

tries' problems. As a result, we've established a system of ex post assessments after a number of years of prolonged use, which has great potential for improving the quality of our decision making. Another case has been the fiscal report, which noted that we were often not sufficiently clear about how the fiscal adjustment in a program fitted into the macroeconomic objectives. This was a justified criticism. In other areas, the IEO has reminded us about the overoptimism of the growth projections in IMF program documents, and this is a matter that we're planning to take up in our conditionality review.

IMF SURVEY: Over the past three years, Brazil, Turkey, and Argentina accounted for over two-thirds of general borrowing from the IMF. Does the IMF have sufficient resources to cope with future threats to the stability of the international financial system? Does this concentration put the IMF at the mercy of its biggest borrowers? Some critics argue that Argentina has been able to exploit this apparent weakness.

ALLEN: It's a very expensive business to help emerging markets through capital account crises, and this has led to very large exposures of the IMF to several countries—currently, Argentina, Brazil, Turkey, and, for the size of its economy, Uruguay. At the moment, we do have the resources to handle crises in middle-income countries. But global financial stability depends on far more than just what happens in these countries, and we don't have the financial resources to handle crises in industrial countries or, more broadly, in world markets. What can we do about the

IMF's very high exposure to a few countries? One thing is to improve our decision making when such an operation is contemplated. While we have to be careful, we can't let our lending operations and our conditionality be held hostage to a fear of arrears. For that reason, we also need to have adequate precautionary balances, which is why the Executive Board recently decided to increase these balances.

IMF SURVEY: Looking ahead, what do you think should be the IMF's top priorities?

ALLEN: There are three top priorities for the IMF in my view. The first is to monitor vulnerabilities in the world economy, in the financial system, and individual countries and come up with concrete proposals for actions to correct vulnerabilities. This is where a better dissemination of experiences fits in. The second is to improve the effectiveness of our crisis intervention—whether it be through improving how IMF financial assistance is provided or trying to ensure that mechanisms exist for getting debtors and creditors to resolve their problems quickly.

Following the upcoming spring meetings, we plan to discuss the role that precautionary arrangements can play in preventing capital account crises and the access that is required for this insurance to be meaningful. In other words, we'll be looking for a successor to the recently ended Contingent Credit Line Facility. The third is to help create the conditions for development and achieving the Millennium Development Goals, which requires close integration with donor countries in supporting the PRSP process. ■

The IMF recently agreed on a "trade integration mechanism," which will enable it to support countries that face loss of preferences in the multilateral trade liberalization process.

—Mark Allen

Available on the web (www.imf.org)

Press Releases

- 04/59: IMF Executive Board Completes Sixth Review of Brazil's Stand-By Arrangement, March 26
- 04/60: IMF Mission Statement on Discussions in Serbia and Montenegro, March 29
- 04/61: IMF Acting Managing Director Krueger Proposes Rob Edwards as Director of the IMF's Statistics Department, March 29
- 04/62: IMF Approves 12-Month Stand-By Arrangement for Ukraine, March 29
- 04/63: IMF Completes Review Under Benin's PRGF Arrangement and Approves \$2 Million Disbursement, March 29
- 04/64: Statement by the G-11 Executive Directors of the IMF on the Selection Procedures for Appointing the IMF Managing Director, March 31
- 04/65: IMF Executive Director Shaalan Nominates Three Candidates for the Post of Managing Director of the IMF, March 31

PRGF=Poverty Reduction and Growth Facility

- 04/66: Statement on the Second Forum on Poverty Reduction Strategies for the Balkans, March 31
- 04/67: IMF Statement on the Conclusion of 2004 Article IV Consultation Discussions with Zimbabwe, March 31
- 04/68: Kiribati Formally Begins Participation in the IMF's General Data Dissemination System, April 1
- 04/69: IMF Staff Statement on the Delay in the Completion of the Fourth Review of Azerbaijan Republic's PRGF Arrangement, April 1
- 04/70: IMF, World Bank Enhance Efforts at Combating Money Laundering, Terrorist Financing, April 2
- 04/71: IMF Executive Board Completes Second Review of Jordan's Stand-By Arrangement, April 2

Public Information Notices

- 04/23: IMF Concludes 2003 Article IV Consultation with Djibouti, March 19
- 04/24: IMF Concludes 2003 Article IV Consultation with Portugal, March 22
- 04/25: IMF Concludes 2003 Article IV Consultation with Jamaica, March 23

April 12, 2004

101