

implications for the world economy, and the need for any measures deemed essential to an integrated approach to potential systemic risks.

- **The IMF should consider extending existing obligations regarding the convertibility of current account transactions to the staged liberalization of capital account transactions. At the same time, the IMF, the World Bank and regional development banks, and national authorities should encourage an integrated approach to ensure that adequate supervisory, regulatory and policy structures are in place to support the sound development of financial markets in countries which are removing these restrictions. This might be done, for example, by increasing technical assistance and strengthening contacts with other regulatory authorities.**

We also recognize that international financial fraud is a growing problem. We are committed to improve communication between regulators and law enforcement agencies.

#### **7. Special Drawing Rights**

- **We reiterate our support for a one-time special allocation of SDRs, through an amendment of the Fund's Articles of Agreement, to reduce inequities in the current system by allowing new members, particularly the countries of Central and Eastern Europe and the former Soviet Union, to participate fully in the SDR system. This approach would also provide additional SDRs to other countries, particularly the poorest countries with the greatest need. The broader question of the appropriate future role of the SDR in the international monetary system should be the subject of a separate study as agreed at the last meeting of the Interim Committee.**

#### **8. Sustainable Development**

The multilateral development banks -- i.e. the World Bank and regional development banks -- must continue to play a key role in the promotion of sustainable development. In recent years, the MDBs have been broadly responsive to emerging challenges and have adopted an impressive set of operational and administrative reforms. This is most clearly evident in their ongoing response to the historic challenge of transforming the countries of Central and Eastern Europe and the former Soviet Union from centrally-planned to market-based economies.

The MDBs have also learned valuable lessons from past successes and failures, which provide clear evidence of the complexity of the developmental challenge. The international community has a shared interest to ensure that these institutions continue to adapt to the challenges of today's world and contribute efficiently to the