

# IMF Publication

## Amendment to Steps to Address Excessive Delays in the Completion of Article IV Consultations or Mandatory Financial Stability Assessments



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## AMENDMENT TO STEPS TO ADDRESS EXCESSIVE DELAYS IN THE COMPLETION OF ARTICLE IV CONSULTATIONS OR MANDATORY FINANCIAL STABILITY ASSESSMENTS

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Departments In Consultation with Other Departments

In February 2012, the Executive Board adopted [new procedures to address excessive delays in the completion of Article IV consultations](#).<sup>1</sup> These consisted of three formal steps to be applied to all members with serious delays, regardless of the reason for delay, recognizing that the obligation to consult with the Fund under Article IV applies uniformly to all members. These steps are: (i) sending a letter from the Managing Director where an Article IV consultation is delayed for more than 12 months from the expected deadline for its conclusion; (ii) publishing a list of members with Article IV consultations delayed for over 18 months; and (iii) holding an informal session to brief Executive Directors on the economic developments and policies of a member with Article IV consultations delayed for over 18 months.

While the implementation of the Decision has been relatively smooth, experience to date has led staff to believe that a modification of the Decision should be considered. In particular, the lack of leeway in the Decision regarding the notification by the Managing Director to a member whose Article IV consultation has been delayed by more than 12 months has proved to be inappropriate in some cases.

Specifically, where a member's Article IV consultation has been delayed by over 12 months as a result of extreme natural disaster, extreme civil unrest or war, due to which the authorities are incapable of conducting the Article IV consultation discussions, or where there may be uncertainty as to the views of the international community regarding the recognition of the administration in effective control of the country,<sup>2</sup> a quick resumption of Article IV consultation discussions with the relevant member may not be feasible. In these circumstances, sending a letter from the Managing Director would not be appropriate. The current legal framework for dealing

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<sup>1</sup> The policy also applies to delays to mandatory financial stability assessments.

<sup>2</sup> For cases where the Fund does not recognize the administration of a country (e.g., Madagascar), the current practice is that the Managing Director does not notify the administration in question of the excessive delay in completing the Article IV consultation since the Fund cannot deal with that administration.

with delayed Article IV consultation, however, does not allow any discretion in such cases, as the requirement to notify a member of the delay is expected to be applied uniformly to all members.

Staff, therefore, proposes to modify the Decision. The modification would allow that in exceptional cases ***such as extreme natural disaster, extreme civil unrest, war, or uncertainty about the views of the international community regarding the recognition of an administration in effective control of the country***, the Managing Director may postpone sending the notification of the delay to the relevant member until the Managing Director decides that the situation leading to the postponement no longer exists. The Managing Director will promptly inform the Executive Board of any decision to postpone or to resume sending notifications to a member.<sup>3</sup> The proposed modification will not create an opening to delay sending notifications letters for any reasons other than in exceptional cases determined by the Managing Director.

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<sup>3</sup> Upon the Managing Director's determination that exceptional circumstances exist that would warrant postponing the letter notifying the authorities of the delayed Article IV consultation or mandatory financial stability assessment, the Managing Director will promptly inform the Executive Board. Similarly, when the Managing Director determines such exceptional circumstances no longer exist, he/she will promptly inform the Executive Board and send the letter notifying the member of the delayed Article IV consultation or mandatory financial stability assessment. Thereafter, starting from the date of that letter, subsequent notifications will be sent to the member at 12 month intervals as long as the Article IV consultation or mandatory stability assessment has not been concluded and staff discussions with the member have not been completed.

## Proposed Decision

The following decision, which may be adopted by a majority of votes cast, is proposed for adoption by the Executive Board:

The following sentences shall be added at the end of Paragraph 1 of Decision No. 15106-(12/21), adopted February 29, 2012:

“If the Managing Director determines that: (i) the Article IV consultation or mandatory financial stability assessment has been delayed because of exceptional circumstances, such as extreme natural disaster, extreme civil unrest or war, or (ii) there is uncertainty as to the views of the international community regarding the recognition of an administration in effective control of the country, the Managing Director may postpone sending the notification of the delay to the relevant member until the Managing Director decides that the situation leading to the postponement no longer exists. The Managing Director will promptly inform the Executive Board of any decision to postpone or resume sending notifications to a member.”