



CONGRESS OF THE UNITED STATES

# *JOINT ECONOMIC COMMITTEE*

CHAIRMAN JIM SAXTON

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## PRESS RELEASE

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### **IMF PROGRESS ON LENDING SAFEGUARDS CONTINUES -- IMF ANALYSIS REFLECTS NEED FOR REFORM --**

**WASHINGTON, D.C.** – The International Monetary Fund (IMF) has made a serious and needed effort to address lending safeguards in recent years, Joint Economic Committee (JEC) Chairman Jim Saxton said today. A recent IMF analysis supports Saxton’s concerns expressed in 1998 and thereafter about the lack of IMF accounting controls and loan safeguards given its disbursements of large loans over many decades. Saxton had based his statements and legislation on a 1998 JEC inquiry that found that the IMF did not then have such controls and safeguards in place.

According to the IMF analysis, *Safeguards Assessments—Review of Experience and Next Steps*, **“The overall findings of the initial safeguards assessments reveal significant vulnerabilities in the safeguards employed by a number of central banks of borrowing member countries, which could lead to possible misreporting to the IMF or misuse of central bank resources, including IMF disbursements.”**

“After many decades of ignoring the issue, the IMF has recently recognized the need for effective audits, accounting controls, and lending safeguards to protect taxpayer money,” Saxton said. “I was astonished to learn of the lack of such basic safeguards in 1998, and hoped that public discussion of this problem might lead to constructive actions to remedy the situation.”

The IMF study found widespread deficiencies in its assessments of central bank operations. Apparently, about two-thirds of central banks assessed had non-existent or deficient external audits, while 88 percent had inadequate accounting standards. Over half had poor controls over foreign reserves, while 77 percent had deficient governance oversight. The IMF study also noted recent improvement in central bank compliance with safeguards standards.

“The IMF management of recent years deserves credit for tackling this difficult issue, although more progress is needed. The days of what I called the ‘see no evil, hear no evil,’ approach to IMF lending may be waning,” Saxton concluded.

For more information on IMF reform, please visit the JEC website at [www.house.gov/jec](http://www.house.gov/jec).

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