Countries Initiative, which has been extended for two more years, encourages eligible countries to take the necessary actions to benefit from the Initiative, and urges full creditor participation. The Committee supports the IMF's and the World Bank's work on a single framework to assist low-income countries' efforts to achieve and maintain robust debt sustainability while pursuing their development objectives. It looks forward to further consideration of outstanding issues in the proposed framework for debt sustainability, before it is made fully operational, and of further debt relief, including its financing.

Other issues

The IMF's effectiveness and credibility as a cooperative institution depend on all members having appropriate voice and full participation in its processes. The Committee takes note of the IMF Executive Board's status report regarding work on quotas, voice, and representation. It encourages the Board to consider further issues of voice, quotas, and participation, noting as the Board agreed, that progress will require broad consensus among the shareholders. The Committee recommends completion of the ratification of the Fourth Amendment.

The IMF's liquidity is adequate to meet the near-term projected needs of its members, although continued monitoring will be important.

The Committee expresses its appreciation of the work of Montek Singh Ahluwalia as first Director of the IEO. It looks forward to continued high-quality reports by the IEO.

The sixtieth anniversary of the IMF is a timely opportunity to reflect on the forces that will help shape the institution's priorities going forward. The Committee welcomes the preliminary consideration by the Executive Board of the work on the IMF's strategic direction initiated by the Managing Director and looks forward to a discussion at its next meeting. It also welcomes the continuing progress in reforming the IMF's budgetary framework.

The next meeting of the IMFC will be held in Washington, D.C., on April 16, 2005. ■

IMFC press conference

Search continues for debt relief accord

How to finance additional debt relief for the world's poorest countries was the main focus of the press conference that followed the twice-yearly meeting of the 24-member International Monetary and Finance Committee (IMFC). The United Kingdom's Chancellor of the Exchequer Gordon Brown, in his capacity as chair of the IMFC, and IMF Managing Director Rodrigo de Rato answered questions from reporters about the status of proposals to revalue the IMF's gold, create an International Finance Facility, issue SDRs to finance more aid, and institute a global tax. Brown and de Rato also took questions on plans to develop a new IMF instrument to help markets assess countries' economic policies and on increasing the voice and participation of developing countries in IMF decision making.

"There is now a growing consensus that multilateral debt relief has to be dealt with as soon as possible," Brown told reporters. Most debts now owed by Heavily Indebted Poor Countries (HIPC) are to the IMF, the World Bank, and the African Development Bank. The United States has proposed to write off all multilateral debt owed by poor countries to these three institutions, he said, and many more countries agree that the next stage of dealing with the debt overhang involves the total cancellation of multilateral debt (under the current HIPC Initiative, 50 percent or less of debt is cancelled). But funding for multilateral debt relief would have to come from a new mechanism and must not substitute for existing resources, Brown said.

Brown: "The world community must make a decision about how it is going to keep its promises and bridge the gap between the rhetoric of 2000 and the reality we see in 2004."

Currently, 27 highly indebted poor countries are receiving debt relief under the HIPC Initiative. Brown noted that the IMFC has decided to top up relief for some of these countries and extend the life of the HIPC Initiative for another two years to keep the door open for those countries that are eligible but have not yet applied for debt relief.

When asked if there was support for the proposal to revalue the IMF's gold holdings as a means of financing multilateral debt relief, Brown said the Group of Seven had agreed to further discuss the

matter. "I don't think most countries have any ideological objections and, of course, the revaluation that was done in 1999 sets a precedent. If we are going to solve the problem of multilateral debt, we have to find an innovative way, and I have no doubt that it will come back to the use of gold in the case of the IMF," he said.

IMF Managing Director Rodrigo de Rato and IMFC Chair Gordon Brown listen to a reporter's question.

An off-market gold transaction was carried out in 1999 to finance the IMF's participation in the enhanced HIPC Initiative. "What we are suggesting now is not exactly the same," Brown said, "but we believe that there can be some investigation of market transactions." He noted that the current value of IMF gold—about one-eighth of its market value—provides considerable scope.

For its part, the United Kingdom is proposing to help pay for the cost of providing 100 percent multilateral debt relief for the poorest countries by paying its share—amounting to about 10 percent—of these countries' debt service owed to the World Bank and the African Development Bank until 2015, Brown said. His country was also still building support for its proposal to create an International Finance Facility, which would leverage existing aid by raising money in international capital markets. "As people realize that the Millennium Development Goals cannot be met with existing resources, the world community must make a decision about how it is going to keep its promises and bridge the gap between the rhetoric of 2000 and the reality we see in 2004," he said. "There is a lot more work to do, but I believe people are beginning to understand the urgency of solving this problem and the fact that the funding gap cannot be closed by traditional means."

A reporter inquired about the status of a proposal by George Soros to finance additional development aid by issuing SDRs, an international reserve asset created by the IMF in 1974 to supplement the existing official reserves of its member countries. Brown said the proposal had been discussed but did not command the support that some of the other proposals enjoyed. The IMFC has indicated its willingness to look at other proposals to raise funds for development aid, including a proposal by French President Jacques Chirac and Brazilian President Luiz Inácio Lula da Silva for global taxes.

Replacing the CCL?

De Rato was asked whether he saw room for developing a new version of the Contingent Credit Lines (CCL)—a facility for countries with good economic track records that was allowed to expire last year. He responded that the IMF's Executive Board had discussed the need for a new instrument to help countries that are making important reform efforts signal progress to the markets. Some members of the Board favored programs with no borrowing attached, whereas other members were leaning more toward pursuing existing precautionary arrangements, where members may draw on IMF resources if they see a need. "We are in the middle of the discussion," de Rato said.

Brown added that the IMFC has stressed the importance of IMF surveillance, or oversight, of member countries' economies and the need for greater transparency—including in the context of signaling. "We welcome the fact that Article IV reports are now published and available for everybody to see," Brown said.

Voice and participation

There was press interest, too, in whether progress has been made on increasing the participation of developing countries in the IMF. De Rato said he had discussed the issue with the Group of 24. But, he said, "there has to be political consensus among member countries in order to arrive at a solution," adding that "this important issue should be addressed by the membership." ■

Selected IMF rates

Week beginning	SDR interest rate	Rate of remuneration	Rate of charge
September 20	2.01	2.01	3.10
September 27	2.02	2.02	3.11
October 4	2.01	2.01	3.10

The SDR interest rate and the rate of remuneration are equal to a weighted average of interest rates on specified short-term domestic obligations in the money markets of the five countries whose currencies constitute the SDR valuation basket. The rate of remuneration is the rate of return on members' remunerated reserve tranche positions. The rate of charge, a proportion of the SDR interest rate, is the cost of using the IMF's financial resources. All three rates are computed each Friday for the following week. The basic rates of remuneration and charge are further adjusted to reflect burden-sharing arrangements. For the latest rates, call (202) 623-7171 or check the IMF website *(www.imf.org/cgi-shl/bur.pl?2004)*.

General information on IMF finances, including rates, may be accessed at *www.imf.org/external/fin.htm*.

Data: IMF Finance Department