

DOCUMENT OF INTERNATIONAL MONETARY FUND
AND NOT FOR PUBLIC USE

**IMMEDIATE
ATTENTION**

MASTER FILES

ROOM C-120

01

EBD/83/139

CONTAINS CONFIDENTIAL
INFORMATION

May 20, 1983

To: Members of the Executive Board
From: The Secretary
Subject: Technical Assistance Programs - Annual Reports

As agreed at Meeting 83/51 on March 21, 1983 during Executive Board discussion of the work program, the attached annual reports are to be brought to the agenda if called for by members of the Executive Board. Executive Directors wishing to do so are requested to inform the Secretary by the close of business on Friday, May 27, 1983.

If Executive Directors have technical or factual questions relating to this paper, they should contact Mr. Kaul, CBD, ext. 72991, Mr. Latham, FAD, ext. 75962, and Mr. McLenaghan, STAT, ext. 73192.

Att: (1)

Other Distribution:
Department Heads

CONTAINS CONFIDENTIAL
INFORMATION

INTERNATIONAL MONETARY FUND

Report of Technical Assistance:

Central Banking,
Fiscal Field,
Financial Statistics
1982



Table of Contents

<u>Technical Assistance in the Central Banking Field</u>	<u>Pages</u>
I. Assessment of CBD's Technical Assistance Program	1 - 6
II. CBD's Technical Assistance in 1982	7 - 13
III. Technical Assistance Provided to Individual Countries in 1982	14 - 37
Afghanistan	14
Bahamas	14
Bahrain	14
Banque des Etats de l'Afrique Centrale (BEAC)	14
Belize	15
Bhutan	15
Bolivia	16
Botswana	16
Burundi	17
Cape Verde	17
Cayman Islands	17
Chile	18
Comoro Islands	18
Cyprus	18
Dominican Republic	18
East Caribbean Currency Authority (ECCA)	19
Equatorial Guinea	19
Fiji	20
Gambia, The	20
Ghana	21
Guinea-Bissau	21
Haiti	22
Honduras	22
Indonesia	22
Kenya	23
Kuwait	23
Lebanon	24
Lesotho	24
Liberia	24
Malawi	25
Maldives	25
Mauritania	26
Mauritius	26
Morocco	27
Nepal	27
Nigeria	27
Oman	27

Technical Assistance in the Central Banking Field (continued)

Panama	28
Papua New Guinea	28
Paraguay	29
Peru	29
Philippines	30
Rwanda	30
Seychelles	30
Sierra Leone	31
Solomon Islands	31
Somalia	32
Sudan	32
Swaziland	32
Tanzania	32
Uganda	33
United Arab Emirates	34
Vanuatu	34
Yemen Arab Republic	35
Yemen, People's Democratic Republic	35
Zaire	36
Zambia	36 - 37

Appendix I

Summary of CBD Technical Assistance Provided in the Field from January 1 through December 31, 1982	38 - 42
--	---------

Appendix II

Summary of Technical Assistance Provided in the Field by CBD from 1964 through 1982	43 - 45
--	---------

Technical Assistance in the Fiscal Field

I. General	46 - 49
II. 1982 Program	49 - 52
III. Country Assignments in 1982	52 - 76
Antigua	52
Bahrain	53
Belize	53
Bhutan	53
Bolivia	54
Botswana	54
Central African Republic	54

Technical Assistance in the Fiscal Field (continued)

Comoros	55
Costa Rica	55
Dominica	55
Ecuador	56
Fiji	57
Gabon	57
Gambia, The	58
Guinea-Bissau	58
Haiti	59
Honduras	59
Ivory Coast	60
Kenya	60
Korea	61
Malaysia	61
Maldives	62
Mali	62
Mauritius	63
Morocco	64
New Zealand	65
Niger	65
Panama	65
Papua New Guinea	66
Peru	66
Rwanda	67
Senegal	67
Seychelles	67
Sierra Leone	68
Somalia	68
St. Lucia	69
Sri Lanka	70
Sudan	70
Suriname	71
Swaziland	71
Tanzania	71
Thailand	72
Tunisia	73
Uganda	73
Upper Volta	74
Uruguay	74
Venezuela	74
Yemen Arab Republic	75 - 76

Appendix I

Extract from EBD/79/86, Pages 13-17

77 - 81

Technical Assistance in the Fiscal Field (continued)

<u>Appendix II</u>	
Summary of Technical Assistance Provided in the Field by FAD from its Formation in 1964 until December 31, 1982	82
<u>Appendix III</u>	
FAD Technical Assistance Field Assignments from January 1 through December 31, 1982	83 - 86

Technical Assistance in Statistics

I. Summary of Technical Assistance in 1982	87 - 88
II. Technical Assistance to Individual Countries in 1982	88 - 103
Argentina	89
Bahrain	89
Belize	89
Benin	90
Bolivia	90
Brazil	90
Burundi	90
Central African Republic	91
Cyprus	91
Ecuador	91
Finland	92
France	92
Greece	92
Guinea	93
Hungary	93
Indonesia	93
Ireland	93
Italy	94
Ivory Coast	94
Jamaica	94
Jordan	95
Liberia	95
Maldives	95
Mali	95
Malta	96
Morocco	96
Nepal	96
Netherlands	96
New Zealand	97
Nicaragua	97
Niger	97
Nigeria	98

Romania	98
St. Lucia	98
St. Vincent	98
Sao Tome and Principe	99
Senegal	99
Solomon Islands	100
Somalia	100
Swaziland	100
Sweden	100
Syrian Arab Republic	100
Tanzania	101
Thailand	101
Turkey	101
United Kingdom	102
Yemen Arab Republic	102
Yugoslavia	102
 III. Visits to Regional Organizations	 103 - 104
BCEAO Seminar in GFS--Dakar, Senegal	103
South Pacific Commission--Suva, Fiji	103
International Banking Statistics	103
Data Base Computerization	104
 <u>Appendix I</u>	
Extract from EBD/82/103, pages 74-75	105
 <u>Appendix II</u>	
Technical Assistance Missions, 1969-1982	106



INTERNATIONAL MONETARY FUND

Central Banking Department's Technical Assistance Program

Prepared by the Central Banking Department

Approved by P. N. Kaul

May 16, 1983

This paper reviews briefly the technical assistance program administered by the Central Banking Department (CBD) and the ancillary activities undertaken by CBD in support of that program.

Section I of the paper assesses the overall program and its effectiveness; Section II reviews developments in 1982 and provides the supporting statistics; and Section III reviews technical assistance provided to individual countries.

Section I

Assessment of CBD's Technical Assistance Program

While reviewing the program in 1982, Executive Directors, inter alia, had stressed that CBD should:

- make technical assistance as effective as possible by utilizing its limited resources in the most productive manner to meet the needs of members;
- help countries to implement Fund supported adjustment programs particularly where lack of technical expertise in a country could be identified as a significant factor in past program failures or in likely future programs;
- continue the practice of choosing the best qualified Fund staff or outside experts for each assignment;
- insist on the training of local counterparts;
- assess the usefulness of technical assistance missions and to ascertain from the authorities how recommendations had been implemented and what impact they had made;
- continue to direct the research work in support of its technical assistance in order to broaden the conceptual framework and improve understanding of the different problems faced by member countries; and
- maintain and even increase collaboration with area departments.

In addition to these guidelines the range of CBD's activities expanded further in 1982. The technical assistance program was broadened to provide better coverage for the external debt area in response to the now urgent need to help countries to monitor and manage their foreign debt. A Central Banking seminar was for the first time organized last year and will be followed by another seminar this year. Steps have also been taken to strengthen the department's ability to follow developments in international lending by commercial banks so far as they relate to supervision of transfer (country) risks. These activities are described in greater detail later in this paper.

1. The effectiveness of technical assistance

In order to assess progress made in implementing the technical assistance program, the department designed a questionnaire which was sent to all its experts to elicit their views about the program. In a large number of cases the replies received from experts were verified with the national authorities during the course of inspection visits undertaken by senior officials of the department. The periodic reports received from experts were also used as a source for assessing the effectiveness of the program.

From all accounts it is apparent that technical assistance provided under the CBD program has generally been very successful. The introduction of a rigid interview system before assigning experts has considerably improved the quality of experts used under the program. Member countries are more and more appreciative of the value of technical assistance provided by CBD and rely heavily on the Fund for further help. A major achievement of the program has been its success in strengthening financial structures in general and central banks in particular and in improving the process of financial intermediation. There were remarkably few instances which could be regarded as less than successful. In one case, for example, there have been frequent changes in the top echelons of the central bank and also in Government over the past two years with the result that consideration and implementation of the recommendations made by the staff were subject to severe delay. In another case a team of experts was provided in collaboration with the National Bank of Switzerland to strengthen the central bank of a member country. The project had a promising start and the Governor of the Bank was very enthusiastic about its progress, but he left office following a change of government and with declining interest the project was allowed to lapse. It now seems, however, that the new administration sees merit in the objectives of the project and is endeavoring to implement the recommendations of the experts. Problems of this type are bound to occur from time to time and the CBD makes every effort to salvage whatever is possible from such projects but for political and other reasons sometimes they have to be accepted as beyond the control of the Fund.

2. Fund supported adjustment programs

Wherever possible technical assistance is being provided to countries which have entered into, or are likely to enter into, financial arrangements with the Fund with a view to providing them with technical expertise to implement the program. A new arrangement involving this type of assistance was made in the Philippines. A former staff member of the Fund has been assigned to the Central Bank. He is responsible to and under the direction of the Fund. He helps the Central Bank to strengthen its research capability, advises the Governor on policy matters and actively provides a liaison between the Philippine authorities and the Fund. He played a key role in negotiating the stand-by arrangement with the Fund. This experiment has been highly successful and all parties concerned are very happy with the arrangement. It is hoped that arrangements can be made with other countries where such arrangements will be acceptable to the authorities.

Program oriented assistance has also been provided to other countries. CBD has provided a team of experts to the Bank of Uganda. They have not only helped to strengthen the Bank but have also been instrumental in helping Uganda to implement its stand-by arrangement with the Fund. Similar assistance was provided to Sierra Leone and is currently being provided to both Madagascar and Jamaica. A senior expert has been made available to Tanzania in the hope that he will eventually help that country to implement a program if one is negotiated. Zaire is another country where a large team of experts was provided with high expectations that they would not only strengthen the central bank but would assist in implementing the financial program with the Fund. The experts have so far succeeded in helping the central bank to improve performance in the fields in which assistance has been provided. This, it is expected, will eventually bolster the ability of Zaire to carry out the program if a new one can be negotiated with the Fund. Progress is slow and CBD is monitoring developments, in this case, very closely in collaboration with the African Department.

3. Recruitment of experts

One of the key factors for the success of its technical assistance work depends on the Department's ability to recruit high quality experts. This has been an uphill task and has taken a heavy toll of the department's time. Most of the European central banks, which have been a traditional source for the supply of experts, are having difficulties in sparing people. These central banks have been very cooperative and CBD has developed an excellent rapport with them. They have always been willing to help but because of their own needs for the type of people we require and the reluctance of some of these individuals to move for personal reasons, they can help only to a limited extent, despite their good intentions. Because of this situation and the preference expressed by a number of countries for experts from the Third World, CBD launched an extensive recruiting drive and widened its recruitment base. These efforts have yielded good results and despite various difficulties CBD has been and continues to be able to operate at its maximum capacity with generally high quality experts. The Department intends to continue these efforts and to extend its recruitment base still further.

4. Training of counterparts

While steady progress is being made in training counterparts of CBD experts, this remains the weakest aspect of the program, not because of the lack of effort on the part of CBD, but because of various practical difficulties faced by the countries. The problem is particularly acute in countries which have recently become independent. In many of these countries no qualified officers are available to take over from CBD experts and where counterparts have been provided they are frequently of such a caliber that "on-the-job" training takes a considerable time before they are ready to assume the expert's functions. There are added difficulties caused by the inability of central banks to hold on to their more promising personnel because of inadequate compensation and the competing claims for such people elsewhere in the country. CBD is making strenuous efforts to impress on authorities at every possible opportunity the need for training and it has been made clear that they cannot depend on the Fund's assistance indefinitely. In a few cases the authorities have been put on notice that if they continue to ask for technical assistance for the same function beyond a reasonable period of time their contributions will be substantially increased. Guidance is also being provided to countries on the effective ways of training their staff. These actions have helped to improve the situation but there is still a long way to go before certain countries become self-sufficient with their own trained staff.

5. Technical assistance (advisory) missions

Technical assistance through advisory missions is a major task undertaken by CBD. Such assistance covers a variety of topics such as the reorganization of a central bank, the drafting or revision of central or commercial banking legislation, the study of a financial sector, mobilization of savings, and the development of instruments for monetary and credit policy. Over the years, CBD staff has made a number of such studies with recommendations to the authorities concerned.

Letters were sent to Governors of central banks which had received advisory assistance, in one form or another, during the last three to four years to ascertain what action, if any, had been taken by the authorities to implement the advice and recommendations made by the Department. From the responses received it is clear that so far as legislative missions are concerned prompt action is taken by the authorities and in almost all cases legislation based on CBD's recommendations has been submitted to governments and their respective legislatures for necessary action. In other types of missions the staff recommendations have also been well received and generally followed through although in some cases only after some time lag. Where recommendations were not accepted the CBD received explanations why the authorities could not accept them but in all cases the recommendations can be seen as stimulating the authorities to clarify their policies and reach effective decisions.

Procedures are being developed to follow up on actions taken by the authorities on the recommendations made, and if necessary, to provide further assistance should circumstances warrant it.

6. Research work in CBD

The nature and scope of the research work done in CBD has been spelled out in detail in earlier evaluation reports submitted to the Executive Board. The basic rationale of CBD research is to analyse concrete experiences in formulating monetary and credit policies, more specifically the use of monetary policy instruments, and to make these experiences available to other Fund members. This is being attempted through studies of financial markets and policies, savings mobilization strategies, and guidelines for interest rate policy and its management. A framework of study is kept sufficiently flexible for adaptation, whenever necessary, to the particular problems of a member country. While the focus of CBD research has been inevitably on the problems of LDCs, the experience and experiments of the developed countries have been examined to underscore the point that the effects of adjustment policies, whether undertaken by developed or developing countries, differ only marginally. CBD's research activities provide input both for the technical assistance work of the Department as well as for the regular mission work of the area departments.

7. Collaboration with area departments

Substantial progress has been made in increasing collaboration with the area departments. The Department works closely with them and supplements their work by undertaking special studies where CBD has the necessary expertise and by providing program oriented technical assistance. Many of these studies are undertaken at the request of the area departments and are carried out in close collaboration with them. The work of CBD can now be regarded as integrated in the mainstream of the Fund's work.

8. New projects

a. External debt program

As already reported to the Executive Board (EBD/82/316), the expanded technical assistance program will focus on the setting up of permanent national machinery in member countries for the reporting, control and management of external debt operations on a continuing basis, and the collection of debt statistics on a loan-by-loan basis including, where necessary, the determination of the overall size of debt prior to entering into a debt rescheduling exercise. The program is being carried out in close collaboration with the area departments, the Exchange and Trade Relations Department, the Bureau of Statistics, and the World Bank. Area departments estimate that there are about 30 countries which need such assistance but they do not expect all of them to seek assistance from the Fund. So far the Department has received firm requests from six countries and about seven more countries, some of whom have already made preliminary contacts, are expected to request assistance in the external debt field during the course of this year.

b. Central Banking Seminar

The first Central Banking Seminar, organized jointly by CBD and the IMF Institute, was held in Washington from June 28 through July 13, 1982. Participants from 28 countries and one regional institution attended. The purpose of the seminar was to provide a forum for senior officials to meet, discuss, and exchange views on professional subjects of mutual interest. Three topics were chosen: the evolving role of central banks and their relations with government and the financial system; international money and capital markets; and bank supervision. The seminar was intended to prompt frank and informal discussion of issues of current importance. In view of the interest it aroused, a further seminar is being arranged for the period August 22 through September 1, 1983.

c. International lending by commercial banks--supervision of transfer risks

In recent weeks, CBD has begun to review practices and monitor developments in the area of supervision of banks' transfer (i.e., country) risk. To date, this effort has focused on country risk supervision by national authorities of G-10 countries. The intention is to provide continually updated information on policies in the supervisory area that might affect present or future international lending by commercial banks. Because of staff constraints, the Department has made a modest beginning in this area and is focusing mainly on (i) a review of the existing transfer risk supervisory systems in G-10 countries; (ii) the monitoring of supervisory and legislative developments in the United States; and (iii) reports of surveillance of country risk in the financial press.

Section II

CBD's Technical Assistance in 1982

In 1982, 55 countries and 2 regional institutions received CBD assistance. There were 118 assignments of experts and 12 advisory missions involving an aggregate of 944.5 man-months of service in the field (see Appendix I). The corresponding aggregate figure for 1981 was 926 man-months (EBD/82/103).

1. Assignment of experts

Assignments of experts measured in terms of number of assignments, man-months of assignments, and number of countries to which experts were assigned all showed increases in 1982 (Table 1). The number of assignments increased from 115 in 1981 to 118 in 1982, man-months of assignments increased from 915.5 in 1981 to 929.5 in 1982, and the number of countries increased from 49 in 1981 to 51 in 1982. The proportion of Fund member countries receiving CBD experts' services, excluding industrial countries, remained at about 41 per cent.

Table 1. Experts' Assignments

	CY 1981	CY 1982
Number of assignments	115	118
Man-months of assignment	915.5	929.5
Number of countries	49	51
Number of regional institutions	3	2 <u>1/</u>
Number of unfilled requests (at end-December)	29	25

1/ Banque des Etats de l'Afrique Centrale and East Caribbean Currency Authority.

The number of unfilled requests as of the end of the year showed a decline for the second successive year from 29 in 1981 to 25 in 1982. (It was 42 at the end of 1980.) The main reason for the decline has been the more intensive recruitment carried out by CBD during 1981 and 1982.

The level and the composition in the fields in which CBD experts provide technical assistance are given in Table 2 which show research continuing to account for the largest share of experts' services (25.8 per cent in 1982) followed by bank supervision (19.7 per cent), operations (14.4 per cent), management (12.1 per cent), and foreign exchange (8.9 per cent). In 1981 the order following research was management (18.8 per cent), bank supervision (17.1 per cent), foreign exchange (12.1 per cent) and operations (6.7 per cent).

Table 2. Technical Assistance Provided by CBD Experts by Field of Specialization

Specialization	1981		1982	
	Man-Months	Per Cent	Man-Months	Per Cent
Accounting	56.0	6.1	47.5	5.1
Statistics and BOP	66.5	7.3	75.5	8.1
Research	241.0	26.3	240.0	25.8
Training	10.5	1.1	26.0	2.8
Management and Policy	172.5	18.8	113.0	12.1
Operations	60.0	6.7	134.0	14.4
Bank Supervision	157.0	17.1	182.0	19.7
Foreign Exchange	111.0	12.1	82.5	8.9
Organization	29.0	3.2	19.0	2.0
Others	12.0	1.3	10.0	1.1
	915.5	100.0	929.5	100.0

While the above five categories continue to account for the bulk of the total of experts' services, the continuing increase in the share of bank supervision and domestic operations may prove to be part of a rising trend. In this connection another field worth noting is training which is still small in absolute terms, but is likely to grow at a rapid rate due to the need felt by the authorities.

The decline in the share of management (from 18.8 per cent in 1981 to 12.1 per cent in 1982) mainly reflects the authorities' intentions to localize the management positions as soon as circumstances permit.

The geographical distribution of the source of experts is given in Table 3. Both developed and developing countries have participated in providing experts for the program. Of 114 experts, developing countries accounted for 63 or 55 per cent of the total. The corresponding figure for 1981 was 59 experts and 52 per cent of the total. As indicated in last year's report there is an increasing demand for experts from the Third World.

The geographical distribution of experts on a man-month basis is given in Table 4. As in the previous two years, Africa continued to account for more than 50 per cent of experts' time. Asia accounted for 18.6 per cent, the Middle East for 13.5 per cent, and the Western Hemisphere for 14.5 per cent.

2. Advisory technical missions

CBD's advisory assistance to Fund members is of a continuous nature and is provided by correspondence between member countries and CBD, visits of country officials to headquarters, and field visits by CBD staff sometimes in collaboration with staff of the appropriate departments of the Fund and occasionally, where necessary, accompanied by outside consultants. (See Table 5.)

In 1982 there were 12 advisory missions by CBD accounting for 15 man-months of advisory service in the field. The corresponding figures for 1981 were 9 missions and 10.5 man-months. 1/ Of the advisory missions in 1982 five were of a legislative nature (the first four in collaboration with the Legal Department); these were to Bhutan, Cyprus, the East Caribbean Currency Authority (ECCA), Mauritius and Nepal. The mission to Bhutan reviewed the financial structure within which a monetary authority would operate and discussed draft legislation which was subsequently finalized in August 1982. The monetary authority was established in December 1982. The mission to Cyprus reviewed a draft banking business law which had been prepared by the Central Bank staff. The mission to ECCA helped the authorities to draft legislation for the transformation of ECCA into a regional central bank. The mission to Mauritius assisted the authorities in revising the Central Banking and Financial Institutions legislation in order to widen the scope of these financial institutions which come within the control of the Central Bank. A fifth mission to Nepal was to consider the regulatory and legislative framework which should precede the establishment of foreign banks in that country. A draft Financial Institutions Act was prepared, ad referendum, to replace existing legislation.

1/ The number of missions and the man-months of advisory service in the field were given as 14 and 30, respectively, for 1981 in last year's report (EBD/82/103) which then included missions undertaken by outside consultants.

Table 3. Experts Assigned under the CBD Technical Assistance Program by Country of Origin

Experts' country of origin	1981		1982	
	Number of experts	Number of assignments	Number of experts	Number of assignments
Africa	5	5	2 <u>1/</u>	2
Asia				
India	13	14	15	16
Sri Lanka	8	8	10	10
Others	6	6	7 <u>2/</u>	7
Europe				
France	14	15	13	13
U.K.	12	12	10	12
Belgium	7	7	9	9
Germany	4	4	4	4
Others	16	16	13 <u>3/</u>	13
Middle East				
Pakistan	4	4	6	6
Others	7	7	7 <u>4/</u>	8
Western Hemisphere				
U.S.	4	4	6	6
Others	<u>13</u>	<u>13</u>	<u>12</u> <u>5/</u>	<u>12</u>
Total	113	115	114	118

1/ Tunisia (2).

2/ Bangladesh (2), Burma (2), Philippines (3).

3/ Austria (2), Australia, Denmark, Greece, Israel (3), New Zealand (2), Norway, Portugal and Turkey.

4/ Afghanistan, Egypt, Iran (2), Sudan, Syria (2).

5/ Bolivia (2), Canada (2), Costa Rica, El Salvador (2), Haiti, Jamaica, Mexico and Uruguay (2).

Table 4. Regional Distribution of Technical Assistance
Provided by CBD Experts

Region	1981			1982		
	No. of experts	Man-months	Per cent	No. of experts	Man-months	Per cent
Africa	64	509.0	56.4	63	514	53.4
Asia	20	151.5	16.2	22	178	18.6
Middle East	16	131.0	14.6	16	142.5	13.5
Western Hemisphere	<u>15</u>	<u>124.5</u>	<u>12.8</u>	<u>17</u>	<u>95</u>	<u>14.5</u>
Total	115	915.5	100.0	118	929.5	100.0

There were three missions to review financial systems; these were to Cape Verde, Fiji and Liberia. The mission to Cape Verde examined the economic framework in which the financial system operates and analyzed the situation of the three financial institutions and made specific recommendations to strengthen them. The mission to Fiji reviewed the effectiveness of the financial system and its role in relation to the future economic development of the country. The mission to Liberia reviewed the structure and operations of the financial system and the measures which could be adopted by the authorities to strengthen the primary institutions and to broaden the financial structure in the country so that it could play a more effective role in mobilizing savings. The missions to Fiji and Liberia involved participation by the Legal Department.

Another major advisory study by CBD was that of interest rates in the East Caribbean Currency Authority region. The study focused on the structure of interest rates in the region and its effects on the growth of savings and allocation of scarce resources in the region.

Other advisory missions undertaken in 1982 were to the Yemen Arab Republic to review the decline in workers' remittances from abroad and the impact of informal money market activities on the balance of payments; to Lebanon where a consultant under the CBD program accompanied a Middle Eastern Department mission to review the possibilities of issuing bonds to the nonbanking sector, and to the People's Democratic Republic of Yemen to assess the country's need for further technical assistance.

Table 5. CBD Advisory Missions

	No. of Missions		Man-months in the Field	
	1981	1982	1981	1982
1. Type of mission				
Missions led by CBD staff	9	11	10.50	14.00
Missions undertaken by outside experts	<u>0</u>	<u>1</u>	<u>--</u>	<u>1.00</u>
Total	9	12	10.50	15.00
2. Services provided				
Legislation <u>1/</u>	3	5	5.50	5.00
Financial system and policy studies <u>2/</u>	3	6	4.25	9.25
Monetary arrangements	1	0	0.25	--
Assessment missions	<u>2</u>	<u>1</u>	<u>0.50</u>	<u>0.75</u>
Total	9	12	10.50	15.00

1/ Legislation projects are generally undertaken jointly with the Fund's Legal Department.

2/ Including reform of financial systems, capital and money markets, offshore banking, mobilization of savings, structure of interest rates, monetary policy instruments and techniques, statistical reporting, and bank supervision and regulation.

3. Participation in area departments and IBRD missions

During 1982, CBD staff spent three man-months participating in five area department missions. These missions were to Bhutan (Article IV consultation); Dominican Republic (Use of Fund Resources); Jordan (Article IV consultation); Liberia (Article IV and review of stand-by arrangement) and Oman (Article IV consultation). CBD staff also participated in three IBRD missions for a total of two man-months: Central African Republic (review of banking system); Korea (financial sector survey); and Turkey (financial sector survey).

4. Research activities

The main focus of CBD's research activities has been broadly on its technical assistance-orientated research for developing countries. New topics have been the independence of monetary policy in developing countries, the monetary analysis of open economies, and the choice facing small developing countries regarding the type of central banking institution to adopt. These studies, while being of general interest to those dealing with LDCs, helped significantly the on-going work of CBD advisory missions.

5. The Data Bank

Progress has continued on the data bank project. Classification of data on central banking legislation has been completed for 92 countries of which 25 have been entered in the computer. It is expected that this phase of the data bank project will become fully operational in the course of 1983.

6. Central Banking Seminar

In close cooperation with the IMF Institute the first Central Banking Seminar was held in Washington from June 28 through July 13, 1982. As reported to the Board on July 23, 1982, participants from 28 countries and one regional institution attended the seminar. The seminar was organized in order to obtain the maximum interchange of views and experience of the participants on some of the key issues in central banking. The seminar proved most successful and a second one is scheduled for August 22 through September 1, 1983.

Section III

Technical Assistance Provided to Individual Countries in 1982

Afghanistan

An Indian expert was assigned to Da Afghanistan Bank as Statistical Advisor from August 1978 through September 1982. Despite the unsettled conditions in Afghanistan this expert was singularly effective as demonstrated by the improvement in the collection, quality and interpretation of data. Mobility of staff within the bank hindered the training element of the assignment. In view of the relative success of this assignment a new expert, an Indian national, was recruited from March 1983 to advise in the same field.

Bahamas

The Indian expert assigned to the Central Bank of the Bahamas as Advisor to the Governor in May 1981 successfully completed his assignment in May 1982. During his assignment he was primarily concerned with matters of general economic development policy.

The U.K. expert serving in the Central Bank since February 1978 as Chief Accountant completed his assignment in May 1982 and was replaced by an Israeli expert. The Israeli expert, in addition to his regular work as Chief Accountant, has been working on the development of a control system and upgrading of the Bank's computer operations.

Bahrain

A Pakistani national has been assigned to the Monetary Agency as Statistical Advisor since October 1980; in view of its success and the continuing need for help in this area, the assignment has been extended for a third year to November 1983. The expert is of proven ability and the collection, quality and interpretation of statistics has been much improved under his influence. The Research Department of the Monetary Agency has thus been able to maintain, and even upgrade the technical quality of its reports.

Banque des Etats de l'Afrique Centrale (BEAC)

Three experts are serving at the Banque des Etats de l'Afrique Centrale under CBD program.

In January 1982 a French national was assigned as Advisor to the Director of Operations and External Relations. His role is to assist in the setting up of an administrative unit in charge of monitoring the financial relationship of the five member countries with the Fund.

The unit is also responsible for the management of BEAC's foreign reserves. In January 1983 the advisor's assignment was renewed for a second year.

Two experts, a French national and an Italian national, are still serving as Advisors on Bank Supervision to assist in the development of a common bank inspection system for the BEAC region. It seems there is now less reluctance on the part of some of the most important BEAC member countries to abandon their preference for national supervisory systems. On the other hand a significant effort is being made as regards the training of local counterparts. A Central African Republic national has been appointed as head of the inspection department. Two recently hired local young professionals are presently being trained by the inspection team.

In view of the agreement reached in principle between the authorities of Equatorial Guinea and those of the BEAC, there is a strong likelihood that BEAC will request technical assistance to effect changes in its Charter and to advise on currency reform.

Belize

In September 1980 the Indian expert started his assignment with the Central Bank of Belize as Chief Research Officer; he is now working in an advisory capacity, having trained a number of counterparts in the Research Department. He continues to give advice on a variety of issues, in particular on matters of monetary policy.

In view of the Monetary Authority's transformation into the Central Bank of Belize in January 1982, CBD has been asked to give assistance in two new areas: bank supervision and internal organization, both of which are under active consideration.

Bhutan

Following a request for assistance in establishing a monetary authority, a CBD staff member visited Thimphu in October 1981 to review the financial structure within which a monetary authority would operate. Draft legislation to establish a monetary authority was prepared in Washington by members of CBD and the Legal Department. The legislation was finalized during a CBD-Legal mission to Bhutan in April and enacted in August 1982. The Royal Monetary Authority of Bhutan was formally established in December 1982. CBD has supported the new institution by providing a General Advisor (Operations), an Indian national, under the technical assistance program. The assignment is going well and CBD is recruiting a research/statistical advisor to meet a second request from the Bhutanese authorities.

Bolivia

A Costa Rican expert took up a short-term assignment at the Central Bank of Bolivia in January/May 1982 as Bank Supervision Advisor to introduce the local staff to the new procedures in bank inspection based on a bank examination manual developed by an earlier CBD expert. Having demonstrated the efficacy of the new procedures in the field, the authorities requested further assistance to ensure the training of the staff members of the Bank Supervision Department in order to be able to discharge their inspection functions in the manner envisaged in the manual. For this purpose, the same Costa Rican expert returned to La Paz to begin a one-year assignment in January 1983.

In addition, two experts (both from Uruguay) were sent to La Paz on short-term assignments in June 1982. One of these undertook a three-month assignment to advise the Central Bank of Bolivia on the requirements for issuing government securities. He submitted to the authorities a three-part report dealing with the legal and administrative conditions for issuing various kinds of government securities, the operational and institutional aspects of the matter, and the basis for the establishment of an open market system in government securities. The other expert undertook a one-month assignment to advise the authorities on the management of a dual exchange rate system newly introduced in Bolivia. However, the work of this expert was hampered among other factors by lack of uniformity of accounting practices both at the Central Bank and in the banking system. In this connection the authorities have requested the assistance of an accounting expert who would be able to advise on needed adjustments for the dual exchange system now in effect. The issue is under discussion with the authorities who intend to specify the details of this assignment and its timing.

Botswana

The U.K. expert who had served in the Bank of Botswana for three years as Operations Manager completed his assignment in January 1983 and his position was filled from within the Bank.

To assist the Bank in developing the capacity to inspect and regulate financial institutions, a Sri Lankan expert was assigned first as an Advisor in March 1981 and, later on, he assumed the responsibility of the Director of the newly established Bank Supervision Department. Examination of all major commercial banks have been completed and the expert is engaged in training his counterpart and improving the reporting system for banks.

An Advisor to the Governor, from El Salvador, was appointed in May 1981 to advise on economic policy issues. He has also participated in the preparation of a national economic plan as well as advising on the Bank's internal organizational matters. He will complete his assignment in May 1983.

Burundi

The Bank of the Republic of Burundi continued to rely heavily on CBD technical assistance in 1982. The Haitian national who was assigned as Economic Advisor completed his assignment in August 1982. His duties included advising the Bank on matters concerning economic research and statistics. He was replaced by a Belgian national in February 1983. Another Belgian national who was serving as Foreign Exchange Advisor completed his assignment in May 1982 and was not replaced. A French national was assigned in September 1982 as Advisor on Bank Supervision and Internal Control to help develop a supervisory system. He may also be called upon to advise the Governor on any aspect of Central Bank activities and policies. Another French national was assigned in November 1982 as Credit Advisor.

Cape Verde

At the request of the Bank of Cape Verde, a mission consisting of two CBD staff members visited Praia in November 1982 to review the structure and operations of the financial sector. A report was subsequently prepared at headquarters and submitted to the authorities. This report examined the economic framework in which the financial system operates and analyzed the situation of each of the three financial institutions currently operating in the country; offered a range of possible solutions to the difficulty posed by the recent expansion in medium and longer-term credit of the Bank, which combines its central banking functions with those of a commercial bank and a development bank; and provided some other recommendations, among other matters, to strengthen the financial position of the Caixa Economica Postal.

Following another request for technical assistance, an expert from the Bank of Portugal visited Praia for a month in January/February 1983 to examine the methodology and data collection system in the field of balance of payments statistics and provide recommendations for improvement. The report submitted by this expert contained detailed recommendations for upgrading the balance of payments methodology and improving procedures for data collection and presentation. The expert also elaborated and applied an in-house training program on these matters for staff members of the Central Bank. Further assistance on a longer-term basis is envisaged in this area in order to consolidate the improvements that have been suggested.

Cayman Islands

The CBD-sponsored expert, an Inspector of Banks and Trust Companies (a U.K. national), was in his third and final year of assignment; he was replaced by another expert from the U.K. in March 1983. He helped to establish a regular reporting system for the fast-growing offshore banking center and also helped to improve the licensing procedure for new

banks to open operations in the Islands. A local counterpart who was trained with a view to taking over this function left the Ministry of Finance and this necessitated the continuation of CBD assistance for the immediate future.

Chile

Following the request of the Central Bank of Chile, an expert in Bank Supervision, a U.S. national, visited Santiago for a month in July/August 1982 to evaluate the system of bank supervision and provide recommendations for improvement. Following his mission, this expert submitted a report to CBD which was sent to the authorities. The report focused on the key functions and related activities of the Chilean Banking Superintendency and offered recommendations for modification or extension of the Superintendency's activities, among other matters, with regard to the classification of the loan portfolio of financial institutions, disclosure in financial reporting by financial institutions, quality and marketability of financial institutions' investments, the surveillance system based on financial performance indicators, consolidation of all examination functions into one report of examination, and a comprehensive manpower planning system for the Superintendency.

Comoros

The German national assigned to the Minister of Finance as Statistical Advisor left Moroni in April 1982. She was replaced by a Belgian national who was assigned to the same position.

Cyprus

A CBD/Legal mission visited Cyprus in February 1982 to review a draft banking business law that had been prepared by the Bank staff. The main topics dealt with the definition of banking, granting of bank licences, the authority of banks to engage in leasing, security underwriting and insurance activities as well as with limitations on the granting by banks of credit facilities to directors and employees on the holding by banks of immovable property, and on the concentration of risks.

Dominican Republic

In the course of a WHD mission attended by a CBD staff member to review economic developments and policies in February/March 1982, the authorities concluded that an analysis of the structure and level of interest rates and related monetary policy instruments would be needed as part of the formulation of a package of adjustment policies. At the request of the Governor of the Central Bank, a report was prepared at headquarters by CBD in consultation with the Western Hemisphere Department and was submitted to the authorities. The report examined alternative courses of action to improve interest rate management and promote financial market integration and development, among other means, by creating

a more homogeneous structure of interest rates and a more realistic and flexible rediscount policy, by restructuring reserve requirement ratios, portfolio regulations and some other forms of selective credit policies, and by promoting new financial instruments consistent with interest rate flexibility.

East Caribbean Currency Authority (ECCA)

The staff have continued to provide technical assistance to the ECCA and through it to the member Governments on the question of the ECCA's transformation into a Central Bank. CBD and Legal Department have actively assisted the authorities in drafting legislation establishing the Central Bank and members of these departments attended meetings of officials to discuss the draft legislation in Antigua, St. Lucia and Washington.

In February 1982 a CBD advisory mission visited the East Caribbean Currency Authority region to undertake a study of interest rates, which had been found to be rigid and out of line with those prevailing in the international markets, and, as a result, may have had adverse effects on the growth of savings and the allocation of scarce resources. The mission visited St. Kitts, Dominica, Antigua, and St. Lucia; it also visited Barbados where the regional offices of a number of important banks are located. The report was sent to the authorities of the Monetary Authority in July 1982 but no action has been taken on the recommendations so far in view of the negotiations that have been taking place in connection with the possible transformation of the ECCA into a Central Bank.

In view of the continuing need for technical assistance support in the area of operations, particularly in anticipation of ECCA's transformation into a regional Central Bank, a Sri Lankan expert has been assigned as Senior Operations Director since December 1981. CBD's assistance is also needed for the setting up of a Bank Supervision Department.

Equatorial Guinea

Two experts served at the Bank of Equatorial Guinea in 1982. The Salvadoran expert who provided advice on economic and statistical matters completed his one-year assignment in August 1982. The Bolivian expert assigned as Advisor to the Governor completed the second year of his assignment in February 1983, and his assignment was extended for an additional six months.

The authorities have also requested another expert. Initially, this request was for the position of Deputy Governor of the Bank of Equatorial Guinea. However, the agreement reached in principle between the authorities of Equatorial Guinea and those of the BEAC area to proceed with the integration of Equatorial Guinea into the BEAC area has essentially altered the technical assistance needs and a revision of the entire technical

assistance program will be required. A CBD staff member is scheduled to visit Malabo and Yaounde (the BEAC headquarters) to examine in consultation with the African Department the requirements for technical assistance in the new situation.

The progress of assignments in Equatorial Guinea continues to be hampered by difficulties in policy coordination and by changes in the top management of the Bank. As a result of these problems, and in the light of the integration of Equatorial Guinea into the BEAC area, the needs of Equatorial Guinea for technical assistance are likely to be considerable.

Fiji

After a number of years during which CBD provided experts to fill the positions of General Manager and Research Manager to the Central Monetary Authority of Fiji, the position of General Manager was filled by a Fiji national in April 1980. Only one expert is now assigned to the Authority. This expert, an Indian national, has been Research Manager since September 1981; he succeeded a Burmese national appointed in 1978. The Research Department of the Central Monetary Authority has become a model for the developing countries of the South Pacific. This assignment is going well and it is anticipated that before the end of the second year of the Indian expert's assignment, a Fiji national will assume the executive function of Research Manager and the CBD expert will shift to an advisory role for a limited period before the assignment is phased out.

In response to a request by the Fiji authorities, a CBD advisory mission visited Suva for three weeks in February/March 1982 to review and report on the effectiveness of the financial system and its role in the future economic development of the country.

The Gambia

A Bank Supervision Advisor, a Sri Lankan, began his assignment in May 1981, continuing the work of a previous technical expert; his assignment was then extended for a further year until May 1983. He has concentrated his attention on training staff; recently he has been able to undertake on-site inspections to build up their practical experience. In addition to developing a comprehensive program of bank supervision, the expert has also done extensive investigations into crop financing, clearing house arrangements, and measures to reduce fraud.

A Chief Economist, an Indian national, began his assignment in May 1982. He has been engaged in getting the Bank's Annual Report and Quarterly Bulletin published on a regular and up-to-date basis. He also developed a monitoring system in connection with the stand-by arrangement with the Fund, and has given particular attention to both

widening the data base of the Bank and improving statistical collections. He is now in a position to give greater attention to studies on the Bank's operating policies.

Ghana

A special team comprising three experts sponsored by the National Bank of Switzerland, under the leadership of a Danish expert sponsored under CBD's technical assistance program, was assigned to the Bank of Ghana in March 1981 to advise on the administrative procedures of the Bank in general and the operational departments in particular. Recommendations for the accounting system were prepared, approved, and implemented; the Domestic Banking Department and Foreign Operations Departments were also reorganized. The assignment of the Danish expert was extended for an additional six months in order to complete the project.

Guinea Bissau

The Bolivian expert who serves the National Bank of Guinea Bissau as Advisor to the Governor on Organization and Operations will successfully complete his second year of assignment in May 1983. However, his duties have been extended for three months, through August 1983, in order to allow him to complete his current project on the separation of the central banking from the commercial and development banking functions of the National Bank and their respective accounting systems. The National Bank gained a greater degree of operational autonomy from Government as a result of the separation in mid-1982 of the position of the Governor of the Bank from that of a Cabinet member, a change that improved the chances for effective technical assistance. A draft new Organic Law incorporating the needed revisions in the legislation to implement those proposals has been prepared by the expert and submitted to the authorities and the Fund for discussion. It is expected that the new Organic Law will become effective later in the year and that further technical assistance will be required to implement the changes.

One of the two Research Advisors, a Portuguese national, who served the National Bank for three months in July-September 1981, returned to Guinea Bissau for a month in June-July 1982 on a follow-up visit. This expert reviewed the implementation of the methodology for collection of balance of payments statistics which he had helped prepare with the assistance of the other expert, and prepared the balance of payments statistics for 1981. In his report, subsequently submitted to the authorities, he provided a clear indication of the need for further assistance in the field of balance of payments statistics as well as other statistical and research areas of the National Bank.

The authorities have requested further assistance in three areas: to continue advising management on general matters of the National Bank; to consolidate the system of balance of payments and other statistics of

the National Bank and in this connection establish a research and statistics unit capable of handling this work; and to set up an agricultural credit system appropriate for the conditions of Guinea Bissau. CBD is in the process of recruiting the experts necessary to meet these requests.

Haiti

A French national was assigned to the Banque de la Republique d'Haiti in February 1981. The expert's main task was to develop the supervisory functions of the newly established Central Bank. Contrary to what had been agreed with the authorities, conditions conducive to efficient use of the expert had not been worked out, and the assignment was ended in April 1982.

Honduras

The Superintendency of Banks of the Central Bank of Honduras made substantial progress in carrying out its supervisory and inspection functions during the two years through July 1981 in which an expert from the U.S. was on assignment as Advisor in Bank Supervision. This motivated the authorities to request follow-up assistance in this area. In response to this further request another expert from the U.S. started a one-year assignment in September 1982. In addition to his day-to-day duties this expert has helped finalize the Bank Inspection Manual, has designed and implemented a questionnaire to evaluate the system of information submitted by financial institutions to the Central Bank, has advised on the codification of the financial sector legislation, and has started several seminars for training bank supervisors and inspectors.

Indonesia

Technical assistance to Bank Indonesia was phased out in August 1980 after the Pakistani national, who had been the last of a series of experts assigned to the Bank, completed a period as Statistical Advisor. Subsequently, however, Bank Indonesia reviewed its need for assistance and formally requested two experts, one to advise in the field of statistics/econometrics and another in the field of cost accounting.

An Indian national was recruited for the assignment of Advisor on Statistics/Econometrics and a U.K. national as Advisor in the field of Cost Accounting; these assignments were filled in April 1981 initially for one year. The assignment of the Indian advisor was extended for a second year before being phased out and that of the U.K. advisor for three months in order to complete the accounting study.

Kenya

Three experts have been supplied to the Central Bank of Kenya, a Training Advisor, an Economic Research Advisor, and a Bank Supervision Advisor.

The Training Advisor, a U.K. national, completed the second year of his assignment at the end of February 1983. During his first year he was occupied mainly in running training courses for the Kenya Bankers Institute, but during 1982 his attention was directed mainly toward setting up the College of Banking and Finance, which is being jointly sponsored by the Central Bank and the Bankers Institute to provide training, especially in management studies, for the banking community. After a slow start, to some extent due to hesitations on the part of the commercial banks, progress accelerated and by the end of the year the first two courses for middle grade management were successfully completed. The expert's assignment has been extended for a third year.

The Economic Research Advisor, a New Zealand national, began his assignment in April 1981. His duties have included preparing specific studies on the financial system, supervising advisory papers prepared in the economic research department, and liaising with the banking and business community. His assignment comes to an end in April 1983. The authorities have requested as a replacement a General Advisor who will be able to advise on all aspects of central banking.

A Bank Supervision Advisor, a Sri Lankan, began his assignment in March 1982. He introduced a new format for the annual returns of the balance sheets and profit and loss accounts that banks and financial institutions must make to the Central Bank, a new format for inspection reports, and, more recently, a revised format showing banks' liquidity positions. The Advisor has initiated bank inspections, which in some instances were long overdue, and he has also prepared a number of studies on bank supervision. He is now engaged in evaluating the present bank supervision system and procedures. His assignment has been extended for a further year.

Kuwait

CBD currently provides three experts to the Central Bank of Kuwait.

A Greek national is Advisor to the Governor. He was initially assigned in August 1979 and the assignment has been extended for a fourth and final year to August 1983. This expert has advised on the development of a money market, the issue and management of government bonds, foreign exchange market techniques, the control and management of foreign reserves, as well as a broader range of policy matters in the economic field.

A U.S. national was assigned as Advisor for Bank Supervision in September 1982 to continue the development of the Bank Supervision Department, the training of bank inspectors and to improve and update reporting procedures by commercial banks. In addition to the practical aspects of this assignment, the expert has had to analyze the liquidity problems in the market and the distribution of credit.

The Advisor to the Foreign Relations Department, a Norwegian national, was initially assigned in August 1981 but has been extended for a second year. The expert has reviewed the appropriate link for the dinar and examined the alternative baskets of currencies and differential weightings on which it might be based. The expert also serves on several high-level central bank policy committees.

The Central Bank wishes to employ a computer consultant and CBD is has assisted in the location of a suitably qualified expert who will be employed by Kuwait on a bilateral basis.

Lebanon

CBD provided a consultant to accompany a MED mission in March/April 1982 to review the possibilities of issuing bonds to the nonbanking private sector. The consultant addressed himself to the technical aspects of printing, issuing, transferring, redeeming and accounting for bond issues and evaluated the Central Bank's capacity to handle these matters and assess the need for training. Following renewed disturbances in Beirut, the effectiveness of the mission was not immediately apparent but the expert will be returning to Beirut for a brief period to finalize arrangements as soon as conditions permit.

Lesotho

A Research Advisor, an Iranian national, was assigned to the Central Bank of Lesotho to assist the authorities in developing a full-fledged Research Department. While the lack of trained personnel as counterparts slows down the progress of the expert's work, his personal contribution has been very valuable and very much appreciated by the authorities.

Liberia

During 1982 three experts were on assignment to the National Bank of Liberia. A General Advisor (a Sri Lankan) began his assignment in July 1980 and, to start with, was concerned mainly with advising the Bank on the reorganization and then on the liquidation of a commercial bank that had been in difficulties. Subsequently his attention has been

directed increasingly toward the Bank Supervision Department, the Foreign Banking Section, and the Securities and Investment Section. His assignment has twice been extended; it will come to an end in August 1983.

A Research Advisor (a Bangladeshi national) began his assignment in February 1981 and this has twice been extended. Initially his duties comprised organizing the work program of the research department, improving the statistical services, and supervising the Bank's statistical and economic publications. In April 1982 the expert became the General Manager and in addition to the research department became responsible for the operational departments of the Bank. He has been occupied particularly with assisting the Bank in monitoring the country's financial program in support of which Fund resources are being used.

In November 1982, a statistical expert (an Iranian national) arrived to continue the work of the previous Research Advisor in improving the banking, balance of payments, and other basic statistics; he has done considerable work on constructing indices and other economic indicators. He is also responsible for preparing the Bank's publications.

In September 1982, a CBD advisory mission with participation of the Legal Department visited Monrovia in response to a request by the authorities to study savings mobilization and the financial system of Liberia. Subsequently a report was prepared at the Headquarters and submitted to the authorities containing specific recommendations, including proposals for legislative action, on measures to enhance savings in the country and the financial system's future development.

Malawi

The U.K. national assigned as a Training Advisor joined the Reserve Bank of Malawi in November 1982 to establish a comprehensive job-related training program. So far the expert has been occupied with a preliminary survey of the Bank's training needs, including the possible need for an appraisal system that makes provision for assessing the supervisory and managerial potential of the staff.

Maldives

CBD provided technical assistance to the Maldivian authorities to establish the Maldives Monetary Authority in July 1981. Following the establishment of the Authority, CBD provided a consultant to give short-term advisory assistance to draft appropriate rules and regulations and this expert returned for three months at the end of 1982 to review the rules and regulations in the light of the first year's experience of the

Authority. In October 1981 a Pakistani national was appointed as Advisor in the statistical field; the assignment of this expert has been extended for a second year. A second expert, a U.K. national was assigned as Accounting Advisor in August 1982.

Mauritania

Three experts are presently working at the Central Bank of Mauritania under the CBD technical assistance program and a request for assistance in the appointment of an expert on a short-term basis in the field of external debt is also being processed.

Two Tunisian nationals are serving as Advisor on Bank Supervision and as Research Advisor. The Advisor on Bank Supervision is involved in organizing the banking system and is called upon to advise the Governor on many other aspects of central banking activities. Both experts have already completed two years in Mauritania and their contracts have been renewed for a third year.

The British national assigned as Foreign Exchange Advisor will complete his assignment in May 1983 and will be replaced by a Belgian national.

Mauritius

A Central Banking Department and Legal Department team visited Mauritius in November 1982 to assist in revising the central banking and financial institutions legislation. The central banking law has been revised to rationalize the management of the Bank of Mauritius and strengthen its monetary policy instruments and incorporate into the legislation features that have been found useful in other countries with similar characteristics. The existing banking legislation was expanded into a financial institutions law, which broadened the scope of financial institutions that come under the supervision of the central bank and modernized several aspects of the existing legal provisions. Draft laws and a detailed commentary explaining the proposed changes were given to the authorities at the conclusion of the mission.

The Indian national who is assigned to the Bank of Mauritius as Advisor to the Governor completed her second year's assignment in March 1983 and was due to return to India, but because of delays in finding a suitable replacement the assignment has been extended for a further six months. Her duties include advising the Governor on the formulation of money and credit policies and on matters dealing with the Eurodollar market. Although the expert has been able to impart some of her knowledge and experience to several research officers in the Bank who have been assigned to her from time to time, no permanent local counterpart has yet been named. The Bank of Mauritius has assured CBD that a counterpart will be in place before a successor to the present incumbent is assigned.

Morocco

A French national was assigned to the Central Bank of Morocco in April 1982 to assist the authorities to set up a new money market. As intervention on the part of the Bank in this market is quite limited, the expert's contract will not be renewed and he will leave Rabat in April 1983.

Nepal

In response to an urgent request by the Governor, Nepal Rastra Bank, a staff member visited Kathmandu for two weeks in April 1982 to consider the regulatory and legislative framework which should precede the establishment of foreign banks in Nepal. After broad-ranging discussions and consideration of existing legislation the staff recommended (ad referendum) the adoption of a new Financial Institutions Act which, together with the Nepal Rastra Bank Act, would provide a legal framework within which the Nepalese authorities could maintain adequate control and one within which foreign banks could function effectively.

Nigeria

A Training Advisor, a U.S. national, began his assignment in December 1981 to devise a training program for the staff of the Banking Supervision Department, with especial attention to training bank examiners. The assignment was extended until the end of March 1983. The syllabuses, lesson plans, and case studies were prepared for six different classes; visual aids and other student and instruction materials were assembled; and a training facility was initiated. The objectives of the assignment were successfully fulfilled.

Oman

Technical assistance to the Central Bank of Oman has encompassed the fields of bank supervision and examination, the establishment of a central risk bureau, foreign exchange related matters, statistics, and the evaluation of computer needs. Technical assistance was phased out in July 1980. After a period during which the President of the Bank evaluated the independent performance of his staff, further assistance was requested and a Philippine national was recruited as Advisor on Banking Supervision in February 1982; this assignment is successful and has been extended for a second year.

In the field of statistics, a Panamanian expert and former Fund staff member completed a six-month assignment in March 1981 during which period he focused on the improvement of monetary statistics and the identification of areas in which further assistance was required. A formal request

was then received for a Statistical Advisor to help in the preparation of price and other indices and general studies. CBD recruited a Sri Lankan for this assignment and he reported for duty in September 1981; this assignment has also been successful and has been extended for a second year.

CBD is currently discussing additional technical assistance to establish a training institute and review the adequacy of foreign exchange arrangements and the issuance of Treasury bills.

Panama

In 1982, the National Banking Commission received the assistance of an expert in Bank Supervision, a U.S. national, who undertook two missions of one month each in February/March and May/June. During his first mission the expert engaged in the preparation of several bank inspections scheduled to be carried out by the Commission's bank inspectors. He also provided recommendations geared to recognize the Inspection Division, streamlined examination reports and hired additional examiners in order to increase the number of banks examined from 15 to 60 per year. During his second visit, the expert reviewed the worksheets and the information received from the inspections and supervised the analysis of the data and preparation of the inspection reports.

The consolidation of these improvements in the system of bank supervision will require long-term assistance. For this purpose, at the request of the Executive Director of the National Banking Commission, a bank supervision expert is being recruited from the United States.

Papua New Guinea

CBD continues to assign three experts to the Bank of Papua New Guinea. As reported last year, the New Zealand national assigned as Deputy Governor was replaced by a Papua New Guinean in October 1981 and following this change a U.K. national was assigned, in March 1982, to the Bank as Advisor to the Governors. This expert has been widely involved in ongoing policy and administrative matters and particularly with a reorganization of the Bank.

In addition CBD has continued to assign Managers to the International Department (a U.K. national) and to the Banking and Finance Department (a German national). The International Department is making slow but sure progress but the Banking and Finance Department is involved in the reorganization of the Bank and the Research and Statistical function will be separated. CBD is replacing the present Manager of this Department in

April 1983 with a U.S. national who will be more research oriented and in tune with the current economic needs of the Bank of Papua New Guinea.

The assignments are generally going well, but the authorities inherited a rather sophisticated organization from the Australian administration and it appears that the Bank will have to rely on expatriate assistance for some time to come if it is going to continue to be effective.

Paraguay

The Advisor on Bank Supervision is currently serving at the Central Bank of Paraguay for a fourth and final year, through January 1984. During 1982 this expert developed an early warning system to detect problem financial institutions and began to apply it with the help of a few staff members who process data with desk calculators. However, adequate implementation of this surveillance system requires the introduction of computer services to process the financial reports submitted by financial institutions.

At the request of the authorities, a computer systems analyst of Belgian nationality visited Asuncion for four weeks in October 1982. His recommendations were well received by the authorities who intend to proceed with the computerization of the Bank in connection with the move to a new building. The early adoption of a computer system for the Bank is likely to facilitate the work of bank supervision, among other areas.

Partly as a result of the progress made in the area of bank supervision and of the recognition of computerization needs, the authorities have requested assistance in undertaking a comprehensive reorganization of the Bank and CBD is in the process of recruiting an expert for this purpose.

Peru

The Central Banking Department has continued to assist the Central Reserve Bank of Peru in its two-year-old effort to rebuild its administrative and internal control systems. In 1981, an expert on internal administration and control procedures of Mexican nationality was sent to Lima for a total of six and a half months. The same expert started a new assignment in April 1982, and has completed it within a year. During his recent assignment, this expert focused on implementation of the recommendations for the reorganization of the Bank's structure which he helped to formulate in 1981. These recommendations include changes in practically all of the Bank's departments, divisions and sections. More importantly, the expert has prepared indicators to measure the performance of various units and has suggested and begun to implement an administrative machinery designed to follow up on the required changes in methods and organization on a continuous basis.

Philippines

Following a request by the Governor of the Central Bank of the Philippines for technical assistance to establish an economic briefing room and to assist in the formulation of economic policy, a Turkish national and former Fund staff member was assigned to the Central Bank in October 1981 as Consultant on Research-Related Matters. This assignment, which has been highly successful, has been extended through a second year.

Rwanda

Three experts are assigned to the National Bank of Rwanda as Research Advisor, Bank Supervision and Internal Control Advisor, and Advisor on Credit, Accounting and Bank Supervision. The Advisor on Credit, Accounting and Bank Supervision is involved in the reorganization of the saving system for which the National Bank has responsibility. The Belgian national who held this position for four years left Kigali at the beginning of 1983. He has been replaced by another Belgian who took up his duties in January 1983.

The French and Belgian nationals assigned as Research Advisor and Advisor on Bank Supervision and Internal Control, respectively, have completed their first year in Rwanda and their contracts have been renewed for another year.

Seychelles

The Seychelles Monetary Authority, now Central Bank of Seychelles, was helped since its inception by the Burmese expert who completed his term in May 1982. No replacement was asked for.

The Iranian Director of Research who had completed three years was replaced in February 1982 by an Indian national who has carried on the same work, viz, issue of the Statistical Bulletin and Quarterly Report, in addition to developing the research capabilities of the Central Bank. His local counterpart is in place and the expert has been paying much attention to his training and development. This expert's term has been extended for a second year, through February 1984.

In October 1982 a Philippine national was assigned for three months as Advisor on Bank Supervision. Spadework for this was prepared earlier in 1981 and 1982 by two CBD experts. His task was to inspect three commercial banks and to prepare reports. Though he was somewhat hampered soon after his arrival by the resignation of the local counterpart assigned to assist him, he was able to successfully accomplish the task and also train to the extent possible a new local counterpart who joined the Central Bank in January 1983. The Central Bank of Seychelles has indicated that it will request technical assistance in the same field toward the end of 1983.

The draft Financial Institutions Act, prepared by an IMF team in 1981, is still under study by the Seychelles legal authorities. The draft Offshore Banking and Trust Business Act, also prepared by an IMF team, will be considered following the passage of the draft Financial Institutions Act.

Sierra Leone

At the request of the authorities, a Director of Bank Supervision, a Sri Lankan, began an assignment in July 1982 to organize and develop the bank regulation, supervision, and inspection capability of the Bank's recently formed Bank Supervision Division. The expert began by preparing a detailed analysis of the current flow of information in order to identify the weaknesses in the present system of supervision. As a result, the expert has proceeded to draw up recommendations on the staff requirements and prepare a program for a Bank Examiners Training Course; he has also written Guidelines for the use of the staff in their supervisory duties.

Solomon Islands

The Fund has been providing technical assistance to the Solomon Islands Monetary Authority (now the Central Bank of the Solomon Islands) from its inception. It is now a well-managed arm of Government capable not only of managing technical monetary matters but also of providing an economic dialogue with the Government and international organizations. Currently, four experts are being provided under the technical assistance program, a Deputy Governor/Managing Director (an Israeli national), an Operations Manager (a Sri Lankan) and a Research Manager (a New Zealander) and on a shorter-term basis an Advisor on Foreign Exchange Related Matters (an Indian national).

The Israeli national was assigned as Managing Director following the appointment of a Solomon Islander as Chairman of the Monetary Authority. In July 1981 an Indian national was assigned as Research Manager to improve the economic dialogue between the Monetary Authority and the Government, but after a brief extension the assignment was phased out in January 1983 and he was replaced by the New Zealand national in April 1983. The assignment of a second Sri Lankan as Operations Manager has been extended through March 1984. The assignments have been competently handled and relations between experts and staff have yielded encouraging results in training. However, an insufficient number of local graduates is entering the banking or any financial profession, and it is not anticipated that technical assistance can be phased out for several years.

During 1981 the staff provided a report outlining the possible evolution of the Monetary Authority into a central bank and in October 1982 a staff member advised the authorities on revisions of existing legislation to make this possible. CBD/LEG are presently reviewing the appropriateness of the general banking legislation.

Somalia

A Research Advisor (from Afghanistan) began his assignment in August 1982 to assist the Central Bank in monitoring the economic program of the country and to advise the authorities on the country's overall economic policies. He has also assisted in organizing and improving the central bank's research capability, develop a training program, and help in the publication of the Bank's periodical reports. The Advisor has also undertaken a number of special studies and investigations which have included examining the financial position of the Commercial Bank, preparing the documents for the Consultative Group meeting, assisting in the formulation of a domestic pricing policy, and problems relating to workers' remittances and the implication of underutilized capacity in the industrial sector.

Sudan

An Indian national assigned as Advisor on Banking Supervision completed his assignment with the Bank of Sudan in December 1982 and he was replaced by a Pakistani national in February 1983. After assisting with the drafting of the Bank Regulation Act and the enabling provisions, the expert produced a program for the reorganization and training of the staff of the Banking Supervision Department and prepared a manual on bank supervision and inspection. In addition, the expert assisted the Reviewing Committee for the Planned Expansion of Commercial Banks. A team of inspectors has now been trained and the new Advisor is assisting the Bank in the preparation and evaluation of inspection reports.

Swaziland

CBD technical assistance has been important throughout the development of the Swaziland Monetary Authority and its transformation into a Central Bank. In May 1982 a General Advisor, a Pakistani national, was appointed to assist the Central Bank in developing a bank supervision system as well as in advising on operational and administrative procedures. The Advisor has completed the inspection of a major local bank and written a number of administrative rules and procedures. A Research Advisor, an Austrian national, was appointed in July 1982 to provide assistance to the newly appointed local Director of Research who earlier on had replaced another CBD-sponsored expert. The emphasis of the Research Advisor's work has been on the strengthening of the economic data in general and the balance of payments data in particular.

Tanzania

During part of 1982 two CBD experts served with the Bank of Tanzania. The Pakistani Advisor on Bank Supervision returned to his parent institution in June 1982 after a short extension of three months.

He was able to finalize a Manual on Bank Inspection and organize a team of local bank inspectors. He will be replaced by another Pakistani early in 1983.

The assignment of the second expert, an Indian national serving as Advisor on Rural Credit, ended abruptly with his accidental death four months before the end of his assignment. Though no replacement in this area has been requested, the Bank of Tanzania asked for an Economic Advisor to the Governor who joined toward the end of March 1983. His duties include, among others, advising the Governor on all aspects of the Bank's policies and activities, assisting the Governor in his relations with the Fund, assisting in the training and development of the Bank of Tanzania staff, and examining ways of strengthening and improving the Bank's research and statistical work.

The Financial Institutions Act, based on a draft prepared by an IMF mission in August 1979, is lying with the Ministry awaiting submission to the National Assembly. The report on "Savings Mobilization in Tanzania" prepared by an IMF team was discussed at a conference of financial institutions held at Arusha in May 1982. As a result a Standing Committee on Resource Mobilization has been constituted to consider the recommendations of the report.

Uganda

During 1982 CBD experts served in five key positions in the Bank of Uganda. An expert from Bangladesh completed his second year of assignment as Bank Supervision Advisor in May 1982. During his assignment he constructed a standard format for commercial banks' reporting and prepared an inspection procedure for bank inspectors. CBD is now in the process of appointing his successor.

An Advisor to the Governor on Foreign Exchange, a German national, helped reorganize the foreign exchange operations of the Bank and established a separate Department of Foreign Exchange Operations on the basis of the recommendations of a CBD advisory mission which had visited Kampala in December 1981. Before completing his assignment in April 1982 he became Director of that Department and after a time gap of four months his successor, a Pakistani national, started his assignment in the same position. This expert has considerably strengthened the Department, helped in implementing the present two-tier exchange rate system under the country's economic program in support of which Fund resources are being used, prepared an operating manual for the staff, and has been instrumental in streamlining the Bank's exchange operations and its relations with foreign correspondents. He has also introduced new procedures for management of the Bank's reserves.

A Research Advisor from Belgium was appointed in January 1982. His position was soon changed to Director of Research. He has been instrumental in formulating economic policy options for the consideration of the Bank's management, strengthening the statistical base of the Bank, and generally training the Bank's economists.

An Advisor on Reserve/Public Debt Management and Accounting, a Philippine national, took up his duties in March 1982. His contribution was primarily in formulating plans for setting up an external debt unit, collating debt data, and assisting in the management of external debt. He also helped the Bank in improving its accounting procedures. He will complete his assignment in March 1983.

An Accounting Advisor, later appointed Chief Accountant, a U.K. national, started his assignment in November 1982.

United Arab Emirates

The French national serving as General Policy Advisor to the Central Bank of the United Arab Emirates in Abu Dhabi completed his assignment in July 1982. This assignment covered an important period during which the U.A.E. Currency Board became a central bank and the expert combined executive and advisory responsibilities in the areas of banking techniques and investment policy.

CBD then recruited two experts in the fields of Foreign Exchange and Investment (an Austrian national) and Banking Supervision (a French national) who were assigned to Abu Dhabi in August and September 1982, respectively.

Vanuatu

Vanuatu, the former condominium of the New Hebrides, achieved independence on July 30, 1980 and shortly thereafter applied to the Fund for both membership and technical assistance. The nature of the governmental structure under the condominium had obviated a need for a central financial institution, but the need became apparent after independence and the expectation of the introduction of a new currency. As a result the Central Bank of Vanuatu had to be organized as an entirely new financial institution and the authorities in Vanuatu requested three experts to assist it in its formative period.

A U.K. national was assigned as Managing Director and Chief Executive Officer, and a French national as Assistant Chief Executive Officer. The latter was also in charge of the currency note issue and related matters. The U.K. national's assignment has been extended for a third year to December 1983 while the French national was replaced by another Frenchman in March 1982 as Deputy General Manager. His assignment has been extended to March 1984 and it is anticipated that he will become Chief Executive Officer in due course. In addition, an Indian expert was assigned in April 1981 as Research Manager to initiate the collection of statistics and advise on basic matters relating to economic policy. His assignment was extended to May 1983 when he will be replaced by another Indian national.

Yemen Arab Republic

The training of counterpart experts in the Central Bank of Yemen has moved slowly and the Bank continues to need technical assistance in the fields of research and statistics, foreign exchange and bank supervision.

The assignment of the Sudanese Research Advisor was extended for a third year through July 1981 when he was replaced by an Advisor of the same nationality. This assignment has been extended through July 1983. The Advisor assists in the preparation of the annual and other periodic reports, the improvement of the statistical base for monthly balance of payments and monetary data, the revision of the quarterly financial statistics bulletin, and the preparation for international conferences, missions, and generally advises the Governor on policy.

The assignment of the Egyptian Foreign Exchange Advisor serving the Bank since 1976 was extended for a fifth and final year through September 1981. The expert had developed a program for the management of international reserves, expanded on-the-job training of staff in specific areas, such as handling of letters of credit, guarantees and foreign loans, and had kept under review the work flows associated with the finance of trade. A replacement was requested but it was very difficult to match the language and technical qualifications needed. A suitable expert, an Indian national, was, however, assigned in July 1982 and although he has no Arabic the technical assignment is going exceptionally well.

An Egyptian national assumed the duties of Advisor on Banking Supervision in October 1979 and he has been extended for a fourth year through November 1983. The expert has advised on problems of banking supervision arising from the rapid growth of the financial sector. Much attention has been given to improving central and commercial bank relations.

In November 1982 a CBD mission visited Sana'a to review the decline in workers' remittances from abroad and developments in the informal money market.

Yemen, People's Democratic Republic of

Following a request by the Bank of Yemen, a Management Advisor, a Syrian national, was assigned to the Bank in January 1981. This assignment was extended through January 1983 when it was phased out. Although the advice given by the expert has been welcomed there remains a problem of implementation. Following an inspection visit to Aden in November 1981 efforts were made to locate additional experts to assist in the implementation of the advice. A Syrian national was assigned as Advisor for Currency and Operational Procedures in August 1982 and the assignment is going well.

A CBD mission visited Aden in early December 1982 to review the need for further technical assistance. As a result of this visit CBD is processing a request for technical assistance in the field of external debt. The need for the expert to be fluent in Arabic again makes the location of an appropriate expert extremely difficult. In addition, it is anticipated that the Bank of Yemen will request an advisory mission in the field of savings mobilization.

Zaire

Six CBD experts are serving in the Bank of Zaire. A Canadian national was appointed as Principal Manager in September 1981 and his contract was renewed in 1982. His role is to assist the Governor in the economic and monetary fields and to coordinate the work of the team of experts.

Two Belgian nationals serving as Internal Audit Advisor and Exchange Control and External Payments Statistics Advisor have completed their fourth year in Zaire. Their assignments will be terminated on June 30, 1983. As a result, the number of experts working in Zaire under the Fund's technical assistance program will decrease from six to four.

The Exchange Control and External Payments Statistics Advisor used to spend a great deal of time working on the commercial arrears problem. He is now able to devote more of his time to exchange control operations. The work load in the field of arrears had become so heavy that, at the request of the Zairian authorities, another expert was assigned to deal specifically with this problem. This expert, an Israeli national, took up his functions in Kinshasa in June 1982.

The contracts of the French national assigned as Research Advisor, and of the German national assigned as Foreign Exchange Advisor, both since 1981, have been renewed for a second year.

Zambia

The Advisor to the Governor of the Bank of Zambia (an Indian national) began his assignment in August 1982. He has been engaged mainly in special studies for the Governor, which have ranged from staff and administrative matters and internal accounting procedures, to exchange control, foreign exchange allocation, and agricultural credit. More recently he has been occupied with interest rate policy, work on establishing the Bank's Training College, and the development of a Credit Guarantee Scheme. His assignment has been extended for a further year.

A Research Advisor (a Pakistani) began his assignment in August 1981 to improve the research capability of the Bank, with emphasis on training the research staff, improving the collection of and quality

of banking and other statistics, and preparing the Bank's various official publications. Among his other duties have been studies on the African Monetary Fund, the implications of decontrolling prices on staple commodities, and the rationalization of financial institutions. His assignment, which was extended for a further year, ends in August 1983 and a replacement has been requested.

The authorities have also requested a Foreign Exchange Advisor.

Summary of CBD Technical Assistance Provided in the
Field from January 1 through December 31, 1982

<u>Country</u>	<u>Advisory Services</u>		<u>Experts</u>	
	<u>Subject</u>	<u>Man- Months</u>	<u>Subject</u>	<u>Man- Months</u>
1. Afghanistan			1. Statistics	8
2. Bahamas			2. Accounting	5
			3. Research	4 1/2
			4. Accounting	7 1/2
3. Bahrain			5. Statistics	12
4. Barbados			6. Research	1/2
5. BEAC			7. Bank Supervision	7
			8. Bank Supervision	12
			9. Operations	12
6. Belize			10. Research	12
7. Bhutan	Legislation to establish monetary authority	1 1/4	11. Operations	5
8. Bolivia			12. Bank Supervision	4 1/2
			13. Government Debt	2 1/2 *
			14. Foreign Exchange	1 *
9. Botswana			15. Operations	12
			16. Bank Supervision	12
			17. Research	12
10. Burundi			18. Foreign Exchange	4 1/2
			19. Research	8
			20. Bank Supervision	3 1/2
			21. Credit	1
11. Cape Verde	Review of financial sector	3/4		
12. Cayman Islands			22. Bank Supervision	12
13. Chile			23. Bank Supervision	2 *

<u>Country</u>	<u>Advisory Services</u>		<u>Experts</u>	
	<u>Subject</u>	<u>Man- Months</u>	<u>Subject</u>	<u>Man- Months</u>
14. Comoro Islands			24. Statistics	3 1/2
			25. Statistics	7 1/2
15. Cyprus	Review general banking legislation	1/2		
16. ECCA	Study of interest rates in ECCA region	2 1/4	26. Operations	12
	Banking legislation	1/4		
17. Equatorial Guinea			27. Operations and Organization	12
			28. Research	8
18. Fiji	Review of financial system	2 1/2	29. Research	12
19. The Gambia			30. Research	1
			31. Bank Supervision	12
			32. Research	7
20. Ghana			33. Management	8 1/2
21. Guinea Bissau			34. Organization & operations	12
			35. BOP Statistics	1 *
22. Haiti			36. Bank Supervision	3 1/2
23. Honduras			37. Bank Supervision	4
24. Indonesia			38. Accounting	6 1/2
			39. Statistics	12
25. Kenya			40. Training	12
			41. Research	12
			42. Bank Supervision	9
26. Kuwait			43. Management & Policy	12
			44. Foreign Exchange	12
			45. Bank Supervision	4
27. Lebanon	Issuance of Government bonds *	1		

<u>Country</u>	<u>Advisory Services</u>		<u>Experts</u>	
	<u>Subject</u>	<u>Man- Months</u>	<u>Subject</u>	<u>Man- Months</u>
28. Lesotho			46. Research	8 1/2
29. Liberia	Review financial system	2	47. Management	12
			48. Operations	12
			49. Statistics	1
30. Malawi			50. Training	2
31. Maldives			51. Organization	7
			52. Statistics	12
			53. Accounting	4 1/2
			54. Organization & procedures	3 *
32. Mauritania			55. Foreign Exchange	12
			56. Bank Supervision	12
			57. Research	12
33. Mauritius	Review central & general banking legislation	2 1/2	58. Research	12
34. Morocco			59. Credit	8 1/2
35. Nepal	Admission of foreign banks	1/2		
36. Nigeria			60. Training	12
37. Oman			61. Statistics	12
			62. Bank Supervision	10
38. Panama			63. Bank Supervision	2 *
39. Papua New Guinea			64. Management	1/2
			65. Research	2 1/2
			66. Foreign Exchange	12
			67. Management & Policy	9 1/2
			68. Research	8
40. Paraguay			69. Bank Supervision	12
			70. Computerization	1 *

<u>Country</u>	<u>Advisory Services</u>		<u>Experts</u>	
	<u>Subject</u>	<u>Man- Months</u>	<u>Subject</u>	<u>Man- Months</u>
41. Peru			71. Organization	9
42. Philippines			72. Research & Policy	12
43. Rwanda			73. Credit/Accounting	12
			74. Bank Supervision	12
			75. Research	12
			76. Credit/Accounting	-
44. Seychelles			77. Management	5
			78. Research	3
			79. Research	10 1/2
			80. Bank Supervision	2 1/2 *
45. Sierra Leone			81. Bank Supervision	4 1/2
46. Solomon Islands			82. Operations	1 1/2
			83. Research	12
			84. Management	10 1/2
			85. Operations	10
47. Somalia			86. Bank Supervision	3 1/2
			87. Research	5
48. Sudan			88. Bank Supervision	11 1/2
49. Swaziland			89. Operations	7 1/2
			90. Research	5 1/2
50. Tanzania			91. Bank Supervision	6
			92. Rural Credit	6 1/2
51. Uganda			93. Bank Supervision	4 1/2
			94. Foreign Exchange	3
			95. Research	12
			96. Accounting	9 1/2
			97. Foreign Exchange	4 1/2
			98. Accounting	2 1/2
52. United Arab Emirates			99. Policy	7
			100. Foreign Exchange	4
			101. Bank Supervision	4
53. Vanuatu			102. Operations	4
			103. Management	12
			104. Research	12
			105. Operations	9 1/2

<u>Country</u>	<u>Advisory Services</u>		<u>Experts</u>	
	<u>Subject</u>	<u>Man- Months</u>	<u>Subject</u>	<u>Man- Months</u>
54. Yemen Arab Republic	Workers remittances and informal market	3/4	106. Bank Supervision	12
			107. Research	12
			108. Foreign Exchange	5 1/2
55. Yemen, PDR	Assessment mission	3/4	109. Management	12
			110. Operations	4 1/2
56. Zaire			111. Exchange Control	12
			112. Internal Audit	12
			113. Foreign Exchange	12
			114. Research	12
			115. Management	12
			116. External Debt	6 1/2
57. Zambia			117. Research	12
			118. Operations	10 1/2
Total (man-months)		15.00	929.5	

* indicates short-term assignments of experts.

Summary of Technical Assistance Provided in the Field
by CBD from 1964 through 1982

(in man-months)

<u>Country</u>	<u>Advisory Services</u>	<u>Experts</u>
1. Afghanistan	9	313 1/2
2. Angola	3/4	-
3. Arab Monetary Fund	1/2	-
4. Argentina	1 1/2	12 1/2
5. Bahamas	3 1/4	212 1/2
6. Bahrain	3 1/4	58
7. Bangladesh	-	48 1/2
8. Barbados	5	142 1/2
9. BCEAO	1 3/4	272 1/2
10. BEAC	1	151 1/2
11. Belize (British Honduras)	1/2	28
12. Bermuda	3/4	-
13. Bhutan	1 1/2	5
14. Bolivia	14 3/4	153
15. Botswana	6 1/2	227
16. Brazil	-	9
17. Burundi	2 3/4	426
18. CAMC	1/2	53 1/2
19. Cape Verde	3/4	2
20. Cayman Islands	-	87 1/2
21. CEMLA	-	12
22. Chile	6 1/4	14
23. China (Taiwan)	13	-
24. Colombia	2	-
25. Comoro Islands	5 1/4	63 1/2
26. Costa Rica	6	84
27. Cyprus	1 1/2	12 1/2
28. Djibouti	2	30 1/2
29. ECCA	6	85 1/2
30. ECOWAS	1	-
31. Ecuador	12 3/4	50 1/2
32. Egypt	1 1/2	-
33. El Salvador	1 1/2	-
34. Equatorial Guinea	10 1/4	166
35. Fiji	3 1/4	195
36. Gabon	5 1/4	-
37. The Gambia	5 1/4	317 1/2

<u>Country</u>	<u>Advisory Services</u>	<u>Experts</u>
38. Ghana	2 3/4	18
39. Guatemala	6 1/2	-
40. Guinea	-	72 1/2
41. Guinea Bissau	8	72 1/2
42. Guyana	1 1/2	69 1/2 + 12 <u>1/</u>
43. Haiti	3	14
44. Honduras	2 3/4	66
45. Indonesia	3 3/4	519 1/2
46. Iran	1/2	-
47. Iraq	-	36
48. Israel	1 3/4	-
49. Jamaica	3/4	21 1/2 + 12 <u>1/</u>
50. Jordan	1	48
51. Kampuchea	1	38
52. Kenya	8	404
53. Korea	1	-
54. Kuwait	4 1/2	379
55. Laos	-	30
56. Lebanon	3 1/4	45 1/2
57. Lesotho	9 1/4	80 1/2
58. Liberia	11	232
59. Libya	-	13
60. Madagascar	9 3/4	52 1/2
61. Malawi	-	158 1/2
62. Malaysia	10 1/2	125 1/2
63. Maldives	8	56
64. Malta	1 1/2	233 1/2
65. Mauritania	11	254 1/2
66. Mauritius	8 1/2	212
67. Mexico	1/4	-
68. Morocco	-	84
69. Nepal	1/2	104
70. Netherlands Antilles	2	-
71. Nicaragua	5 1/2	24
72. Nigeria	2	12 1/2
73. Oman	12 1/2	166
74. Pakistan	5 1/4	-
75. Panama	8 3/4	82
76. Papua New Guinea	7 1/2	276 1/2
77. Paraguay	1	61 1/2
78. Peru	7 1/2	9
79. Philippines	31 1/2	12

<u>Country</u>	<u>Advisory Services</u>	<u>Experts</u>
80. Qatar	4 1/2	50 1/2
81. Rwanda	2 1/4	415 1/2
82. Sao Tome & Principe	4 1/4	18 1/2
83. Saudi Arabia	-	29
84. SEACEN	3/4	-
85. Senegal	-	27 1/2
86. Seychelles	3 1/2	107
87. Sierra Leone	5 1/2	354 1/2
88. Singapore	9	211 1/2
89. Solomon Islands	-	148 1/2
90. Somalia	4 3/4	228
91. Sri Lanka	16 1/4	24
92. Sudan	16 1/4	135 1/2
93. Suriname	1/2	24
94. Swaziland	17 1/2	254 1/2
95. Syria	2	72
96. Tanzania	15	388 1/2
97. Thailand	10 1/4	-
98. Tonga	1/4	-
99. Trinidad & Tobago	1	195 1/
100. Tunisia	1 3/4	-
101. Turkey	9	24
102. Uganda	9	275 1/2
103. United Arab Emirates	3 1/2	192 1/2
104. Uruguay	3	108 1/2
105. Vanuatu	1 1/2	74 1/2
106. Venezuela	1/4	12 1/2
107. Vietnam	6	47 1/2
108. Western Samoa	4 1/2	12
109. Yemen Arab Republic	2	447
110. Yemen, PDR	3/4	130 1/2
111. Zaire	4	423
112. Zambia	5 3/4	291
	<hr/>	<hr/>
Total (man-months)	505	12,039 1/2

1/ Includes a joint assignment to Guyana, Jamaica and Trinidad and Tobago.

CONTAINS CONFIDENTIAL
INFORMATION

Technical Assistance in the Fiscal Field

Prepared by the Fiscal Affairs Department

Approved by Vito Tanzi

May 16, 1983

This memorandum, the 15th in an annual series, describes the technical assistance in the fiscal field provided to member countries in calendar year 1982. In line with the pattern of earlier reports, it begins with some general observations, followed by summary statistics of the 1982 program and notes on each individual country assignment. The procedures followed by FAD in its technical assistance activities are described in some detail in EBD/79/86, from which an extract is provided for ease of reference as Appendix 1.

Section I. General

Since the creation of the Fiscal Affairs Department in 1964, technical assistance has been provided to 106 member countries and to 6 intergovernmental organizations (Appendix 2). Over 356 man-years have been spent on this activity in the field, supplemented and supported by considerable amounts of staff time at headquarters.

Although substantial in the aggregate, the resources available under the program are small relative to the fiscal problems of member countries. Reflecting the varied nature of these problems, technical assistance in the fiscal field has covered a wide range of topics. On the revenue side, these include general surveys of a country's tax system, advice on reform of particular taxes, and many aspects of tax administration, including improvement of assessment and collection procedures, introduction of advanced data processing techniques, and the numerous administrative aspects of the implementation of new taxes.

Regarding government expenditures, assistance has been provided with budget preparation, including the introduction of modern systems based on program-based budgeting, as well as with budget classification, expenditure control, the various aspects of monitoring budget performance, and also some issues in expenditure policy. At a more general level, the program has also provided fiscal advisors to assist with policy issues, as well as experts on financial management problems.

Technical assistance projects in the fiscal field vary in duration from a few weeks to several years, and may be undertaken by a single advisor, a small team or a series of advisors. Short-term assignments generally result from requests for missions to deal with specific issues, such as financial management and fiscal reporting procedures or the

feasibility of a new tax, as well as general surveys of tax systems. Longer-term assignments, typically for an initial period of one year, subject to extension, are usually concerned with such matters as the implementation of tax reforms or new budget procedures, or the ongoing provision of advice relating to general fiscal policy problems. Normally, an individual advisor would not stay in a particular country for more than two years, although he may be succeeded by another expert with fresh terms of reference. In some cases, a series of shorter assignments have proved more useful than a single long-term assignment, e.g., in the introduction of a taxpayer master file system.

The goals of technical assistance activity in the fiscal field vary in accordance with the circumstances of the country receiving assistance. In some countries at a relatively early stage in their economic development, assistance has focused on the establishment of modern administrative infrastructures and techniques of financial management. In others, the emphasis has been on finding solutions to relatively specific problems of administration or policy. Given the wide range of circumstances faced by member countries, the varied nature of specific fiscal problems on which assistance can be provided, and the limited resources available under the program, its success depends critically both on the careful selection of assignments by the Fund and on the effective use of assistance by recipients. In the majority of cases, the evidence from individual country assessments supports the judgment that the technical assistance provided in 1982 helped member countries improve their fiscal policy or administration, and increased the knowledge and skills of national personnel who worked with Fund experts or received training from them.

Requests for technical assistance vary considerably in precision and the extent to which they focus on specific problems. Therefore, the first essential element of a successful assignment is identification of the exact nature of assistance required. In most cases, long-term assignments are preceded by a FAD staff identification visit (for example, to evaluate a request for a budget advisor) or by a related short-term assignment (such as a tax survey mission to recommend reforms for longer-term implementation), as well as by consultation with the area department concerned. In appropriate cases, other international institutions providing technical assistance are consulted to reduce the possibility of overlap.

Part of the Fund's policy toward technical assistance requests, reiterated at EBM/82/71, 5/24/82, is that any member country is entitled to request and to receive technical assistance when needed, irrespective of whether it has a program arrangement with the Fund. Although there is therefore no formal link between selection of assignments and Fund programs, in some recent instances (such as Haiti, Mali, Sudan, Thailand, and Uganda), the supply of technical assistance by FAD staff and panel experts has played a significant role in a program through the provision of otherwise scarce technical expertise. In addition, FAD technical assistance has also on occasion provided an important element of structural adjustment programs supported by the IBRD. In a few cases, however, a

member's commitment to prospective technical assistance, and therefore also its chances of success, seems to have diminished when understanding was not reached on a financial program to be supported by Fund resources.

Proper identification is also essential to the process of selecting personnel; occasionally, assignments do not fully succeed because of failure to match the skills of the panel expert exactly to the requirements of his task. Because of this, and the relatively rapid turnover of the fiscal panel, recruitment procedures are an important element of the Fund's management of the program. Even where there is no difficulty in identifying the individual best suited to a given assignment, it is not always possible to obtain his release from other duties in time to meet the request for assistance. Indeed, the dilemma sometimes arises of whether to decline a valid and urgent request on the grounds of unavailability of personnel, or to meet the request by supplying an individual known not to be totally suited to all aspects of the task in question. Since many panel members are serving officials, the success of the program depends to an important extent on the continuing cooperation of member governments and also of members of the Executive Board in helping to secure the availability of appropriate individuals.

On the part of the country requesting assistance, a number of conditions improve the prospects for success of an assignment. To be able to make effective use of technical assistance, the recipient needs to have a clear appreciation of what is expected to result from the assignment, and a genuine interest in the achievement of its goals. The importance of this commitment extends to such matters as the provision of reasonable facilities for the expert's work and accommodation; some assignments have been unsuccessful because the panel member had to spend too much time in securing proper living quarters or office space. Regarding work content, provision of appropriate counterparts to receive on-the-job instruction from the panel member is also a key prerequisite for success: in all long-term assignments, adequate training, both by this means and others such as courses, seminars, and preparation of handbooks and manuals, is essential if technical assistance is to provide lasting benefits.

Because of the long gestation period of investment in technical assistance, especially relating to administrative matters, evaluation of the success of assignments is a difficult task, except for a rare case which is an obvious failure. During the period of the assignment, progress is monitored on a regular basis by headquarters in close consultation with the area department concerned and inspection visits by senior FAD staff, which have proved to be valuable in identifying developing problems and in some cases in bringing an assignment back on track. Since fiscal panel members are Fund employees, with the status of advisor to the host government, these methods are also the principal means to evaluate the performance of individual experts. More systematic efforts are also now being made to determine the extent to which assistance has provided long-term benefits, for example, by using the opportunity either of FAD staff or of area department missions to collect information

on the extent of the implementation of earlier technical assistance recommendations.

Section II. 1982 Program

Details of the assignments undertaken in 1982 are listed in Appendix 3. The statistics of the 1982 program, with comparisons from earlier years, can be summarized as follows:

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
Number of countries served	<u>37</u>	<u>34</u>	<u>36</u>	<u>46</u>	<u>48</u>
Number of individual field assignments	<u>63</u>	<u>58</u>	<u>57</u>	<u>69</u>	<u>74</u>
Long term	<u>37</u>	<u>34</u>	<u>32</u>	<u>36</u>	<u>38</u>
Short term	<u>26</u>	<u>24</u>	<u>25</u>	<u>33</u>	<u>36</u> ^{1/}
Number of experts utilized	<u>65</u>	<u>58</u>	<u>62</u>	<u>85</u>	<u>74</u>
Panel members	<u>41</u>	<u>40</u>	<u>41</u>	<u>56</u>	<u>52</u>
FAD staff	<u>24</u>	<u>18</u>	<u>21</u>	<u>29</u>	<u>22</u>
Man-months in the field	<u>331</u>	<u>307</u>	<u>295</u>	<u>346</u>	<u>356</u> ^{2/}
Panel members	<u>286</u>	<u>282</u>	<u>270</u>	<u>300</u>	<u>328</u>
FAD staff	<u>45</u>	<u>25</u>	<u>25</u>	<u>46</u>	<u>28</u>
Man-months at Fund headquarters ^{3/}	<u>166</u>	<u>164</u>	<u>162</u>	<u>170</u>	<u>152</u>
Panel members	<u>26</u>	<u>21</u>	<u>32</u>	<u>39</u>	<u>48</u>
FAD staff	<u>140</u>	<u>143</u>	<u>130</u>	<u>131</u>	<u>104</u>

Eighteen preliminary visits to clarify technical assistance needs were made to 16 countries in 1982. ^{4/} Technical assistance was extended for the first time to Antigua, Belize, Bhutan, and Niger.

^{1/} Includes 10 joint panel/staff missions. Staff members from AFR, ASD, and MED collaborated in 15 short-term assignments.

^{2/} Includes time spent in the field on technical assistance identification, inspection, and follow-up visits and recruiting for fiscal panel of about 9 man-months. A World Bank member collaborated in one identification visit.

^{3/} Indicates staff time devoted (a) by panel members on briefing, debriefing, and report writing, and (b) by FAD staff on writing technical assistance reports, briefing and debriefing panel experts, and subsequent correspondence with them.

^{4/} Antigua, Belize, Central African Republic (UDEAC), Comoros, Cyprus, Guinea-Bissau, Haiti (2), Micronesia, Niger, Panama, Papua New Guinea, Peru, Rwanda, Sudan, Thailand (2), Yemen Arab Republic (MED participated in this visit).

By geographical area, countries received assistance between 1978 and 1982 as follows:

	Number of Countries				
	1978	1979	1980	1981	1982
Africa	17	12	17	21	22 <u>1/</u>
Asia and the Pacific	6	5	4	10	8 <u>2/</u>
Europe	1	1	1	1	1 <u>3/</u>
Middle East	5	4	2	1	3 <u>4/</u>
Western Hemisphere	8	12	12	13	14 <u>5/</u>

The nature of the various assignments and the time FAD staff and panel experts spent in the field in 1982 compared with earlier years were as follows:

	(A) Number of Field Assignments (B) Man-Months in Field				
	1978	1979	1980	1981	1982
Accounting, auditing, and financial reporting	(A) 10 (B) 70	9 69	8 53	10 57	8 61
Budget systems and procedures	(A) 6 (B) 16	5 35	10 67	15 84	18 99
Customs	(A) 9 (B) 42	9 49	8 55	8 37	5 26
General financial management	(A) 9 (B) 60	8 50	9 48	6 46	5 25
Taxation	(A) 25 (B) 119	24 93	22 72	29 106	37 133
Other	(A) 4 (B) 24	3 11	-- --	1 4	1 3
Total	(A) 63 (B) 331	58 307	57 295	69 334	74 347

1/ Botswana, Central African Republic, Comoros, Gabon, The Gambia, Guinea-Bissau, Ivory Coast, Kenya, Mali, Mauritius, Morocco, Niger, Rwanda, Senegal, Seychelles, Sierra Leone, Somalia, Swaziland, Tanzania, Tunisia, Uganda, and Upper Volta.

2/ Bhutan, Fiji, Korea, Malaysia, Maldives, Papua New Guinea, Sri Lanka, and Thailand.

3/ New Zealand.

4/ Bahrain, Sudan, and Yemen Arab Republic.

5/ Antigua, Belize, Bolivia, Costa Rica, Dominica, Ecuador, Haiti, Honduras, Panama, Peru, St. Lucia, Suriname, Uruguay, and Venezuela.

The field assignments undertaken during the year totaled the equivalent of 28.9 man-years, of which 15.7 man-years were in respect of budgeting and related matters (including accounting, auditing, and general financial management) and 13.2 man-years of direct and indirect taxation. In addition, staff members spent about 8.7 man-years at Fund headquarters writing technical assistance reports, briefing, debriefing, and backstopping panel experts.

Of the 74 field assignments in 1982, 38 were long term of six months or more, and 36 were short term. Short-term advice on tax matters was given to 18 countries, 1/ on customs matters to 1, 2/ on budgetary systems and procedures to 4, 3/ on government accounting and financial reporting procedures to 1, 4/ on general and financial management matters to 2. 5/ Four countries received short-term assistance in more than one field. 6/

The services of 52 members of the panel of fiscal experts were utilized in 1982. They were recruited from 18 member countries 7/ and comprised 18 serving officers made available by governments, 8/ 32 retired government officials, 1 retired FAD staff member, and 1 university professor. Twenty six of these panel experts had previously undertaken technical assistance assignments for the Fund.

By comparison with earlier years, the broad outlines of the 1982 program continued the trends evident in 1981. The numbers of countries served and of individual field assignments both continued to rise, as did time actually spent in the field.

A notable development in 1982 was the decline in FAD staff time devoted to technical assistance, both in the field and at headquarters, in the face of the overall expansion of the program. Several factors contributed to this decline, including the employment of two full-time consultants at headquarters. The increased use of panel experts for short-term technical assistance missions and the initiation of a practice

1/ Bhutan, Dominica, Haiti, Honduras, Kenya, Korea, Malaysia, Mali, Mauritius, Morocco, New Zealand, Niger, Peru, Sierra Leone, Suriname, Thailand, Tunisia, and Venezuela.

2/ Thailand.

3/ Costa Rica, Malaysia, Morocco, and Uganda.

4/ Kenya.

5/ Bahrain and Senegal.

6/ Kenya, Malaysia, Morocco, and Thailand.

7/ Argentina (4), Australia (2), Belgium, Brazil, Kampuchea, Canada (2), Chile (3), France (6), Ghana, India (5), Ireland (3), Netherlands, Portugal, Sri Lanka, Sudan (2), United Kingdom (13), United States (4), and Uruguay.

8/ Argentina, Australia, Canada, France (6), India (5), Ireland (2), Netherlands, and Portugal.

whereby in suitable cases technical assistance missions prepare extended aides-mémoire in the field rather than a full report on return to Washington. The decline also reflected other pressing demands on staff time, including the great number of Fund missions in which the staff participated as well as the greater attention devoted by FAD to the fiscal problems of industrial countries.

In terms of the functional classification of assistance provided, time devoted to budget systems and procedures and taxation, already the two major categories, increased further in 1982, while time spent on the lesser number of assignments in the areas of customs administration and general financial management declined. The geographic distribution of countries receiving assistance showed little change in 1982, with nearly half of the total number of assignments, as in earlier years, involving African countries and almost a third involving the Western Hemisphere.

Section III. Country Assignments in 1982

Assessments of individual assignments continue to be based on information from such sources as the monthly interchange of letters between headquarters and field, the reports and analyses prepared by the experts, both in the field and at final debriefing, reports by Fund area department missions, observations by senior FAD staff during inspection visits, 1/ comments received from ministers and officials of the recipient countries, often at the Annual Meeting, and subsequent follow-up visits. 2/

Antigua

In response to a request by the authorities for technical assistance, a FAD staff member made a preliminary visit to Antigua in February 1982. He identified a number of areas where the services of a budget advisor would be useful. These included control of unbudgeted expenditure and payment arrears, delays in the production of final accounts, budget formulation procedures, the form of the budget document including item classification, coordination of the recurrent estimates, development estimates and the Development Plan, accounting for public debt and the position of public sector enterprises.

A British member of the fiscal panel was assigned in August 1982 for a period of one year as Fiscal Advisor to the Ministry of Finance. In the first few months of his assignment he has reviewed the overall fiscal position and has also made recommendations in the areas of expenditure control, payments procedures, project evaluation, and financial legislation. He has also examined conditions of service and

1/ Sixteen such visits were undertaken in 1982 to Botswana, Costa Rica, Dominica, Ecuador, Gabon, Maldives, Mali, Mauritius (2), Rwanda, Seychelles, St. Lucia, Tanzania, Uganda, Uruguay, and Yemen Arab Republic.

2/ Four such visits were undertaken in 1982 to Comoros, Fiji, Morocco, and Venezuela.

training requirements in the Ministry of Finance with a view to improving the capacity of the Ministry to perform its functions.

Bahrain

I. In response to a request from the authorities, a staff mission visited Manama in March 1982 to survey the system of government financial management. Toward the end of its stay, the mission submitted an interim report which identified the strengths and weaknesses of the system, and made recommendations for its improvement. A final report, which was transmitted in May 1982, suggested that immediate priority be accorded to the introduction of financial planning procedures, revamping of the budget structure, and strengthening the financial management capability of the spending agencies.

II. The approaches of the report and suggestions for improvement were considered and approved by the authorities, who then sought longer-term technical assistance to help implement the mission's recommendations. In response to this request, the services of an Australian member of the fiscal panel were made available from September 1982 for an initial period of one year. He has among other things worked on the formulation of a detailed plan for the reorganization of the Ministry of Finance and on proposals for the restructuring of the budget and has initiated work on the preparation of financial manuals for use by officials.

Belize

Following a request by the authorities, a FAD staff member visited Belize in July-August 1982 to survey the country's technical assistance needs. His report included recommendations for the improvement of government budgeting, accounting, and fiscal reporting.

A Ghanaian member of the fiscal panel was subsequently assigned to the Ministry of Finance in December 1982 as Fiscal Advisor for one year. The main objectives of his assignment include the establishment of a budget unit within the Ministry, improvements in budget formulation and execution, and a review of the budget structure to make it more program oriented. He will also aim to establish more effective expenditure controls and develop better procedures for cash management. On the accounting side, he will seek to update the posting and preparation of financial statements and extend the coverage of the accounts to include expenditure commitments and arrears of revenue.

Bhutan

I. Following a request from the Bhutanese delegation to the 1981 Annual Meeting, a technical assistance mission comprising a FAD staff member and a Canadian member of the fiscal panel visited Thimphu in April/May 1982 for ten days. The mission studied the tax system and

its administration and made recommendations primarily designed to increase revenue and improve administration. In particular, the introduction of a retail sales tax was suggested.

II. The panel member who had participated in the first mission returned to Thimphu in November and prepared a follow-up report on preparations and procedures for introduction of a sales tax. He also provided assistance to revenue officers on tax administration.

Bolivia

An Argentine member of the fiscal panel was assigned to La Paz from early November 1981 to mid-March 1982. His work was concentrated on devising measures to achieve increases in tax revenues in the short run. He also helped to devise medium- and long-term measures designed to implement the recommendations made in an earlier extensive study of the tax system prepared by an international commission of experts headed by Professor Richard Musgrave. The most important short-term measures suggested were the acceleration of collections through current payment techniques and higher penalties for delinquency, an increase in the rate of value-added tax, and wider coverage for excises. Medium-term recommendations centered on improved taxation of fuels, limits on exemptions providing investment incentives, greater efforts to tax the agricultural sector, and strengthening of the urban property tax.

Botswana

A Sri Lankan member of the fiscal panel was assigned to Botswana as Tax Advisor to the Ministry of Finance for an initial period of one year in April 1981. This was in response to a request for assistance in the implementation of recommendations made by a FAD staff technical assistance mission in 1980 on the structure of direct taxation and its administration, and especially in establishing a tax policy unit within the Ministry. Subsequently, the expert's assignment was extended for a second year through April 1983. During 1982, he continued to assist the authorities in preparing a tax reform package and in implementing the newly-introduced sales tax, and provided advice on the general improvement of tax administration.

Central African Republic

A French member of the fiscal panel was assigned to the Central African Republic in June 1982 for one year as Tax Advisor. Initially he was engaged in helping the authorities to undertake the necessary studies leading to the introduction of a unified income tax, as was recommended by a FAD staff report of September 1977 which surveyed the country's tax system and administration. As the authorities decided to implement tax reforms more gradually than previously envisaged,

he then provided assistance in formulating a number of changes in the schedular and global income taxes with a view to improving equity and increasing revenue through the broadening of the tax base and the consolidation of similar taxes. He has also given advice in improving tax administration procedures, including technical assistance to the data processing office.

Comoros

A French panel member was assigned as Tax Advisor in April 1981 for an initial period of one year, subsequently extended through end-June 1983. During the first year of his assignment, he advised on the establishment of a unified tax administration in accordance with the recommendations of a FAD staff technical assistance mission in July 1980. He later assisted in the implementation of a new turnover tax and has introduced a system for centralizing monthly tax statistics. He has also assisted the authorities in recruiting and training audit staff for the newly unified tax service and in establishing appropriate work procedures.

Costa Rica

I. A Brazilian member of the fiscal panel was assigned to Costa Rica in August 1980 for an initial period of one year, subsequently extended through December 1983, to provide assistance in the field of government budgeting. Throughout his assignment the expert has advised the Budget Authority and its Technical Secretariat in establishing policy guidelines to be implemented by public sector entities. He has assisted in the preparation of consolidated budgets of the nonfinancial public sector and consolidated data on the execution of these budgets, in the improvement of budget formulation procedures by entities of the nonfinancial public sector, and in financial programming for this sector. He has also helped establish cash-flow controls at the Office of the National Treasurer which have been extended in part to nonfinancial public enterprises.

II. A FAD staff member visited Costa Rica for two weeks in July 1982 to provide technical assistance in financial management. In an aide-mémoire left with the authorities, he recommended measures to lessen the degree of decentralization in financial administration, in particular by reducing the incidence of revenue earmarking and compulsory spending, and by centralizing government revenue and expenditure in a single cash fund.

Dominica

I. A U.S. member of the fiscal panel visited Dominica for about one week in March 1982 to study the feasibility of introducing a national tax on rural and urban property. He concluded that a tax based on land value would be the most appropriate form of property tax for the

country, although it was apparent that it would take several years and substantial investment to complete a proper land cadastre. He left an aide-mémoire in the field, and, in addition, prepared a report which was transmitted to the authorities in April.

II. A FAD staff technical assistance mission visited Roseau for three weeks in October/November 1982 to review the tax system and help the authorities to identify possible sources of additional revenue. The mission found that the current tax effort has been achieved through a large number of discretionary changes in the tax system and that, therefore, enhancing the elasticity of the system rather than making further changes would be preferable in the future. The main recommendations of the mission were to replace the existing consumption tax by a general sales tax and a few selected excises, to check thoroughly the operations of tax incentives, and to strengthen the administration of taxes and duties. An extensive aide-mémoire was left with the authorities. Further short-term assistance is being provided in 1983 on aspects of the sales tax proposal.

III. A British panel member has been assigned as Accounting Advisor to the Ministry of Finance, Trade and Industry since June 1981. He was initially assigned for one year; a further assignment was approved for a second year until June 1983. His assignment follows that of another British panel expert as Fiscal Advisor beginning in early 1979. The Accounting Advisor has assisted the authorities in achieving significant improvements in the standards of financial administration. Although obliged to leave Dominica for urgent medical treatment during February/March 1982, he has assisted the authorities in improving accounting practices and in making good use of a recently installed computer. As a result the government accounts are now being prepared on a more timely basis. The expert has also assisted the authorities on more general budget issues including the preparation of a new Finance and Audit Act. During the remainder of his assignment the expert will continue to devote the greater part of his time to accounting matters, including revision of the accounting system to utilize the full potential of the computer and to make the best use of staff resources. He will also continue to devote attention to financial control at the agency level and to provide general support and assistance to the financial administration.

Ecuador

A Chilean member of the fiscal panel was assigned to Ecuador in February 1981 for one year, subsequently extended through June 1983, to carry forward the work of his predecessor, an Argentine member of the fiscal panel, in the areas of government accounting and financial reporting. The expert is currently providing advice to the Office of the Comptroller General (OCG) and the General Accounting Office in the Ministry of Finance concerning the introduction, begun in March 1981,

of a Manual on government accounting prepared with the assistance of his predecessor. By December 1982 all agencies of the central administration and a number of agencies attached to ministries operating outside the National Treasury were implementing the standards and procedures prescribed in the Manual. In addition, complementary manuals were prepared to provide instructions for the recording and reporting of provincial paymasters, for the consolidation of financial statements, and for the operations of the National Treasury. Financial statements of the spending agencies of the central administration and of the attached entities have been prepared on an accrual and on a cash basis, and the preparation of consolidated financial statements of the central administration is now in progress. As there remain a number of decentralized entities that at present are not implementing the Manual, a set of forms was prepared by the OCG for the production of uniform financial information. On this basis, consolidated financial statements of the central, regional and local governments, and of the nonfinancial public enterprises are in the process of preparation.

Fiji

I. A fiscal panel member from the United Kingdom was appointed Stores Advisor from August 1981 to March 1982. He completed a review of government supply operations, examining policies, structure, procedures, staffing, and methods of inspection and audit.

II. The assignment of a Budget Advisor to the Ministry of Finance was extended for a second year in April 1981 and the advisor, an Australian member of the fiscal panel, completed his assignment in April 1982. The first year had seen considerable progress in the coordination of the budget formulation process, and the introduction of a unified program format and a cash-flow forecasting system. By the conclusion of the assignment, a program-oriented budgeting system had been installed and macroeconomic analysis and policy advice had been integrated into the budget preparation process and coordinated by the Budget Coordinating Committee and its macroeconomic subcommittee. The new budget system was documented in a budget manual outlining basic principles and providing detailed instructions for the analysis, preparation, and processing of budget estimates for both spending and control agencies.

III. Work was completed in the period on draft new customs and excise management legislation by the Legal Department in collaboration with the British panel member who had reviewed Fiji customs operations in October 1981 (see EBD/82/103, page 48).

Gabon

In August 1982 the Fund extended the assignment of a French member of the fiscal panel for a second year. The expert directly advises the Minister of Economy and Finance on policy questions in the area of expenditure control. He has been engaged in the design of improvements in the management and accounting for current expenditure for both

supplies and personnel. In addition, he is working with the Director of the Treasury to design a new system for coordination of budgeting and financial management of the local authorities.

The Gambia

An Indian panel member was assigned as Budget Advisor initially for one year from March 1979 to assist the authorities to improve budget formulation procedures, coordinate the budget with the development plan, re-evaluate budget documents, and introduce a simple financial reporting system. His assignment was subsequently extended successively through August 1983.

As discussed in EBD/82/103, page 49, following an in-depth study of prevailing budgetary and accounting practices, a restructured budget document was introduced in the fiscal year 1980/81. The expert also completed a reclassification of the development budget on economic and functional lines; current and development estimates in the new format were presented in the 1981/82 budget. In regard to budget execution, the expert has made several recommendations for improved expenditure control which have been introduced together with improvements in the fiscal reporting system, in revenue forecasting, and in the preparation of cash-flow projections. He has continued to provide advice on the monitoring of the financial performance of parastatal organizations and is following up the work of a previous expert in the accounting field (EBD/80/91, page 54) to ensure that there is no slippage in the timely rendition of government accounts.

More recently the expert has been instrumental in establishing a system of preaudit of expenditure and quarterly allotment of funds to the spending ministries. He has also advised the authorities in monitoring fiscal performance under the stand-by arrangement and on the technical implications of fiscal issues that may arise out of the Senegambia confederation. He has also devoted time to further strengthening and consolidating recent improvements in financial management.

Guinea-Bissau

In response to a request for assistance in the implementation of recommendations made by a FAD staff technical mission in 1980, a Portuguese member of the fiscal panel was assigned to Guinea-Bissau as Tax Advisor for a period of one year from May 1982. The expert has assisted the authorities in efforts to reform the country's income tax legislation so as to integrate similar taxes and to convert the income tax system to use of actual rather than imputed bases. He has also advised on reform of the tax administration and on tax collection enforcement, as well as on the technical aspects of oil taxation.

Haiti

I. In 1979, a FAD staff mission undertook a survey of the tax system and formulated a wide range of recommendations principally covering taxes on income and profits, duties and taxes on imports, and the introduction of a broad sales tax (EBD/81/150, page 64). Significant progress was achieved on import taxation following the consolidation of the many duties and taxes that used to be levied on the same product. Before this consolidation, multiple taxation has unnecessarily increased the administrative burden, proliferated the application of specific rates and eroded potential revenues. The consolidation of import duties and taxes and the improvement of the tariff structure were intended to pave the way for the introduction of a general sales tax.

A mission comprising two FAD staff members and a French member of the fiscal panel in 1982 undertook the necessary work to introduce a general sales tax. The mission calculated the aggregate base of the proposed tax and the revenue effects of alternative rates, and also assisted the committee established in the Ministry of Finance and Economy to draft the provisions incorporating the principal features of the new tax. The tax was enacted on November 3, 1982. The mission also reviewed import valuation procedures.

II. A Canadian member of the fiscal panel was subsequently assigned as Tax Advisor for one year from November 1982. He will advise on the preparatory work and training associated with the new sales tax. He is also expected to monitor the various aspects of the introduction of the new tax, to identify problems that may arise in the early stages of implementation, and to recommend solutions.

III. Technical assistance in government accounting by a French member of the fiscal panel resumed in early October 1982, as a second stage of a broader reform in the Haitian fiscal machinery, including budget and taxation. The expert will help the authorities to implement the measures already taken, propose a new system for investment accounting, and improve the classification of budget revenue and expenditure.

Honduras

I. A Uruguayan member of the fiscal panel spent two months in Honduras between February and April 1982. He examined the structure and administration of the domestic tax system with a view to reversing the persistent decline in revenue, and outlined his conclusions in two reports presented to the authorities. The first dealt with tax delinquency and proposed the consolidation of legal provisions regarding penalties for nonpayment, establishment of a single general tax compliance certificate, authorization for the Tax Service to take direct executory action for collection, organization of a special audit section, and modernization of the Tax Service, emphasizing the need for

greater coordination among the various collection branches. The second report discussed the low yield from the domestic sales tax and proposed the elimination of several exemptions, an increase in the number of services taxed, taxing of exporters at a zero rate (to ensure refunds of domestic tax paid on inputs) and drafting of comprehensive regulations to ensure consistent treatment of taxpayers.

II. In response to a request for technical assistance in the customs field, a British member of the fiscal panel visited Honduras in September 1982. The assignment entailed a review of the draft customs tariff and law to ensure that they would effectively implement proposed reform measures, including conversion of specific duties to ad valorem, consolidation of separate duty charges, the raising of duty rates on selected items, and conversion of the tariff nomenclature.

Ivory Coast

As a complement to a survey of the tax system of the Ivory Coast carried out in April 1981 by a team comprising two FAD staff members, a French panel expert and a staff member from the African Department, the panel member who had participated in the survey was assigned to Abidjan to provide technical assistance in tax administration starting late July 1981. His assignment continued through mid-February 1982; after a hiatus of several months it was resumed in early July and completed by the end of August 1982.

During his mission, the expert concentrated on improving information flow and use within the tax administration, establishing systems for identification of taxpayers for audit, preparing registers of taxpayers for cross-checking purposes, and improving techniques for better use of value-added tax data and better supervision of value-added tax taxpayers. The expert also gave advice with respect to expansion of the scope of the value-added tax and the application of the forfait system to small taxpayers.

Kenya

I. In response to a request from the authorities for technical assistance in appraising the administrative requirements for the sales tax reform recommended by a FAD staff technical assistance mission in 1981, a British panel member visited Nairobi for three weeks in January-February 1982. His report was transmitted in April. He identified a number of procedural problems related to the registration of manufacturers, inspection and audit, and the organization of the Sales Tax Department, and recommended both short- and long-term remedial measures.

II. A U.S. panel expert visited Nairobi in April 1982 to undertake a follow-up mission on the financial reporting system which he had helped to establish during an earlier assignment (mid-July through mid-November 1981). He helped to review the data on government spending and to

develop a mechanism for reporting the foreign aid and expenditure data on a more timely and adequate basis. The expert also gave assistance in further strengthening the expenditure control mechanism by advising on procedures to report outlays of three ministries on a commitment basis. This commitment-based reporting mechanism of expenditure was subsequently extended to other ministries.

Korea

The Fund has in the past provided assistance to the Republic of Korea in connection with the introduction of value-added taxation (VAT). In response to a request for further technical assistance regarding the operation of VAT, a mission comprising a FAD staff member and Irish and British panel members, visited Seoul for some three weeks in May 1982. The mission was asked to comment on a broad range of VAT issues. They included the appropriateness of the current rate, the advisability of replacing the current single rate by a number of rates, the scope of exemptions, the treatment of small taxpayers, and administration problems largely relating to invoicing requirements, the use of computers, and enforcement. The mission left an extensive aide-mémoire in the field, and a detailed report was transmitted in September 1982.

Malaysia

I. A U.S. panel member visited Kuala Lumpur for about ten days in January 1982 to advise on the Inland Revenue Department's plan to improve income tax administration by computerizing some of the tasks now being accomplished manually. The expert discussed his tentative findings with the authorities, including recommendations for rescheduling the implementation plan and changes in procedures and various tax forms.

II. In response to a request from the Malaysian authorities, a technical assistance mission visited Kuala Lumpur in January/February 1982 and a report was sent to the authorities in June. The report presented an in-depth review of the country's tax system and contained recommendations on making it a more effective instrument of growth, export promotion, and redistribution of income and wealth, in the medium to long run. Selected issues relating to direct and indirect tax administration were also reviewed and recommendations made on them.

III. A mission comprising a FAD staff member and a British panel expert also visited Malaysia in May to advise on fiscal reporting and cash management. The mission examined the situation at both the federal and the state levels. It was recommended that the responsibility for all federal payments should as far as possible be undertaken by federal accounting offices rather than by state administrations. By consolidating payments in federal offices which are equipped with modern data-processing equipment it was hoped to produce timely fiscal reports

which would facilitate control and management. In the area of cash management the mission recommended a revised system which should sharply reduce the overall level of cash balances which it had been thought necessary to maintain throughout the Federation. The mission also provided advice on the monitoring of development projects and on the forecasting of development expenditure, especially in the context of cash management. In addition, the mission reviewed certain proposals under consideration for a substantial increase in the computer capacity of the Ministry of Finance.

Maldives

Following a request for technical assistance in the areas of budgeting, accounting, and fiscal reporting, a British member of the fiscal panel was assigned to the Department of Finance as Budget Advisor for an initial period of one year from October 1981. The assignment was to review the process of budget formulation including revenue forecasting and the determination of fiscal policy, and to advise on systems and administrative improvements to obtain more timely, accurate, and comprehensive accounts and other financial information for management.

During the course of his assignment the expert has prepared an analysis of the public debt, assisted local officials in the improved forecasting and monitoring of revenue, and recommended a number of fiscal reforms. He has also assisted in the introduction of improvements in the budget document. In addition, he has examined the role of the state enterprises with a view to establishing objectives and a system for monitoring their financial performance.

The assignment has been extended for a further six months to April 1983 to permit progress to be made on a proposal to establish a centralized accounts and payments unit in the Department of Finance. Assistance with the financial aspects of the forthcoming Development Plan will also be given.

Mali

I. In response to a request from the Ministry of Finance of Mali, the Fund assigned an Indian member of the panel of fiscal experts as Budget Advisor for one year from mid-August 1982. It is intended that he should advise the authorities in the preparation and the execution of the budget, assist in the consolidation of the budgetary operations which are scattered among a number of special accounts and funds, and improve budgetary accounting in the Treasury. He should also assist with the establishment of financial control over the public enterprises and with the monitoring of budget execution by the local authorities.

In the initial months of his assignment the expert has worked closely with the Director of Budget and with the special advisor to the Minister. With their help he has familiarized himself with the procedures used for the budget preparation and advised the authorities on possible improvements. In particular, he helped prepare a comprehensive list of civil servants in the various government departments that is to serve as a first step in the scrutiny of government employment and recruitment procedures. He has also started the reclassification of expenditure data for the 1982 and 1983 budgets into major economic categories.

As part of his work in the consolidation of budgetary operations, he has devoted particular attention to the special accounts and funds. He helped collect, consolidate, and present the data for these funds which was a necessary and valuable input for a Fund stand-by review mission.

II. A FAD staff member visited Mali for about two weeks in July 1982 to collect statistical and other materials for a study of the Malian personal income tax system, with particular emphasis on horizontal equity. A report was transmitted to the authorities in January 1983, incorporating specific proposals for the introduction of a fixed allowances system for a taxpayer's dependents (to replace the system of income splitting), the introduction of unitary income taxation, and certain other changes.

Mauritius

I. An Irish panel member has been assigned to the Ministry of Finance as Budget Advisor since January 1981. He was initially assigned for one year; further assignments were approved first for a second year and thereafter for a six-month period until July 1983. The assignment follows those of a panel member from India assigned in January 1978 and one from New Zealand in September 1979. The expert has been engaged in all aspects of financial administration and budget formulation. He has been instrumental in introducing improved procedures for cash management and for the monitoring of revenue and expenditure, which has proved a crucial element in enabling the Mauritian authorities to meet the credit ceilings in the financial program supported by the Fund. He has also helped the Economic Intelligence Unit to develop its capability for fiscal analysis, while expenditure control has been strengthened by the provision of training courses and by the preparation of a Handbook on Expenditure Control. During the concluding months of his assignment, the expert will be assisting the authorities with the implementation of the financial program discussed with a Fund mission early in 1983 and with the negotiations with the World Bank for a second Structural Adjustment Loan. He will also be assisting in the formulation of the 1983/84 Budget.

II. A British panel member was assigned to Mauritius as Tax Advisor to the Minister of Finance for a period of six months beginning October 1982. He resumed the work associated with the introduction of the Sales Tax Act based on a FAD staff report submitted to the authorities in February 1980.

Morocco

I. At the beginning of 1982, a staff member visited Morocco to assist in implementing the recommendations incorporated in the 1979 report prepared by a FAD staff mission. He advised on taxation of agricultural income under the proposed general income tax and outlined the statistical studies that would shed light on the revenue effects and the distributional changes resulting from the general income tax. In response to a request from the authorities, he analyzed the comparative advantages of different methods of personal exemptions, the taxation of dividends received by resident individual shareholders, and the possible role, if any, of religious taxes (Zakat) within the Moroccan tax system. These issues were dealt with in a report that was transmitted to the authorities in June.

Towards the end of the year, a loi-cadre was enacted. It established the general principles and the framework for adopting a general income tax instead of schedular and progressive income taxes, replacing taxes on production and services by a value-added tax, and introducing a property tax on agricultural land to be charged to the owner. This enactment is expected to facilitate the adoption of the complete tax reform.

II. At the Finance Minister's request, a FAD staff member visited Rabat in July-August 1982 to review budgeting methods and practices. He suggested some improvements concerning the presentation and structure of the annual budget, budgeting methods, and a reorganization of the Budget Department. These reforms are expected to be implemented gradually by 1984.

III. A technical assistance mission, comprising a FAD staff member and a staff member of the African Department, visited Rabat for some two weeks in June 1982 to evaluate the present system of food subsidies and to suggest alternative policies designed to reduce budgetary costs and to improve targeting of program benefits to low income families. A report containing a summary of findings and an evaluation of alternatives was presented to the authorities in August during the Article IV-program review mission.

New Zealand

At the request of the authorities a British panel member visited Wellington for two weeks in March 1982 to advise on aspects of the planned reform of the New Zealand indirect tax system. In cooperation with officials of the Treasury Department and the Task Force on Tax Reform he studied and advised on short- and long-term indirect tax options, including an expansion of the wholesale tax base, a possible tax on selected services, and administrative problems involved in a transition from the wholesale tax to a value-added tax. He also advised on problems of valuation for wholesale tax purposes, antievasion measures, and other administrative issues. An aide-mémoire and a broad outline of a program for introduction of a value-added tax were transmitted to the authorities in May 1982.

Niger

I. In response to a request by the authorities, a mission comprising two FAD staff members, one staff member from the African Department and a French member of the panel of fiscal experts visited Niger for some three weeks in early 1982 to review the tax system. The mission prepared a comprehensive report that was subsequently transmitted to the authorities.

II. In September 1982 the Fund assigned the panel member who had participated in the tax mission to Niamey for an initial period of six months to advise the Director General of Taxation on improvements in tax administration, and in particular to help implement the recommendations of the tax report. The expert has been assisting the authorities in improving the flow of information between the various divisions of the Tax Department, in creating taxpayer registers, in improving tax assessment, and in staff training. He has also given advice on the use of automated data processing in the tax administration.

Panama

Following a request from the authorities, a Chilean member of the fiscal panel visited Panama in March 1982 to analyze the need for technical assistance in the customs area. This was followed in October 1982 by the assignment of the same expert for a period of one year. He is advising the authorities on ways to improve the customs organization, procedures, methods of collecting duties, accounting, statistical reporting and enforcement, and training of the technical and administrative staff. He will also collaborate on the changeover from f.o.b. to c.i.f. as the basis for duties and advice on customs valuation methods. In addition, he will assist in the establishment of a Customs Tariff Policy Committee.

Papua New Guinea

At the request of the authorities, a British panel member visited Port Moresby in March 1982 to review progress made in the Customs and Excise Department following the recommendations of a 1978 Fund report and to discuss the need for further technical assistance. As a result, another British panel member was assigned as Customs Advisor for one year from October 1982. The expert has established the priorities for his forthcoming work program with the general aim of improving the efficiency of the Customs and Excise Department. Improvements have already been introduced in the customs clearance procedures and some work has been done as regards revision of the tariff, review of exemptions, and excise control procedures. New measures have been proposed in other areas covering the organization of the Department, training activities, internal audit, and customs valuation.

Peru

I. In response to a request for short-term technical assistance in administration of value-added taxation, a panel member from Argentina visited Lima for approximately six weeks from late November 1981 to January 1982. The object of the mission was to provide assistance in implementing the extension of the value-added tax to the retail stage.

During his stay, the expert gave advice regarding regulatory provisions, training of tax officials, design of new tax forms, and preparation of a publicity campaign to inform taxpayers of their new obligations. The expert also identified a number of deficiencies in the organization and work procedures of the Tax Department which he communicated to the authorities and to headquarters.

II. The authorities also asked for assistance on a broader range of issues regarding administration of VAT and income taxes. In response, another panel member from Argentina was assigned to Lima for a period of six months from May 1982. His terms of reference were based on the observations made by the expert who had preceded him, and referred mainly to enforcement of value-added taxation with emphasis on collection and delinquency control. During his stay, the expert has assisted in setting up a special unit for controlling filing and payments of VAT by large taxpayers and has helped in the design of new computer-based systems for VAT enforcement. To provide further assistance in tax administration, a FAD staff survey mission visited Lima for a week in July. The mission identified problems in income tax enforcement and collection similar to those found in VAT administration. Following this visit, further assistance is being provided in 1983 in improving collection methods applicable both to VAT and other periodic taxes, and in implementing enforcement measures.

Rwanda

In July 1982, a Belgian member of the fiscal panel completed a two-year assignment as Customs Advisor to the Ministry of Finance. During 1982 he continued assisting the authorities in revising and improving technical training for customs officials, including a revision of the syllabuses for the courses and supervising two training sessions; he prepared an updated import tariff nomenclature, implementation of which started in early 1982; he helped in revising the export tariff; he also worked in improving the accounting and control system applicable to customs collections, including a revision of the instruction manual and training of controllers. The revision suggested by the expert of the control system for temporarily imported vehicles and the regularization of illegal cases resulted in the recovery of a considerable amount of duty. The expert also assisted in working out detailed plans for the reorganization of the Directorate General of Customs and for more efficient managerial systems. In this regard, a valuation section was set up at headquarters.

Senegal

A French member of the fiscal panel was assigned as Budget Advisor to Dakar for some three months ending in January 1982. Subsequently, he prepared a comprehensive report that was transmitted to the authorities. He returned for a short visit in May 1982 to discuss the report with the authorities and to advise on its implementation. As a result of this assignment, an economic and fiscal intelligence unit was established that enabled the authorities to monitor fiscal developments on a monthly basis. In addition, data on budgetary arrears and short-term debts of decentralized agencies were assembled and progress was made with the preparation of a consolidated budget statement. The work of the unit continues in close cooperation with technical assistance from the World Bank and bilateral sources.

Seychelles

An Irish member of the fiscal panel was assigned as Budget Advisor from April to November 1982 to assist in the implementation of the recommendations of the technical assistance report prepared by a FAD staff mission in 1981. During his assignment the expert assisted in the formation and operation of a Budget Committee composed of senior officials and designed to review budgetary developments and to advise on budgetary policy. He aimed to improve coordination between the various departments concerned with budgetary issues, especially in the relationship of the recurrent and development expenditure estimates. He also established a simple fiscal reporting system and provided training in the analysis of the expenditure and revenue estimates.

Sierra Leone

I. Technical assistance in the fiscal area has been provided in Sierra Leone for a number of years. A member of the fiscal panel from India was assigned as Fiscal Advisor in May 1978 and, following a final extension period, concluded his assignment in May 1982. The purpose of the assignment was to assist the authorities in their efforts to improve financial management, particularly in the areas of budget formulation and execution, expenditure control, and financial reporting. During the latter stages the objective was to sustain and reinforce the reforms introduced at the earlier stage.

During the course of the assignment the payments system in respect of recurrent operations was centralized and an expenditure control unit was established in the office of the Accountant General. These initiatives provided useful instruments for better budget management. The process of budget formulation was also improved through the introduction of a systematic procedure for a prebudget survey of resource availability and expenditure requirements, particularly in respect of the recurrent budget. The greater degree of detail and documentation now required to be submitted in support of expenditure requests is shown in the budget documents.

II. Following a FAD tax survey mission in 1980 the authorities requested further technical assistance in connection with the possible introduction of a sales tax. In response to this request a Canadian member of the fiscal panel visited Freetown for two weeks in March 1982. He made a study to determine the feasibility of imposing a sales tax and its likely revenue potential, the possibility of an accompanying rationalization of the system of indirect taxes, and the need for further technical assistance if the authorities decide to proceed with its introduction. He found that a sales tax was administratively feasible but would not generate appreciable revenue in the short run; that coupled with rationalization of other indirect taxes, a sales tax would improve the system of commodity taxation and simplify administration; and that short-term technical assistance might be required in selected areas of sales tax administration.

Somalia

A British member of the fiscal panel was assigned to Somalia as Accounting Advisor in March 1981 for an initial period of six months. During that period he was to review with the authorities the recommendations made by previous advisors and the progress made in their implementation, and to formulate a program to improve control over expenditure and the quality of financial reporting, including the creation of a simple code of financial rules, and an overall review of audit arrangements.

Following a review which indicated satisfactory progress in the accounting field, including the closure of the annual accounts (which were in arrears for several years), the installation of appropriate accounting equipment, and the creation of a Joint Commission with the Central Bank for the reconciliation of cash accounts, the assignment was extended for a further year until September 1982. It was expected that the expert would ensure further improvements in accounting procedures, establish procedures for timely cash reporting, initiate in-service training courses for accounting personnel, and create an internal audit system.

Despite several difficulties a new mechanized system of accounting was introduced and the staff trained in the new processes. The accounts for 1981 were closed and the approval of the National Assembly obtained by August 1982. The expert has also provided assistance in planning the organization of the newly created Research Department in the Treasury and in drafting statistical returns. At the request of the authorities he prepared a memorandum dealing with auditing standards and proposals for action for both an internal audit within the Ministry and an external audit by the Magistrate of Accounts. The importance of reconciling bank balances with monthly accounts has been recognized and circulars were drafted and issued showing what was required for clearer and more prompt statements. By the end of the assignment the task of closing below-the-line accounts (deposits, advances, and imprests) had commenced and was progressing well.

St. Lucia

Following a FAD staff report on central government accounting and related financial management practices, a Ghanaian panel member was assigned as Accounting Advisor for an initial period of one year from August 1980. His assignment was subsequently extended for a further year.

Progress in the first year of the assignment was slower than anticipated due to equipment failures in the machine accounting section, staffing problems, and industrial action by the Civil Service. In the second year of the expert's assignment the position improved considerably. An Accountant-General's Department was established to replace the Accounts Branch of the Ministry of Finance and organized on functional lines. The quality of data processing has improved with the purchase of new accounting machines, and the government accounts, including pensions payments and the payroll, were computerized. As a result, government accounts, which were about four years in arrears at the time the expert began his assignment, have been completed, and payments and receipt vouchers are now being processed on a current basis.

With the extension of his assignment, the scope of the expert's field of work was also broadened by placing greater emphasis on expenditure control as well as timely fiscal reporting. The expert was also to assist the authorities in the formulation of a new format of estimates. Accordingly, with the recent creation of a Budget Division in the Finance Ministry, the expert has been able to introduce new procedures to monitor budget performance in the fiscal year 1981/82 and to prepare guidelines for the formulation of the 1982/83 budget. This involved reclassifying revenue items in a standardized manner, identifying programs and projects in agencies, introducing a standard objectwise classification of expenditure items and introducing a new coding structure which would facilitate computerization of the accounts. Expenditure control measures involved daily monitoring of cash and bank balances, preparation of cash flow budgets to determine monthly cash requirements, regular reporting by ministries, and a monthly review of budget performance. As a part of his training responsibilities, the expert has also prepared a comprehensive manual of accounting procedures.

Sri Lanka

A British panel member was assigned as Budget Advisor for an initial period of six months, commencing February 1981, to secure improvements in the reporting of expenditure plans and commitments and to assist in the development of an expenditure control division in the Treasury. Following a review (EBD/82/103, page 56), the assignment was extended for a further six months and was modified to include improvements in government cash management, review of procedures for claiming aid reimbursement, and improvements to the budget formulation process.

By the time of the panel member's departure in February 1982, the Treasury had reintroduced a system of monthly reporting, by agency, of their budgetary expenditure and commitments, and their relation to planned expenditure by program, project, and source of financing. Some other recommendations are under consideration.

Sudan

After a review by a FAD staff member, an Indian member of the fiscal panel was assigned to Khartoum as a Fiscal Advisor in April 1982 for a period of one year to provide technical assistance in the areas of expenditure control, fiscal reporting, and the management of external assistance, particularly commodity aid. Substantial progress has been made in several areas, including control of cash operations, expenditure sanctioning procedures, preparation and monitoring of a cash budget, and coordination between the expenditure disbursement unit and the accounts unit. The assignment will continue for an additional year primarily to allow for completion of the work on fiscal control and reporting, and for implementation of a control system for commodity aid.

Suriname

A Dutch member of the fiscal panel visited Paramaribo for two and one-half weeks in January-February 1982 to give further advice on implementation of a technical assistance report he prepared in 1981 which reviewed the income tax rate schedules for individuals and corporations, the structure of taxes on domestic consumption, determination of the property tax base, and taxation of bauxite. He also assisted in reviewing the content and design of the training course for tax department personnel.

Swaziland

Swaziland has been receiving FAD technical assistance since October 1977. In January 1982 the third in a series of Budget Advisors completed his assignment, the main thrust of which was to assist in strengthening the ability of the control ministries to formulate, coordinate, and execute the Government's financial and economic policy.

After a brief interval an Australian member of the fiscal panel was assigned in June 1982 for a period of one year. In continuing the general direction of previous technical assistance, the particular emphasis of this assignment has been on the microeconomic aspects of budget formulation for both recurrent and development expenditure. There is a need to improve the quality and timeliness of the accounting records which form the basis of the financial forecasting and monitoring system. The examination of proposals for inclusion in the capital budget, including their recurrent cost implications, is another area receiving attention. The present advisor has assisted the Planning and Budget Committee and its macroeconomic subcommittee in their analytical, forecasting, and coordinating roles and has also improved the external debt records.

Tanzania

A Sri Lankan panel member was assigned to the Treasury as a Tax Administration Advisor in March 1981 for an initial period of six months. His assignment has been extended through March 1983 for a fourth six-month period. Initially the advisor's work focused on improving revenues by strengthening the existing field audit capability along the lines recommended in a FAD staff technical assistance report on tax administration prepared in 1978. Particular emphasis was placed on the training of audit officers, including the preparation of an audit manual and special audit instructions regarding parastatal enterprises. More recently, he has given assistance in establishing a new appellate system and in devising methods to eliminate assessment backlogs. He has also designed a system for coding taxpayer's files

according to economic activity and advised on establishing an Information and Economic Intelligence Branch for income tax enforcement purposes. He prepared the administrative framework for the new directorates in the proposed reorganization of the direct tax administration, and also provided assistance with the consolidation and revision of the Income Tax Act.

Thailand

I. Through a series of one-year assignments of panel members, technical assistance in income and business tax administration was provided almost continuously during the period from mid-1977 through mid-1981. A U.S. panel member who had previously been assigned in Bangkok returned for a four-week period during January-February 1982 and then for four months beginning in May. He advised on implementation of a decree reorganizing the Revenue Department along functional lines and establishing eight decentralized tax audit offices in Greater Bangkok.

II. Another U.S. panel member, who had visited Thailand on a four-month mission in 1981, returned to Bangkok for two more missions in 1982, the first covering the period February-May and the second starting in September and running through January 1983. All the missions were part of a phased program to improve the newly established Processing Center, implement a computerized taxpayer master file system, and integrate use of computer processing with the collection and audit functions. Training of staff, organization of processing techniques, and expansion of computer facilities were also part of the program.

III. A Canadian panel member visited Thailand in October-December 1982 to review administration, organization and procedures in the Excise Department, and to examine on-site controls at manufacturing premises where excisable goods are produced. A report was subsequently prepared which contained recommendations for reorganization of the Excise Department, changes in administrative procedures and technical improvements in the way excises are paid when commodities are removed from bond at warehouses or delivered to customers directly from production lines. The report also contained suggestions about the simplification of reporting systems, changes in the structure of District, Provincial, and Regional offices, and plans for moving to financial controls where ad valorem taxes are computed on actual or established selling prices.

IV. In November-December 1982 two FAD staff members visited Bangkok to evaluate the overall status of the technical assistance program to date and to give specific recommendations with respect to administration of the Revenue Department, the Excise Department, and the Customs Department, as well as the Finance Ministry itself. An extended aide-mémoire was prepared and discussed with the authorities before the mission's

departure. The need to strengthen administration of the Revenue Department outside Bangkok was stressed, as was the need for improved audit activity and consolidation of advances already achieved in functional reorganization and in application of computer technology. An advance summary of the recommendations regarding reorganization of the Excise Department was included, as was a status report on customs administration, suggesting priorities in implementing recommendations made by the FAD mission which visited Thailand in 1981. Comments were made regarding fiscal and management statistics at the Finance Ministry level, as well as in the individual departments.

Tunisia

A mission comprising two FAD staff members and a member of the African Department visited Tunisia for three weeks in April-May 1982 to provide technical assistance on taxation matters. The mission identified potential areas for improvement in the existing tax system, especially its administration, and assessed in this light the authorities' planned comprehensive tax reform. In an aide-mémoire left with the authorities, the mission indicated its agreement with the general direction of the reform proposals, which aimed to simplify the tax system, to restructure direct taxation by implementation of a global income tax, and to reform indirect taxation through eventual introduction of a value-added tax.

Uganda

I. In response to a request for assistance in improving the financial management system and expenditure control, a panel member from the United Kingdom was appointed as Budget Advisor in January 1982 for a period of three months. The advisor identified a number of areas which were in need of improvement and recommended changes encompassing the control of advances and cash issues, the preparation of a foreign exchange budget, the strengthening of accounting capability, and procedures for budget formulation and performance monitoring.

II. A second Budget Advisor was assigned in September 1982, also for a period of three months. This advisor, also a British member of the fiscal panel, assisted in restoring some management procedures which had lapsed during the disturbed conditions of the previous ten years and in implementing a number of the changes identified as useful by the previous advisor. A payments control committee has been established in the Treasury to monitor all requests for payments from government accounts against the daily cash-flow position, with particular reference to the observance of the program ceiling on government borrowing from the banking system. A revision of the 1982/83 budget has been commenced taking into account actual performance in the first half of the year and

resources available for the remainder, with special regard to use of foreign exchange. Assistance was also given with the commencement of the 1983/84 budget preparation cycle, including improvements in the format of the Development Estimates and in the supporting information to be called for from ministries, particularly in respect of foreign-aided projects.

Upper Volta

In June 1982 the Fund assigned a Cambodian member of the fiscal panel as Budget Advisor to Upper Volta for an initial period of one year. The assignment is to focus on the improvement of budgetary structures and procedures. In particular, the authorities had requested assistance on the improvement of the budget nomenclature. In addition, the expert is providing advice on the better coordination between investment expenditure and the ordinary budget with regard to both planning and accounting. He is also helping to improve techniques of budget preparation and execution and is advising the Minister of Finance on policy questions related to a broad range of financial and budgetary matters.

Uruguay

In response to a request for advice in the areas of budget, accounting, and financial reporting, a FAD staff member undertook an identification mission in November 1980. A Chilean panel member was assigned as Advisor to the Accountant General in June 1981. His initial appointment was for one year, but the assignment has subsequently been extended until July 1983. The expert made an important contribution to the introduction of a new accounting system for government financial operations, and he has also assisted the authorities in a number of related issues. Immediately after his arrival in Montevideo, he conducted an in-depth study of the current accounting system for government operations, and later became fully engaged in the work and coordination of some 11 committees assigned to develop a new integrated accounting system. The expert has also assisted with urgent improvements in the design and implementation of a system to record expenditure commitments, and helped improve the recording of public sector debt. The expert has also advised the Accountant General on revision of the revenue and expenditure classifications, general accounting procedures, and other topics.

Venezuela

During a four-week period in March 1982, a mission comprising one FAD staff member and two panel experts visited Caracas to survey tax and customs administration in Venezuela. The object was to assist in the review of the revenue system being carried out by the Committee

for Fiscal Study and Reforms and to supplement the study of substantive tax issues completed by an earlier FAD mission that surveyed Venezuela's nonpetroleum tax system. An extensive report was prepared and at year-end was in its final review stage prior to transmission to the authorities. Subjects treated include structure and organization of the Tax Service and the Customs Service, personnel administration, collection techniques, planning and management, and procedures related to all facets of tax and customs administration.

Yemen Arab Republic

I. Technical assistance to the Yemen Arab Republic in the customs field began in August 1975 and has continued without interruption. After the one-year assignment to the Yemen Arab Republic of a Sudanese panel member was twice extended for additional one-year periods, two other Sudanese experts were assigned successively in October 1978 and in November 1981. The one-year assignment of the former was extended twice and closed in October 1981. The one-year assignment of the latter, which closed in November 1982, has been extended for an additional two-month period.

During 1982, the current customs expert concentrated on developing an appropriate system of foreign trade statistics, strengthening the valuation and tariff audit section, training, and organizational matters.

II. Technical assistance in the field of internal tax administration has been provided to the Yemen Arab Republic since 1976. The fiscal expert currently assigned, a Sudanese member of the panel, succeeded an Egyptian expert in 1979, and has been advising the Tax Department on several matters, including simplification of profit tax assessment procedures, reorganization of the department's headquarters and regional offices, and rationalization of the existing tax laws. During 1982, in addition to advising on the improvement of tax administration in general, the expert assisted the authorities mainly in efforts to clear the backlog of profit tax assessments, in improving recordkeeping and reporting systems in the regional offices and in organizing the training program of the Tax Department.

At the 1982 Annual Meeting the Minister of Finance of the Yemen Arab Republic requested new technical assistance in the budget field, in addition to the continuation of existing technical assistance in the areas of internal taxation and customs administration. In response, a technical assistance survey mission visited Sana'a for a period of three weeks in late 1982 and reviewed in depth the progress resulting from the extensive Fund technical assistance provided to the Yemen Arab Republic over the last decade on virtually all aspects of public finance. The mission concluded that while substantial progress has been attained in

establishing a modern financial administration, technical assistance will continue to be needed by the Yemen Arab Republic, although with some consolidation and shift in emphasis.

Extract from EBD/79/86 Pages 13-17

1. Basic features of the Fund's technical assistance program in the fiscal field

The Fund technical assistance program is not intended to compete with other programs of technical assistance in the fiscal field but to complement them. ^{1/} Therefore, a preliminary requirement before Fund assistance can be extended is to ascertain whether others are already assisting the country.

Most short-term assignments are undertaken by staff members of the Fiscal Affairs Department, while long-term assignments of six months or more are usually carried out by members of the Fund's panel of fiscal experts. This international panel is composed of government officials, both those in service and retired, who have had long and varied experience, and of professional economists specializing in public finance. Several governments have made officials available for technical assistance assignments under the Fund's auspices, often through the help of the Executive Directors. In addition to checking on references, the Fiscal Affairs Department interviews candidates for the panel, making them aware of what is involved in such service for the Fund, and judging their expertise and suitability. The inclusion of an expert in the panel does not commit his government to release him nor commit the individual to accept a particular assignment; the panel constitutes, rather, a reservoir of specialized talent on which the Fund can draw to meet requests as quickly as possible. However, it frequently takes considerable time for a well qualified person to be released from his duties in order to take up a post as a fiscal expert in a member country.

All Fund fiscal experts serve in an advisory, rather than an executive, capacity. This policy was established by management in a memorandum dated July 29, 1963, delineating the functions of the new department, the Acting Managing Director stated that "staff members [providing technical assistance] shall serve in advisory capacities rather than in executive positions." By analogy, this has been extended to the fiscal panel, who are Fund employees and are regarded as Fund staff members once they have been recruited and assigned to member countries. The rationale behind this policy is that it would not be desirable nor feasible for Fund employees to assume operational responsibilities in public finance matters that are closely linked with the political objectives and processes of the government.

^{1/} EBAP/63/82, dated July 16, 1963. It may be noted that the size of the technical assistance program in the fiscal field of the United Nations and the Organization of American States is now smaller than when the Fiscal Affairs Department was established. It is difficult to generalize about bilateral technical assistance programs in the fiscal field, but there are indications that overall they too may be smaller than they were in 1963.

2. Requests for technical assistance and the review process

Technical assistance is extended only when a specific request is received from an appropriate authority. Most requests originate either in the course of a Fund mission, when a public finance need is disclosed, or in informal discussions at the Annual Meetings. Often, requesting authorities make preliminary inquiries before making a formal request.

All requests are discussed fully with the area departments concerned, and where appropriate with other Fund departments, the World Bank, and other agencies, such as the United Nations and the Organization of American States. These discussions help to reveal the problems confronting the country and to determine whether other sources are already assisting the country.

If there is need for further identification of the specific problems and the type of expertise required, a FAD staff member visits the requesting country to review the requirements and to agree on a work program. This program helps to establish realistic objectives and assists the Department in monitoring progress. The preliminary review also identifies the recipient country's commitment to undertake changes or adopt measures in order to achieve the objectives of the assignment. The resources to be supplied by the recipient country for the support of the technical assistance project are also assured. For example, it is generally required that counterpart staff be assigned as a means of providing practical training for national officials who will carry on when the advisor leaves. The review also indicates whether technical assistance can be better provided by Fund staff or by a member of the panel.

It is important that the program remain small, both to maintain its high quality and to permit proper monitoring by the Department. In the majority of cases, therefore, a single expert is assigned to a country although more than one expert may be assigned if necessary. The assignment of a team of experts working under a leader has occasionally been found to be effective.

The review process is designed to make it probable that a vague or unrealistic request can be made specific enough to be useful to the member and to be capable of being handled by a Fund expert. Refusal of an unsatisfactory request rarely happens because if the review shows that the request is premature the country is encouraged not to proceed with it.

Special attention is given to requests from newly independent countries, which often have serious fiscal problems and a grave shortage of experienced staff. Other considerations would be whether a request is for help in implementing Fund staff advice, whether the country has demonstrated earlier its ability to absorb Fund technical assistance, and whether the aim is structural reform in the public finance area in implementation of an extended Fund facility program.

Agreement on a work program and related matters with a member does not always ensure that adequate progress can be made within a reasonable time. The success of the assignment may be influenced by changes in government, new priorities, speed of implementation, and other factors. In such cases, the work program and other conditions may have to be revised. As a measure of last resort, if progress continues to be poor, consideration may be given to withdrawal of an expert.

3. Recruitment and briefing of panel experts

Once the review is complete, recommendations are made to Fund management. If it is agreed to provide assistance through the use of a panel member, a suitable expert is identified and his candidature proposed to the government, together with a summary of his qualifications and experience and an outline of the proposed administrative terms and conditions. Frequently, a letter is also sent to the appropriate authority stating the agreed objectives of the assignment.

Once he has been accepted, the expert is brought to Washington for a thorough briefing before he takes up his assignment in the field. The purpose of the briefing is to acquaint the expert with the Fund's framework and methods of operation and to set forth the terms of reference for the assignment and the relationship of the expert with the Department. The expert is briefed on the substantive issues by the staff of the Fiscal Affairs Department, of the concerned area department and, if needed, of other Fund departments and the World Bank. He is also introduced to the Executive Director of the country receiving technical assistance.

4. Short-term assignments

Staff members of the Fiscal Affairs Department (sometimes in collaboration with members of the fiscal panel or with staff members from other departments) carry out short-term technical assistance assignments, 1/ such as surveys of the tax system and the potential revenue to be expected from reform, review of financial management practices, and the development of financial reporting systems. Detailed reports on problems, options available, manner and phasing of implementation, cost and manpower implications, and range of benefits or improvements that can be expected are submitted to the authorities as a framework for decision making.

In preparing these reports, account is taken of the Fund's views on policy questions, with full consultation with the other departments concerned. The distribution of the reports within the Fund staff is severely restricted. Normally, two copies are made available to World

1/ Staff technical assistance missions are subject to Executive Board approval under Rule N-15 (d).

Bank staff of the relevant regional office for official use in work with the member country. The memorandum transmitting copies to the World Bank draws attention to the confidential nature of the report and requires that it should not be quoted or cited in Bank documents. A copy of each report is also sent to the Executive Director for the member country receiving the assistance. The Fund gives no outside publicity of any kind to technical assistance advice that is offered.

If, after studying a technical assistance report, the authorities of the member country decide to adopt some or all of its recommendations, they may request assistance in implementation. When the Fund agrees to give such assistance, it may provide for short visits by staff members or occasionally by panel members or for a long-term assignment of a panel member. These field activities may be supplemented at Fund headquarters by the preparation of draft legislation or regulations in collaboration with the Fund's Legal Department.

5. Operational control and assessment of results

The operational control of the FAD technical assistance activities is a continuous process. Fund advisors assigned to member countries are required to submit progress reports at intervals of not more than one month. These reports are copied routinely and sent to the area department concerned for information and comment. Although Fund fiscal advisors are expected to use their own judgment in offering advice on day-to-day problems, on major substantive issues they are required to report to the headquarters alternatives that appear feasible, as well as the basis for their recommendations, so that comments can be made, questions can be raised, and the experience of countries with similar problems can be examined.

Backstopping and operational controls are also supplemented by periodic inspection visits planned to take place at a critical period in the technical assistance assignment or at a time when an extension is being considered. During these visits, the staff assesses with the authorities the progress of the work program, calls attention to factors likely to affect the results of the assignment, and offers proposals on action that might be taken. Attempts are made to analyze the main *successes and failures and to pinpoint responsibilities for them, including the government's success or failure in meeting its counterpart obligations.* Frequently, the authorities are given the findings of an inspection visit, with the Fund staff's comments.

6. Debriefing and follow-up action

Responsibility for a technical assistance assignment in the fiscal field does not end with its formal closure in the field but continues for an appropriate period. After an assignment is completed, a panel expert

returns to Washington for a debriefing, in the course of which full discussion of the results achieved and the problems still to be tackled provides an opportunity to assess the need for and timing of any follow-up action by Fund staff. While member countries are expected to be the prime movers in follow-up action, the Fiscal Affairs Department acts as a catalyst, where appropriate, by expressing readiness to render further technical assistance if desired. A letter may be sent to the authorities at the conclusion of an assignment pointing out necessary follow-up action, or information on subsequent developments may be obtained so that the need for further assistance may be determined in connection with a Fund mission. This latter method, together with informal contacts at the time of the Annual Meetings, has been useful in following up on FAD technical assistance activities.

Summary of Technical Assistance Provided in the Field by FAD
from its Formation in 1964 until December 31, 1982

Country	Total Man-Months	Country	Total Man-Months
Algeria	3	Madagascar	7
Antigua	5	Malawi	30
Bahamas	85	Malaysia	77
Bahrain	7	Maldives	14
Bangladesh	10	Mali	15
Barbados	50	Mano River Union	1
Belize	1	Mauritania	37
Benin	16	Mauritius	75
Bhutan	3	Mexico	1
Bolivia	50	Morocco	58
Botswana	57	Nepal	63
Brazil	2	Netherlands Antilles	18
Burma	1	New Zealand	2
Burundi	105	Nicaragua	8
Cameroon	2	Niger	7
Cape Verde	9	Oman	22
Central African Customs and Economic Union (UDEAC)	1	Pakistan	44
Central African Republic	12	Panama	11
Chad	9	Papua New Guinea	32
China, Republic of	42	Paraguay	44
Colombia	4	Peru	76
Comoros	49	Philippines	16
Congo, People's Republic of	12	Portugal	7
Costa Rica	81	Rwanda	94
Council of Arab Economic Unity	2	Saudi Arabia	2
Cyprus	2	Senegal	7
Dominica	52	Seychelles	11
Dominican Republic	4	Sierra Leone	204
East African Community	8	Singapore	8
Economic Community of West African States	2	Solomon Islands	4
Ecuador	115	Somalia	77
Egypt	26	Sri Lanka	55
Equatorial Guinea	16	St. Kitts-Nevis	1
Ethiopia	109	St. Lucia	26
Fiji	35	Sudan	121
Gabon	33	Suriname	11
Gambia	81	Swaziland	69
Ghana	18	Syrian Arab Republic	2
Grenada	33	Tanzania	116
Guatemala	3	Thailand	101
Guinea-Bissau	28	Togo	17
Haiti	129	Trinidad and Tobago	15
Honduras	4	Tunisia	27
Iceland	1	Turkey	25
Indonesia	421	Uganda	32
Iran	10	United Arab Emirates	1
Ivory Coast	15	Upper Volta	27
Jamaica	11	Uruguay	18
Jordan	15	Vanuatu	2
Kenya	56	Venezuela	7
Khmer Republic	1	Viet-Nam	7
Korea	26	West African Economic Community	3
Lao Peoples Dem. Rep.	3	Western Samoa	3
Lebanon	17	Yemen Arab Republic	403
Lesotho	33	Zaire	4
Liberia	188	Zambia	5

Total: 112
Total man-months: 4,283

Analysis by years:	1964	5	1971	191	1978	331
	1965	43	1972	253	1979	307
	1966	95	1973	295	1980	295
	1967	167	1974	291	1981	334
	1968	189	1975	216	1982	347
	1969	175	1976	222		4,283
	1970	195	1977	331		

FAD Technical Assistance Field Assignments
from January 1 through December 31, 1982

Country	Number of Assignments	Area of Assignment	Man-Months	
			FAD Staff	Panel
Antigua	1	Financial management		5
Bahrain	1	Financial management study <u>1</u> /(MED)	1	1
	1	Accounting, auditing and financial reporting		3
Belize	1	Budget		1
Bhutan	1	Tax study	1	1
	1	Taxation		1
Bolivia	1	Taxation		2
Botswana	1	Taxation		12
Central African Republic	1	Taxation		7
Comoros	1	Taxation		12
Costa Rica	2	Budget	1	12
Dominica	1	Accounting, auditing, and financial reporting		12
	1	Taxation		1
	1	Tax study	2	
Ecuador	1	Accounting, auditing, and financial reporting		12
Fiji	1	Budget		4
	1	Stores Accounting		3
Gabon	1	Budget		12
Gambia	1	Budget		12
Guinea-Bissau	1	Taxation		8
Haiti	1	Accounting, auditing, and financial reporting		3
	1	Tax study	2	1
	1	Taxation		2

FAD Technical Assistance Field Assignments from January 1
through December 31, 1982 (continued)

Country	Number of Assignments	Area of Assignment	Man-Months	
			FAD Staff	Panel
Honduras	2	Taxation		3
Ivory Coast	1	Taxation		4
Kenya	1	Taxation		1
	1	Accounting, auditing, and financial reporting		1
Korea	1	Tax study	1	2
Malaysia	1	ADP taxation		1
	1	Tax study <u>2/</u> (ASD)	2	1
	1	Budget study	1	1
Maldives	1	Budget		12
Mali	1	Budget		5
	1	Tax study	1	
Mauritius	1	General financial management		12
	1	Taxation		3
Morocco	1	Taxation	1	
	2	Budget study <u>3/</u> (AFR)	2	
New Zealand	1	Taxation		1
Niger	1	Tax study <u>3/</u> (AFR)	2	1
	1	Taxation		4
Panama	1	Customs		3
Papua New Guinea	1	Customs		3
Peru	2	Taxation		7
Rwanda	1	Customs		7
Senegal	1	General financial management		2
Seychelles	1	Budget		7
Sierra Leone	1	General financial management		4
	1	Taxation		1

FAD Technical Assistance Field Assignments from January 1
through December 31, 1982 (concluded)

Country	Number of Assignments	Area of Assignment	Man-Months	
			FAD Staff	Panel
Somalia	1	Accounting, auditing, and financial reporting		9
Sri Lanka	1	Budget		2
St. Lucia	1	Accounting, auditing, and financial reporting		9
Sudan	1	Budget		9
Suriname	1	Taxation		1
Swaziland	1	Budget		6
Tanzania	1	Taxation		12
Thailand	2	ADP tax		8
	2	Taxation		5
	1	Excise study		1
	1	Revenue departments study	1	1
Tunisia	1	Tax study <u>3/</u> (AFR)	2	
Uganda	2	Budget		6
Upper Volta	1	Budget		6
Uruguay	1	Accounting, auditing, and financial reporting		12
Venezuela	1	Tax study	1	2
Yemen Arab Republic	1	Customs		12
	1	Taxation		12
48	74		21	326

1/ A staff member from MED participated in this assignment.

2/ A staff member from ASD participated in this assignment.

3/ A staff member from AFR participated in this assignment.

NOTE ALSO: A LEG staff member made 2 visits to Fiji this year in connection with fiscal legislation.

FAD Technical Assistance Field Assignments from January 1
through December 31, 1982 (concluded)

Country	Number of Assignments	Area of Assignment	Man-Months	
			FAD Staff	Panel
Somalia	1	Accounting, auditing, and financial reporting		9
Sri Lanka	1	Budget		2
St. Lucia	1	Accounting, auditing, and financial reporting		9
Sudan	1	Budget		9
Suriname	1	Taxation		1
Swaziland	1	Budget		6
Tanzania	1	Taxation		12
Thailand	2	ADP tax		8
	2	Taxation		5
	1	Excise study		1
	1	Revenue departments study	1	1
Tunisia	1	Tax study <u>3/</u> (AFR)	2	
Uganda	2	Budget		6
Upper Volta	1	Budget		6
Uruguay	1	Accounting, auditing, and financial reporting		12
Venezuela	1	Tax study	1	2
Yemen Arab Republic	1	Customs		12
	1	Taxation		12
48	74		21	326

1/ A staff member from MED participated in this assignment.

2/ A staff member from ASD participated in this assignment.

3/ A staff member from AFR participated in this assignment.

NOTE ALSO: A LEG staff member made 2 visits to Fiji this year in connection with fiscal legislation.

Technical Assistance in Statistics

Prepared by the Bureau of Statistics

Approved by Werner Dannemann

May 16, 1983

This report reviews the program of technical assistance in statistics in 1982. A summary of the technical assistance provided during the year by staff of the Bureau of Statistics to member countries as well as to certain regional organizations is given in Section I. Section II presents a country-by-country survey of the technical assistance program in 1982. An historical overview of the Fund's program of technical assistance in statistics, which was presented in EBD/82/103 (April 29, 1982), is reproduced in Appendix 1.

I. Summary of Technical Assistance in 1982

During 1982, staff of the Bureau of Statistics visited 63 countries and two regional organizations under the program to provide assistance to members in developing and improving their economic statistics. As in previous years, staff missions were concentrated in four main areas of statistics--money and banking, government finance, balance of payments, and general economic data. In addition, there were a number of visits to member countries in connection with the project on international banking statistics, while there was an increase in the number of visits in connection with the establishment of computerized data bases. In general, the staff visits focussed on the development of statistical capabilities in member countries, including in some newer members the establishment of central bank statistical bulletins, and the resolution of outstanding methodological and classification issues. Within this general framework, particular attention was given to increasing the currentness of statistics.

Of the total of 74 missions undertaken by the Bureau's staff in 1982, 71 were organized directly by the Bureau; one (to Saudi Arabia) was conducted in conjunction with other Fund departments; through the provision of staff members as lecturers, the Bureau provided assistance to two regional organizations in 1982 in the conduct of seminars on statistical problems. The first of these seminars was organized by the Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO) in Dakar, Senegal, in February 1982, in the area of government finance statistics, in which two staff members assisted; the second was organized by the South Pacific Commission in Fiji in March 1982, in balance of payments statistics, again with the assistance of two staff members of the Bureau of Statistics.

The growing importance of data on international banking and external debt was reflected in the number of missions by Bureau staff to offshore banking centers and other countries included in the Fund's project on international banking statistics. In all, 13 of these countries were visited in 1982 in order to describe the Fund's project on international banking statistics and to assess the prospects for these countries' participation in the project, as well as to identify and if possible resolve problems in the collection or reporting of these data in the countries concerned. The project was also discussed in other countries being visited by Bureau staff on technical assistance missions in other areas of statistics.

There was a further increase in members' requests for technical assistance in the establishment and/or development of computerized data bases. In collaboration with the Bureau of Computing Services, these requests were generally staffed by computer experts from the Bureau of Computing Services.

In addition to its mission activities, the Bureau of Statistics provides training in statistics to officials from member countries and regional organizations at Fund Headquarters. In 1982, ten officials visited the Bureau of Statistics for such training for periods varying from one to four weeks. In most cases, the visits were arranged for participants in IMF Institute courses, as a means of gaining further knowledge and expertise in statistics following the completion of their courses. The officials who visited the Bureau in 1982 were from the following countries and regional organizations:

China, Ethiopia, Ghana, Hungary, Nicaragua, Panama, United Arab Emirates, and Banque des Etats de l'Afrique Centrale.

In 1981, the staff of the Bureau of Statistics participated in 81 missions to 58 countries under the program of technical assistance in statistics, and in that year there were four missions involving assistance to regional organizations, including three regional seminars at which staff of the Bureau gave several lectures.

II. Technical Assistance to Individual Countries in 1982

A description of each technical assistance mission by staff of the Bureau of Statistics in 1982 is given below. In almost all cases, these missions were undertaken by one Bureau staff member. For missions under the Fund's project on international banking statistics, there is shown a summary of the results of visits to countries invited to join the project in reporting data on banks' external positions according to a geographic, bank/nonbank breakdown. A tabular presentation of the program of technical assistance in statistics for the period 1969-82 is given in Appendix II.

Argentina (April 1982 - Money and Banking)

The objective of the mission was to review the system and procedures for reporting monetary data to the Bureau of Statistics as a result of the introduction by the authorities of a new plan of accounts in January 1981. With the assistance of the authorities, IFS report forms for the commercial banks and other financial institutions were redesigned using information prepared by the Monetary Statistics Division of the Central Bank and from the Central Bank Statistical Bulletin. Additionally, a reporting system for the bank/nonbank split of the foreign accounts of commercial banks and of other financial institutions was established.

Argentina (November 1982 - Government Finance)

The primary objective was to train officials in the GFS data collection procedures. A lecture followed by the presentation of the case study on compilation and analysis was given to officials from the Central Bank, Ministry of Economy, and Ministry of Social Welfare. In addition, the GFS institutional and derivation tables were revised. The methodology for preparing each of the statistical tables for the consolidated central government was reviewed and new classification keys were prepared. Statistical tables were updated through 1981 for the consolidated central government. Financing data for the central government and revenue and expenditure data for provincial governments for the years 1972 through 1981 were to be prepared and transmitted to the Fund.

Bahrain (January 1982 - Balance of Payments)

The purpose of the visit was to review the balance of payments statistics with a view to making recommendations concerning the methods of compilation. As a result of the visit, balance of payments statements were introduced in IFS and BOPS, and a report form was designed for further reporting by the Bahrain Monetary Agency to the Fund. In addition, recommendations were made for improving the reporting of transactions in foreign exchange by the banks and the reporting by major enterprises in areas where the reporting by banks is inadequate. Recommendations were also made concerning the reporting of balance of payments transactions by offshore banking units.

Belize (July 1982 - Money and Banking and Government Finance)

The purpose of this visit was to review the compilation procedures for both money and banking data and for government finance statistics. Arising from the discussions held with the staff of the Central Bank, the report form for collecting data for the commercial banks was revised to improve the classification of deposits and of loans and advances. Monthly data for the monetary and financial institutions were obtained for the period December 1977 onwards for inclusion in the Data Fund. Subsequently, with the appointment of an IFS correspondent, a regular system for reporting financial data to the Bureau has been established,

and preparations are in hand for the publication of a country page in IFS. In the area of government finance statistics, it was possible, through working with the GFS correspondent, to obtain a comprehensive reply to the GFS questionnaire. Data for the years 1977 through 1980 were compiled for most of the tables, and a set of classification keys for deriving the data for future years was compiled during the visit. As a result, a country page for Belize will be published in the 1983 issue of the GFS Yearbook.

Benin (December 1982 - Government Finance)

An introductory seminar, involving participants from the various branches of the government was designed to enable the authorities in Benin to compile government finance statistics for use in formulating economic policy as well as for publication by the Fund. As a result of the mission, a complete set of tables for years 1975 through 1979 was prepared based on the Treasury Accounts.

Bolivia (November 1982 - Government Finance)

The main objectives of this visit were to improve the quality of government finance statistics compiled for use by the Bolivian authorities and the Fund, to give training to producers, compilers, and users of such data, and to examine the availability of external debt data.

During the visit, the budgetary central government data for 1972-1979 were reviewed in accordance with proposed changes in the derivation table and changes in the classification keys. Foreign debt data were prepared for 1978-1981. Also during the mission a three-day seminar was conducted for presentation of the Fund's unified case study on compilation and analysis. Twenty-five participants from the Central Bank and various government units attended the seminar.

Brazil (December 1982 - Money and Banking)

The objective of this mission was to reach agreement with the authorities on the new basis of compiling money and banking statistics for IFS, necessitated by the adoption of a new plan of accounts. In addition to meeting this objective, data on the bank/nonbank split of foreign assets and liabilities of the commercial banks were obtained for the period beginning December 1980, and a regular reporting system was established. The mission also discussed with the authorities the possibility of providing money and banking data to the Bureau and the Western Hemisphere Department on magnetic tape.

Burundi (December 1982 - Government Finance)

The objectives of the mission were to review the methodology used in compiling government finance statistics, to update such statistics and establish procedures for their future collection, and to conduct a short training seminar on the GFS system.

During the mission, a detailed compilation procedure was established, the data were updated for the period 1978-1980, and their coverage expanded. Information on investment projects financed by foreign aid and accounted for outside the Budget by various ministries was also collected and discussed at the Ministry of Planning.

The seminar was attended by compilers as well as suppliers and users of data. The participants concluded that the compilation of consolidated GFS statistics, useful for policy purposes, should be a joint effort involving various departments and agencies, and that it was important that suppliers, compilers, and users refer to the same system and become aware of each other's needs.

Central African Republic (August 1982 - Government Finance)

The primary purpose of this mission was to enable the authorities to improve the quality of government finance statistics for use in formulating economic policy as well as for publication by the Fund.

During the mission, C.A.R. officials were trained in the practical aspects of analyzing income and expenditure statements and balance sheets. Discussions were held with officials of several Treasury directorates and a number of autonomous government units outside the Treasury to collect data and discuss classification problems. As a result, central government data for 1981 were prepared covering Treasury Accounts and extrabudgetary units for which data are available.

Cyprus (October 1982 - General Statistics)

The mission reviewed the compilation of trade indexes, retail price index, wholesale price index, and employment data. In each of these areas, the mission made specific recommendations to improve the methodology of data compilation. Furthermore, the mission reviewed the compilation of industrial and agricultural production statistics and suggested that the compilation of a quarterly index of manufacturing production would be a useful supplement to the annual data.

Ecuador (December 1982 - Government Finance)

The main objective of this mission was to train national officials in the Fund's GFS methodology and to examine its application to Ecuadoran data. A three-day seminar was given to officials from the Ministry of Finance and the Central Bank. The institutional tables were revised and updated. Arrangements were made for the derivation table to be thoroughly revised using new data sources.

Since the derivation and statistical tables in the 1982 GFS Yearbook cover only the budgetary central government, another objective of the mission was to explore the availability of data covering the operations of extrabudgetary units and social security funds. Though these data are prepared by the Central Bank, they were not available for publication at the time of the mission.

For provincial and local governments, detailed data on revenue and expenditure by function and by economic type for two years were compiled; information for previous years would be reported in the near future.

Finland (August 1982 - Government Finance)

Discussions with the GFS correspondent at the Ministry of Finance led to revision of the derivation table and of the statistical tables for central government operations. Also, compilation of monthly data in accordance with derivation of annual data was proposed. This methodology was also considered for the reporting of revised monthly data for IFS. During the mission the possibility of extending the scope of local government data was discussed, and some changes were recommended in the presentation of these data. Revisions of data for the previous ten years are being made for inclusion in the 1983 GFS Yearbook.

France (October 1982 - Government Finance)

The mission had two objectives: first, to discuss outstanding problems with data for France and, particularly, to explore the possibility of obtaining information on debt; second, to study whether monthly or quarterly data could be compiled on a basis comparable to the annual data published in the GFS Yearbook and in a form more detailed than IFS. Discussions were held at the Institut National de la Statistique et des Etudes Economiques (INSEE), with the staff of the GFS correspondent, and at the Banque de France with the IFS correspondent.

Revisions to the GFS data and information on debt will be completed and sent to the Bureau with the reply to the annual GFS questionnaire. Compilation of monthly or quarterly statistics comparable to the annual data published in the GFS Yearbook is not possible at present. The annual GFS data are derived from the national accounts which are prepared annually. It would be possible to obtain government finance statistics on a monthly or quarterly basis, the coverage of which, however, would be narrower than the coverage of the annual data. Such data could be compiled mainly from the Treasury Monthly Balances by means of a new methodology, necessitating an in-depth study of the Treasury Accounts. This project will be undertaken by INSEE.

Greece (January 1982 - Government Finance)

The main objectives of the mission were to review procedures for assembling GFS data, to prepare a derivation table from sources of data, and to improve data on financing and debt. These goals were achieved during the mission. The new derivation table was published in the 1982 GFS Yearbook, and the classification keys for financing and debt were reviewed and transmitted to national officials for their use in the preparation of the data.

In addition, methodology for monthly data preparation was reviewed, and budgetary central government data will continue to be reported for IFS with minor adjustment for the complementary period.

Greece (November 1982 - Money and Banking)

During the mission, differences between the money and banking data presented in IFS and those in the Monthly Statistical Bulletin (MSB) were reconciled. Recommendations for revision of MSB statistics were also discussed. In addition, the possibilities for obtaining a bank/nonbank, geographic breakdown of deposit money banks' foreign accounts were investigated.

Guinea (March 1982 - Balance of Payments)

The three main objectives of the visit were to review the organization of the compilation of the Guinean balance of payments statistics; to reconcile transactions settled by the banks with the changes in their foreign assets and liabilities; and to train staff of the External Debt Department, which is responsible for balance of payments data compilation. Specifically, the mission recommended that the balance of payments compilers should ask the banks and the two largest mining companies to use a new External Operations account.

Hungary (May 1982 - Balance of Payments)

The mission reviewed the current sources and coverage of balance of payments statistics and gave advice on the format in which balance of payments data should be reported to the Fund. In this connection it was recommended that (i) valuation changes and arbitrage gains and losses on financial items be excluded from the current account; (ii) for the capital account, a sectoral breakdown be provided separately for short- and long-term capital transactions; and (iii) an attempt be made to compile balance of payments data on a quarterly instead of a semiannual basis. As a result of the mission, balance of payments data for Hungary were published for the first time in IFS and in Balance of Payments Statistics in 1982. For 1982, the Hungarian authorities have provided balance of payments data on a quarterly basis, and they have implemented some of the methodological recommendations given during the mission.

Indonesia (February 1982 - Government Finance)

During this visit, several methodological problems related to extra-budgetary units and to data on financing and debt were discussed with the GFS correspondent. As a result of these discussions, both the derivation table and the statistical tables were revised to reflect improved data. Compilation of monthly data in accordance with methodology for annual data was recommended. In addition, several classification keys were recommended to national officials for use in data preparation on transactions of provincial governments.

Ireland (September/October 1982 - Money and Banking)

During the mission, the Central Bank of Ireland requested comments concerning a new bank call report form designed by the Bank's staff.

The new form required the main commercial banks in Ireland to provide data, for the first time, on a resident/nonresident basis. These banks presently include their branches operating "outside Ireland" in their reports. As a result of the visit, more comprehensive financial data will be introduced in IFS.

Italy (February/March 1982 - Money and Banking)

The mission determined that IFS money and banking data could be compiled from separate detailed balance sheet statements rather than from numerous topical tables available in various statistical bulletins. IFS data on special credit institutions, for the most part, were to be based on the Bank of Italy Bollettino supplement devoted to reporting statistics on these institutions. The mission obtained a better understanding of the composition of national monetary aggregates and, in particular, the banks' foreign accounts.

Ivory Coast (March 1982 - Government Finance)

Although several GFS missions visited the Ivory Coast in the past, the presentation for this country published in the GFS Yearbook contained only institutional tables, and no reply to the statistical part had been received. In addition, a new GFS correspondent was recently nominated, and it was felt that he would benefit from training.

In conjunction with the new GFS correspondent, the mission analyzed the complex accounting system of the Ivory Coast, held discussions with officials of the Treasury and several Directorates in the Ministry of Finance and the Ministry of Planning, as well as with the social security agencies and other autonomous government agencies, in order to collect data and discuss classification problems.

As a result of the mission, the existing institutional tables were revised. A derivation table and statistical tables were compiled for 1979 and 1980 and were published in the 1982 GFS Yearbook. The methodology for deriving and classifying GFS aggregates was provided to the correspondent to help him prepare future statistics.

Jamaica (February 1982 - Balance of Payments)

The purpose of the mission was to review the sources and coverage of balance of payments statistics and to make the necessary recommendations for the improvement of the current statistical methodology. The mission helped the compilers redesign their working tables and reclassify the balance of payments transactions so as to conform to the classification scheme provided in the Fund's Balance of Payments Manual. Furthermore, existing questionnaires were discussed and their formats revised so as to obtain more comprehensive data from the major enterprises operating in Jamaica. Given the existence of a dual exchange rate, the authorities accepted the mission's recommendations that balance of payments data be reported to the Fund in U.S. dollars instead of in Jamaican dollars.

Jordan (January 1982 - Government Finance)

The objective of this mission was to discuss with national officials the methodology for data preparation in accordance with Fund concepts and to train the GFS correspondent and his associates in the use of this method for updating data on the transactions of the central government.

As a result of the mission, data for four years were added to the statistical tables, and data for five years were added to the derivation table. The authorities also agreed to provide monthly data in the GFS format if, after additional study, this was deemed to be feasible. Finally, three senior officials were trained in the GFS system.

Liberia (November 1982 - Balance of Payments)

The purposes of the visit were to review the current compilation methods of balance of payments statistics, to make recommendations regarding coverage deficiencies in the present limited data base, and to encourage the authorities to report their balance of payments data regularly to the Fund. Due to the absence of an exchange record and company surveys, most of the balance of payments data are estimated. As a consequence, the mission suggested that the existing gaps in the coverage of balance of payments statistics be filled by the introduction of report forms for the commercial banks' reporting of foreign receipts and payments on behalf of customers and of report forms for other enterprises' reporting of their foreign assets, liabilities, income, and expenditure. There are indications that the implementation of these report forms is currently under way. As a result of the mission, it is expected that balance of payments data for Liberia will be published in IFS and Balance of Payments Statistics later in 1983, after a break of more than 20 years.

Maldives (December 1982 - General Statistics and Balance of Payments)

Discussions centered on sources and methods used in compiling statistics on prices, production, international trade, and the balance of payments. Recommendations were made on (i) the utilization of available basic data for the computation of indexes, (ii) the improvement of the existing methodology for compilation of balance of payments statistics, and (iii) the expansion of data processing facilities to overcome problems encountered in the compilation of trade data. The mission also arranged for the designation of a Maldivian correspondent for the Bureau of Statistics.

Mali (August 1982 - Government Finance)

The purpose of this mission was to provide technical assistance to enable the authorities to improve the quality of government finance statistics for use in formulating economic policy as well as for publication by the Fund.

During the mission, the procedures used in compiling government finance statistics were examined. Discussions centered on certain Treasury accounting procedures, which raise particular problems, and on the adjustments which are consequently required to the statistics. Training was given in the analysis of balance sheets of government units producing enterprise-type accounts. The classification of financing statistics was examined with a view to making this detail available in the future. The coverage of existing figures will be extended to include government departments' foreign borrowing to finance investment projects. As a result of the mission, figures for 1981 were prepared and will be published in the 1983 GFS Yearbook.

Malta (March 1982 - General Statistics)

The purpose of the mission was to review with the Central Bank of Malta and the Central Office of Statistics (COS) the procedures for collecting, compiling, and presenting statistics on prices, production, external trade, and employment and earnings. Suggestions were made on the calculation of trade index numbers, for which the COS was preparing a revised methodology with base year 1980. The mission recommended that the Customs Office fully report quantity data for individual commodities specified under the classifications for exports and imports. Discussions were also held on using the results of the new household expenditure survey for the revision of the consumer price index.

Morocco (May 1982 - Money and Banking)

The mission reviewed recent developments in the collection and compilation procedures used by the Bank of Morocco to derive money and banking statistics and, in particular, the new reporting system for banks (plan comptable bancaire) which was established in January 1982. As a result of the mission, recommendations were made to improve the coverage and the classification of the data published in IFS and in the Bank's bulletin, Etudes et Statistiques (ES). Statistics on nonmonetary financial institutions were reviewed, and a financial survey was proposed which would provide broader measures of financial assets and liabilities. Recommendations were also made to establish a more regular and current publication of the ES.

Nepal (March/April 1982 - Money and Banking)

This visit reviewed the coverage and classification of the data on international liquidity, and on Monetary Authorities' and commercial banks' accounts, and explored the possibilities of improving the currentness of these data. In addition, the expansion of the coverage of other financial institutions on the Nepal page in IFS was investigated. Various recommendations were made on these matters in the final report.

The Netherlands (October 1982 - Government Finance)

The objectives of the mission were to discuss a number of outstanding questions on the methodology used in compiling the data and to explore

the possibility of adding a financing section that was previously missing in the derivation table from national sources. It was agreed that all the tables should be revised to take into account a number of changes in methodology. Most of the revised tables were received following the mission, and the remainder were expected to be forwarded to the Fund. During the mission, national officials agreed to share with the Fund the results of an ongoing pilot project under which local government data are compiled on a cash basis.

New Zealand (February 1982 - Balance of Payments)

The purpose of the visit was to gather information on the sources of balance of payments data in New Zealand, to review the current methods used in compiling the country's balance of payments, and to recommend methods for correcting any conceptual or coverage deficiencies in the data. The report on the mission made the following principal recommendations: (i) the presentation of data on reserve movements should be modified to show assets separately from liabilities, to exclude the foreign currency position with residents, and to include separately data on valuation changes for reserve assets; (ii) an estimate should be made for fees, commissions, and other costs of new issues of bonds and loans placed abroad, which should be added to the item "Other Miscellaneous Services"; and (iii) the quarterly presentation of the capital account should be expanded to include, at least, all government and monetary institutions' transactions.

Nicaragua (March 1982 - Balance of Payments)

The objectives of the visit were to collect information on the sources of data and current practices in the compilation of balance of payments statistics, and to make recommendations for correcting any conceptual or coverage deficiencies. Part of the mission was devoted to conducting a seminar on the contents of the fourth edition of the Fund's Balance of Payments Manual. The report of the mission reviewed the sources and coverage of balance of payments statistics in Nicaragua and presented certain recommendations for improving the current practices of compilation, in particular, the need to resume the use of questionnaires for collecting data and a more extended use of the information available from the exchange record. Special attention was given to the need for entries to be made in the balance of payments in the case of arrears on external debt service and debt refinancing.

Niger (March 1982 - Government Finance)

The objective of the mission was to assist the authorities in compiling government finance statistics both for their own use and for the Government Finance Statistics Yearbook.

Discussions with senior officials of government departments and the Central Bank focused upon: (i) the importance to government of having reliable and comprehensive government finance statistics, and (ii) the

need for these statistics to be compiled in Niger by an interdepartmental body with access to all the relevant information. A short report with recommendations was prepared. The Secretary of the Ministry of Finance indicated that the recommendations would be accepted. Also, during the mission, the methodology for compiling data was reviewed, and the statistical tables were updated to include data for 1978-1980, which were subsequently published in the 1982 GFS Yearbook.

Nigeria (January 1982 - Money and Banking)

This visit concentrated on a review of the types of financial institutions operating in Nigeria and the resolution of outstanding issues related to specific accounts of the Central Bank of Nigeria and the commercial banks. In addition, a proposal regarding the provision of money and banking data through report forms was discussed. Finally, major revisions in the presentation of the IFS sections on Monetary Authorities, Commercial Banks, and Monetary Survey were recommended.

Romania (June 1982 - National Accounts)

The mission reviewed the methodology used in the compilation of national accounts data in Romania, the differences between national concepts and the UN System of Balances of the National Economy, and the adjustments made to convert national data to aggregates of the UN System of National Accounts. Discussions were also held on the format in which such converted data could be published in IFS.

St. Lucia (March 1982 - General Statistics)

The purpose of this first mission in the area of general statistics was to improve the compilation of statistics on trade, retail prices, employment, and industrial production. Specific recommendations were made to improve the currentness of trade statistics, and the methodology underlying the computation of terms of trade and external trade index was reviewed. Recommendations were also made with the view towards improving (i) the compilation of employment and unemployment statistics and (ii) the method of computation of a retail price index. In addition, the mission recommended that, since good production statistics are essential for the compilation of national accounts and implementation of economic plans, the compilation of industrial and agricultural production statistics should be improved and expanded. Suggestions for establishing a regular system of reporting to the Bureau of Statistics were made preparatory to introducing a country page in the IFS and DOTS.

St. Vincent (June 1982 - General Statistics)

The objective of this first mission in the area of general statistics was to review the (i) organization of statistical units, (ii) compilation and coverage of trade statistics, (iii) assignment of weights and for the new retail price index, and (iv) ways in which the statistics on agricultural and industrial production may be improved. Recommendations

were made in each of these areas to bring about the needed improvements. The mission recommended that the statistical units in the Ministry of Finance and in the Ministry of Trade and Agriculture be combined into one unit under an appropriate ministry. The discrepancies between export data received from exporters by the Ministry of Trade and Agriculture and those obtained from customs warrants were identified. It was recommended that the survey results be reviewed to produce a more realistic weight for the housing component. Recommendations were also made to improve the coverage of industrial and agricultural production statistics.

Sao Tome and Principe (August 1982 - General Statistics)

The purpose of this visit was to examine the procedures for the collection, compilation, and publication of statistics on prices, production, and external trade. Proposals were made on the possibility of publication of a quarterly central bank bulletin, and some draft tables for a bulletin were prepared. The appointment of a regular IFS correspondent was discussed with the authorities of the National Bank, and consideration was given to the possibility of including a country page for Sao Tome and Principe in IFS.

Senegal (January 1982 - Balance of Payments)

The objectives of the visit were to assist the balance of payments compilers in Senegal in shortening the delays in the availability of balance of payments data and thereby improving the reliability of estimates for periods for which complete data are not yet available and of forecasts based thereon. In this context, preliminary balance of payments data for the year 1978, compiled on the basis of the third edition of the Balance of Payments Manual, were reviewed and guidance was given for their reclassification into the format of the fourth edition of the Manual. The visit was also concerned with gathering comprehensive information on the exchange record, which was scheduled to be introduced in the six member countries (Benin, Ivory Coast, Niger, Senegal, Togo, and Upper Volta) of the West African Monetary Union, and assisting the Banque Centrale des Etats de l'Afrique de l'Ouest in developing methods for compiling balance of payments statistics on a transaction basis in conformance with the guidelines of the fourth edition of the Manual.

Senegal (September 1982 - Government Finance)

The purpose of the mission was to provide technical assistance in the compilation of government finance statistics and to update and complete the presentation in the GFS Yearbook, which was very partial. During the mission, the procedures to be used in compiling government finance statistics were examined. Outstanding queries concerning the data were discussed and revisions were made. As a result of the mission, the coverage of data, which had been limited to the Treasury only, was expanded to include information on the Caisse de Péréquation et de Stabilisation des Prix and the Caisse de Sécurité Sociale, and statistics were prepared for 1980 and 1981.

Solomon Islands (February 1982 - Balance of Payments)

The mission reviewed the current practices relating to the compilation of balance of payments statistics. Since the main source of these statistics is the exchange record, sources and methods were established to adjust this information to a transactions basis. A provisional balance of payments statement was prepared for 1981 according to the standards of the fourth edition of the Balance of Payments Manual.

Somalia (February 1982 - Money and Banking)

This mission was devoted to strengthening the collection of financial data and to improving the presentation and supply of monetary data. Revisions were suggested to improve the call report forms and the data collection. New call report forms were designed and recommended. Revisions to the classification of some monetary accounts were also made. In addition, the mission provided training on money and banking statistics for Central Bank technicians.

Swaziland (January 1982 - Government Finance)

The main objective of this mission was to discuss with the GFS correspondent the methodology for compilation of GFS data. Data received in the past were neither complete nor consistent with the Fund's concepts. During the mission, two years of data were compiled for all tables. In addition, the classification keys for statistical tables were constructed in order to ensure the flows of data after the mission. It was also agreed that quarterly data would be published in the GFS format in the Central Bank Bulletin. Since the return of the mission, data for one additional year were received and published in the 1982 GFS Yearbook.

Sweden (March 1982 - Money and Banking)

The visit contributed to the resolution of a long-standing issue regarding the classification of the deposit liabilities of other monetary institutions comprising savings banks and cooperative banks. Data for these institutions had not been reported in sufficient detail to enable a classification to be made of deposit liabilities by economic sector and by liquidity. In addition, considerable progress was made in the classification of the financial institutions' foreign accounts in IFS.

Syrian Arab Republic (October 1982 - Government Finance)

Prior to the mission, only partial data were available for publication in the GFS Yearbook, and there were a number of outstanding questions on the methodology used in compiling data. The objective of the mission was to resolve these issues with the GFS correspondent. During the mission, one year of data was compiled, and classification keys for all the tables were constructed and transmitted to national officials for their use in future data preparation.

Tanzania (February 1982 - General Statistics)

The purpose of this visit was to review trade statistics and to develop a methodology for the compilation of trade indexes. Specific recommendations were made to the Bank of Tanzania to (i) review the suitability of the trade statistics compiled by the Customs for the calculation of trade indexes, (ii) increase the coverage of the sample of selected items of imports, and (iii) improve the weighting system underlying the trade indexes. It was also suggested that the Bank of Tanzania reweight, validate and update the 1970-based annual indexes through 1980, and initiate the compilation of a revised series with 1980 weights. Furthermore, it was recommended that the delay in the publication of the Economic Bulletin be eliminated by combining the material for the back issues and by regularizing the timetable for the future issues.

Thailand (March/April 1982 - Money and Banking)

This mission was a follow-up of a Bureau mission in September 1981, and had the objective of expediting the recommendations of the previous mission. Unresolved issues related largely to the classification and presentation of data published in the Bank of Thailand Bulletin, and it was agreed that improvements were needed to present a classification based on economic rather than legal criteria. Alternative concepts of bank liquidity were discussed. Lastly, regarding the aggregation of data on foreign assets and liabilities, a major revision of existing call report forms was suggested to conform to the residency criterion.

Thailand (September 1982 - Government Finance)

During this mission, GFS annual data were reconciled with parallel data used by the Asian Department. Also, the relationship between monthly and quarterly data and annual GFS data were examined. Differences were mainly explained by foreign loan disbursements, for which there is at present no monthly reporting system. The Bank of Thailand agreed to review further the possibility of organizing a monthly reporting system. Finally, because of unresolved problems related to treatment of nonbudgetary accounts, the Research Department of the Bank of Thailand will undertake a project to study the coverage and to compile statistics from these accounts.

Turkey (January 1982 - Money and Banking)

Issues covered during the mission included the improvement of the classification of foreign accounts of the Central Bank and the deposit money banks. In addition, certain inconsistencies in the U.S. dollar data appearing in the International Liquidity section in IFS with those in the local currency reported in the Monetary Authorities section were clarified during the visit. As a result of the mission, the Central Bank agreed to consider introduction of supplementary call report forms to commercial banks.

Turkey (November 1982 - Balance of Payments)

The mission reviewed the current sources and coverage of balance of payments statistics in Turkey and made detailed recommendations for improvement of the present compilation methods. In particular, it was recommended that data on transactions of both foreign-owned and locally owned enterprises should be collected from the enterprises in question, rather than be derived from the exchange record. On the basis of data obtained during the mission, the Bureau's balance of payments files were revised, starting with 1974, and the available stock data were entered in the files.

United Kingdom (September 1982 - Money and Banking)

The mission was undertaken to discuss three areas of interest with staff of the Bank of England, viz., the acquisition of (i) monthly money and banking data suitable for publication in IFS; (ii) balance sheet data relating to a broad coverage of other financial institutions not previously published in IFS; and (iii) monthly data on the U.K.'s external assets and liabilities. In addition, the mission also analyzed the relationships between the Bank of England's external banking statistics, the data the U.K. authorities provide to the BIS, and the external balance sheet items published in the Money and Banking sections of IFS.

Yemen Arab Republic (February 1982 - Balance of Payments)

The purposes of this visit were to review the current methods of compiling balance of payments data, to identify coverage deficiencies and methodological problems in the data, and to give recommendations regarding the improvement of data sent to the Fund. Major coverage and methodological problems were identified in the areas of merchandise exports and imports, travel, workers' remittances, official transfers, direct investment capital, and trade credits. In order to overcome these deficiencies, the mission revised the existing questionnaires in order to enable a comprehensive reporting of the commercial banks' foreign currency receipts and payments. The mission also designed questionnaires for collecting balance of payments data directly from the major transactors and recommended the inclusion of money exchange dealers in the reporting system of the Central Bank of Yemen.

Yugoslavia (September 1982 - General Statistics)

The purpose of this technical assistance mission was to review the concepts, coverage, and compilation of statistics on trade, prices, production, employment, and earnings. Discussions were held with the Federal Statistical Office (FSO) and the National Bank of Yugoslavia (NBY). The FSO was informed on how other countries apply market exchange rates for conversion of trade invoices denominated in foreign currencies for the compilation of trade statistics. It was recommended that Yugoslavia should use market rates instead of fixed statistical rates. The FSO was encouraged to review its methodology for the compilation of trade indexes

and industrial producer prices. Furthermore, recommendations were made on weights, composition, and coverage, etc., of the consumer price index to improve its international comparability. The mission also emphasized the need for a greater effort in improving productivity and unit labor cost statistics. During the meetings with the NBY, the scope and objectives of the Fund's international banking statistics were explained, and clarification was provided on matters relating to the treatment and classification of banking data.

III. Visits to Regional Organizations

BCEAO Seminar in GFS--Dakar, Senegal (February 1982 - Government Finance)

At the request of the Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO), a staff team assisted in the conduct of a five-day seminar on government finance statistics. The purpose of the seminar was to acquaint national officials with procedures for compiling comprehensive, consolidated statistics on government and with the importance of such statistics as a basis for evaluating the monetary and balance of payments implications of budgetary performance. Case studies and lectures on the GFS system and its use were prepared and presented. The seminar recommended to the BCEAO Council of Ministers that a unit be established in each country to compile GFS data on a regular basis for national and international purposes.

South Pacific Commission--Suva, Fiji (March 1982 - Balance of Payments)

Two staff members of the Bureau of Statistics served as lecturers in the Sub-Regional Training Course on Balance of Payments Statistics held under the aegis of the South Pacific Commission in Suva, Fiji. The principal objective of the course was the dissemination of knowledge and understanding of balance of payments concepts, as enunciated in the Fund's Balance of Payments Manual, and of the collection, presentation, and analysis of the data. The Bureau's contribution to the course has helped to improve the working relationship in the field of balance of payments statistics between the South Pacific Commission and its member countries and territories, on the one hand, and between those countries and the Fund, on the other. Additionally, interest was stimulated in the development of balance of payments data in those territories of the Commission that do not yet prepare these estimates and in encouraging other territories to effect improvements in their present methodology.

International Banking Statistics

During 1982, staff of the Bureau undertook special missions to 13 countries to explain the Fund's project on international banking statistics and to advise on the compilation of the data. The countries visited were: the Bahamas, Bahrain, the Cayman Islands, Hong Kong, Indonesia, Korea, Kuwait, the Netherlands Antilles, Panama, the Philippines, Singapore, Spain, and the United Arab Emirates. The visits were typically of a duration of two-to-three days and involved discussions with officials

of the monetary authorities of each country. In general, countries were very supportive of the new project; in some cases, regular reporting systems were established to collect the data, and in others a basic groundwork was laid for the collection and compilation of data in the future.

Data Base Computerization

There were technical assistance visits to five countries in 1982 carried out by staff members of the Bureau of Computing Services to advise countries on the technical aspects of computerizing their data bases. The countries visited were the People's Republic of China, Ecuador, Kuwait, Peru, and Thailand.

Extract from EBD/82/103 (April 29, 1982) Pages 74-75

1. Technical Assistance Program of the Bureau of Statistics

(a) The Evolution of the Program

There are three main approaches to the provision of technical assistance in statistics to member countries. The main thrust of the Bureau's technical assistance activities is through missions to member countries. Each mission involves preparatory and follow-up work at headquarters. In most cases the staff prepares a report which contains the mission's findings and a summary of recommendations. After discussions and clearance within the Fund, this report is sent to the member country. In addition to missions, arrangements are frequently made for national technicians in statistics to visit two to three weeks, but in special cases for longer periods. Bureau staff also give lectures at the various courses organized by the IMF Institute. In two of these courses--balance of payments methodology and government finance statistics--Bureau staff present the main course lectures and organize and supervise the case studies.

Since its inception, the Fund has been concerned with the needs of member countries for technical assistance in statistics. Prior to 1968 there was no formal program for the provision of such assistance, although staff visits took place in response to ad hoc requests by members. In December 1968 the Executive Board approved the introduction of a program by the Bureau of Statistics which was keyed to "the establishment or improvement of central bank bulletins or similar bulletins that attempt to bring together in one place and in a suitable form the materials needed for the analysis of monetary policy." ^{1/} In addition, the program was aimed at training national technicians in the various areas of statistics which are of interest to the Fund. The primary objective of this program, through the medium of central bank bulletins, was to encourage the development and enhancement of statistical data bases in member countries that would facilitate the formulation and analysis of economic policy. During the 1970s the Bureau expanded the coverage of its technical assistance in statistics. In 1972 it became responsible for the development of government finance statistics and, in 1977, with the transfer from the Research Department of the Balance of Payments Division, the Bureau assumed responsibility for the development and maintenance of balance of payments data. In addition to these new activities, the Bureau has also been asked to provide technical assistance in the development of computerized data bases in a number of member countries. By the latter part of the 1970s, with the establishment of bulletins by the central banks or monetary authorities in a large number of new member countries, the emphasis of technical assistance in statistics had gradually shifted toward improving the quality of data and to the training of national technicians, although close attention continues to be paid to the improvement of national statistical publications.

^{1/} Statistical Bureau Program on Technical Assistance, EBD/68/196, December 3, 1968.

Bureau of Statistics: Technical Assistance Missions, 1969-1982 APPENDIX II

	1969/79	1980	1981	1982		1969/79	1980	1981	1982
<u>African Dept.</u>									
<u>Countries</u>									
Algeria	1				Greece	6		2	
Benin		1		1	Hong Kong			1	1 3/
Botswana	3				Hungary				1
Burundi	7			1	Iceland	6			
Cameroon	2		2		Ireland	1			1
Cape Verde	1				Israel	1	2		
Central Africa	2				Italy	2		1	1
Gen. Afr. Rep.	2			1	Luxembourg			1	
Chad	1				Malta	1			1
Congo, P.R.	2		1		Netherlands				1
Djibouti			3		Neth. Antilles	4			1 3/
Ethiopia	11		1		New Zealand		1		1
Gabon	3	1			Portugal	9	2	1	
Gambia, The	12	1	1		Romania			1	2 1
Ghana	6				South Africa			1	
Guinea		3	3	1	Spain	3			1 3/
Guinea-Bissau	1				Sweden	1			1
Ivory Coast	2	2		1	Switzerland			1	
Kenya	8		1		Turkey	5			2
Lesotho	2	1			U.K.		1		1
Liberia	10		1	1	Yugoslavia	1			1
Madagascar	5		1						21
Malawi	8								
Mali	3	2	1	1					
Mauritania	5		2		<u>Middle Eastern</u>				
Mauritius	5				<u>Dept. Countries</u>				
Morocco	6	1	1	1	Afghanistan	7			
Niger	1	1		1	Bahrain	4	1		2 3/
Nigeria	3			1	Egypt	4		2	
Rwanda	7	3	2		Iran	7			
Sao Tome & Principe			1	1	Iraq	5			
Senegal	1		1	2	Jordan	6	1		1
Seychelles			1		Kuwait	5	2		2 3/4/
Sierra Leone	9	1			Lebanon	4			
Somalia	5	1		1	Libya	8	1		
Swaziland	4		1	1	Oman	4		2	
Tanzania	7	2		1	Pakistan	7		1	
Togo	1	1			Qatar	2			
Tunisia	6		1		Saudia Arabia	2		1	1 5/
Uganda	4	1	1		Sudan	6		1	
Upper Volta	1	1			Syrian Arab Rep.	13			1
Zaire	7		1		U.A.E.	6		1	1 3/
Zambia	12				Yemen, Arab Rep.	5	1		1
Zimbabwe		1	2		Yemen, P.D.R.	2	1		
BCEAO	1		1 1/	1 1/	Arab Mon. Fund			1 1/	
Subtotal	177	24	31	17			7	10	9
					<u>Western Hemisphere</u>				
<u>Asian Dept.</u>					<u>Countries</u>				
<u>Countries</u>					Argentina	9	1		2
Bangladesh	6		1		Bahamas	6	1	2	1 3/
Burma	3	1			Barbados	5			
China, P.R.			1 2/	1 4/	Belize				1
Fiji	7	1			Bolivia	10			1
India		1			Brazil	8		2	1
Indonesia	6	1	1	2 3/	Chile	6	2	1	
Japan	1				Colombia	13	1		
Khmer Rep.	1				Costa Rica	6		1	
Korea	4		1	1 3/	Dominica		1		
Lao P.D.R.	4				Dominican Rep.	8	1		
Malaysia	8	1	2		Ecuador	16			2 4/
Maldives	1	1		1	El Salvador	6		2	
Nepal	13	1		1	Grenada	2		1	
Papua New Guinea	4				Guatemala	12			
Philippines	5	1	1	1 3/	Guyana	7	1		
Singapore	7		1	1 3/	Haiti	7			
Solomon Islands	1		2	1	Honduras	8			
Sri Lanka	5	1	1		Jamaica	6			1
Thailand	6	1	2	3 4/	Mexico	1	1	1	
Viet Nam	3				Nicaragua	6			1
Western Samoa	8	1			Panama	5	1		1 3/
South Pacific					Paraguay	8		2	
Commission				1 1/	Peru	14			1 4/
					St. Lucia				1
Subtotal	93	11	13	13	St. Vincent				1
					Suriname	5	1		
<u>European Dept.</u>					Trin. & Tobago	8		2	
<u>Countries</u>					Uruguay	9	1		
Australia			1		Venezuela	7		1	
Austria		1	1		BANCEPAC	1			
Cayman Islands				1 3/	CAMC			1 1/	
Cyprus	5			1	ECCA	2		1	
Denmark	1								
Finland				1					
France				1					
					Subtotal	201	12	17	14
					Total	614	62	81	74

1/ Assistance in regional seminars.
 2/ Special introductory statistical mission.
 3/ Includes mission in international banking statistics.
 4/ Includes mission in data base computerization.
 5/ Technical assistance provided during participation by a staff member in a special area department mission.