

TECHNICAL ASSISTANCE AND TRAINING

The Fund offers members a broad range of technical assistance and in-country training in areas of macroeconomic management covering monetary, fiscal, and related statistical, legal, and information-technology areas (Chart 10). Training courses and seminars on macroeconomic topics are also provided at headquarters by the IMF Institute.

As in recent years, the volume and complexity of the Fund's technical assistance have continued to increase. The Technical Assistance Committee meets a number of times throughout the year to make recommendations to Fund management on the prioritization of activities and the establishment of technical assistance policies. The Committee, which also coordinates technical assistance activities among Fund departments, is composed of members from each of the Fund's technical assistance, area, and support departments.

The Fund provides technical assistance in the field through missions by Fund staff and the assignment of short- and long-term advisors. At headquarters, and occasionally in member countries, courses and seminars are given by the IMF Institute and the technical assistance departments. Through the Joint Vienna Institute, administered by the Fund in cooperation with four other international organizations, the Fund delivers training to officials from transition countries by providing courses and seminars organized by the IMF Institute.

In addition to its own budgeted resources for technical assistance and training, the Fund administers financing provided by member governments and other multilateral and bilateral institutions—in particular, the Government of Japan, the United Nations Development Program (UNDP), the World Bank, the Asian Development Bank, and the European Union (Table 44). In April 1995, the Fund established the Framework Administered Account for Technical Assistance Activities as an instrument for receiving contributions from member governments and other agencies interested in financing technical assistance provided by the

Fund (see *Annual Report, 1995*, pages 205–206). The Fund's Technical Assistance Secretariat coordinates the management of external financing and meets with donors and member countries to discuss potential common areas of interest.

To minimize overlap and ensure that technical assistance to a given country is well integrated with other donors working in the same areas, the Fund coordinates as closely as possible with other technical assistance providers. In addition to coordination in the field, discussions on planned technical activities are often held at consultative group and roundtable meetings.

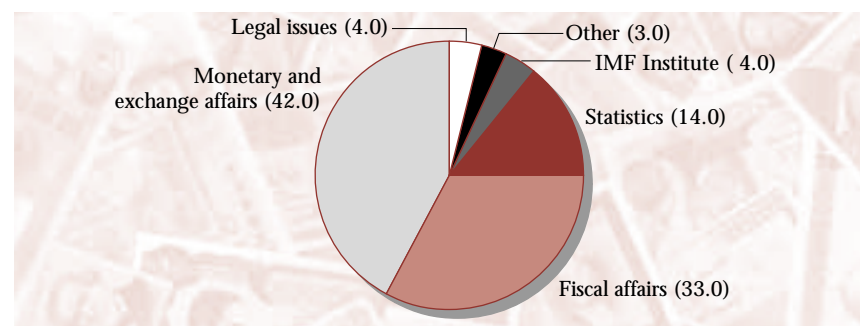
As the global shift to market-based economies progresses, as more and more countries enter electronically linked world capital and financial markets, as countries seek to balance their budgets and better manage their external debt and foreign reserves, and as countries face the task of rebuilding the most basic institutions following long-standing civil conflicts—requests for Fund technical assistance and training have steadily increased. In 1994/95 and the current financial year, technical assistance and training accounted for about 15 percent of the Fund's total administrative expenditures (see Appendix IX).

The Board last reviewed the Fund's technical assistance activities in February 1994, including the criteria and priorities for providing assistance (see *Annual Report, 1994*, pages 125–26). In the following sections, the technical assistance and training provided by individual departments are described.

IMF Institute

The *IMF Institute* is responsible for arranging and coordinating training for officials from member countries through courses at Fund headquarters, at the Joint Vienna Institute in Austria (for economies in transition), and at national or regional centers around the globe. In addition, it provides lecturing assistance to training institutions in member countries or regional

Chart 10

COMPOSITION OF TECHNICAL ASSISTANCE*(As a percentage of total person-years provided)*

agencies; handles the design and administration of scholarship programs for junior officials from economies in transition in Asia, as well as an advanced scholarship program for doctoral studies in North American universities; and provides and arranges for briefings by relevant Fund departments for visiting groups of officials at Fund headquarters and policy roundtables for top-level officials. Recently, the Institute has stepped up its involvement in the provision of training to Fund economists in Washington to maintain and upgrade their skills.

During 1995/96 the Institute trained some 696 people through 16 courses and 5 seminars at headquarters, and 569 people at the Joint Vienna Institute through 3 courses and 18 seminars. In addition to courses and seminars delivered by Institute staff, the Fund's Fiscal Affairs, Legal, Monetary and Exchange Affairs, Policy Development and Review, Research, and Statistics Departments delivered courses and seminars in collaboration with the Institute.

In addition to courses on financial programming and policy, techniques of financial analysis and programming, and external sector policies normally offered by the Institute at headquarters, there was a full complement of specialized courses in public finance and various areas of macroeconomic statistics. Two new courses—one on national accounts statistics and another on monetary and exchange operations—were introduced during the financial year. At the Joint Vienna Institute, a wide range of specialized seminars—on fiscal topics, central banking, statistics, financial markets, and finance for lawyers—were offered, as well as the traditional courses on macroeconomic analysis and policy.

The headquarters program for high-level officials in 1995/96 included a seminar on implications of international capital flows for macroeconomic and financial policies, a seminar for senior officials from economies in transition, as well as orientation seminars on the work of the Fund for senior officials of Brunei Darus-

salam and from the West Bank and Gaza Strip.

An increasingly important element in the Institute's training program has been its overseas activities, which consist of relatively short courses primarily related to financial analysis and programming. In addition, Institute staff arranged seminars for senior officials at national or regional centers. During 1995/96 some 37 courses and high-level seminars were delivered for about 1,115 participants. In its overseas training efforts, the Institute continued to pay particular attention to the needs

of officials from economies in transition.

During the financial year the Institute continued to collaborate with governors of central banks in eastern and southern Africa in the creation of a regional training center. A new regional institute, to be known as the Macroeconomic and Financial Management Institute of Eastern and Southern Africa, was inaugurated in a pilot phase in April 1996 by expanding the mandate of the existing Eastern and Southern African Initiative in Debt and Reserves Management located in Harare, Zimbabwe. The Institute is also working toward the establishment of a similar training institute for Francophone countries in west Africa.

The cost of training at Fund headquarters is covered entirely by the Fund. For its growing number of other activities, especially overseas training programs, the Institute has sought cofinancing and other forms of assistance from outside organizations. During 1995/96 the Institute received support from the European Union and from several Fund members, including France and Japan. In addition, many programs were organized in collaboration with, and as a result of, financial support and other help from the Arab Monetary Fund, the Islamic Development Bank, the UNDP, and the World Bank. The Japanese authorities have provided financing that allows the Institute to hold regional courses and seminars in Asia and to help enhance the training of young officials from economies in transition in that part of the world. The Japan-IMF Scholarship Program for Asia provides young officials with the opportunity to study in Japan or Australia. Japanese financing helped the Institute to set up an introductory course at the Shanghai University of Finance and Economics to prepare officials from Asian transition economies for the Scholarship Program and training at the Joint Vienna Institute. Australia has provided assistance for participants in the Scholarship Program at the Australian National University. In addition, Australia, Hong Kong, Korea, Malaysia, and New Zealand supported the scholarship training by

providing internships at their national agencies for graduates of the Scholarship Program.

The Institute, in collaboration with the Research Department, has been responsible for organizing a series of seminars on current topics in economics as part of an internal training program for Fund economists. Nine internal training seminars were organized in 1995/96, with over 650 participants attending. In the latter part of the financial year the Institute was given responsibility for a significantly expanded program of internal training in economics to begin in early financial year 1997.

The Institute staff arranged briefings for official visitors to the Fund on a wide range of topics, including the structure and operations of the Fund, exchange rate management, and macroeconomic and financial policies. During 1995/96 the Institute arranged 28 such briefings for 370 officials. Institute staff also organized a special seminar for senior World Bank managers to brief them on Fund policies and procedures, and a one-week course was provided for the U.S. Foreign Service Institute.

Fiscal Affairs Department

In 1995/96 the total technical assistance program of the *Fiscal Affairs Department* grew by about 8 percent. The program remained diverse both geographically and by fiscal discipline. External financing continued to play an important role in the delivery of technical assistance by the department.

The demand for fiscal technical assistance showed an upward trend. A total of some 103 person-years of technical assistance was provided to 111 member countries, compared with 95 person-years and 107 countries in 1994/95. Within this total, more technical assistance was provided to Africa, the Baltic countries, Russia, and other countries of the former Soviet Union, as well as Middle Eastern and Western Hemisphere countries. New and ongoing institution-building assistance projects in tax administration and public expenditure management accounted for the major share of technical assistance provided to Africa, the Baltic countries, Russia, and other countries of the former Soviet Union. More staff missions and

short-term experts were provided to countries in the Middle East and Western Hemisphere than in previous years.

As in previous years, the bulk of the department's technical assistance activity in 1995/96 was in the areas of tax and customs administration and public expenditure management, which lend themselves to effective resident expert assignments. Public expenditure management accounted for about one third of the department's technical assistance resources; tax and customs administration absorbed almost 45 percent of these resources, with a noticeable increase (almost one third) over 1994/95. The department also remained active in providing policy advice. Assistance in the areas of tax policy increased slightly, and that in macro fiscal management increased almost fivefold (from a low level last year). Policy advice in the areas of social safety nets accounted for about the same amount of resources

Table 44

TECHNICAL ASSISTANCE DELIVERY

(In person-years)

	1992/93	1993/94	1994/95	1995/96
Fund technical assistance budget	188.8	194.0	220.0	211.4
Staff	90.0	100.9	115.7	108.6
Headquarters-based consultants	21.2	20.5	22.1	23.5
Experts	77.6	72.6	82.3	79.3
External technical assistance resources	55.0	68.6	80.5	97.5
United Nations Development Program	28.9	19.3	16.6	25.0
Japan	20.3	40.1	51.4	65.0
Other	5.8	9.2	12.4	7.5
Total technical assistance resources	243.8	262.6	300.6	309.0
Total resources provided, by department				
Monetary and Exchange Affairs Department	96.8	105.7	138.1	137.3
Fiscal Affairs Department	82.5	94.8	95.1	99.8
Statistics Department	40.5	35.5	37.9	39.2
IMF Institute	11.2	13.0	14.6	14.0
Legal Department	7.7	7.5	7.9	11.0
Other	5.0	6.0	7.0	7.7
Total regional use by department	242.9	243.3	271.1	280.1
African Department	71.0	63.8	60.6	62.4
Central Asia Department	24.6	25.6	27.7	27.5
European I Department	24.3	24.6	27.8	24.4
European II Department	60.2	65.9	79.3	73.5
Middle Eastern Department	10.6	11.5	16.9	23.4
Southeast Asia and Pacific Department	17.8	15.6	23.6	25.0
Western Hemisphere Department	34.4	30.9	27.4	32.3
Interregional	—	5.4	7.9	11.7
Nonregional use	0.9	19.3	29.6	28.9
Total technical assistance resources	243.8	262.6	300.6	309.0

as in 1994/95, while that on fiscal federalism increased slightly.

Given the limited availability of resources, each request for technical assistance was carefully reviewed on its merits, and strict priorities had to be exercised to decide which requests to meet. The provision of technical assistance by the department necessarily relied heavily not only on Fund staff, but also on outside fiscal experts from a panel of several hundred fiscal experts, drawn from various ministries of finance (often on secondment) and academia, maintained by the Department. In 1995/96 the department used 242 short- and long-term experts, who made 281 trips to various countries. A large increase was recorded in the provision to member countries of longer-term experts (experts who undertake a resident assignment lasting six months or more). Most of these assignments were in the areas of tax and customs administration and public expenditure management. Fund staff normally designed strategies and action plans to modernize tax, customs, and budget systems, which the resident experts then helped to implement. A pilot project in computerization of tax administration in Ukraine and a treasury modernization project in Lithuania, for example, were successfully completed during the course of the year.

It is through the availability of considerable external financial support that the department was able to respond to demand and increase its delivery of technical assistance. External funding financed almost 75 percent of all outside fiscal experts, both short- and long-term. The largest single source of external financing was the Government of Japan (through the Administered Technical Assistance Account Japan). The UNDP, the World Bank, and the European Union also provided financing for outside fiscal experts. In some cases, countries that received a long-term expert from the department provided a contribution to help defray costs. External financing allowed the department to provide five additional person-years of expert assistance over the previous year.

During 1995/96, the department demonstrated a capacity to respond quickly to emergency situations, despite resource constraints. Among others, this included the rapid provision of technical assistance to Bosnia and Herzegovina, Haiti, and the West Bank and Gaza Strip. The department was also able to accommodate high-priority requests for policy advice at short notice, including advice on fiscal federalism (intergovernmental fiscal relations) in Colombia and Ethiopia; advice on social safety nets and macroeconomic fiscal management in formerly socialist countries such as Lithuania and Moldova; advice on tax policy to Bosnia and Herzegovina, Mexico, Pakistan, and Russia; and advice on public expenditure management to India.

In addition, the department continued to be active in providing specialized fiscal training to officials of member countries through seminars and specific courses. Department staff and consultants traveled to Brazil, China, India, Vietnam, the West Bank and Gaza Strip, and several African countries to lecture at seminars on various fiscal issues. Delegations from China also came to Fund headquarters for courses in the areas of taxation and public expenditure management.

Legal Department

During 1995/96, the *Legal Department* provided technical assistance in the areas of central banking, commercial banking, foreign exchange, fiscal, and bankruptcy law. This assistance included drafting legislation, commenting on draft legislation prepared by the authorities of member countries, drafting implementing regulations, and providing other legal advice. Much of this assistance was to members with economies in transition from central planning that are seeking advice to establish an appropriate legal framework for a sound fiscal structure, modern financial sector institutions, and market-oriented financial transactions.

Often the assistance to these countries involved revision of legislation passed early in the transition period that has since proved inadequate. In several cases the revisions were envisaged in economic programs supported by the Fund. The department helped to build capacity among local officials both through the discussions involved in giving advice and by conducting courses and seminars, including—for the first time—a seminar for lawyers at the Joint Vienna Institute. A number of pieces of legislation drafted principally by the department became law. Mission travel continued to increase. During the financial year, the department participated in 70 missions to a total of 44 member countries.

Monetary and Exchange Affairs Department

During 1995/96, the *Monetary and Exchange Affairs Department* maintained an active technical assistance program that included missions, seminars and workshops, and expert assignments, while furthering its role of coordinating technical assistance with other organizations. Major areas of technical assistance advice included banking regulation, supervision and restructuring, foreign exchange management and operations, central bank organization and management, central bank accounting, clearing and settlement systems for payments, monetary operations and money market development, and monetary analysis and research. Technical assistance provided by department staff was supplemented by 28 person-years of short-term expert assignments and 70 person-years of long-term expert assignments.

In carrying out its activities, the department undertook 148 missions (92 of which were full-size, country-specific advisory missions), 12 technical assistance workshops, and 510 short-term expert assignments; in addition, the department supervised the work of 97 long-term experts residing in 58 countries. Assistance was provided to all regions of Fund membership, but a comprehensive effort was maintained in some countries in central and eastern Europe, the Baltic countries, Russia, and other countries of the former Soviet Union. This latter group of countries absorbed about 30 percent of all staff advisory missions, almost 75 percent of workshops, and about 48 percent of all short-term expert assignments. Central and eastern Europe absorbed around 12 percent of staff advisory missions and 12 percent of short-term expert assignments. The largest number of long-term expert assignments was placed in Africa, with over 29 percent of such assignments.

The department continued to rely on subject-specific technical assistance workshops for a third year. The bulk of these were targeted to the Baltic countries, Russia, and other countries of the former Soviet Union. The combination of technical assistance and skill development in the interactive learning environment of the workshop setting, with its focus on concrete policy and operational matters, provided increased opportunities for the cross-fertilization of ideas and strategies, facilitating the subsequent implementation of reforms. The workshops also served the objective of skill building among the recipients as a means of furthering effective technical assistance.

The department continues to play a strong catalytic and coordinating role in central bank technical assistance. This service has been viewed as valuable by donors and recipients alike. In this regard, the department works closely with cooperating central banks and other multilateral and bilateral institutions. For example, the department cochairs the International Steering Committee on Payment Systems Reform in Russia. Through this Committee, assistance on payment system reform is mobilized and coordinated. Similarly, the department is coordinating a training project for the Central Bank of Russia, funded by the European Union and with the support of ten cooperating central banks and the Bank for International Settlements (BIS). Other projects of this kind are expected to take place in other countries of the former Soviet Union. The department's technical assistance program has also been enhanced by the provision of external funding from the Administered Technical Assistance Account Japan, the UNDP, the European Union, and other sources.

In 1995/96, progress continued to be made in integrating the analysis, review, and jurisdictional functions of the department with its technical assistance

activities. The department coordinated efforts to ensure members' compliance with the Fund's jurisdiction over exchange systems and, in collaboration with other departments, provided advice on technical aspects of the exchange regimes of various countries and on issues related to the transition to full acceptance of obligations under Article VIII of the Fund's Articles of Agreement and full convertibility. In addition, the department is involved in the Fund's review process. During the year the department reviewed all countries' reports and briefings on Article IV consultations and the use of Fund resources from the perspective of the structural and institutional aspects of monetary and exchange policy.

Statistics Department

In 1995/96 the *Statistics Department* mounted 159 missions, 7 of which were multisectoral, to 81 countries. This level of technical assistance delivery represented a new peak, surpassing that attained in previous years (148 missions in 1993/94 and 142 in 1994/95).

As in recent years, the scope and composition of the department's technical assistance program in 1995/96 reflected an effort to sustain a high level of technical assistance to countries in transition, as well as to meet the needs of countries in other regions. As the technical assistance to the transition countries began to achieve its intended objectives, the level of technical assistance to these countries showed a further decline in 1995/96. About one third of the department's technical assistance activity during 1995/96 was directed to central and eastern European countries, the Baltic countries, Russia, and other countries of the former Soviet Union, compared with nearly 50 percent in 1994/95.

As in the previous financial year, in 1995/96 only two missions to the transition countries were of a multisectoral nature, reflecting the need for follow-up work in specific areas of statistics. Missions to these countries during the year, therefore, focused on providing technical assistance to strengthen the member's capacity to produce macroeconomic statistics according to international standards. Such assistance involved 62 trips by staff, headquarters-based consultants, and outside experts on 49 missions in contrast to 100 trips on 66 missions in 1994/95.

As in recent years, in 1995/96 an important component of the department's technical assistance program with the Baltic countries, Russia, and other countries of the former Soviet Union was the placement of resident statistical advisors in certain countries. The multisectoral statistical advisors for the Baltic countries, Russia, and Ukraine completed a second year in their posts during 1995/96, and the advisor for Kazakhstan completed his one-year assignment. These positions will continue in 1996/97 with newly

appointed advisors. New multisectoral statistical advisor positions have also been established in Belarus and the Kyrgyz Republic and will become operational early in 1996/97. A new initiative in the provision of technical assistance to these countries during the financial year was the appointment of regional statistical advisors to provide ongoing technical assistance in specific areas of statistics to selected groups of countries. A regional advisor on balance of payments statistics for Armenia, Georgia, and Moldova took up a one-year post in April 1995, and another such advisor for the Kyrgyz Republic and Turkmenistan is expected to start his assignment early in financial year 1997.

The work of the Steering Committee on the Coordination of Technical Assistance in Statistics to the Baltic countries, Russia, and other countries of the former Soviet Union continued in 1995/96. Meetings of the Steering Committee were held in June and November 1995 and in April 1996. The Fund continued to provide technical support to the Committee and acted as focal point agency for balance of payments, monetary accounts, government finance, and consumer price statistics. The Fund continued to manage the Steering Committee's database, which was developed by the Fund in 1993 as a subsidiary of the OECD Register. The database provides interactive access to technical assistance activities in statistics, either completed or planned, by the members of the Committee, other international organizations, and bilateral agencies, thereby facilitating technical assistance planning while avoiding duplication of effort.

In addition to providing follow-up technical assistance to countries in transition, the department substantially increased its level of technical assistance to other member countries, in particular to those that were actual or prospective users of Fund resources or whose statistical infrastructure was at an early stage of development. The number of missions to these countries increased from 76 in 1994/95 to 110 in 1995/96, involving 156 and 170 trips, respectively. Technical assistance also continued to be provided through participation of department staff in 11 missions of other departments.

As in past years, the department's technical assistance activities concentrated in the areas of monetary, balance of payments, and government finance statistics, which together accounted for about 60 percent of the total technical assistance provided by the department during 1995/96. In addition, partly in response to the operational needs of the Fund, the department fielded 51 missions on consumer and producer prices, national accounts, and external trade statistics, 18 of which were to central and eastern European countries, the Baltic countries, Russia, and other countries of the former Soviet Union. This is an area in statistical technical assistance that has continued to expand in recent years.

The provision of technical assistance during the financial year involved a more intensive use of outside experts for both short-term and long-term assignments. During the year there were 86 active expert assignments, 16 of which were long-term. About 30 percent of the assignments using such experts—16 short-term and 9 long-term—were financed with resources made available to the Fund by the Japanese Government under the Administered Technical Assistance Account Japan, and 10 assignments—5 short-term and 5 long-term—under the Executing Agency Agreement with the UNDP.

During 1995/96, the department continued to offer training to national statisticians on statistical methodologies and their applications, through courses offered at the IMF Institute at headquarters and at the Joint Vienna Institute. In late 1995, the department offered for the first time a course on national accounts statistics at headquarters.

The department's training program expanded substantially in 1995/96 through the provision of regional and local seminars, several of which were funded by resources from the Administered Technical Assistance Account Japan. The department conducted five regional seminars covering money and banking and balance of payments statistics for representatives from Asian and Pacific countries, the Arab Monetary Fund, and members of the Eastern Caribbean Central Bank. A seminar on quarterly national accounts statistics was held in Moscow, in cooperation with the OECD, for officials from the Baltic countries, Russia, and other countries of the former Soviet Union. Four seminars for Chinese officials were conducted during the year in China, two each on monetary and balance of payments statistics. Several Chinese officials received additional training in monetary and government finance statistics through study tours arranged with the Reserve Bank of Australia, the Australian Bureau of Statistics, the Ministry of Finance of Singapore, and the Bank of Thailand.

Treasurer's Department

The *Treasurer's Department* provides technical assistance to member countries on the establishment and maintenance of Fund accounts, the Fund's financial organization and operations, and matters related to members' transactions with the Fund, including the payment of quota subscriptions. Such technical assistance has increased in recent years, primarily in response to the needs of new members of the Fund. Department staff participated in a number of technical assistance missions in 1995/96, including to Armenia, Djibouti, Tajikistan, and Zambia. A staff member also visited the African Development Bank, which uses the SDR as the basis for its unit of account, to provide advice in the areas of financial structure, operations,

and controls. Training courses and briefings on Fund operations and accounting were provided to visiting member country officials, and several aide-mémoire were prepared for new members on financial and accounting matters and on the reporting of the Fund position in the balance sheet of the central bank. Department staff briefed technical assistance experts on contract with the Fund on the Fund's financial transactions and operations prior to the experts' assignments.

Bureau of Computing Services

In 1995/96 the *Bureau of Computing Services* provided 12 technical assistance missions in the modernization of computer systems in central banks, finance ministries, and statistical offices. Owing to budget constraints and restricted staff resources, the bureau's technical assistance program provided for only short-term missions to member countries in direct support of the economic and financial work of the Fund. During the financial year missions were undertaken to Angola, Bulgaria, Cambodia, Guatemala, Haiti, the Islamic Republic of Iran, the Lao People's Democratic Republic, and Tanzania; bureau staff also visited the Arab Monetary Fund and the West Bank and Gaza Strip.

The technical assistance missions were directed toward the planning and development of computer

systems for the processing, analysis, and reporting of economic, financial, and administrative information. Advice and guidance were provided in the areas of the design and planning of technology infrastructure, economic information systems, central banking operations, tax administration, budget and treasury operations, and recovery planning in the event of computer systems disaster. Much of the focus for technical assistance was on furthering the development of computer systems to collect, store, and process economic data, and to improve the financial processing of data in member countries. A principal benefit of the technical assistance is the improved electronic exchange of data and documents between member countries and the Fund.

During 1995/96 the bureau received visitors from three member countries (El Salvador, Guatemala, and Vietnam) and from the West Bank and Gaza Strip for technical discussions and training in computer technology. Various short seminars and demonstrations were given to explain the Fund's application systems. As a result of the expanding role of technology within member country institutions, and with the growth of networks and associated computer applications, requests to the Fund for training at headquarters, as well as for short-term computer technical assistance, are expected to increase in 1996/97.

