

INTERNATIONAL MONETARY FUND

**Policy for Country Contributions for Capacity Building—Implementation of the Policy**

Prepared by the Office of Technical Assistance Management and the Legal Department

In consultation with the INS and other departments

Approved by Alfred Kammer and Sean Hagan

March 16, 2009

1. This paper provides an update on the implementation of the strengthened country contribution policy for capacity-building (the “Charging Policy”)<sup>1</sup> and informs the Executive Board of management’s intentions to delay the date of effectiveness of some features of the Charging Policy. After consultation with the Board, management intends to make the Charging Policy for technical assistance (TA) effective on January 1, 2010 rather than May 1, 2009, as originally scheduled. The Charging Policy for training (applicable to Institute headquarters training only) will become effective on May 1, 2009 as scheduled.

2. Staff has moved forward to implement the Charging Policy for technical assistance. A staff guidance note has just been issued, which sets out the administrative steps of the Charging Policy. In line with the Fund’s objective to streamline procedures, the Charging Policy relies on existing work practices to the maximum extent possible. This is expected to minimize administrative resource requirements and strengthen accountability. In parallel, systems changes related to the new TA costing model,<sup>2</sup> which will apply to external financing as well as to the Charging Policy, have been implemented and will be operational on May 1, 2009. Staff has also engaged in outreach activities to bring the new policy to the attention of members and other recipients of Fund capacity-building. Staff presented the

---

<sup>1</sup> See Policy for Country Contributions for Capacity Building (<http://www.imf.org/external/np/pp/eng/2008/072208.pdf> and <http://www.imf.org/external/np/pp/eng/2008/100308.pdf>).

<sup>2</sup> Under the new TA costing model, (1) staff will collect all cost information directly related to a project, including staff time; and (2) donors and, under the Charging Policy, also recipient agencies would be billed on actual costs (as opposed to standard costs under the current TA costing model). See <http://www.imf.org/external/np/pp/eng/2008/040308a.pdf>.

Charging Policy to interested authorities and an external website was established in December 2008 that explains in several languages how the policy will apply and provides a calculator to determine charges.

3. Two exogenous factors are impeding the scheduled implementation of the new policy. First, despite outreach activities, some government agencies have informed staff that they need more time to make the necessary budgetary appropriations and to review and, as needed, adjust their procurement policies. Second, given the redeployment of staff to focus on crisis management, more time than was originally contemplated is needed to train staff in the implementation of the new policy.

4. Accordingly, management has decided to delay the date of effectiveness of the Charging Policy for technical assistance to January 1, 2010. This will give country agencies more time to prepare and allow the staff to conduct outreach to agencies focused on procurement issues. It will also allow more time to implement Fund-internal work practice changes.