hemisphere | Emerging Market |
| Philippines | Asia and Pacific | Emerging Market |
| Poland | Europe | Emerging Market |
| Portugal | Europe | Advanced |
| Qatar | Middle East and Central Asia | Developing |
| República Bolivariana de Venezuela | Western Hemisphere | Emerging Market |
| Romania | Europe | Developing |
| Russia | Europe | Emerging Market |
| Rwanda | Africa | Developing |
| Samoa | Asia and Pacific | Developing |
| San Marino | Europe | Advanced |
| São Tomé & Príncipe | Africa | Developing |
| Saudi Arabia | Middle East and Central Asia | Developing |
| Senegal | Africa | Developing |
| Serbia and Montenegro | Europe | Developing |
| Seychelles | Africa | Developing |
| Sierra Leone | Africa | Developing |
| Singapore | Asia and Pacific | Advanced |
| Slovakia | Europe | Emerging Market |
| Slovenia | Europe | Emerging Market |
| Solomon Islands | Asia and Pacific | Developing |
| Somalia | Middle East and Central Asia | Developing |
| South Africa | Africa | Emerging Market |
| Spain | Europe | Advanced |
| Sri Lanka | Asia and Pacific | Developing |
| St. Kitts and Nevis | Western Hemisphere | Developing |
| St. Lucia | Western Hemisphere | Developing |
| St. Vincent and the Grenadines | Western Hemisphere | Developing |
| Sudan | Middle East and Central Asia | Developing |
| Suriname | Western Hemisphere | Developing |
| Swaziland | Africa | Developing |
| Sweden | Europe | Advanced |
| Switzerland | Europe | Advanced |
| Syrian Arab Republic | Middle East and Central Asia | Developing |
| Tajikistan | Middle East and Central Asia | Developing |
| Tanzania | Africa | Developing |
| Thailand | Asia and Pacific | Emerging Market |
| Timor-Leste | Asia and Pacific | Developing |
| Togo | Africa | Developing |

| | | |
|----------------------|------------------------------|-----------------|
| Tonga | Asia and Pacific | Developing |
| Trinidad and Tobago | Western Hemisphere | Developing |
| Tunisia | Middle East and Central Asia | Emerging Market |
| Turkey | Europe | Emerging Market |
| Turkmenistan | Middle East and Central Asia | Developing |
| Uganda | Africa | Developing |
| Ukraine | Europe | Emerging Market |
| United Arab Emirates | Middle East and Central Asia | Developing |
| United Kingdom | Europe | Advanced |
| United States | Western Hemisphere | Advanced |
| Uruguay | Western Hemisphere | Emerging Market |
| Uzbekistan | Middle East and Central Asia | Developing |
| Vanuatu | Asia and Pacific | Developing |
| Vietnam | Asia and Pacific | Developing |
| Yemen | Middle East and Central Asia | Developing |
| Zambia | Africa | Developing |
| Zimbabwe | Africa | Developing |
