

- compliance with these codes and standards, in particular through enhanced surveillance and publication of the results in the IMF's transparency reports and compilation of the various financial and economic policy standards and best practices into a common reference such as a compendium on international financial and economic policy standards;
- enhanced transparency of the IFIs through greater release of IMF and World Bank documents, and further steps to undertake internal and external evaluation of their functions.

C. Strengthening financial regulation in industrialized countries

Creditors must be induced to act with greater discipline and encouraged to assess more prudently the risks associated with their lending. We call for concrete action to:

- improve risk assessment and risk management, including through the Basle Committee's proposed revisions to the Capital Accord;
- address the implications of Highly Leveraged Financial Institutions for supervisors and regulators, including through improved transparency;
- encourage offshore financial centers to comply with internationally agreed regulatory standards and to cooperate more effectively in the fight against money laundering.

D. Strengthening macroeconomic policies and financial systems in emerging markets

The recent crises have demonstrated the need for emerging market borrowers to strengthen their policy framework and financial systems if they are to reap the full benefits of integration into the international financial system. In this respect, we encourage:

- emerging economies to strengthen their financial systems as they carry out a careful and well-sequenced approach to capital account liberalization, and to avoid excessive reliance on short-term capital borrowing;
- emerging economies to maintain appropriate and sustainable exchange rate regimes backed by a consistent macroeconomic and a robust financial system reflecting the economic circumstances of countries. The policies of the IMF need to be focused on promoting this objective more effectively;
- the IMF and the World Bank to enhance their cooperation in providing advice and assistance to emerging economies on strengthening financial systems.

E. Improving crisis prevention and management, and involving the private sector

In a world of increasingly open capital markets we need to shape expectations so that private-sector creditors know they will bear the consequences of the risks they take, and to reduce the risk of financial market contagion. We call for:

- support through the IMF's new Contingent Credit Line (CCL) for countries pursuing sound and sustainable policies but potentially affected by financial market contagion;