

**FOR  
AGENDA**

SM/02/180

June 13, 2002

To: Members of the Executive Board

From: The Acting Secretary

Subject: **Review of Technical Assistance Policy and Experience**

Attached for consideration by the Executive Directors is a paper on the review of technical assistance policy and experience, which will be brought to the agenda for discussion on a date to be announced. Conclusions appear on pages 58–61 and issues for discussion appear on pages 61 and 62.

The staff proposes the publication of this paper after the Executive Board completes its discussion together with a PIN summarizing the Executive Board's discussion.

Questions may be referred to Mr. B.L. Christensen (ext. 39356) and Mr. Wilairat, OTM (ext. 36519).

Att: (1)

Other Distribution:  
Department Heads



INTERNATIONAL MONETARY FUND

**Review of Technical Assistance Policy and Experience**

Prepared by the Office of Technical Assistance Management

(In consultation with FAD, INS, LEG, MAE, PDR, STA, and Area Departments)

Approved by Claire Liuksila

June 12, 2002

	Contents	Page
	Executive Summary .....	4
I.	Introduction.....	7
II.	TA Delivery and Prioritization .....	8
	A.    Developments in TA Delivery .....	9
	B.    Experience with the New Prioritization Process.....	22
	C.    Summary.....	27
III.	Review of Experience with Technical Consultations and Technical Cooperation Action Plans .....	28
	A.    Technical Consultations.....	28
	B.    Technical Cooperation Action Plans .....	31
IV.	Regional Approaches to TA.....	33
V.	Cooperation with Other TA Providers.....	39
VI.	Dissemination of TA Reports and Information .....	45
	A.    Internal Dissemination of TA Reports and Information.....	47
	B.    External Publication of TA Reports and Information.....	47
	C.    Issues Surrounding Greater Dissemination of TA Information.....	47
	D.    An Approach for Enhancing Dissemination of TA Information .....	48
VII.	TA Resource Management, Monitoring and Evaluation .....	50
	A.    Resource Management.....	51
	B.    Monitoring .....	52
	C.    Evaluation .....	55

VIII.	Conclusions and Proposed Medium-Term Work Program.....	58
IX.	Issues for Discussion.....	61
	List of Acronyms .....	63
Text Tables		
1.	TA Total Delivery, FY 1998–FY 2003.....	10
2.	FSAPs, Fiscal ROSCs, and Data ROSCs, FY 2000-FY 2002 .....	11
3.	TA Resource Distribution, FY 1998–FY 2002.....	13
4.	TA Delivery: Top 20 Recipients, FY 2000–FY 2002.....	14
5.	TA Delivery Indicators–Main Program Areas (MPAs) and Key Policy Initiatives and Concerns (KPICs) .....	17
6.	Cross-Sectional Distribution of TA Delivery by Main Program Areas (MPAs) and Key Policy Initiatives and Concerns (KPICs), FY 2001–FY 2002 .....	18
7.	Review of Scheduled Technical Consultations.....	29
8.	IMF Institute Regional Training Programs.....	34
9.	IMF Institute: Number of Courses and Seminars for Officials, FY 1998–FY 2002 .....	35
10.	Proposed Medium-term Work Program for TA, FY 2003–FY 2005 .....	60
Figures		
1.	TA Delivery by Region, FY 2002.....	12
2.	IMF Training at Headquarters and Overseas, FY 1998-FY 2002 .....	21
3.	IMF Training at Headquarters and Overseas, FY 1998-FY 2002 .....	22
4.	IMF Training at Headquarters-Participation by Region, FY 2002 .....	22
5.	IMF Training at Overseas-Participation by Region, FY 2002.....	22
Boxes		
1.	Afghanistan: TA in FY 2002 and Beyond .....	15
2.	Technical Cooperation Action Plans .....	31
3.	TCAP for Yemen .....	32
4.	Regional General Data Dissemination System Projects.....	36
5.	Caribbean Regional Technical Assistance Center .....	38
6.	Mozambique: Sustained TA Delivery and Donor Coordination .....	41
7.	The Financial Sector Reform and Strengthening Initiative (FIRST).....	42
8.	Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) TA and Coordination Efforts.....	43
9.	Recently Established TA Subaccounts .....	44
10.	The MAE TA Tracking System.....	53
11.	STA’s Enhanced Project Management System .....	54
Appendices		
I.	Prioritization Criteria for TA .....	64
II.	Main Program Areas (MPAs).....	66

Appendix Tables

11. Distribution by Subject of MAE TA, FY 2002.....	68
12. Distribution by Subject of FAD TA, FY 2002 .....	69
13. Distribution by Subject of STA TA, FY 2002.....	70
14. Distribution by Subject of LEG TA, FY 2002.....	71

## Executive Summary

- This paper reports on the Fund's technical assistance (TA) activities in FY 2001–2002, particularly focusing on: (i) the experience with the new prioritization process put in place in FY 2001 to more effectively allocate TA resources in the face of excess demand for TA; (ii) the experience with the two pilot programs – the Technical Consultations (TCs) and the Technical Cooperation Action Plans (TCAPs) – introduced to enhance the focus of Fund TA and better integrate it with UFR and surveillance work; (iii) the evolving regional approach to delivery of TA; (iv) efforts to enhance coordination with other TA providers; (v) options to broaden the dissemination of information on TA both internally and externally; and (vi) options to enhance monitoring and evaluation.
- After a sharp decline in FY 2000, TA delivery stabilized in FY 2001–FY 2002. The stabilization of resources in the face of continued excess demand for the Fund's TA provided an incentive to utilize the new prioritization process. TA and area departments have reported that their experience with using the new system has been generally positive. The prioritization filters have provided greater transparency in the allocation of TA resources, which has been particularly useful in the process of determining how best to respond to a TA request in the face of continuing excess demand.
- The objectives of the TCs were to promote a country-centered, comprehensive approach to Fund TA delivery and to provide meaningful information to the Board on the implementation of Fund TA. A review of the 29 pilot TCs suggests that, while there were some positive outcomes, TCs have not proven as useful as expected. In view of this result, this paper proposes that consideration be given to discontinuing the TCs, and suggests that their objectives could be achieved with other instruments.
- The TCAP was introduced to promote a proactive approach to the planning and coordination of TA, and to provide TA within a comprehensive, multi-year framework to countries requiring substantial assistance. Experience with the three ongoing country-specific TCAPs has shown that such exercises are highly demanding in terms of staff resources required for their preparation, resource mobilization, and coordination. Their implementation has been just as demanding and not altogether successful. Nevertheless because the TCAP can be an effective mechanism for delivery of TA in certain cases, the paper proposes that they be retained but used only in exceptional circumstances, such as in post-conflict/isolation countries, where large TA needs have to be addressed comprehensively and where substantial leverage of the Fund's own efforts can be gained through concerted collaboration with other donors.

- Regional arrangements have proven to be a cost-effective way for delivering the Fund's TA and training, and have taken on greater prominence in all TA areas. Experience to date suggests that regional arrangements have a number of benefits, including promoting an understanding of issues that affect the region as a whole, fostering the establishment of regional policy initiatives, enhancing cooperation with other TA providers, and improving TA efficiency. At the same time, maximizing the effectiveness of regional initiatives requires substantial oversight from Fund headquarters; having in place systematic and focused processes for monitoring and evaluation; and strong commitment from the recipient countries.
- The continuing growing demand for Fund TA, together with recent surveillance initiatives with TA implications – such as FSAP, OFC, and ROSC exercises, and the TA required to support efforts in anti-money laundering and countering the financing of terrorism – have underscored the need for effective cooperation with other TA providers. Donors have continued to provide external financing accounting for some 25 percent of total Fund TA. In this connection, an issue that needs to be addressed is what the appropriate balance between Fund and external resources for TA should be, given the increasing demand for TA, on the one hand, and the additional resources needed for the management and backstopping of externally-financed TA, on the other.
- Adequate dissemination of information on the Fund's TA, internally to staff, management and the Board, and externally to development partners and the public at large, is becoming more important as TA has grown to have an increasing impact on the effectiveness of the Fund's core work. Dissemination of such information is desirable for transparency, accountability, coordination and sharing of lessons learned. Because TA reports are not Board documents subject to the Fund's transparency policy and because recipient members retain the right to decide on their publication, country-specific TA reports have had restricted circulation within the Fund and are seldom published. In view of the clear benefits for broader dissemination of TA reports, both internally and externally, the paper proposes a policy to achieve this.
- Reflecting the increased emphasis on monitoring and evaluation of TA, discussed at previous Board meetings on TA, TA departments have in the past two years developed new systems and procedural changes to explicitly plan for the monitoring and evaluation of their TA programs. They have strengthened the methodological approach they use to design, monitor, and evaluate projects and have introduced a number of changes which have had a positive impact on their ability to monitor and evaluate the effectiveness of TA. Regarding evaluations, departments have occasionally carried out cross-cutting thematic, regional or country-specific evaluations, some with the participation of external consultants. The results of several of these evaluations have been published. A few external evaluations of externally-financed TA projects have also been carried out.

- To improve the availability of Fund-wide information on TA, work is ongoing to establish a greater uniformity among TA departments in TA project management methodologies. A current obstacle to a faster development of more coherent approaches to TA project planning, monitoring and evaluation is the lack of a Fund-wide resource management tool which is being addressed within the new PeopleSoft Financials infrastructure but which is a major endeavor requiring two to three years to complete. Another step toward a Fund-wide approach was taken with the creation of an interdepartmental working group of senior staff in April 2002 with the objective of establishing a Fund-wide methodology for monitoring and evaluating TA. A report on the group's recommendations is expected by end 2002. A formal TA assessment process could also be useful under which staff would prepare a schedule of evaluations, on the order of 3–4 a year, to be undertaken over a three-year period. The main objective would be to (i) increase the frequency and coverage of assessments; (ii) generate and publicize lessons that can be applied to Fund TA; and (iii) improve accountability and transparency of Fund TA. This process would complement the assessment of Fund TA that is on the work program of the IEO for FY 2004/FY 2005, other external assessments, and evaluations carried out by OIA.
- Finally, in the concluding section, some preliminary estimates of the resource implications of the proposals contained in the paper are presented. It is assumed that the resource implications in FY 2003 are absorbed within the existing budget, while the costs in the forward years would be found within the existing medium-term Fund-wide budget estimates.

## I. INTRODUCTION

1. The Fund's membership has attached increasing importance to TA in recent years as a means to reinforce and support the effectiveness of the Fund's surveillance and program work. At the meeting to discuss the *Annual Technical Assistance Report and Ensuring Alignment of Technical Assistance with the IMF's Policy Priorities*, in January 2001, Directors noted that TA would be expected to play a central role in supporting the work of the Fund in crisis prevention and management, in capacity building for the HIPC/PRGF eligible countries, and in restoring macroeconomic stability in post-crisis situations.<sup>1</sup>

2. The demand for TA arising from program activities has continued to expand. Additional demands for TA have arisen as a result of the increased emphasis placed on systematic follow-up of recommendations contained in ROSCs and FSAPs, the need for technical advice to improve tracking of public expenditure and other indicators in HIPC cases, and TA work related to safeguarding Fund resources. International calls for follow-up TA from assessments of offshore financial centers and for TA to assist members to counter money laundering and the financing of terrorism, as well as international initiatives to expand trade-related TA have added to these demands. Finally, the recent reviews of the PRGF and PRSP approach<sup>2</sup> and proposals to strengthen country ownership of Fund-supported programs<sup>3</sup> have called for increased emphasis on TA for capacity building in low-income countries. It has been recognized that successful policy reform needs to be underpinned by a strong institutional and resource base, and that it could prove beneficial to aim the Fund's TA more directly at capacity building in these countries.

3. The broad array of new initiatives and demands placed on Fund TA present unique challenges for prioritizing TA demand and focusing it more closely on the Fund's main program areas and key policy initiatives, for effective monitoring and evaluation of TA, for the appropriate dissemination of information about TA activities, for developing effective modalities for TA delivery, for identifying additional sources of financing, and for effective cooperation with other TA providers.

4. A number of actions to address these challenges have been taken recently.<sup>4</sup> At the January 2001 discussion of TA policy, Directors endorsed the proposals for a new process for managing and better prioritizing TA delivery, which would introduce greater

---

<sup>1</sup> See: the Summing Up by the Acting Chairman, (BUFF/01/2, 1/10/01).

<sup>2</sup> See: *Review of the Poverty Reduction and Growth Facility—Issues and Options* (SM/02/51, 2/15/02), and *Review of the Poverty Reduction Strategy Paper Approach—Main Findings and Issues for Discussion* (SM/02/53, 2/15/02).

<sup>3</sup> See: *Strengthening Country Ownership of Fund-Supported Programs* (SM/01/340, Rev. 1, 12/6/01), page 22.

<sup>4</sup> Some of these actions also respond to the recommendations to strengthen Fund TA contained in the 1999 *Review of Fund Technical Assistance* prepared by the Office of Internal Audit (EBAP/99/59 and Sup. 1, 5/17/99).

transparency and accountability into TA resource planning, allocation and assessment. A new TA policy statement<sup>5</sup> and guidelines for the staff for implementing the new approach were developed, and the former Technical Assistance Secretariat (TAS) became a separate office under the Office of the Managing Director in June 2001, and was renamed the Office of Technical Assistance Management (OTM).<sup>6</sup> Functional departments responsible for TA activities have continued to strengthen their internal monitoring systems to improve TA effectiveness.

5. Initiatives to strengthen the effectiveness of Fund TA, to integrate it more closely with the Fund's core work, and to enhance cooperation with other TA providers have moved forward over the past year. Preliminary experience suggests these initiatives are having positive results, but it is too early to fully assess their impact. A full assessment should be possible in FY 2004 and could be undertaken in the context of the proposed evaluation of Fund TA by the Independent Evaluation Office (IEO). Nevertheless, conclusions can already be drawn on certain of the initiatives, namely the Technical Consultations (TCs) and Technical Cooperation Action Plans (TCAPs) introduced on a pilot basis. In the meantime, work remains to be done, particularly in the areas of monitoring and evaluation of TA and the dissemination of information on TA activities.

6. This paper reviews the experience with the implementation of the new TA policy focus, describes developments in TA resource use, and discusses proposals for modifications in current policies. Specifically, Section II discusses developments in TA delivery and the experience with prioritizing TA since January 2001. Sections III and IV present the experience, respectively, with TCs and TCAPs, and with regional approaches to the delivery of Fund TA. Section V examines issues related to cooperation with other TA providers and external funding of Fund TA. Section VI considers proposals for the enhanced dissemination of information on Fund TA. Section VII reviews the efforts to improve monitoring and evaluation of Fund TA and offers proposals for strengthening current approaches. Finally, the paper's conclusions are presented in Section VIII, and issues for discussion are put forward for the Board's consideration in Section IX.

## **II. TA DELIVERY AND PRIORITIZATION**

7. With the objective of linking TA more explicitly to the Fund's main program areas and key policy initiatives, and in response to the need to effectively allocate TA resources in the face of excess demand for the Fund's TA, a new process of prioritizing TA was put in place in FY 2001. The new approach is described in SM/00/284 and summarized in Appendix I. In brief, the approach uses a series of priority program categories and filters, or

---

<sup>5</sup> The statement is available at <http://www.imf.org/external/pubs/ft/psta/index.htm>.

<sup>6</sup> OTM's responsibilities fall within two broad categories: (i) TA policy development, implementation, and reporting; and (ii) mobilization and management of TA resources.

TA “acceptance criteria,” to assist staff in making TA allocation decisions. Countries receiving Fund TA have been divided into five main program areas (MPAs)<sup>7</sup> covering: crisis prevention (non-UFR countries); poverty reduction (PRGF-eligible countries); crisis resolution and management (other UFR countries); post-conflict/isolation; and regional/multi-regional arrangements. These main program areas are complemented by three further categories of filters, which are not country specific. These are:

- *Target filters:* The TA provided must fall within the Fund’s core areas of specialization and support the Fund’s key policy initiatives.
- *Effectiveness filters:* The TA provided must be deemed to have a substantial impact and be effectively supported and implemented by the recipient country. It also should be sustainable in terms of financing and lasting in its effect.
- *Partnership filters:* TA delivered in a regional context, benefiting several recipients of different economic importance, or drawing on multiple financial sources, or complementing third-party assistance.

8. This section of the paper reviews developments in Fund TA delivery during FY 2001–FY 2002, including preliminary data on TA delivery using the new prioritization process, and discusses TA and area departments’ experiences with the new system.

#### **A. Developments in TA Delivery**

9. After declining in FY 2000, TA delivery stabilized in FY 2001–FY 2002 (Table 1). Delivery would have been somewhat higher in FY 2002 were it not for the effect on TA-related travel in the second half of the fiscal year of the September 11 attacks.

10. The tight resource position facing TA over the past few years reflects the impact on TA departments’ overall resource allocation decisions of their efforts to meet the demands of the many new initiatives that have drawn on their specialized technical expertise. These activities are not classified as TA, although much of the work has a TA character. However, in most cases they have generated demand for follow-up TA, and TA departments have had to carefully prioritize TA resources to meet this demand (see Section II. B, below). Important elements of this work cover the financial sector, in particular, FSSAs and FSAPs, Offshore Financial Center (OFC) assessments, and work related to AML/CFT. Similarly, the development of international standards and codes in the areas of the Fund’s expertise, and the subsequent assessments of the extent to which countries meet these standards have required important resource commitments from the TA departments. As Table 2 indicates, during FY 2000–FY 2002, some 55 FSAPs and 289 ROSC modules were completed. TA departments have also increasingly been drawn in to provide specialist support for UFR cases, including the PRGF, as well as for country-specific surveillance, HIPC, and work connected with monitoring international capital flows.

---

<sup>7</sup> See Appendix II for a list of the countries covered by each Main Program Area.

Table 1. TA Total Delivery, FY 1998–FY 2003

(In effective person years) 1/						
	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002 Estimates	FY 2003 Projection 2/
<b>Fund TA Budget</b>	<b>257.1</b>	<b>266.2</b>	<b>251.7</b>	<b>265.5</b>	<b>262.3</b>	<b>262.5</b>
Staff	165.6	164.0	158.5	171.8	167.7	166.1
HQ-based Consultants	22.0	20.3	16.4	22.7	23.7	24.9
Experts	69.4	81.8	76.9	71.0	70.9	71.5
<b>External TA Resources</b>	<b>92.4</b>	<b>99.2</b>	<b>85.5</b>	<b>77.7</b>	<b>79.0</b>	<b>100.8</b>
UNDP	22.8	14.3	8.7	8.4	9.5	11.2
Japan	53.6	70.3	68.0	59.5	57.5	66.2
Other	16.0	14.7	8.8	9.8	12.0	23.4
<b>Total TA Resources</b>	<b>349.5</b>	<b>365.4</b>	<b>337.2</b>	<b>343.2</b>	<b>341.3</b>	<b>363.3</b>
<b>Total Regional Use</b>	<b>293.8</b>	<b>308.5</b>	<b>282.2</b>	<b>275.8</b>	<b>273.7</b>	<b>295.1</b>
African	64.5	72.9	69.8	68.2	73.8	80.4
Asia and Pacific	47.2	57.9	44.4	57.0	62.2	67.5
European I	24.8	22.7	24.1	30.2	29.7	28.4
European II	49.2	44.9	40.4	40.8	33.0	30.8
Middle Eastern	29.2	31.9	27.5	27.8	22.4	29.5
Western Hemisphere	36.2	32.5	28.2	23.7	26.6	27.7
Multiple Regions 3/ 4/	42.7	45.8	47.9	28.0	26.0	30.8
<b>Indirect TA 5/</b>	<b>55.6</b>	<b>56.9</b>	<b>55.1</b>	<b>67.5</b>	<b>67.7</b>	<b>68.2</b>
<b>Total TA Use</b>	<b>349.5</b>	<b>365.4</b>	<b>337.2</b>	<b>343.2</b>	<b>341.3</b>	<b>363.3</b>
<b>TA Delivery by Department</b>						
Monetary and Exchange Affairs Department	121.9	127.2	112.2	101.2	113.7	118.3
Fiscal Affairs Department	103.2	107.4	101.4	111.9	97.5	102.9
Statistics Department	47.2	48.9	49.1	48.2	48.7	54.1
IMF Institute	51.4	54.5	54.6	54.4	56.0	56.7
Legal Department	10.5	12.7	8.6	15.4	15.7	20.2
Other Departments	15.4	14.7	11.3	12.2	9.7	11.1

Source: Office of Technical Assistance Management.

1/ An effective person-year of TA is 260 days. This table is derived from the Budget Reporting System (BRS) data and includes both time spent on TA activities at headquarters and time spent on TA delivery in the field. There is a break in the series between FY 2000 and FY 2001. From FY 2001, the data include time spent on TA-related activities by support staff. Prior data do not include all support staff time.

2/ Resource Allocation Plan projection, consistent with the approved FY 2003 Budget.

3/ TA delivered to countries or organizations in two or more regions.

4/ FY 2003 projection includes resources not yet allocated to specific regions as part of TA departments' contingency.

5/ Indirect TA, including TA policy, management, and evaluation, and other activities in support to the TA program.

Table 2. FSAPs, Fiscal ROSCs, and Data ROSCs, FY 2000-FY 2002

	FY 2000	FY 2001	FY 2002
FSAPs	12	21	22
<i>ROSC modules 1/ 2/</i>	<i>18</i>	<i>85</i>	<i>108</i>
Fiscal ROSCs	7	15	27
Data ROSCs	6	2	21

Sources: EBAP/02/42, Supplement 1; the FY 2003 Budget and the Medium-Term Framework; and staff estimates.

1/ Financial Sector ROSC modules are derived primarily from FSAP assessments, and consist of the following:

- Basel Core Principles for Effective Banking Supervision;
- Core Principles for Systemically Important Payment Systems;
- International Association of Insurance Supervisors; Insurance Core Principles;
- International Organization of Securities Commissions Objectives and Principles of Securities Regulation; and
- IMF Code of Good Practices on Transparency in Monetary and Financial Policies.

2/ In some cases, financial sector standards are also assessed on a stand-alone basis, or as part of the TA program. In FY 2001, two ROSCs each for the European Central Bank and France, and one ROSC for Russia were completed.

11. Looking forward to FY 2003, the Resource Allocation Plan (RAP) elaborated by departments projects a 6.4 percent increase in TA delivery compared to the estimated outturn in FY 2002 (Table 1). Some of this increase reflects the projected impact of the opening of two regional TA centers in Africa. However, TA delivery to the Asia-Pacific region, to Middle Eastern countries, and to countries in the Western Hemisphere region is also projected to rise. Most of the projected increase in TA delivery is due to stepped-up efforts for capacity building in low-income countries, a projected sharp increase in TA related to AML/CFT, and follow-up TA related to FSAPs and ROSCs.

12. The geographical distribution of Fund TA was similar in FY 2001 and FY 2002 (Tables 1 and 3, and Figure 1). With the increasing emphasis on TA in support of poverty reduction, sub-Saharan Africa's TA share rose to 27 percent of total TA in FY 2002. It is now the region which receives the largest share of TA from the Fund. TA to the Asia-Pacific region has remained high in spite of the waning of the impact of the 1997-98 financial crisis, reflecting a shift in delivery toward post-conflict cases, such as Cambodia and East Timor, and a continued high level of TA to support reforms in Indonesia and Mongolia (Table 4). Consistent with the trend over the past five years, Fund TA delivered to countries served by the European II (EU2) Department declined in FY 2002, reflecting the fact that institutional

capacity has developed considerably in these countries. Nevertheless, institutional weaknesses remain, and five countries in the region—Armenia, Azerbaijan, Georgia, Russia, and Ukraine—were among the top 20 recipients of Fund TA in FY 2002. TA delivered to European I (EU1) Department countries peaked in FY 2001–FY 2002, reflecting the large capacity-building effort in the Balkans.

13. The impact on TA delivery in FY 2002 of security concerns linked to the aftermath of the September 11 attacks was particularly notable for the countries covered by the Middle Eastern Department; TA delivery to these countries declined by 19 percent between FY 2001 and FY 2002. This decline was mainly concentrated in the fiscal area. This trend is projected to reverse itself in the coming year, reflecting among other things, assistance to Afghanistan, which is expected to absorb a significant level of resources from all TA departments (see Box 1). After falling sharply in FY 2000 and FY 2001, TA delivery to countries in the Western Hemisphere region rose slightly in FY 2002, partly reflecting the impact of the opening of the Caribbean Regional Technical Assistance Center (CARTAC) (see Box 5).

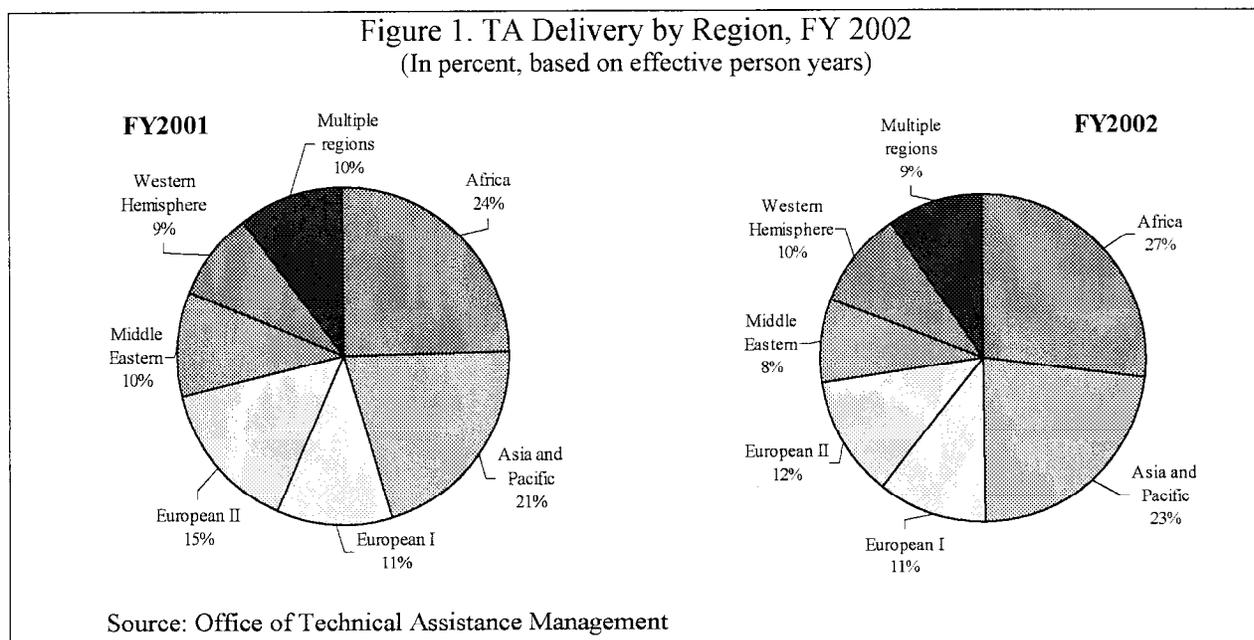


Table 3. Technical Assistance Resource Distribution, FY 1998-FY 2002

(In effective person years) 1/

	FAD			MAE			STA			INS			LEG			OJHR															
	FY98	FY99	FY00	FY98	FY99	FY00	FY98	FY99	FY00	FY98	FY99	FY00	FY98	FY99	FY00	FY98	FY99	FY00													
<b>A. Resources available</b>																															
1. Fund financed																															
Staff	63.3	64.4	67.9	79.3	70.1	88.7	95.9	78.3	71.6	80.5	37.0	36.3	38.6	39.5	36.1	50.2	52.4	53.0	52.8	54.1	10.2	9.7	7.1	13.6	13.5	8.7	7.5	6.8	8.7	8.1	
HQ consultants	32.3	32.3	34.7	40.5	33.7	39.1	36.3	29.5	34.1	39.9	31.8	31.3	32.7	35.0	32.3	48.7	51.4	51.7	46.5	47.7	5.7	5.9	3.4	7.0	7.5	8.1	6.9	6.5	8.7	6.6	
Experts	10.0	11.3	10.8	11.3	12.3	8.0	6.5	4.0	5.2	3.5	0.2	0.6	0.6	0.4	0.6	0.5	0.0	0.0	4.3	4.1	3.0	1.4	0.8	1.6	1.8	0.3	0.5	0.2	0.0	1.4	
	20.0	20.8	22.5	27.5	24.0	41.5	53.1	44.7	32.3	37.1	5.0	4.4	5.3	4.1	3.2	1.1	1.0	1.3	2.0	2.3	1.6	2.5	2.9	5.0	4.2	0.3	0.1	0.1	0.0	0.1	
2. Externally financed																															
UNDP	40.8	43.0	33.5	32.6	27.5	33.3	31.3	33.9	29.6	33.2	10.2	12.6	10.5	8.7	12.6	1.1	2.1	1.6	1.5	2.0	0.3	3.0	1.5	1.8	2.2	6.7	7.2	4.5	3.5	1.6	
JAA 2/	12.2	8.6	4.3	5.1	4.7	6.8	2.3	2.1	1.2	1.6	1.4	2.2	1.8	1.4	3.2	0.3	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	2.1	1.2	0.5	0.7	0.0	
Other	16.8	25.3	23.2	23.3	16.9	24.5	24.6	29.4	25.8	28.7	8.7	10.4	8.6	7.2	8.4	0.8	1.8	1.4	1.2	1.4	0.2	2.9	1.5	0.3	0.6	2.7	5.2	3.8	1.8	1.5	
	11.9	9.1	6.0	4.3	5.9	2.0	4.4	2.5	2.5	2.9	0.2	0.0	0.1	0.1	1.0	0.1	0.3	0.1	0.4	0.5	0.0	0.0	0.0	1.5	1.6	1.9	0.8	0.2	1.0	0.1	
<b>Total Resources</b>	103.2	107.4	101.4	111.9	97.5	121.9	127.2	112.2	101.2	113.7	47.2	48.9	49.1	48.2	48.7	51.4	54.5	54.6	54.4	56.0	10.5	12.7	8.6	15.4	15.7	15.4	14.7	11.3	12.2	9.7	
<b>B. Resources used</b>																															
1. Regional																															
AFR	88.8	93.1	87.5	96.9	83.3	112.3	117.9	103.5	87.5	99.6	40.9	40.5	39.9	37.3	37.3	33.3	36.7	37.8	35.8	37.2	7.7	10.1	6.4	11.2	12.2	10.8	10.2	7.0	7.1	4.0	
APD	26.8	29.3	29.1	33.2	30.2	25.5	30.2	29.6	23.1	25.4	6.2	8.5	7.9	5.9	11.6	1.8	2.3	1.8	3.8	4.3	0.9	1.0	1.0	1.1	1.4	3.3	1.5	0.2	1.1	0.9	
EU1	12.9	16.5	14.1	16.0	16.8	25.0	25.0	18.1	21.3	24.5	4.9	5.8	5.3	7.4	7.8	1.9	3.7	1.8	8.0	7.4	0.9	4.6	1.8	3.0	4.0	1.7	3.1	2.3	1.4	1.7	
EU2	6.8	6.1	7.9	10.0	7.7	12.0	12.5	10.6	11.8	14.2	3.8	3.3	4.2	4.4	3.4	0.7	0.1	0.5	2.6	3.2	1.5	0.6	0.8	1.3	1.1	0.0	0.1	0.1	0.0	0.1	
MED	15.8	14.7	16.7	15.8	11.7	19.3	19.1	14.4	10.9	10.4	11.1	8.3	7.2	5.0	3.6	1.7	1.0	0.7	6.3	6.0	0.9	1.3	1.1	1.8	1.2	0.3	0.6	0.4	1.1	0.1	
WHD	11.5	14.2	9.4	14.2	8.6	12.3	11.8	11.7	7.4	7.9	2.7	3.4	3.7	2.9	3.6	0.6	0.9	1.2	1.7	1.5	0.5	0.2	0.2	0.7	0.6	1.7	1.3	1.2	1.0	0.2	
Multiple Regions 3/	12.9	9.8	7.3	5.4	7.0	13.0	14.1	13.0	9.6	11.4	6.0	4.9	5.0	4.6	3.8	0.5	0.1	0.4	1.8	2.8	0.8	0.7	0.7	0.9	0.8	3.1	2.8	1.8	1.3	0.8	
Indirect TA 4/	2.1	2.6	3.0	2.4	1.4	5.3	5.2	6.0	3.4	5.8	6.2	6.3	6.5	7.1	3.4	26.1	28.5	31.5	11.5	12.1	2.3	1.7	0.8	2.5	3.1	0.7	0.7	1.1	1.2	0.2	
	14.3	14.2	13.9	15.1	14.1	9.6	9.4	8.7	13.7	14.1	6.3	8.4	9.2	10.8	11.5	18.1	17.8	16.8	18.6	18.8	2.8	2.6	2.2	4.2	3.5	4.5	4.5	4.3	5.1	5.7	
<b>Total Resources</b>	103.2	107.4	101.4	111.9	97.5	121.9	127.3	112.2	101.2	113.7	47.2	48.9	49.1	48.2	48.7	51.4	54.5	54.6	54.4	56.0	10.5	12.7	8.6	15.4	15.7	15.3	14.7	11.3	12.2	9.7	

Source: Office of Technical Assistance Management.

1/ An effective person year of technical assistance is 260 days. This table is derived from the Budget Reporting System (BRS) data, and includes both time spent on TA activities at headquarters and time spent on TA delivery in the field. Data for FY2002 are estimates.

2/ Japan Administered Account.

3/ TA delivered to countries or organizations in two or more regions.

4/ Indirect TA, including TA policy, management, evaluation and other activities in support of the TA program. From FY 2001, the data include time spent on TA-related activities by support staff. Prior data do not include all support-staff time.

Table 4. TA Delivery: Top 20 Recipients, FY 2000–FY 2002

(Field delivery only, in person years) 1/

Country/Region	FY 2000	Country/Region	FY 2001	Country/Region	FY 2002
Indonesia	6.8	Indonesia	8.2	East Timor	7.0
Liberia	6.3	East Timor	6.9	Indonesia	6.9
Ukraine	5.7	Ukraine	5.1	Cambodia	5.5
Yemen, Republic Of	5.0	Azerbaijan	4.3	PFTAC	4.6
Tajikistan	4.5	PFTAC	4.2	Multiple Regions 2/	4.3
PFTAC	4.0	Bosnia and Herzegovina	4.0	Rwanda	4.2
Russian Federation	4.0	Liberia	3.9	Ukraine	4.0
Bosnia and Herzegovina	3.8	Rwanda	3.9	Uganda	4.0
Haiti	3.5	Multiple Regions 2/	3.8	Kosovo	3.4
Thailand	3.5	Yemen, Republic of	3.8	Azerbaijan	3.4
Georgia	3.3	Russian Federation	3.6	BEAC	3.3
Bolivia	3.2	Cambodia	3.3	Eritrea	3.2
Lesotho	3.2	Tajikistan	3.2	Mongolia	3.0
West Bank and Gaza	3.2	Lesotho	3.1	Africa Regional 3/	2.8
Tanzania	3.2	Mongolia	2.9	Georgia	2.7
Rwanda	3.1	Kosovo	2.8	Russian Federation	2.7
Malawi	3.1	Tanzania	2.6	Bosnia and Herzegovina	2.7
Bulgaria	3.1	Chad	2.5	Armenia	2.6
Azerbaijan	3.0	Uganda	2.4	CARTAC	2.6
Kosovo	3.0	Ethiopia	2.3	Tanzania	2.4
<b>Total of top 20 recipients</b>	<b>78.8</b>	<b>Total of top 20 recipients</b>	<b>77.3</b>	<b>Total of top 20 recipients</b>	<b>75.7</b>
<b>Percent of total field delivery</b>	<b>40.2</b>	<b>Percent of total field delivery</b>	<b>41.2</b>	<b>Percent of total field delivery</b>	<b>40.1</b>

Source: Office of Technical Assistance Management.

1/ Data derived from the Travel Information Management System (TIMS). Data for FY 2002 are estimates.

2/ TA delivered to countries or organizations in two or more regions.

3/ TA delivered to, or in connection with, African regional organizations.

### **Box 1. Afghanistan: TA in FY 2002 and Beyond**

The Fund has been responding to Afghanistan's needs to restore critical economic and financial institutions. The Fund's assistance is provided in support of, and in close coordination with, the World Bank, which takes the lead in helping the authorities develop and coordinate the overall reconstruction strategy. The Fund's primary role has been, and will continue to be, to provide policy advice and technical assistance in its areas of expertise, to help ensure a sound foundation for macroeconomic management, and to promote macroeconomic stability during the reconstruction period. A key element in this is an extensive technical assistance program directed at the rehabilitation of the Ministry of Finance and Da Afghanistan Bank. Although the central bank and key ministries survived the crisis, their capacity to perform essential functions is weak. The first multi-departmental staff visit to Kabul in January 2002 established the broad parameters for Fund technical assistance and coordination. In the period until end FY 2002 Fund TA to Afghanistan amounted to two-thirds of one person-year.

The Fund's technical assistance is concentrated in three main areas: financial sector reform, fiscal reform, and rebuilding statistics:

- In the area of financial sector reform, technical assistance covers establishing a basic payments system, a minimum regulatory framework, including new central bank and banking legislation, currency reform, banking supervision, and improving accounting procedures. Missions from MAE visited Kabul in March and May 2002, and are scheduled to return to Kabul, together with experts from LEG on financial sector legislation, in July 2002. In addition, staff from MED, together with MAE staff, provided advice on establishing foreign exchange auctions.
- In the fiscal area, technical assistance has already been provided on fiscal management, tax policy, and tax and customs administration, with missions from FAD visiting Kabul in February and May, 2002.
- A diagnostic mission from STA visited Kabul in April 2002 to assist with rebuilding a statistical base, with a focus on core data, such as GDP, CPI, fiscal and monetary accounts, and the balance of payments.

Assistance in FY 2003 is expected to amount to six person years. Moreover, Fund staff have started to discuss with the authorities the development of a Technical Cooperation Action Plan (TCAP), which would help coordinate the many technical assistance initiatives in the area of macroeconomic management within and outside the Fund and foster cooperation amongst development partners.

14. Some preliminary information is available regarding TA delivery using the new prioritization filters. The possibility of drawing hard conclusions about the allocation of TA delivery under the new prioritization process is limited by the fact that the scheme has only been in place a short time, and the fact that the data available to track delivery using the new categories cover TA delivery in the field only. Regarding the Fund's main program areas (MPAs), the available indicators suggest a shift toward increased delivery of TA to support the Fund's work in crisis prevention (MPA1), post-conflict/isolation cases (MPA4)—which are particularly resource intensive; and regional/multi-regional initiatives (MPA5), the latter mainly reflecting the opening of the Caribbean Regional Technical Assistance Center

(Table 5). TA delivery to support crisis resolution and management (MPA3) and poverty reduction (MPA2) showed marked declines in FY 2002.

15. The indicators that track TA delivery by key policy initiatives and concerns (KPICs) suggest that, compared to FY 2001, in FY 2002 there was a marked increase in TA associated with the HIPC initiative (KPIC3). Although starting from a low level, there was a discernible increase in follow-up TA for work associated with FSAPs (KPIC2), safeguarding Fund resources (KPIC4), and offshore financial centers (KPIC5). With overall TA delivery roughly constant in FY 2002, the increase in TA associated with these initiatives necessarily entailed a reduction of TA delivery for activities classified under the broad category of TA associated with general policy reform/capacity building (KPIC6). Follow-up TA related to standards and codes, except FSAPs (KPIC1), also declined, mainly reflecting a decline in TA delivery for this category by STA (Table 5). Since a TA event is reported according to its dominant characteristics, TA that has capacity building as its dominant focus is reported against KIPIC6. However, a significant level of TA associated with the HIPC initiative (KPIC3), follow-up to FSAPs (KIPIC2) and standards and codes (KPIC1) has capacity-building elements. The decrease in KIPIC6 does therefore not necessarily mean that capacity-building TA has been crowded-out by an increased focus on the other key policy initiatives.

16. The reduction in TA under MPA2 (poverty reduction) appears inconsistent with the increased provision of TA to low-income countries in sub-Saharan Africa and elsewhere, evident from Table 1, and the sharp increase in HIPC-associated TA in KPIC3. The cross-sectional information presented in Table 6 may shed some light on this result. The table crosses TA delivery by KPIC with the countries covered by each MPA. The data, which cover TA field delivery only, suggest that the decline in TA delivery for the countries included in MPA2 was centered on TA provided for policy reform/capacity building (KPIC6). This reflects the scaling down or postponement of TA projects in some countries/entities, most of which were not in Africa or classified as HIPCs. For example, among those experiencing the largest decline in TA delivery under MPA2 were: Bosnia and Herzegovina, Haiti, Kyrgyz Republic, Mauritania, Moldova, Tajikistan, West Bank and Gaza, and the former Yugoslav Republic of Macedonia.

Table 5. Technical Assistance Delivery Indicators  
Main Program Areas (MPAs) and Key Policy Initiatives and Concerns (KPICs)

(Field delivery only, in person years) 1/

	Total		FAD		MAE		STA		INS		LEG		Other	
	FY 01	FY 02												
<b>Main Program Areas 2/</b>														
1. Crisis prevention	28.6	32.6	8.8	7.4	12.1	18.7	4.4	3.6	0.8	0.2	1.3	1.4	1.3	1.3
2. Poverty reduction	77.3	69.3	40.2	33.8	24.6	26.0	9.7	7.0	0.2	0.4	1.3	1.1	1.5	0.9
3. Crisis resolution and management	35.9	28.9	14.8	11.7	12.9	11.9	5.1	2.3	0.5	0.5	2.3	2.2	0.4	0.4
4. Post conflict/isolation	18.5	23.2	6.3	6.5	10.4	14.2	1.4	1.9	0.1	0.1	0.3	0.4	0.0	0.1
5. Regional/multi-regional	27.2	33.9	3.9	5.3	9.2	10.5	5.6	6.2	5.7	7.0	1.9	3.6	0.9	1.3
<b>Total</b>	187.4	187.8	74.0	64.7	69.2	81.3	26.1	21.0	7.1	8.3	7.1	8.7	4.1	4.0
<b>Key Policy Initiatives and Concerns</b>														
1. Follow up TA for standards and codes, excluding FSAP	16.2	13.6	0.0	0.3	0.1	0.2	15.4	12.6	0.0	0.0	0.0	0.0	0.7	0.5
2. Follow-up TA for FSAP	1.8	3.4	0.0	0.0	1.8	3.4	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
3. HIPC-associated	13.7	21.4	11.1	10.7	0.1	8.4	2.6	2.1	0.0	0.0	0.0	0.1	0.1	0.1
4. Safeguarding Fund resources	0.5	0.6	0.3	0.4	0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5. Offshore financial centers	1.4	5.1	0.0	0.0	0.8	3.7	0.1	0.1	0.0	0.0	0.6	1.4	0.0	0.0
6. Policy reform/capacity building	153.6	143.7	62.6	53.2	66.2	65.5	8.0	6.2	7.1	8.3	6.5	7.2	3.3	3.4
<b>Total</b>	187.4	187.8	74.0	64.7	69.2	81.3	26.1	21.0	7.1	8.3	7.1	8.7	4.1	4.0

Source: Office of Technical Assistance Management.

Note: Components may not add to totals because of rounding.

1/ Data derived from the Travel Information Management System (TIMS). Data for FY 2002 are estimates.

2/ MPA classification is by country. See Appendix II for country list.

Table 6. Cross-Sectional Distribution of TA Delivery by Main Program Areas (MPAs) and Key Policy Initiatives and Concerns (KPICs), FY 2001–FY 2002  
(Field delivery; in person years) 1/

	Total	KPIC1	KPIC2	KPIC3	KPIC4	KPIC5	KPIC6
<b>MPA1: Crisis prevention</b>							
FY 2001	28.6	3.6	0.9	0.0	0.1	1.0	23.2
FY 2002	32.6	3.7	1.3	0.0	0.0	3.4	24.3
<b>MPA2: Poverty reduction</b>							
FY 2001	77.3	6.9	0.5	12.3	0.3	0.0	57.4
FY 2002	69.3	5.5	1.8	19.3	0.4	0.0	42.2
<b>MPA3: Crisis resolution and management</b>							
FY 2001	35.9	4.2	0.5	0.0	0.2	0.2	31.0
FY 2002	28.9	2.4	0.4	0.0	0.1	0.1	25.9
<b>MPA4: Post-conflict/isolation</b>							
FY 2001	18.5	0.1	0.0	1.8	0.0	0.0	16.6
FY 2002	23.2	0.1	0.0	2.1	0.0	0.0	21.1
<b>MPA5: Regional/multi-regional</b>							
FY 2001	27.2	1.4	0.0	0.0	0.0	0.3	25.5
FY 2002	34.9	1.8	0.0	0.0	0.0	1.7	30.5
<b>Total</b>							
FY 2001	187.4	16.2	1.8	13.7	0.5	1.4	153.6
FY 2002	187.8	13.6	3.4	21.4	0.6	5.1	143.7

Source: Office of Technical Assistance Management.

Note: Components may not add to totals because of rounding.

1/ Field delivery only. Data derived from the Travel Information Management System (TIMS). Data for FY 2002 are estimates. See Appendix II for MPA country list.

KPIC1: Follow-up TA for standards and codes, excluding FSAP; KPIC2: Follow-up TA for FSAP;

KPIC3: HIPC-associated; KPIC4: Safeguarding Fund resources; KPIC5: Offshore financial centers; and KPIC6: Policy reform/capacity building.

17. The Fund's expanding responsibilities in the area of financial sector stability led to increased demand in FY 2002 for TA provided by MAE. Delivery of TA by MAE rose by 12 percent in FY 2002, compared with the previous year. Much of the increase was in support of crisis prevention and resolution (Table 5). In some countries, this was centered on traditional MAE activities, including financial sector supervision, and monetary and exchange system management (Table 11, Appendix III). However, MAE has increasingly sought to provide this assistance in support of countries' efforts under the PRGF and HIPC initiatives. TA provided by MAE in support of poverty reduction accounted for over 30 percent of MAE resource utilization for TA. The Fund's increased involvement in post-conflict/isolation countries has also stimulated the demand for MAE TA to rebuild and re-establish financial sector institutions. The share of this type of TA in the total provided by

MAE rose to 18 percent in FY 2002, and the countries covered included Afghanistan, the Democratic Republic of the Congo, East Timor, Eritrea, Ethiopia, Sierra Leone, and the former Republic of Yugoslavia, including Kosovo. The demand for TA provided by MAE also reflects efforts to implement recommendations arising from FSAPs, safeguard assessments, OFC assessments and AML/CFT work. Such TA absorbed about 10 percent of MAE's TA resources in FY 2002, compared with five percent in FY 2001. Since September 2001, for example, 26 TA interventions on OFCs have been completed, agreed or identified.

18. TA delivery by **FAD** reached a peak in FY 2001, owing to a number of special factors (Table 1). These included: a combination of heavy involvement in some BRO countries and projects undertaken in cooperation with UNDP (for example, in Lao PDR and Vietnam) which were less intensive in FY 2002; some important post-conflict cases, such as East Timor, Rwanda, and West Bank and Gaza; lingering effects of the Asian crisis (Indonesia); and an intensive use of long-term advisors.

19. TA provided by **FAD** declined by 13 percent in FY 2002, compared to year-earlier levels, reaching its lowest level in five years. The outturn in FY 2002 was unusually low, reflecting the unwinding of special factors that affected delivery in FY 2001, a cautious stance on staff travel after September 11, and the fact that a few large projects that were expected to come on stream failed to materialize. Apart from these transitory factors, delivery was also affected by the decision to shift resources among the different Fund activities that FAD supports. In particular, relatively more resources were devoted to UFR work (especially for HIPC countries), and to surveillance (especially ROSCs), in response to institutional priorities. TA delivered by FAD is projected to rise by 5.5 percent in FY 2003, closer to the average level for FY 1998–FY 2000.

20. In its TA delivery, **FAD** has been placing greater emphasis on “upstream” TA, that is, TA that focuses on establishing broad strategies, and monitoring and advising the authorities on their progress, while leaving most of the detailed aspects of implementation to the authorities and to other providers. The approach has had implications for TA delivery mechanisms. FAD's use of long-term experts declined by 16.5 percent in FY 2002, compared to the previous year, reflecting a general preference for using short-term experts and peripatetic assignments, and to some extent also regional experts, as alternatives to long-term experts.<sup>8</sup> The increased emphasis on “upstream” TA has also had some implication for the funding mix. The long-term trend toward less reliance on external financing in FAD continued in FY 2001–FY 2002 (Table 3). In FY 2002, external financing represented 28 percent of FAD's TA resources, compared to about 40 percent in FY 1998.

---

<sup>8</sup> Peripatetic experts are experts from the TA department's panel who go to the same country in a series of short-term missions. Similarly, resident experts can be based in the region and periodically visit other countries in the region. Both peripatetic and regional assignments offer a number of advantages. Most notably they provide continuity of support, allow TA departments to keep in close touch but without getting drawn into detailed implementation issues that are better left to national authorities or other providers, and encourage recipient country ownership.

21. Data on **FAD**'s TA delivery classified by main program area and key policy initiatives (Table 5), indicate that most of the department's TA was provided in support of poverty reduction (MPA2) and for post-conflict/isolation cases (MPA4). Reflecting this concentration, the bulk of FAD's TA delivery was carried out under the broad category of policy reforms and capacity building (KIPC6) and work associated with HIPCs (KIPC3). Viewed by main subject area, just under half of FAD's TA was provided in the area of revenue mobilization (Table 12, Appendix III), and was heavily concentrated in the countries of sub-Saharan Africa and the Asia-Pacific region. Roughly one third of FAD's TA was provided in the area of budget preparation and public expenditure management, with much of this being delivered to countries in Africa and in the BRO. TA to build capacity in macro-fiscal management was also important, accounting for some 16 percent of FAD's TA in FY 2002.

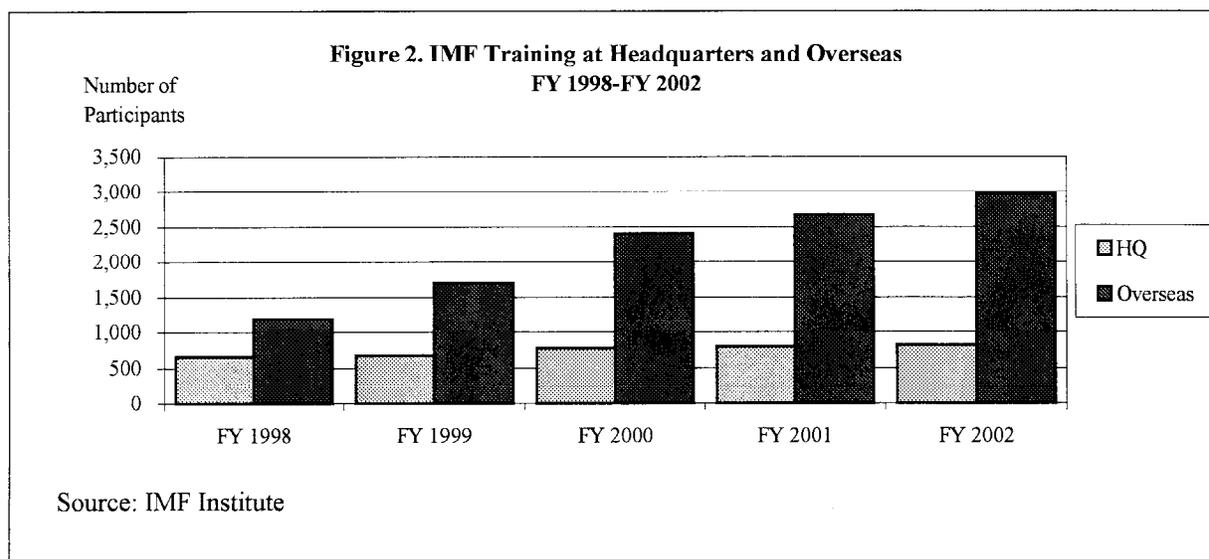
22. The volume of TA provided by **STA** remained virtually unchanged in FY 2002, compared with previous years. However, there were important shifts in the composition of this assistance among regions, reflecting a major push to assist countries that indicated interest in participating in the GDDS. Much of this was concentrated in Africa; STA's TA delivery to the region nearly doubled in FY 2002. STA's TA to countries in the Middle Eastern region rose, reflecting continued support for the Fund-supported program in Pakistan, TA provided to Yemen, and assistance to countries interested in participating in the GDDS. With the available resources virtually unchanged, these shifts led to cutbacks in other areas, such as the Western Hemisphere region, and the countries covered by EU1 and EU2, leaving a considerable unfilled excess demand for TA to strengthen countries' statistical systems (see Section II.B below for a fuller description).

23. Reflecting these trends, much of **STA**'s TA was concentrated in support of poverty reduction (MPA2) and regional arrangements (MPA5) linked to the department's efforts to adopt a regional approach to assisting countries to prepare for participation in the GDDS (Table 5). Viewed by key program initiatives, STA's TA delivery was concentrated in follow-up TA for standards and codes (KIPC1), to assist countries wishing to subscribe to the SDDS or to participate in the GDDS, and for capacity building (KIPC6). Viewed by subject area, much of STA's TA delivered in the field in FY 2002 was provided through multi-topic statistical advisors, in particular for CARTAC and PFTAC, and for certain post-conflict cases (Table 13, Appendix III). About 22 percent of STA's TA provided in the field was in the area of national accounts and prices, while TA provided to help strengthen balance of payments and trade statistics and monetary and financial statistics accounted for 13.5 percent and 11 percent, respectively, of total field delivery.

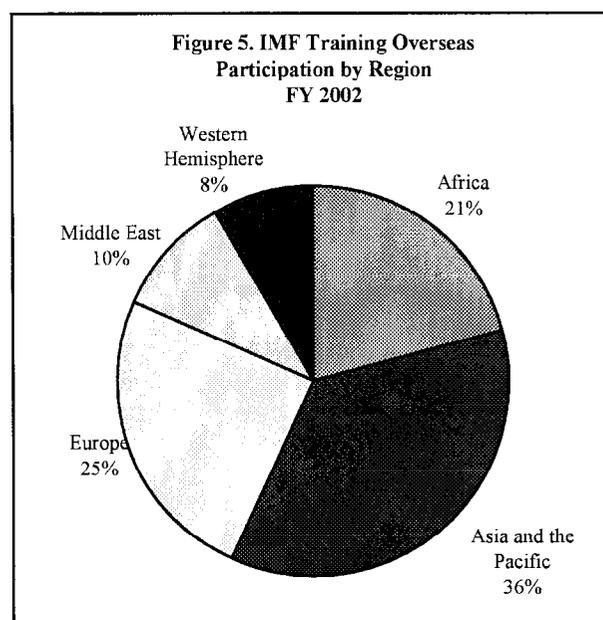
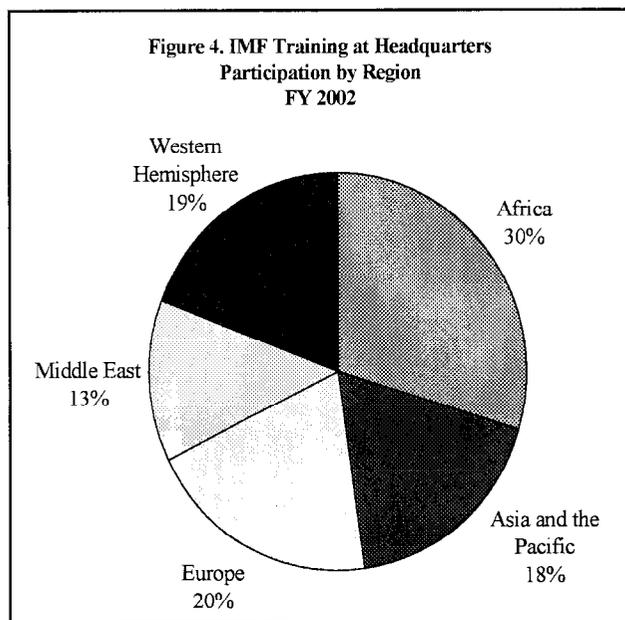
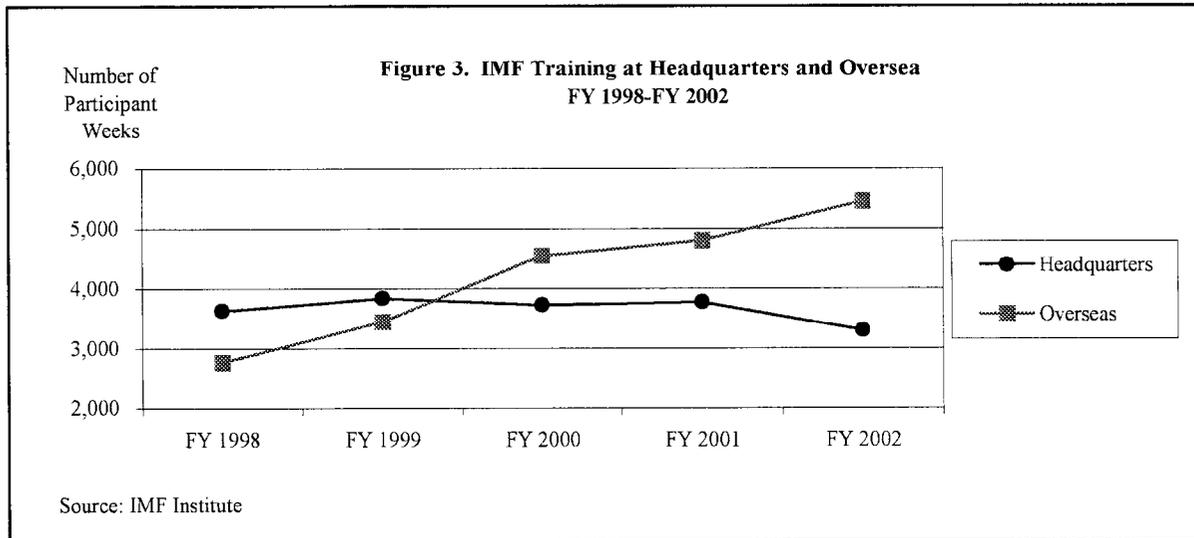
24. TA provided by **LEG** rose in FY 2001–FY 2002, reflecting the department's growing participation in follow-up TA for OFCs and in AML/CFT work, and an increasing awareness among policy makers of the need to underpin reforms with strong supporting legal frameworks. There were also increases in the subject areas traditionally covered by LEG, for example, in the banking and fiscal areas.

25. As in previous years, in FY 2002, most of the TA delivered by LEG was in support of reforms in the financial system (Table 14, Appendix III). TA to support legal reforms in the fiscal area accounted for about 18 percent of total TA delivered by LEG in FY 2002, while TA to offshore financial centers represented a similar amount. Almost one quarter of LEG's TA was delivered to countries in the Asia-Pacific region, reflecting in part a major legal reform project in Indonesia. TA was also delivered by LEG to Cambodia (fiscal and corporate insolvency), East Timor (fiscal) and Nepal (fiscal).

26. In FY 2002, there was an eight percent rise in the number of courses offered by INS and an increase of 10 percent in the number of participants attending these courses. There was a smaller rise by two percent in the number of participant weeks, reflecting the continued shift to shorter and more specialized courses adapted to the evolving needs of member countries. This expansion of INS training was due principally to a further rise in training activities at the regional training institutes and programs, which are discussed in Section IV of the paper, as well as an expansion of distance learning (Figures 2 and 3). The number of participants at training activities in Washington also rose, modestly, despite a decline by one activity in the number of training activities, but there was a fall in the number of participant weeks, reflecting the balance between shorter and longer courses.



27. As can be seen in Figures 4 and 5, there was significant participation in INS courses and seminars from all regions in FY 2002. There was a particularly large share of participants from the Asia-Pacific region and from Europe in INS overseas training, reflecting in part that the regional programs covering these areas are relatively long established. For headquarters-based training, participants from Africa made up the largest group, boosted by a distance-learning course for African officials and the large share of African participants at a seminar on poverty reduction strategies.



## B. Experience with the New Prioritization Process

28. Both TA and area departments have reported that their experience with using the new prioritization process has been generally positive. TA departments reported that they were actively using the prioritization filters to allocate TA resources in the context of the annual RAP exercise, as well as throughout the year. TA departments noted that the prioritization filters enter into the resource allocation process at a number of levels: (i) in the context of

aligning TA delivery with the Fund's overall policy priorities; (ii) at the regional level; and (iii) at the individual country level. TA departments also reported that a country's record of past implementation of TA advice and the availability of alternative TA providers were important considerations in allocating TA.

29. TA departments noted that a positive aspect of the new system was that it does not micro-manage the allocation of Fund TA. Although overlaps existed between MPAs and KPICs, the system was seen as being flexible enough to accommodate departments' different specializations. Moreover, TA departments noted that the prioritization filters provided greater transparency in the allocation of TA resources, which was helpful in explaining to national authorities why certain TA requests were deferred or rejected. For example, a request for a treasury expert was rejected in view of previous Fund assistance in this area and the authorities' ability to do the work without outside assistance. More generally, TA requests have, among other things, been deferred or rejected because of a country's poor track record in implementing past recommendations; lack of country ownership of the reform program and commitment to capacity building; the subject matter was outside of the Fund's core area or could better be covered by other providers. Departments also noted that, inevitably, cases would arise in which the application of the filters called for fine judgment. For example, despite a country's poor record of implementation of past TA, the decision to go forward with additional TA could be warranted if it was clear that the authorities' commitment to implementation had changed and the TA was seen as a key component of macroeconomic policy reform. Recent examples of the need for a flexible approach include the TA provided in the context of the Fund-supported programs for Ghana and Pakistan. Prioritization choices were especially difficult for TA departments where there was a significant blend of both TA for long-term capacity building, and TA to address immediate policy deficiencies. Area departments generally reported that the new process was working well. However, some departments felt that the new process gave inadequate emphasis to the distribution of TA by geographical region. There was a possibility that this might result in some regions receiving less TA than in the past.

30. To provide a view of how TA prioritization is working, individual TA department's experiences with the process are described below.

31. The prioritization filters enter into MAE's decisions on the allocation of TA resources at a number of levels. In the context of ensuring the alignment of TA delivery with the Fund's policy priorities, MAE focuses on its core areas and avoids providing TA in areas in which it does not have a comparative advantage in relation to other providers. In the selection of recipient countries, full account is taken of the MPAs. Much of this prioritization is done at the regional/area level, where the filter process works two ways. First, the requests from each country are prioritized by topic, with the lower priority topics generally being dropped. Second, after the TA requests by country have been filtered by subject topic, the volume of TA provided to the country is determined based on other factors such as relevance of the requests to the KPICs, how well past TA advice was implemented (TA effectiveness), and the availability of alternative TA providers. The list of MAE priorities by core area has proven useful as a prioritization tool (see Table 11, Appendix III). MAE Area Managers have

used the list of priorities by core areas in discussions with country authorities to indicate the relative priorities of the various TA interventions that they are requesting. This has enhanced transparency and the authorities' understanding of why some requests have been accorded a low priority or rejected.

32. **MAE's** collaboration with the World Bank and other donors on financial sector issues has also provided useful input for the prioritization process and has helped mobilize additional funding for TA in areas that complement the Fund's work. In particular, collaboration on TA arising from FSAPs has helped to prevent duplication and conflicting advice, and has promoted a clearer division of labor among providers based on their respective mandates. For example, in the case of the FSAP for the Kyrgyz Republic, the Fund will be taking the lead on central bank accounting, payment system design, bank supervision, and bank bankruptcy, while the World Bank will be focusing on payment system operations, insurance, securities, and micro-finance. In addition, the Asian Development Bank was brought into the discussions on issues that were of particular relevance to it, and is taking the lead on general bankruptcy law.

33. In FY 2002, **MAE** introduced a new system for tracking all new TA requests submitted after the finalization of the initial RAP for the fiscal year. Over 80 new TA requests were entered into the tracking system between the date of its implementation in January 2002 and the beginning of FY 2003, including requests that were channeled through the World Bank. Of those requests, six were denied, because they covered topics that were not in MAE's core areas or were not accorded high priority after applying the prioritization filters. All other requests were accepted and processed as planned events, except for one, which was withdrawn by the country's authorities. In some cases, the new requests were accommodated with resources that had been held in reserve, and in other cases, the new requests replaced previously planned TA that had been postponed or cancelled.

34. **FAD** actively utilizes the prioritization filters in assigning TA resources during the annual RAP exercise and throughout the year. FAD has always based decisions on requests for TA on wide review within the department so that all relevant information is taken into account, as are the views of area departments. Following an examination of arrangements by an intra-departmental working group, some significant changes were made in the course of the past year designed to strengthen the effectiveness of TA provided by the department. Previously, all TA requests were reviewed by a single committee of senior staff. This committee has been replaced by three committees, each with defined regional responsibilities and each chaired by a senior member of the department. The regional focus of these committees—which is supported by regular contacts with area departments—is critical in maintaining a pro-active attitude to assessing the TA needs of members in light of their evolving circumstances. It is intended to ensure that low-priority activities are not undertaken simply because they have been requested.

35. Often, national authorities discuss their potential interest in TA with staff (including resident representatives, area department and FAD staff) before making a formal request. This provides an opportunity for staff to discourage potential requests that are determined as

being of relatively low priority, after applying the prioritization filters. Of new requests for assistance that are actually made, a small proportion are typically considered of low priority and rejected. Typical reasons for rejection include: remoteness of the topic of the request from the central macroeconomic issues facing the requesting country; a record of ineffective use of previous assistance not countered by plausible evidence that things have improved; and remoteness of the subject matter of a request from the core areas of FAD expertise.

36. After a decision is made to respond to a TA request, the appropriate modality for TA delivery is selected. The availability of resources to carry out the chosen delivery mechanism can affect how rapidly **FAD** is able to respond to the request. Such choices also feed back into the prioritization process. For example, the choice of delivery mechanism could range from a mission to a short-term expert assignment, or alternatively, the choice could be between assigning an expert for a lengthy period of time or addressing the request through regular, but relatively brief visits. In a significant proportion of cases, exploration of these and other such issues with national authorities results in the response to requests taking a different delivery form from what was originally asked for.

37. Facing significant excess demand for TA, **STA** actively utilized the prioritization filters to allocate TA during FY 2002 and for the FY 2003 RAP exercise. For example, to initiate the FY 2003 RAP exercise, from January to March 2002, STA developed a list of proposed TA activities, based on requests from country authorities and suggestions from area departments, as well as on commitments to ongoing multi-year projects. The list was put together with the KPIC and MPA priority categories in mind. For STA, high-priority KPICs are: (i) TA related to standards and codes (KPIC1); (ii) HIPC countries (KPIC3); and (iii) offshore financial centers (KPIC5); while high priority MPAs include (iv) poverty reduction (MPA2); (v) post-conflict TA (MPA4); and (vi) regional TA (MPA6). Requests that did not fall under at least one of the above categories were generally rejected. Other requests that were declined were those that did not fall under one of STA's core areas, such as requests for TA in employment statistics, sectoral statistics (such as agriculture), or development of statistical surveys. These requests were often referred to other TA providers.

38. The resulting list of proposed TA activities for **STA** included some 250 TA requests. It was determined that STA only had the capacity to deliver about two-thirds of these requests in FY 2003. The remaining 77 requests were thus put on a "reserve" list, which can be considered effective excess demand for TA in the sense that these missions are beyond STA's capacity to deliver and have lower priority than those selected for action. A mission on the reserve list can be activated if a planned mission is canceled. It could also be reconsidered in the following fiscal year. In the discussion by the Board on data provision to the Fund for surveillance,<sup>9</sup> it was noted that about one-third of member countries require improvements, particularly in data on capital flows, international reserves, external debt, the

---

<sup>9</sup> See: *Data Provision to the Fund for Surveillance Purposes* (SM/02/126, 4/26/02) and *Summing Up by the Acting Chair* (SUR/02/54, 5/16/02).

international investment position, and financial soundness indicators. Addressing these deficiencies is expected to increase the demand for TA in statistics. Given that an estimated one-third of TA requests are currently unsatisfied, the increased focus on data provision for surveillance is likely to increase even further the unsatisfied demand for STA TA.

39. In the final stage of the process, STA management examined the list of proposed TA events from a strategic point of view and made several adjustments. For example, it was decided that some countries' requests should be met even though they did not fall under a high priority KPIC or MPA, where the Fund has been putting emphasis on increased relations with the country or area. Examples of other adjustments included requests from countries which were moved from active to reserve status because of their lack of interest in participating in the GDDS. This reflects the view that country ownership and commitment to statistical capacity building are critical to the effectiveness of STA's TA, and participation in the SDDS or GDDS is a tangible way for countries to commit to a plan for improvement of statistics.

40. Given LEG's limited resources for TA, the department takes an active approach to prioritizing its TA activities. LEG's prioritization process follows closely the Fund's policies on filters and prioritization criteria approved in FY 2001. Consistent with these policies, for purposes of both responding to requests and planning future work, TA requests are first prioritized according to whether they represent one of the department's core areas of specialization, i.e., Filter 1 in the Fund-wide policies (see Table 14, Appendix III for a list of core activities). The rule-of-thumb is to reject requests which do not fall clearly within one of the department's core areas of specialization. TA requests on subject matters which lie at the "periphery" of LEG's core areas will be accepted only if they satisfy the Fund's other filters and prioritization criteria.

41. Within the department's core areas, the MPA and KPIC prioritization filters are further applied to TA requests. Therefore, priority is given to work that forms part of—or is generated by—the Fund's own policy initiatives, i.e., KPICs. Accordingly, for planning purposes, priority in recent years has been given to FSAPs, TA generated by FSAPs, OFC exercises and ROSCs. Further, since the second half of FY 2002, increased priority has been given to TA in AML/CFT, in response to the Fund's escalating role in these areas. Much of this AML/CFT work is generated through the FSAP process and LEG's participation in OFC missions. This work will continue to expand in light of the inclusion of legal and institutional issues in the methodology that is used in the FSAP and OFC exercises and the AML/CFT questionnaires utilized in the context of Article IV missions. As for the MPA filters, LEG gives priority to TA that directly relates to the design and implementation of a Fund-supported program. Assistance provided in this context has traditionally focused on banking, corporate insolvency/debt restructuring and the enforcement of financial claims.

42. Along with other TA departments, the training activities carried out by INS are carefully prioritized, as demand for training far exceeds the amount that INS can supply with the resources available. Some of the filters described earlier in this Section are less relevant for INS than for other TA departments. In particular, virtually all of INS training for officials

falls under KPIC6 (capacity building), and under MPA5 (regional/multi-regional programs). Overall, the INS follows the new prioritization process for TA. INS has traditionally focused its training on topics central to the Fund's mandate in the areas of macroeconomic management and financial programming, the financial sector, the external sector and government finances. Within these areas, INS balances its offerings of existing courses and develops new courses in light of Fund priorities and the training needs of members. For example, INS has substantially increased course offerings in the area of financial markets in recent years. In FY 2002, to complement efforts to strengthen country ownership of Fund programs, INS introduced a new financial programming workshop, which provides even more emphasis on the technical aspects of building a financial program than do its traditional courses in this area. In addition, topics for high-level seminars are chosen with a view to topicality and importance for senior officials. INS also provides training outside of its traditional core areas in response to evolving Fund priorities. Thus, over the past two years, it has organized, in collaboration with the World Bank Institute, a series of PRGF-related training events.

43. INS training is open to officials of all member countries, though many of the training activities, particularly those at the regional programs and institutes, are targeted at specific regions. In the selection of participants, attention is given to achieving a balanced geographical representation, but some preference is given to countries that have particularly strong training needs or have Fund programs. More generally, officials from developing and transition countries are given some preference over those from industrial countries.

44. Consistent with the new TA prioritization process, the INS strategy has for a number of years placed particular emphasis on partnerships with other training providers and donors, both as a cost-effective means of expanding training and to foster the development of regional capacity-building capabilities. This is reflected in the development of a network of IMF regional training institutes and programs and in the long-standing collaboration between INS and a number of regional training programs established by member countries.

### C. Summary

45. The volume of Fund TA delivery was basically unchanged during FY 2001–FY 2002. All TA departments continued to report excess demand for TA during FY 2001–FY 2002. However, excess demand for TA appears to be particularly heavy for STA and LEG, as reported in their discussions of the application of the prioritization filters. Although Fund TA delivery is projected to rise in FY 2003, based on the FY 2003 Budget, the demand for TA is expected to continue to exceed the available resources, underscoring the need to actively prioritize delivery.

46. The consensus among TA and area departments appears to be that the prioritization process is fulfilling its objectives. Although the process itself is proving to be a useful tool, the data available to track TA resource allocation using the MPAs and KPICs needs to be reviewed carefully, often at the micro level, in order to draw conclusions about trends in delivery.

### III. REVIEW OF EXPERIENCE WITH TECHNICAL CONSULTATIONS AND TECHNICAL COOPERATION ACTION PLANS

47. At the June 1999 Board meeting to discuss the *Review of Technical Assistance*, a number of recommendations were made to enhance the focus and effectiveness of Fund TA, and to better integrate it with surveillance and UFR work. Among these were the introduction of *Technical Consultations* (TCs) and *Technical Cooperation Action Plans* (TCAPs).<sup>10</sup> It was decided that TCs and TCAPs would be implemented on a pilot basis during FY 2000–FY 2001, to be followed by an assessment of their success.

#### A. Technical Consultations

48. An important objective of the TC was to create a country-centered, comprehensive approach to Fund TA delivery. A second key objective was to provide meaningful information to the Board on the implementation of Fund TA so that its effectiveness and a country's commitment to implementing the advice could be reviewed. The concept behind the TC was that the Article IV consultation would provide an opportunity for the staff and the authorities to review the effectiveness of past TA and to assess future TA needs in a comprehensive, medium-term framework. Thus, in preparing for the Article IV discussions, Fund staff would briefly review the Fund's TA efforts with a country, including a short appraisal of the effectiveness and impact of past TA. During the consultation, the authorities and staff would review this assessment and discuss the main priorities for future Fund TA. Such a review would then be included in the Staff Report for the Board's information. It was expected that the TCs would lead to closer involvement of the national authorities in Fund TA, improved follow-up by the Fund, better coordination with other TA providers, and increased effectiveness of TA in both the planning and implementation stages.

49. The preliminary review of ten TCs, presented in the 2000 *Annual Report on Technical Assistance* (SM/00/227, 10/05/00) found that their usefulness to the authorities and to the staff was generally positive. However, the review found that the effectiveness of the Staff Report as a mechanism for reporting to, and eliciting feedback from, the Board on the role of TA in a particular country had proven disappointing, as references to TA in the Board's Article IV discussions had been very few. The additional experience with TCs that has been gained since then tends to confirm the preliminary conclusions. Since the pilot program was launched, 29 TCs have been conducted. Table 7 provides indications on how the process has been working. A high proportion of Staff Reports included in the pilot exercise mention or discuss the TCs. However, the percentage of TCs that were followed by the required memorandum from the area department to TA departments reporting on the usefulness of the TC as an "enhancement" to the consultation process, has been low. Also,

---

<sup>10</sup> *Review of Technical Assistance* (EBAP/99/59, 5/17/99), page 4.

Table 7. Review of Scheduled Technical Consultations

<b>Country</b>	<b>Mission Dates</b>	<b>Discussed in Staff Report</b>	<b>Post-Mission Follow Up</b>
Angola	March 21–April 3, 2000	Yes	No
Armenia	June 16–29, 2001	Yes	No
Azerbaijan	November 5–14, 2001	Yes	No
Bangladesh	February 12–28, 2001	Yes	No
Barbados	July 17–31, 2001	No	No
Belarus	July 25–August 7, 2001	Yes	No
Benin	October 6–19, 2000	Yes	No
Bolivia	October 12–30, 1999	Yes	No
Brazil	July 20–August 5, 2000	Yes	No
Bulgaria	January 17–31, 2000	Yes	Yes
Cameroon	February 8–22, 2000 and March 12–16, 2000	Yes	No
Costa Rica	March 14–24, 2001	Yes	No
Croatia	September 27–October 8, 1999	Yes	No
Gambia, The	May 1–17, 2000	Yes	No
Georgia	September 9–22, 1999 and December 1–14, 1999	Yes	Yes
Guyana	April 26–May 10, 2000	Yes	No
Honduras	February 12–March 1, 2001	Yes	No
Iran	April 29–May 14, 2000	No	No
Kazakhstan	November 6–19, 2001	No	No
Lao P.D.R.	October 18–November 1, 2000	Yes	No
Liberia	November 2001	No	No
Macedonia, FYR	November 11–29, 1999 and January 26–February 3, 2000	Yes	No
Mauritania	February 12–29, 2000 and April 15–28, 2000	Yes	No
Mongolia	October 25–November 9, 1999	Yes	Yes
Nepal	November 22–December 3, 1999	Yes	Yes
Papua New Guinea	July 24–August 6, 2000	Yes	No
Senegal	June 19–July 5, 2000	Yes	No
Slovenia	November 11–23, 1999	Yes	No
Ukraine	June 14–28, 2000	No	No

Source: Statistics Department.

during the discussions of Article IV consultation reports at the Board, the outcome of TCs has rarely been discussed.

50. TA departments reported that TCs did not yield sufficient value added to their own ongoing TA assessment and planning processes as, in their view, there was insufficient follow up in the wake of the Article IV consultations. The attention devoted by staff and the authorities to TCs varied widely, and this affected the usefulness of the material presented in the Staff Reports. Weaknesses have been noted in the depth and breadth of information provided and exchanged among those involved in the process. TC notes drafted in preparation for a dialogue with the authorities have tended to focus on a factual description of past TA activities, without much added insight on key issues, underlying policy factors, and future direction. Area department staff have reported that, in a number of cases, this resulted in exchanges of views which were not as informative as might have been desirable. TA departments also noted that the preparation of TC notes in some instances duplicated their ongoing work. For example, it was noted that the material on statistics that was included in the TC note overlapped significantly with the information provided for the Statistical Issues Annex, which is a required feature of Article IV consultation reports.

51. An important factor leading to the weak results achieved from TCs may be the fact that the process was burdened with too many objectives, and, perhaps more importantly, that the vehicle selected to implement the TC—the Article IV consultation—is itself already overloaded in terms of issues that the staff must address. Therefore, there may be merit in addressing TC objectives in other ways instead of through a single TC process.

52. To some extent, the “country focus” objective is being addressed through the new prioritization process for allocating TA, which includes extensive country-focused discussions between TA and area departments in the context of the TA Resource Allocation Plan, and through ongoing contacts between these departments in the context of surveillance or program work. These efforts could be enhanced through greater emphasis on medium-term planning of TA projects and closer dialogue with country authorities.

53. Regarding the objective of keeping the Board better informed, proposals to enhance the Board’s information on specific TA activities are discussed in Section VI of this paper. In addition, in selected cases, for those countries where TA has important macropolicy implications, or where a substantial amount of TA has been provided, a more substantive coverage of TA in Article IV Staff Reports would be important. In those cases, Staff Reports could include a brief section reporting on the substance of the Fund TA that had been provided to the member recently, the role of this TA in the achievement of the member’s macroeconomic objectives, and information on implementation and follow-up actions. If such an approach to reporting selectively on TA activities and outcomes were taken, it is estimated that this would require staff resources, mainly from TA departments, equivalent to

about two person years.<sup>11</sup> This would likely be equivalent to the savings associated with discontinuing the TCs. The expected outcome would be an improvement in the quality of the information on TA provided in the reports.

54. A review of the TC pilots conducted to date suggests that, while providing some positive outcomes, in particular by raising both the authorities' and the staff's awareness of TA within the broader context of Fund surveillance, the usefulness of TCs have fallen short of expectations. The TC process does not seem to have added significant value to Article IV consultations and has not been as helpful to the parties involved as envisaged. In light of the relatively disappointing results of the TC pilot exercise, consideration could be given to discontinuing the TCs.

### **B. Technical Cooperation Action Plans**

55. The TCAP was adopted to provide a proactive approach to the planning and coordination of TA. The intention was that for those countries wishing to request substantial technical cooperation from the Fund, the staff would work with the authorities in drawing up a TCAP that would place needs for TA in a medium-term framework. The procedures that have been developed for TCAPs are presented in Box 2.

#### **Box 2. Technical Cooperation Action Plans**

Preparation of TCAPs follows a general pattern. The plan is drafted by the area department concerned together with OTM, utilizing the results of a series of diagnostic and assessment missions carried out by the TA departments, in cooperation with the area department and OTM. The draft plan is then reviewed and discussed with the authorities (all the government agencies concerned, as well as the designated lead government institution responsible for implementing the plan.) Agreement is reached on the plan's objectives, types and amounts of assistance to be provided, implementation benchmarks and performance indicators, costs, potential funding sources, government commitments and counterparts, management and administrative arrangements, monitoring, as well as reporting and evaluation requirements. TCAPs support the beneficiary governments' development plans and/or medium-term economic and financial policies and poverty reduction strategies, often through the PRGF/PRSP process. Parallel discussions are undertaken with potential bilateral and multilateral donors. These are carried out through Executive Directors, missions to donors, and in such fora as Consultative Group Meetings or special donor meetings. TCAPs are multi-year undertakings with built-in periodic reviews and updating. Typically, the area department, in cooperation with OTM, visits the country every six months, to take stock of TA delivery and to hold discussion with the authorities and local representatives of donor partners to adjust the plan as needed.

56. The 2000 *Annual Report on Technical Assistance* reviewed five TCAPs and made two early observations. First, TCAPs require a strong collaborative effort with other donors, since the resources required to implement the TCAP generally exceed those available to the

---

<sup>11</sup> The calculation assumes that the expanded coverage would appear in 50 Article IV consultation reports each year.

Fund, and part of the required TA typically lies outside the Fund's competence. This collaborative effort is staff-intensive and not without its tensions. Second, the resource costs of preparing and mobilizing resources for TCAPs are not negligible. Estimates of the time taken to prepare TCAPs range from 12–18 months of staff time, drawn from area and TA departments and OTM. Ongoing management of TCAPs is also resource intensive. Notwithstanding these concerns, the early conclusions drawn indicated that TCAPs could provide advantages for countries requiring a large amount of TA over a number of subject areas, by providing a comprehensive approach for the provision of TA over the medium-term.

57. Three country-specific TCAPs—in Cambodia, Nigeria, and Yemen—are currently being implemented. A TCAP for The Gambia is in the process of preparation, while another, for Afghanistan, is being considered. Recent experience with the on-going TCAPs supports the preliminary conclusions above. First, while the Fund's central TA coordinating role in the TCAP framework ensures that the TA delivered under the TCAP meshes with the priorities included in the country's Fund-supported program, it also carries a heavy managerial burden. TCAPs require a substantial amount of staff resources drawn from area and functional departments and OTM, to plan and launch, and also require intensive backstopping of experts, and ongoing monitoring and evaluation.

58. Second, and more fundamentally, TCAPs require the sustained commitment of all partners, especially the authorities. This can present problems for Fund TA. While the TCAP requires a multi-year commitment (though subject to annual review), TA priorities may change during this period that could result in resource difficulties for affected TA departments. Also, weakening country commitment during the life of the TCAP may negatively affect TA departments' willingness to continue to commit resources over the medium term which may not be appreciated by other donor partners. Some of these problems are illustrated by the TCAP for Yemen in Box 3.

### **Box 3. TCAP for Yemen**

The Yemen TCAP, approved in November 2000, builds on an earlier IMF/UNDP/UK-DFID TA project initiated in 1995. A distinguishing feature of the plan is the strong link between technical expertise provided by the Fund and the provision of basic and intermediary skills training and support to computerization by a resident team contracted directly by UK-DFID. Implementation has been slow, owing to several factors: difficulties within the government in coordination between the different agencies involved; difficulties in coordination between resident advisors and the training and computerization team; trouble in fielding experts with the requisite qualifications and language skills; delays by the authorities in carrying out various required actions under the plan; and security issues. As part of the monitoring and evaluation process agreed between the government, the Fund and the donors, the TCAP was reviewed by the parties in March 2002, and an action plan to re-invigorate its implementation has been agreed.

59. Third, effective coordination within the beneficiary government and among the government and participating donors is vital since TCAPs cover multiple departments and

agencies with potentially competing needs as well as, in many cases, multiple donors with their own priorities. In all TCAPs, a Steering Committee has been established and a senior government official appointed as national program coordinator to serve as the main government focal point for implementation.

60. The successful implementation of a TCAP requires substantial effort by all parties, as well as a heavy commitment of resources in terms of financing and staff time. Nevertheless, in certain special circumstances, the TCAP can be an effective mechanism for planning and providing TA within a comprehensive, country-centered framework on a medium-term basis. TCAPs can also deliver inputs which the Fund is currently unable to provide, in particular the provision of computer equipment and software, overseas training, study tours, fellowships, and professional placements. By providing a concrete plan to which donors can subscribe, TCAPs can be a useful tool for resource mobilization and donor coordination. In the best of circumstances, they can build ownership and commitment on the part of the authorities and help prioritize competing demands.

61. In light of the experience with the pilot TCAPs, it is proposed that TCAPs be retained as a TA delivery mechanism, but restricted to those exceptional cases where such heavy staff and resource demands can be justified, such as post-conflict/isolation or other low-income countries, where massive TA needs have to be addressed comprehensively, where the authorities' commitment is strong and durable and there is donor goodwill, and where substantial leverage for the Fund's own efforts can be gained through concerted collaboration with other donors.

#### **IV. REGIONAL APPROACHES TO TA**

62. In recent years, regional arrangements to deliver the Fund's TA have taken on greater prominence, in particular, for delivering training, for facilitating countries' participation in the General Data Dissemination System (GDDS), for delivering TA to members facing similar issues, and in cooperation with established regional organizations.

63. The use of regional training institutes has enabled the IMF Institute to expand its training in a cost-effective way. Following the favorable experience with the Joint Vienna Institute (JVI), which was established in 1992, the IMF has in recent years expanded significantly its network of regional training institutes and programs.<sup>12</sup> This regional approach has allowed the INS to increase training substantially without expanding its

---

<sup>12</sup> The Fund and Austria have recently signed a Memorandum of Understanding that provides the basis for a continuation of the JVI beyond August 2004 when the current JVI agreement ends. Once ratified by all current JVI sponsors, an amended Agreement Establishing the JVI will provide for primary membership for Austria in the JVI, as well as membership by institutions and international organizations who either share equally in the operating costs of the JVI (primary members) or offer training under JVI auspices (contributing members). Under the new arrangement, in addition to sharing the operating costs, Austria will provide new training, accommodation, and office facilities for the JVI.

facilities in Washington and to tailor its programs more to the needs of the different regions. It has also been a cost effective way of addressing the large excess demand for training, as co-sponsors of the regional training institutes and programs are making substantial financial contributions through cost-sharing arrangements.

64. Five new regional institutes and programs have commenced operations over the past four years (Table 8). Overall, the expansion of these regional operations has proceeded smoothly. Activity at the regional institutes and programs rose from 21 events in FY 1998 to 80 in FY 2002 (Table 9). There were a number of course cancellations at the Joint Africa Institute (JAI) in FY 2001, owing to the uncertainties surrounding elections in Côte d'Ivoire, but activity in FY 2002 returned to the expansion path envisaged when the JAI was established. While the INS has curtailed to some extent overseas training outside its regional institutes and programs, the total number of its overseas training events has more than doubled since FY 1998.

Table 8. IMF Institute Regional Training Programs

Regional Program	Date Established	Location	Co-sponsors	Target Countries
Joint Vienna Institute	1992	Vienna	Austrian Authorities, Bank for International Settlements, European Bank for Reconstruction and Development, Organization for Economic Cooperation and Development, World Bank, and World Trade Organization. 1/	Transition countries in Europe and Asia
IMF-Singapore Regional Training Institute	1998	Singapore	Government of Singapore	Developing and transition countries in Asia and the Pacific
IMF-AMF Regional Training Program	1999	United Arab Emirates	Arab Monetary Fund	Member countries of the Arab Monetary Fund
Joint Africa Institute	1999	Côte d'Ivoire	African Development Bank, World Bank	African countries
Joint China-IMF Training Program	2000	China	People's Bank of China	China
Joint Regional Training Center for Latin America	2001	Brazil	Government of Brazil	Latin American countries

1/ A number of other European governments and the European Union, although not formal sponsors of the JVI, provide financial support.

Table 9. IMF Institute: Number of Courses and Seminars for Officials, FY 1998–FY 2002

	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
Training in Washington 1/	19	20	22	22	21
Regional Training Institutes and Programs 1/	21	38	57	67	80
IMF–AMF Regional Training Program	--	--	7	8	7
IMF–Singapore Regional Training Institute	--	15	16	18	21
Joint Africa Institute 2/	--	--	9	9	15
Joint China–IMF Training Program	--	--	--	7	5
Joint Regional Training Center for Latin America	--	--	--	--	6
Joint Vienna Institute	21	23	25	25	26
Other Overseas Training 3/	21	20	24	19	16
Distance Learning 4/	--	--	1	1	3

Source: IMF Institute

1/ Includes courses and seminars offered by departments other than the IMF Institute.

2/ Includes courses and seminars offered by the African Development Bank and the World Bank (4 in FY 2000, 4 in FY 2001, and 8 in FY 2002).

3/ Does not include courses and seminars offered by departments other than the IMF Institute.

4/ Included in training in Washington.

65. Although the focus of its overseas training is now principally on the IMF regional institutes and programs, the INS continues to regard cooperation with regional training institutes outside of the IMF network as an important tool for capacity enhancement. The Institute is also exploring regional provision of its distance learning course, delivering a course in financial programming and policy for participants from the Africa I constituency in FY 2002, with financial assistance from the United Kingdom. At the same time, courses and seminars in Washington remain a central part of the Institute's program. They offer access to a broader range of staff experience and skills than can practically be marshaled for overseas activities, which is especially important for longer courses; they allow participants to compare experiences and develop contacts with participants from other regions; and they also offer participants closer insights into the operation of the Fund.

66. The Fund's TA departments also provide support to training carried out by regional groups. MAE, for example, supports training programs conducted by the Basel Committee's regional groups, such as the East and Southern Africa Banking Supervisors Group. Other regional approaches successfully adopted by the TA departments include STA's work on facilitating countries' participation in the GDDS (see the example provided in Box 4) and the

#### **Box 4. Regional General Data Dissemination System Projects**

Recently, the Statistics Department has introduced a series of regional projects which use the GDDS as a framework to help participating countries work toward sustainable improvements in their capacity to produce and disseminate economic and socio-demographic statistics. These projects take an integrated approach to building statistical capacity. They are designed to identify strengths and weaknesses in current systems, develop plans to make improvements, and provide TA to help countries implement their plans. The projects are typically implemented in two stages. During the first phase, countries develop their GDDS metadata—the description of current practices as well as plans for improvement—and, during the second phase, countries implement their plans. The projects have regional resident advisors and dedicated groups of short-term experts who can build up familiarity with the region.

Although the specific features may differ somewhat between individual projects to allow for varying circumstances, typically, these projects are large, medium-term undertakings, involving assistance from project staff, in close collaboration with other international, regional, and bilateral providers of TA, but especially with the World Bank, with which intense collaborative arrangements have been established both for the design and the implementation of the GDDS. This approach offers synergies by leveraging the Fund's own TA resources, and permitting participants to share experiences as they build plans to improve their countries' statistical systems, and serving as a catalyst for a broader dialogue on statistical systems in the region.

Thus far, regional GDDS projects have been initiated in Anglophone, Francophone, and Lusophone Africa, with strong financial support from Japan and the United Kingdom.

use of regional advisors by FAD and MAE. FAD currently has arrangements involving regional customs/tax advisors in Africa and regional treasury advisors in the BRO, while MAE has regional advisors in Africa based with the BEAC (banking supervision and payments systems), MEFMI (monetary operations), and SADC/MEFMI (payment systems).

67. The Fund has also used regional TA centers to enhance the effective delivery of TA to members. Originally conceived to provide TA to small island economies, first in the Pacific and later the Caribbean, the success of this approach has led to its adoption for the Fund's Africa Capacity-Building Initiative.<sup>13</sup> The Fund's first involvement with a regional TA center was in 1993, with the establishment of the Pacific Financial Technical Assistance Centre (PFTAC) in Suva, Fiji. PFTAC was jointly established by the Fund and UNDP as the

---

<sup>13</sup> The Initiative involves the establishment of Regional Technical Assistance Centers in Africa (AFRITACs), with the first two on a pilot basis in East and West Africa and, if successful, an additional three centers to be added to cover the rest of sub-Saharan Africa. Each center will host a team of up to five resident experts who will assist member countries to develop and implement their capacity-building program in the core areas of the Fund's expertise within the context of the PRSP process; help the implementation and monitoring of ongoing TA programs; facilitate donor coordination of on-going capacity-building TA; and provide prompt capacity-building TA. As the Board recently discussed the establishment of the AFRITACs in the context of the Fund's Africa Capacity-Building Initiative (EBS/02/72, 4/24/02), the centers will not be further elaborated in this paper.

regional office to implement the “Fiscal and Monetary Management Reform and Statistical Improvement Project” in 15 Pacific island countries and territories (PICs).<sup>14</sup>

68. The activities of PFTAC are assessed regularly in the context of Tripartite Reviews and Steering Committee Meetings, and an independent evaluation was conducted in 1997. These reviews have concluded that the project’s regional approach yields many notable benefits that sub-regional or national approaches to delivering TA would not have. The Centre’s location in the region makes it sensitive and responsive to the needs of the client countries. Its activities are effectively coordinated with other TA efforts in the region and it retains appropriate flexibility so that it can respond promptly to changing needs among the PICs, ranging from upstream and strategic (i.e. policy oriented) to hands on (i.e. practical and implementation oriented) TA. These reviews also found that such a regional center is a cost-effective way of providing TA to the PICs and that it is unlikely that any other modality of delivering TA would be as efficient. Finally, the reviews have found that the quality of TA provided to PICs by PFTAC met high standards and was a key element in the Centre’s effectiveness.

69. A formal system for monitoring and evaluation of PFTAC’s project activities has been in place since 1996. The 1997 *Evaluation Report* noted that some streamlining and a more focused approach could be useful, and some adjustments were made. During the 2001 Tripartite Review and Steering Committee Meeting, participants noted that the extensive reporting to Steering Committee members and others on PFTAC’s activities provided a good basis for monitoring and evaluation. During the discussions of the scope for further strengthening PFTAC’s efficiency, it was noted that a more performance based approach to reporting would be helpful. This issue has been addressed in the project document for the new funding period covering 2002–2004, and is being complemented by on-going efforts to improve the mechanisms for monitoring and documenting project results, and seeking enhanced feedback from the beneficiary countries.

70. Modeled on PFTAC, the Caribbean Regional Technical Assistance Center (CARTAC) was opened in November 2001 (see Box 5). As with the PICs, the Caribbean governments have a strong voice in the formulation of TA plans, to ensure that they reflect national priorities and realities and maximum local commitment to their implementation. Local authorities also play a role in guiding CARTAC’s overall policies through their participation in its Steering Committee. There is close cooperation with other TA providers to avoid duplication or overlap, and to make use of complementary inputs which the Fund cannot provide.

---

<sup>14</sup> See *Annual Report on Technical Assistance* (SM/00/227, 10/5/00), Box 2, page 32 for a description of PFTAC and its activities. Participating countries and territories are: Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu, and Vanuatu.

71. The first formal meeting of the CARTAC Steering Committee was held at end-February 2002, in Georgetown, Guyana. Committee members expressed satisfaction with the speed and quality of the assistance and training already provided in the first few months of the center's operation. They encouraged CARTAC to be proactive in helping conduct diagnostic analyses, especially in the areas of statistics and public expenditure management. The Committee asked CARTAC to develop a web-based information exchange in cooperation with the Caribbean Development Bank (CDB) on which donors and agencies could post information on current and proposed TA projects.

### **Box 5. Caribbean Regional Technical Assistance Center**

CARTAC is a regional TA center, which provides TA and training in economic and financial management for its member countries. The Center was inaugurated in November 2001 and is located in Barbados. It is organized as a UNDP regional program with the Fund as executing agency. The Fund manages the Center's operations, provides its program coordinator, and recruits and technically supervises its resident advisors through the Fund TA departments. The Center is designed to help Caribbean Community (CARICOM) members and the Dominican Republic strengthen economic and fiscal management; improve financial sector supervision and regulation; and compile more timely and useful economic, financial, and social statistics. Core areas of the Center's TA involve public expenditure management; tax/customs policy and administration; onshore and offshore financial sector regulation and supervision; and economic and financial statistics, as needs-assessments had shown that these were the areas where improvements were needed to ensure sound and sustainable growth.

The Center provides TA through a team of five resident advisors and a program coordinator, supplemented by short-term specialists. It also features a strong training component, offering in-country workshops, regional training courses, and hands-on professional attachments (internship programs for mid-level government officials). Because of the small size of some of the Caribbean economies, and the scarcity of suitably qualified and skilled personnel in many of the specialized areas of economic and financial management to be covered, a regional approach is seen as the most cost-effective means of creating sustainable capacity. CARTAC's training activities will, wherever possible, take place in cooperation with existing institutions such as the University of the West Indies or the East Caribbean Central Bank (ECCB). Coordination and cooperation with other TA providers in related areas of economic and financial management is an important aspect of CARTAC's work.

Canada contributes over 50 percent of CARTAC's funding. Other contributors include UK-DFID, IADB, Ireland, USAID, UNDP and the World Bank, and starting from 2003, possibly the EU. The CDB is seconding a full-time economist. The participating countries contribute to the Center's cost, while the host country provides office space and facilities.

72. Technical panels of 5-6 people from the region have been established to work with the Center's resident advisors in understanding the needs of the region, being aware of particular regional sensitivities, and sequencing and scheduling work activities. In addition, to using the prioritization process common to the allocation of all Fund TA, to further

facilitate prioritization of projects, a hierarchy of key capacity objectives has been developed for each of the Center's four key TA sectors. For example, in the tax area these are: well drafted legislation; adequate revenue sources; appropriate tariff structure; simple and efficiently managed tax administration procedures; effective tax compliance; and modern customs procedures for trade facilitation. When TA requests are received, they are reviewed against these objectives.

73. The experience to date with the variety of regional arrangements utilized by the Fund to deliver TA and training suggests that a regional approach has had a number of benefits, including:

- positive externalities, given the commonality of issues within regions, through sharing of experiences among recipient country officials and promoting understanding of issues that affect the region as a whole;
- fostering the establishment and implementation of regional policy initiatives;
- increasing TA efficiency and cost effectiveness; and
- enhancing cooperation with other TA providers through closer coordination with Fund regional resident experts in the field.

74. At the same time, experience has also shown: (i) a substantial amount of backstopping and oversight is required from Fund headquarters, since each advisor is required to cover broader technical areas than a single-country advisor; (ii) the importance of having in place systematic and focused processes for monitoring and evaluating the TA provided through these arrangements; and (iii) the need to ensure that recipient countries are at the center of the process of identifying TA needs and at the center of arrangements to coordinate TA from all providers.

## **V. COOPERATION WITH OTHER TA PROVIDERS**

75. In recent years, the Fund has moved away from mainly providing immediate policy advice to also assisting members with long-term capacity building efforts.<sup>15</sup> The Fund is also increasingly involved in assisting countries to assess and address TA needs in the areas of economic and financial management, particularly as part of the FSAP and ROSC processes.

---

<sup>15</sup> The IMF Institute's mission, however, has always been focused on capacity building.

This has made cooperation and coordination with other bilateral and multilateral providers of TA particularly important, especially since the Fund has neither the resources nor the institutional capacity to meet all the TA needs in the economic and financial management area. Cooperation with other TA providers helps to avoid duplication of effort, and inconsistent technical advice, helps to exploit synergies, and bring in TA inputs that the Fund traditionally does not provide (e.g., office and computer equipment, training equipment and other materials) or where the Fund does not have a comparative advantage, and to leverage the Fund's limited TA resources. This has been recognized on a number of occasions by the Board, which has consistently encouraged staff to work toward greater cooperation and collaboration with other providers of TA and training.

76. Cooperation between the Fund and other TA providers now covers a broad range of modalities, from the simple exchange of information to avoid duplication and conflicting advice (for example through the Fund's participation at the regular consultative group or roundtable meetings organized respectively by the World Bank and UNDP to coordinate donor assistance for developing countries), through organizing the provision of complementary forms of assistance (such as working with the UN and other bilateral donors involved in reconstruction in immediate post-conflict situations, as in the case of Kosovo and East Timor), to a more comprehensive pro-active role for the Fund in which it takes the lead in macroeconomic institution-building such as in TCAP cases.<sup>16</sup> Another example of the growing number of modalities for cooperation among TA providers, is the recent decision by the Fund to join the African Capacity Building Foundation (ACBF) as part of the Fund's Africa Capacity-Building Initiative. The association with ACBF will provide an additional mechanism for strengthening coordination and enhancing complementarities among providers of TA in economic and financial management in sub-Saharan Africa.<sup>17</sup> Cooperation with other TA providers is often most effective at the individual country or project level and can lead to enhancements that complement Fund TA projects. Box 6, which discusses Fund TA provided to Mozambique for the reform of tax administration, presents an example of such a case.

---

<sup>16</sup> These different forms of cooperation are described in detail in *Ensuring Alignment of Technical Assistance with the IMF's Policy Priorities* (SM/00/284, 12/20/00).

<sup>17</sup> See: *The Fund's Africa Capacity-Building Initiative* (EBS/02/72, 4/24/02).

### **Box 6. Mozambique: Sustained TA Delivery and Donor Coordination**

Since 1996, the Fund, in collaboration with donors, has been providing significant TA to Mozambique for the reform of its tax administration. To date, over \$3 million has been provided from Switzerland (State Secretariat for Economic Affairs—seco), and in February 2002, an agreement was reached for a second phase between the Fund, Switzerland, and the Mozambique authorities in the amount of \$2 million. Discussions are in progress to secure a contribution of \$2 million from Denmark.

During the first phase, TA supported tax administration restructuring and the introduction of the value-added tax (VAT), in close collaboration with parallel efforts undertaken by UK–DFID in strengthening customs operations. Close integration allowed the tax payer identification codes to be harmonized, and administrative operations and computerization to be interfaced. During the next phase, the operations of the Tax and Customs Departments will be merged to form a Revenue Authority. This major change, to take place over the next three years, is to be supported by the above partners plus Germany’s GTZ. Within this integrated framework, the Fund, seco, and Denmark, under direct execution by the Fund, will support the Tax Reform Unit established in the Ministry of Finance; UK–DFID, by extending its work in Customs and VAT computerization, will design and implement a computerized systems environment; and GTZ will continue its work in governmental decentralization to strengthen tax administration in the regions.

In March 2002, the first meeting of the project’s Steering Committee, chaired by the authorities, was held in Maputo. The Committee agreed on the establishment of mechanisms to ensure transparent communications amongst the partners, including: a common activities matrix of tasks, schedules, and milestones which will serve as a dynamic planning tool; a periodic Gantt chart to ensure that donors are kept abreast of planned operations; and the sharing of all working documents. Within the Fund this project has required close coordination between AFR, FAD, LEG, and OTM, as well as intensive on-site support by the Fund’s resident representative. To assist the latter, a TA coordinator in the resident representative’s office has been recruited.

77. In addition to the need for cooperation and coordination in the context of TCAPs and regional approaches to the delivery of TA, recent initiatives and developments—particularly in the financial sector—have underscored the need for such cooperation. As a response to the calls by the IMFC, G-7, G-20, and the Financial Stability Forum, the Fund joined the World Bank, Canada, Switzerland, and the United Kingdom in launching, in April 2002, the Financial Sector Reform and Strengthening Initiative (FIRST), which will provide a mechanism for coordination, and provide and mobilize additional financing for TA recommendations identified in the context of FSAP and ROSC exercises. FIRST will also be a channel that will provide funding for the involvement of the private sector in TA for the financial sector (See Box 7). In addition, the Fund is now engaged with the World Bank, the United Nations, FATF and the Egmont Group in working out how best to coordinate, mobilize and finance TA efforts in AML/CFT areas (See Box 8).

### **Box 7. The Financial Sector Reform and Strengthening Initiative (FIRST)**

FIRST will provide grants to low-income countries (countries that are eligible to receive IDA credits) and middle income countries (countries that are eligible for World Bank loans) for TA aimed at addressing financial system weaknesses and enhancing development opportunities in such countries. TA will be provided in the areas of financial sector regulation, supervision and development, including: financial system reform; financial sector legal, regulatory and supervisory frameworks; banking systems; capital markets; payment systems; corporate governance; accounting and auditing; insolvency regimes; debt markets and management; insurance and other collective investment schemes, including pensions; market integrity and financial crime (anti-money laundering); and financial systems diversification (development of non-bank financial institutions and new market instruments).

Another objective of FIRST is to help foster the development of a systematic mechanism for following up on recommendations generated by FSAPs and ROSCs, or for assisting countries to prepare for these exercises. FIRST will allow the international community to help countries mobilize expertise and financial resources, and provide effective TA in a cost-efficient way. FIRST will facilitate the establishment and operation of an information exchange on the delivery of financial sector TA in low- and middle-income countries and thus contribute to the coordination of TA provided by major bilateral and multilateral agencies.

FIRST will support activities and interventions mainly in the public sector (primarily TA to policymakers and regulatory bodies) but will also support private sector activities where these are organized through capital market institutions, such as stock exchanges, self-regulatory organizations and relevant associations or institutes, for example, of brokers, bankers or insurance companies. Examples of the kinds of activities that FIRST will fund include: the provision of advisors; arrangement of training in or out of country; secondment of experts; study tours; peer group workshops; and other forms of peer support including the supply of relevant third country, Bank and Fund information on useful tools and best practices.

FIRST will be guided by a Governing Council composed of representatives from the Bank, the Fund and the agencies and bilateral donors which are providing funding. It will be operationally managed by a Management Unit staffed by private sector consultants and a Co-ordination Unit made up of personnel contracted by the Bank and the Fund. Applications for TA grants will be invited from developing countries, or from international financial and donor institutions on their behalf. Through the follow-up on TA recommendations stemming from the FSAP work, the Bank and the Fund will play a key role in identifying and introducing projects for FIRST and providing expert advice in policy-related areas. Expertise for eligible projects will be provided by a combination of private and public sector organizations and individual consultants as well as staff from the Bank and the Fund.

Current members of FIRST include UK-DFID, the Canadian International Development Agency (CIDA), seco, the Bank and the Fund. Financial resources of about \$10 million a year over the next four years are available to support TA activities meeting the criteria for FIRST assistance. Discussions with other donors on their prospective participation in FIRST are ongoing.

### **Box 8. Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) TA and Coordination Efforts**

Since April 2001, the Fund has intensified its work in the global efforts to counter money laundering. These efforts took on heightened importance in the wake of the events of September 11, as reflected in the November 2001 and April 2002 communiqués of the IMFC. Both communiqués underscored the need for enhanced TA to help countries identify and remedy gaps in their AML/CFT regimes. The Fund has intensified its efforts to provide TA for AML/CFT and is coordinating its activities with the World Bank and other organizations to enhance the effectiveness of TA and avoid duplication of effort.

The Fund's involvement in the delivery of TA for AML/CFT is consistent with its mandate and core areas of expertise. Consequently, the Fund has focused its TA involvement in the strengthening of financial sector supervision (both onshore and offshore sectors) and in the legal and institutional framework for AML/CFT. These areas broadly include:

- Formulating AML/CFT legislation that meets international conventions and best practices.
- Developing the legal and institutional framework for financial intelligence units that meet Egmont requirements, including arrangements for cross-border cooperation.
- Strengthening the regulatory and supervisory frameworks for the financial sectors that focus on AML/CFT review, compliance and control mechanisms.
- Training and awareness programs on AML/CFT for the public and private sectors.

An important element of Fund TA involves its work with offshore financial centers and other countries that have requested assistance to avoid abuse of their financial systems by criminals or which have been branded as crime havens by the international community.

As the pace of Fund and Bank assessments accelerates, a significant rise in requests for TA is expected and the need for closer coordination with donors and organizers of TA will become critical. To this end, the Fund and the Bank, in collaboration with the UN, the FATF and the Egmont Group have commenced a global coordination initiative aimed at avoiding duplication of effort and to maximize the use of available TA resources. In April 2002, the Fund and Bank organized a meeting in Washington of representatives from institutions that are globally active in AML/CFT including the FATF, the UN, the Egmont Group, regional FATF-style bodies, multilateral development banks, the Commonwealth Secretariat, bilateral donors, the Fund and the Bank. The primary aim of this meeting was to enable the various stakeholders to target their TA efforts more effectively and to establish a network of contacts among participating organizations to facilitate coordination and communication of TA activities. This meeting also provided an important forum for exchanging views on the priority areas for TA and the need for resources to build institutional capacity, particularly for the FATF-style regional bodies. A follow-up meeting will be held around October 2002 to review progress in implementing the suggestions made at the April meeting.

78. Although the Fund finances its TA mainly from its own resources, external financing has become an important source of additional support. Such external financing is provided as grant contributions by donors through accounts established at the Fund, the largest of which is Japan's Administered Account for Selected Fund Activities. To facilitate the opening of such accounts, the Fund has set up an umbrella *Framework Administered Account for Technical Assistance Activities* (FAA). There are currently 10 active subaccounts under

the FAA.<sup>18</sup> The FAA was amended in December 2001 to permit the establishment of multidonor subaccounts to support specific TA programs, such as PFTAC or the AFRITACs. Box 9 reviews subaccounts set up since the last Board meeting on TA in January 2001.

### Box 9. Recently Established TA Subaccounts

Since the January 2001 Board review of TA, three new TA subaccounts were established:

- The *United Kingdom—Department for International Development (DFID) TA Subaccount* was established in June 2001 to enhance the capacity of members to formulate and implement policies in the macroeconomic, fiscal, monetary, financial, and related statistical fields (EBS/01/96, 6/22/01). Three contributions have been made to support the following specific projects: (i) Cambodia TCAP program (\$1.2 million); (ii) Distance Learning for Group I African Countries (\$0.9 million)—a fifteen-month project that will finance the participation of 80 officials in the IMF Institute’s Financial Programming and Policies course utilizing distance-learning techniques supplemented with a two-week residential component; and (iii) General Data Dissemination System (GDDS) Project for Anglophone Africa (\$2.4 million)—a two-year project to enable STA to assist 14 countries in Anglophone Africa to improve their capacity to produce and disseminate reliable and timely macroeconomic and social statistics using the GDDS as a framework.
- The *Italy TA Subaccount* was established in November 2001 to enhance the capacity of member countries to formulate and implement policies in the macroeconomic, fiscal, monetary, financial, and related statistical fields, including training programs and projects that strengthen the legal and administrative reform frameworks in the aforementioned areas (EBS/01/186, 11/9/01). The first contribution of about \$2 million is earmarked for financing TA to strengthen the capacity to formulate and implement policies related to international standards and codes for financial, fiscal, and statistical management, including work related to anti-money laundering and countering terrorism financing, in the countries of Central and Eastern Europe and of the BRO.
- The *Pacific Financial Technical Assistance Centre Subaccount* was established in May 2002 to enhance the capacity of Pacific island countries and territories to formulate and implement policies in the macroeconomic, fiscal, monetary, financial, and related statistical fields, including training and activities that strengthen the legal and administrative framework in these core areas (EBS/02/84, 5/15/02). Contributions under the subaccount are used to finance the activities of PFTAC. Contributions have been made by Australia and New Zealand, and is expected from the Asian Development Bank.

79. In FY 2002, external financing from bilateral and multilateral donor partners accounted for some 25 percent of total Fund TA, with Japan continuing to be the largest

---

<sup>18</sup> These include: The Japan Advanced Scholarship Program Subaccount, the Australia-IMF Scholarship Program for Asia Subaccount, the Switzerland TA Subaccount, the French TA Subaccount, the Denmark TA Subaccount, the Australia TA Subaccount, the Netherlands TA Subaccount, the UK-DFID TA Subaccount, the Italy TA Subaccount, and the Pacific Financial Technical Assistance Centre Subaccount.

donor, providing some 70 percent of this external financing.<sup>19</sup> Other bilateral donors include Australia, Canada, Denmark, France, Italy, the Netherlands, New Zealand, Switzerland, the United Kingdom, and the United States. Multilateral donors include the Asian Development Bank, the Inter-American Development Bank, the UNDP, and the World Bank.

80. In its reviews of Fund TA, the Board has urged management and staff to continue with efforts to increase external financing, *inter alia*, by expanding the number of donors. However, an issue arises regarding the extent to which the Fund should rely on donor financing, given the related resource implications for the Fund. This question is part of a broader budgetary issue: even with external financing all legitimate TA needs cannot be met, and there are constraints on effective delivery of TA in terms of the resources available for adequate supervision, monitoring and evaluation (particularly inspection visits of Fund resident advisors).<sup>20</sup> While prioritization of TA resources has helped to address these resource constraints, the demands on the Fund for TA are likely to increase as a result of past and recent initiatives, making the need to identify ways to overcome these constraints more pressing. Thus, given the desirability of executing additional externally-financed TA and given the assumption that staffing will not be increased significantly in the near future, the TA departments would need to allocate resources to give more prominence to the management and backstopping of TA under external financing than the direct delivery of TA itself, thus enabling increased leverage of Fund resources.

81. Another area of Fund TA activity which has resource implications occurs when the Fund takes on a coordinating role *vis-à-vis* other donors and TA providers. When the Fund undertakes a TCAP or the establishment of regional TA centers, recipient authorities expect the Fund to take a lead role not only in the delivery of TA but also with regard to mobilization of needed resources and coordination with other donors and TA providers, which in themselves are resource intensive. The resource mobilization challenge faced by the Fund in establishing the African Regional Technical Assistance Centers, recently discussed by the Board, is a case in point.

## **VI. DISSEMINATION OF TA REPORTS AND INFORMATION**

82. As is the case with the Fund's policy advice in general, dissemination of information on the Fund's TA work, internally to the staff, management and members of the Executive Board, and externally to the public at large, is important for transparency, accountability, and for sharing lessons learned in key policy areas and capacity building. However, there is a fundamental difference distinguishing the technical advice provided to members by the Fund from the advice provided in the context of surveillance or the use of Fund resources, which

---

<sup>19</sup> Taking into account Fund headquarters staff time. These percentages are comparable to the average figures for the last four years of 26 percent and 71 percent, respectively.

<sup>20</sup>This situation was brought to the attention of the Board in 2001 (SM/00/284, 12/20/00), paragraph 9.

relates to the respective roles of management and the Board concerning TA activities.<sup>21</sup> Fund management has general authority over TA activities, subject to the need to consult with the Board regarding general policy issues. This authority extends to decisions regarding the dissemination and publication of TA reports. For this reason, TA reports are not required to be circulated to the Board and, hence, are not Board documents.

83. General information on the Fund's TA activities has been published from time to time in dedicated studies or as part of the Fund's work in relevant areas. The frequency of publication is, however, relatively low.<sup>22</sup> In line with the policies discussed in the preceding paragraph, country-specific TA reports may not be circulated to the Executive Board without the consent of the member. Therefore, country-specific TA reports circulate on a restricted basis within the Fund, and are seldom made available to anyone other than to the staff working on the country concerned, to the authorities and to the country's Executive Director. As for the dissemination of TA reports to those outside the Fund, members may decide to allow publication, subject to management's approval.<sup>23</sup> However, reports may be transmitted by the Managing Director to international agencies having specialized responsibilities within the Fund's field of interest, subject to there being no objection from the member concerned and to the reciprocal transmittal of comparable documents of the recipients to the Fund, and on the understanding that the reports will be kept confidential.<sup>24</sup> In practice, country-specific TA reports are very seldom published, and reports are not routinely shared with bilateral TA providers or donors even when the TA work is carried out in the context of a TA program coordinated with the Fund. Country-specific reports are also not routinely shared with the countries providing financing for the Fund's TA activities.<sup>25</sup>

---

<sup>21</sup> Article V, Section 2.b of the Fund's Articles of Agreement recognizes that the Fund provides TA as a service to the membership, and that this service does not impose any obligation on the member without its consent.

<sup>22</sup> The majority of published documents on TA are papers drawing on TA work, such as Occasional Papers, Policy Discussion Papers, and Working Papers. See examples provided in the *Annual Report on Technical Assistance* (SM/00/227, 10/5/00), pages 33-34.

<sup>23</sup> See: *The Fund's Transparency Policy—Review of Experience and Next Steps*, (EBS/02/90, 05/28/02), Appendix III.

<sup>24</sup> See: *Exchange of Documents with Other International Agencies—Release of Technical Assistance Reports and Modification of Procedures for Release of Documents* (SM/93/24, 1/28/93), Attachment II.

<sup>25</sup> While the practice of disseminating TA reports to other providers and donors is not widespread, reports have been shared in a number of cases. For example, FAD sends its TA reports to the World Bank and has in a few specific cases agreed to share reports with donors financing its TA. MAE has in a few high-intensity TA cases (such as Bosnia and Herzegovina, Bulgaria, Kosovo, Russia, and Yugoslavia) shared reports with other providers. In most cases, however, sharing of reports is only considered following a specific request. TA departments have not reported any difficulties in obtaining TA reports and project documentation from other providers.

### **A. Internal Dissemination of TA Reports and Information**

84. In view of the widely recognized role of TA in the effectiveness of the core work of the Fund, and given the share of TA activities in the Fund's budget, providing the Board with adequate information about TA is a key objective. Until now, this objective has been fulfilled through, *inter alia*, annual reports to the Board on TA, discussions of specific TA interventions in Staff Reports, periodic thematic studies, and other *ad hoc* reports on specific issues. However, it could be argued that, for the Fund's internal purposes, to enhance awareness of TA advice and its role in supporting the Fund's surveillance and lending activities, and to improve accountability, it could be useful to make country-specific TA reports generally available to the Board. Such an approach would require the consent of individual members to the internal dissemination of their TA reports.

### **B. External Publication of TA Reports and Information**

85. The policies regarding the dissemination and sharing of information on the Fund's TA activities with those outside the institution have been considered by the Executive Board on a number of occasions. Most recently, the issue was raised during the January 2001 Board discussion of the *Annual Report on Technical Assistance*. Some Directors supported the publication of country-specific reports, while others urged caution, as these reports sometimes covered sensitive institutional or policy areas. However, all Directors agreed that a policy should be developed to promote greater dissemination of information on the Fund's TA operations, which would be shared with other TA providers on a reciprocal basis, as well as with countries providing TA financing, and to the Board.

86. The need for a policy on the external publication of country-specific TA reports has become more pressing given the routine publication of certain reports, such as ROSCs and FSSAs, which, although part of surveillance, often contain information and staff recommendations that are similar to that found in country-specific TA reports. The restrictions on the dissemination of country-specific TA reports may not be clear to those outside the Fund when viewed against the rapid expansion of the publication of TA-type reports arising from the Fund's work in the area of international standards and codes, and the publication of country documents more generally. Moreover, the strict confidentiality of Fund TA reports hinders the development of partnerships with donors and other TA providers who need to be kept informed on the progress in the implementation and the results of Fund TA. This is particularly true for those activities which they are directly or indirectly supporting and for which they are accountable to their parliaments or other constituencies.

### **C. Issues Surrounding Greater Dissemination of TA Information**

87. The issues surrounding the expanded dissemination of TA reports and information both internally and to the public are to a large extent similar. It has long been recognized that there is a tension between the need to safeguard the confidentiality of the information provided by members that seek the Fund's technical advice and the legitimate needs of the staff and the Board for information about the member's policies and practices, as well as the

benefits of disseminating this information to a wider audience. Members need to be assured that sensitive information provided to the staff will remain confidential. Members might not request TA if they knew that details of institutional weaknesses were to be made available to the Board, or published. There is also the risk that the staff will be less candid in their assessment and recommendations in order to maintain good relations with the authorities and a continued dialogue on TA issues. Moreover, TA reports often include considerable detail on specific institutions, as well as provide significant details of operating procedures and systems. The existing deletions policy—which would likely have to be applied both to TA reports provided to the Board as well as in the context of external publication—could address the issue of sensitive information, but would likely prove very burdensome for staff and the authorities. Indeed, in many cases, extensive deletions could result in reports that could not be issued to the Board or published externally because too much of the information would need to be deleted.

88. Making TA reports available to the Board—but not necessarily to the public—would have other implications as well. A TA report that had been circulated to the Board would generally be considered a Board document, and at that point, decisions regarding publication would be made by the Board, not by management. It would also require the development of an explicit policy of classification of TA reports for internal circulation, based on the Fund's existing information security policies as set forth in GAO 35; a central electronic repository for the reports would have to be created; and electronic distribution modalities established.

89. At the same time, however, if TA reports are not generally available to the Board, the relevance of the Fund's technical advice to the policies discussed in surveillance and UFR country documents, and ultimately, its effectiveness and the Fund's accountability for such advice, cannot be properly evaluated. Regarding the dissemination of TA reports to the public, wider availability of TA reports has a number of advantages: the lessons and experience from one country could be shared with others; incentives for recipient countries to implement the advice would be strengthened; coordination with other TA providers would be enhanced; and incentives to promote high quality advice would be strengthened through monitoring by the expert community.

#### **D. An Approach for Enhancing Dissemination of TA Information**

90. In discussing alternative approaches to enhancing dissemination of TA information, it is important to underscore the need to distinguish between internal and external dissemination, although the release of TA reports in either case would require the consent of the member. Regarding **internal dissemination**, a balance needs to be struck between providing to Executive Directors all of the information available—all TA reports—and the information required to form a judgment about the effectiveness of the TA provided in a particular country, group of countries, or a particular topic. One approach could be to request that countries indicate upon completion of a TA report whether they agree that the report could be circulated to the Board.

91. Other approaches could be contemplated. It should be borne in mind that the dissemination to the Board of country-specific information on TA does not necessarily require the release of the TA reports themselves. As proposed in Section III. A of this paper, more substantive information could be provided in the Article IV consultation Staff Reports. Other vehicles could also be envisioned. For example, TA departments could prepare periodically analytical summary reports on country-specific TA. Such reports could identify emerging issues or problems and draw out common themes among countries. Targeted reports of this type, which would supplement the annual reviews of the TA program, could be helpful in guiding management and the Board in designing TA policy generally, as well as in assessing country-specific issues. If such an approach were followed, rough estimates suggest that the preparation of analytical summary reports for the Board, with contributions from all TA departments, could entail additional resource costs on the order of 0.2 person years per report. Another option could be to circulate the executive summaries of TA reports to the Board, with the consent of the relevant members.

92. Regarding the **external publication** of TA reports, one way to proceed might be to begin by adopting the approach taken regarding the publication of Module 2 OFC assessments.<sup>26</sup> Members could be encouraged to publish TA reports, but publication would remain voluntary. This would align publication of TA reports with the general publication policy of the Fund. Publication would be subject to the authorization of management and the consent of the relevant member. As is the case under the current publication policy, management may authorize, prior to the report's publication, the deletion from the report of highly market-sensitive information.

93. Although members would be encouraged to keep deletions to a minimum, such an approach could nevertheless entail considerable staff resources. In the context of the June 2002 *Review of the Fund's Transparency Policy*, the staff estimated that the associated resource costs for only two functional departments of implementing the Fund's publication policy, including monitoring compliance and reviewing deletions cases, was 5 staff years. As there is no experience with applying the deletions policy to TA reports, and it would be difficult to estimate at present how many reports might be published, it is not possible a priori to estimate how much staff resources might have to be expended on readying the reports for publication.

94. Another approach might be to presume publication of TA reports, but with a time lag of one year from the date of their completion. Under such an approach, the presumption of publication would apply to all TA reports, but a member would have the right, as at present, to notify management of its decision not to consent to Fund publication of the document. Moreover, although publication would take place one year after the staff's completion of the report, management may authorize the deletion of information that continues to be highly

---

<sup>26</sup> See: *Publication of Offshore Financial Center Assessments* (SM/01/228, 7/16/01), paragraph 6. Management notified the Board that it intends to consent to requests from members to publish Module 2 reports under the authority to approve the publication of staff technical documents.

market-sensitive at the time of publication. Although reports would be published with a delay of one year, the application of such a policy would likely increase the number of TA reports made available than would be the case under a policy of immediate voluntary publication, and the published versions would likely include a significantly lower number of modifications.

95. In summary, there are clear benefits and also clear costs to implementing policies to achieve a broader dissemination of TA reports and information internally, to the Board, and externally, to the public at large. Nevertheless, the benefits of greater transparency and accountability would seem to tilt the balance toward a policy of greater dissemination of TA reports. As mentioned above, there are strong reasons for moving carefully in the development of such a policy.

96. With respect to **internal dissemination** to the Board, a policy of presumed dissemination of information on country-specific TA to the Board in the form of periodic analytical summary reports on country-specific TA, prepared by the staff, or the provision of executive summaries of TA reports at the time of completion of the reports, complemented by a policy of encouraging countries to make TA reports available to the Board, could provide a useful beginning for the development of a more open dissemination policy for TA information with respect to the Board.

97. Regarding the **external dissemination** of TA reports, the needs of two distinct groups for this type of information would need to be addressed. Regarding the development of a policy of publishing TA reports for the public at large, it would seem appropriate to consider a policy of presumed publication of TA reports, but with a one year time lag, as outlined above. For other TA providers and donors cooperating with the Fund in the provision of TA, a policy of strongly encouraging recipient countries to share TA reports at the time of completion of the reports with (i) the donors financing the TA project being executed by the Fund, and (ii) other TA providers in the case of large, multi-donor TA interventions, such as TCAPs or the provision of TA through the Fund's regional TA centers, could be contemplated.

98. The resource costs of the two policy approaches outlined in the preceding paragraphs could be large or small depending on the number of recipient countries willing to embrace the new policies. Given this uncertainty, if such policies were adopted, it would be advisable to take a pilot approach and review the operation of the policies and their resource costs within 12–18 months with a view to deciding on their continuation.

## VII. TA RESOURCE MANAGEMENT, MONITORING AND EVALUATION

99. In recent years, increased emphasis has been given to having in place effective systems for managing, monitoring, and evaluating Fund TA. The Board asked that the staff conduct an assessment of the approaches to evaluation followed by bilateral and other multilateral providers of TA, and to take account of this review in the development of a

program of monitoring and evaluation of the Fund's TA program. This assessment was circulated to the Board in March 2000.<sup>27</sup> TA departments subsequently enhanced existing systems, and developed new systems and procedural changes to explicitly plan for the monitoring and evaluation of their TA programs. These new systems were described in detail in the 2000 *Annual Report on Technical Assistance*.<sup>28</sup> The Executive Board has continued to express interest in the monitoring and evaluation of the Fund's TA activities. The Board has also endorsed the intention of the IEO to conduct an evaluation of Fund TA, which is included in its work program for FY 2004–FY 2005.

#### **A. Resource Management**

100. The Fund requires a comprehensive TA information system in order to effectively manage the allocation of TA resources, and to monitor and evaluate its effectiveness. In order to monitor TA on an on-going basis, and evaluate ex-post whether the expected results are being achieved and at a reasonable cost, current and detailed information on the delivery and costs of TA is required. The Travel Information Management System (TIMS), and to a lesser extent, the Budget Reporting System (BRS), serve as sources of Fund-wide information on TA delivery. Currently there does not exist a comprehensive view bringing together information on TA undertaken and its cost in time and dollars. TIMS, which was designed to manage travel, captures information on days in the field of staff missions and experts, but does not quantify dollars spent, nor capture time spent at headquarters providing direct TA and preparing and/or backstopping work. The BRS system captures at a very general level headquarters and field time by country and modality of TA (mission, training or expert), but does not provide any information regarding the content and substance of the TA delivered, and can therefore not be used for any detailed planning and reporting purposes. The new PeopleSoft Financials system introduced on May 1, 2002 will provide expenditure information on expert salary and travel, but will not categorize this work, nor capture staff expenditure by type of task. In summary, there does not exist a time and expense view of TA delivered to a given country on a given topic. Thus the question: How much was spent in country X on topic Y? can not be answered, in either time or dollars. The proxy for answering such a question has been the utilization of TIMS to ascertain days in the field in a country on a generic topic.

101. In response to the lack of a comprehensive system, TA departments have devised their own systems of planning and tracking TA delivery to the best of their ability. In order to manage and track the expenditure of external resources, OTM developed, in coordination with TRE, a database system to track the execution of externally-financed projects.

102. The lack of a comprehensive Fund-wide system for the planning and tracking of TA, has greatly limited the overall management of TA. It has resulted in a number of

---

<sup>27</sup> *The Evaluation of Technical Assistance by Other Providers* (SM/00/68, 3/28/00).

<sup>28</sup> *Annual Report on Technical Assistance*, (SM/00/227, 10/5/00 and Sup. 1, 10/6/00)

incompatible department-specific systems which are labor-intensive to maintain and offer minimal managerial capabilities.

103. The replacement of the Fund's financial system by the PeopleSoft Financials software has provided improved capabilities for managing externally-financed projects by capturing actual expenditures in addition to the current standard cost information. However, the real potential for improved management of TA offered by the new financial system can only be realized after a project structure is established, and time-accounting and task-management modules are implemented. The new system will provide the tracking of resource commitment and actual costs once the linkage to contracting is implemented, however, the capturing of staff time and expense by work category is not yet envisaged.

104. In coming years, in cooperation with TRE, OBP and OTM will be coordinating an effort to utilize the new PeopleSoft Financials infrastructure to better support the core TA management needs within the PeopleSoft Projects module and other custom modules that will have to be designed. This will be a major endeavor, taking two to three years at a minimum to complete. The requirement will be to design a management structure which will capture total staff and expert time spent on specific TA activities. Once implemented, such a system should provide information about the actual cost of headquarters-based TA, administrative support, backstopping, and monitoring of TA, and staff and expert field-time, including regionally delivered TA. This will not only enable value-for-money judgments, but will also be useful for the prioritization process. The challenge ahead includes reaching agreement on a management structure of TA activities, and for the required change in Fund work practices to take full advantage of such a structure.

## **B. Monitoring**

105. In the absence of a comprehensive TA management environment, TA departments have introduced a number of changes during the last two years which have had a positive impact on their ability to monitor and evaluate the effectiveness of TA. Experts' terms of reference now include detailed specification of objectives, outputs, and activities, as well as verifiable indicators of performance and assessment of risks. More generally TA departments have strengthened the methodological approach they use to design, monitor, and evaluate projects.<sup>29</sup> For example, MAE has recently enhanced its project management system which is used to track TA projects from the design stage to completion, based on which project

---

<sup>29</sup> There is not currently a consistent definition within the Fund, nor within the departments, of the term "project," although the term is used ubiquitously within the Fund.

monitoring and evaluation is being undertaken (see Box 10). Following a review of its Project Management System, STA has streamlined the system and integrated elements of the Data Quality Assessment Framework (DQAF), among other things, to ensure greater

### **Box 10. The MAE TA Tracking System**

MAE has continued to intensify its efforts to move to a more regular and systematic evaluation process. Much of this work is centered on the newly developed MAE TA Tracking System (MATTS), which is designed to help track TA projects from the conception stage through completion, and provide information for conducting project evaluations both during and after the project is completed (the system provides an audit trail for the topics covered by the project). The computerized MATTS went live in March 2002. The initial project form provides the primary basis for the evaluation process, by ensuring that all TA projects are well defined at the outset, with clear objectives, which are consistent with the Fund's priorities. TA managers and experts are also expected to produce tracking forms at each stage of project implementation to determine what objectives were completed, partially completed, or not completed, as well as what objectives were added or dropped. Detailed information is also collected on the problems faced.

To help ensure more effective project evaluations, MAE has been implementing a system of field evaluations, under which MAE senior staff undertake regular visits to evaluate long-term expert assignments, as well as other selected activities. The assessments are backed by MATTS questionnaires completed by the country authorities, the expert and the area department concerned, as well as the MAE staff overseeing the project. Seventeen assessment visits were undertaken in FY 2002. The MATTS data collected feeds into assessments of the effectiveness of the MAE TA by region or by major theme. The results of these evaluations are provided to management.

consistency within the department in the design of projects and assessment of project progress. These changes have brought together good practices on project management with internationally accepted standards for assessing data quality (see Box 11). FAD has discontinued its use of questionnaire-based assessments at the end of missions and assignments, as virtually all the information they produced was available to FAD managers through regular channels. It was therefore felt that the considerable costs involved in collecting the information were not justified by the additional information and opinions gathered. One recurrent issue was the judgmental nature of many of the questions posed, and, given this, as well as the absence of full information, there was a tendency of responses to be bland. Moreover, where problems did exist, these were known to FAD managers already, and the responses added little information that could be used to help address the critical questions: Why did things go wrong, and what should be done in the future? In these cases, an inspection visit or more investigations through the backstopping process, have proved more effective.

### **Box 11. STA's Enhanced Project Management System**

STA introduced a Project Management System (PMS) in 2000 which essentially is used to ensure that activities are clearly linked with expected outcomes. The system is designed to facilitate monitoring and evaluation of projects, because it records the logical and sequential steps needed to track project implementation and identify lessons learned, and because it helps ensure that the achievement of the objectives can be measured and verified. STA's recent review of implementing the PMS during its first year of operation yielded useful results for further improvement. The review found the overall TA effectiveness to be high, but noted that it was unduly focused on methodological soundness, accuracy and accessibility aspects of datasets. Another major problem was the absence of a conceptual framework. The relative neglect of such prerequisites, which could unfavorably affect the sustainability of the TA, pointed to the need for a broader approach to TA that more explicitly addresses statistical organization issues. In addition, while the system has facilitated improved design, monitoring, and evaluation of specific projects, it did not guarantee a uniform and comprehensive approach to tracking and measuring indicators of implementation.

To address these problems, STA has integrated elements of the Data Quality Assessment Framework (DQAF) into the PMS, which has been streamlined further. These changes have strengthened the PMS by facilitating a broader focus on statistical capacity building; by ensuring that all DQAF quality dimensions critical to a project are addressed; and by standardizing the monitoring and evaluation of TA, and making the evaluation results of different TA projects comparable and amenable to aggregation and overall interpretation. For details, see *Measuring Statistical Capacity Building: A Logical Framework Approach*, WP/01/188, November 2001.

106. Both MAE and STA use the information contained in their project management systems to report to management and departments on a monthly basis on issues and outcomes of missions. While a step in the right direction, such reports usually cover specific missions only, and therefore do not provide information on progress in implementing TA recommendations and results being achieved in a specific subject area in a country, which, from an institutional point of view, would be required. Similarly, TA departments have different systems for recording the departments' TA recommendations and tracking their implementation. Harmonizing these through a Fund-wide system would be useful.

107. While TA departments have made progress in employing more robust project management methodologies, the coverage of these methodologies is not uniform across departments. STA's work on strengthening the methodological aspects of its project management system, anchoring it in the DQAF, demonstrates that a Fund-wide project management system will have to provide enough flexibility to meet department-specific requirements. However, while some flexibility is needed, it is also clear that a greater level of uniformity is necessary, not least to enable judgments across countries and selected subject areas, so that lessons can be drawn to strengthen future operations, and to facilitate Fund-wide reporting on TA to management and the Board.

### C. Evaluation

108. There are currently two types of evaluations of Fund TA being undertaken; self-assessments led by the TA department concerned, but drawing on inputs from the relevant area department and recipient authority; and cross-cutting thematic or country/regional evaluations. Progress in improving the use of both types of evaluations has been uneven, although TA departments have made an effort to regularize and formalize their monitoring and inspection of TA work, and a number of substantive evaluations have either been just recently initiated or completed. The number of inspection days in relation to the number of experts in the field has increased notably during the last 2–3 years, and the use of inspection visits is now managed more systematically. For example, MAE is using a field evaluation module of MATTS to guide the assessment of the effectiveness and impact of the work of long-term and peripatetic experts, STA has introduced a policy of inspecting the work of long-term experts at least once during a two-year assignment, and in most cases FAD long-term experts are not renewed without a field assessment of the progress achieved. Departments are also seeking feedback from recipient authorities on the TA rendered on a more regular and systematic basis.

109. Topics arise from time to time that call for a fuller consideration of past experience and alternative possibilities than is possible on the basis of regular inspection visits and backstopping work. For these, stand-alone and in-depth evaluation exercises are appropriate, and departments occasionally conduct these either in the form of cross-cutting thematic, regional or country evaluations, some of which are published and some are conducted with participation of external consultants. FAD has recently undertaken two major reviews of the operational lessons learned from TA on treasury systems in BRO countries and TA on the adoption and implementation of VAT. The findings of these were published in FY 2001 and FY 2002, respectively, and a paper on the latter submitted to the Board. In FY 2001, FAD undertook an external evaluation of TA delivered by field experts in the implementation of tax and customs reforms, which was shared with management. In addition, occasional, operational, and policy discussion papers are issued periodically, drawing directly on the experience of Fund TA.<sup>30</sup> FAD is currently undertaking a review of TA delivery and advice on public expenditure management in the Anglophone and Francophone countries in sub-Saharan Africa which in the last five years have been the main recipients of TA on this topic. Other TA departments are currently considering undertaking a number of cross-cutting thematic studies.

---

<sup>30</sup> A recent example is a review of FAD experience of working with countries that had established large taxpayer control systems at the recommendation of FAD missions, which discusses lessons to be learnt for future FAD TA in this area. See *Improving Large Taxpayers' Compliance, A Review of Country Experience*, Occasional Paper 215, April 2002.

110. A few external evaluations of externally-financed projects have also been undertaken.<sup>31</sup> Externally-financed TA projects follow specific control requirements set by donors, which tend to be quite stringent, both from a financial audit, as well as from a TA impact, point of view. These requirements, which are additional to the normal backstopping and supervision carried out by the TA departments, are reflected in standard guidelines agreed with donors when a financing agreement is entered into. In addition to regular reporting to the donor in the form of progress reports and annual tripartite reviews involving the recipient country's authorities, the Fund, and the donor concerned, large projects typically specify additional reporting requirements, such as an external in-depth evaluation, either at mid-term or right after completion.

111. While it is clear that systematic evaluation is an important aspect of TA management, experience has also shown that evaluations must be selected and designed to meet a clear need. If not, they are not likely to be used effectively, nor feed into operations or policy determination. A major constraint is the resource intensity of undertaking such evaluations. It is therefore particularly important to select issues for evaluation carefully and to delineate the topics to be investigated as precisely as possible. FAD has estimated that the staff-time used in undertaking the treasury system and VAT reviews were about one year each, and an additional 0.25 years each for preparing for publication. The cost of a typical evaluation of an externally-financed project in a specific country is much lower, averaging 0.2 person years.

112. In summary, TA departments are, on balance using more coherent approaches to project development, monitoring and evaluation. In the absence of Fund-wide resource management tools this is difficult and time consuming. Until planning, monitoring, and evaluation are embedded in a solid institutional framework, such that common elements can be aggregated and analyzed, progress can be expected to be slow. Development of such an environment will be costly and will require an institutional commitment to a consistent, coherent Fund-wide approach to the management of TA.

113. Recognizing that these issues must be addressed, an interdepartmental working group of senior staff from TA departments, OTM, and a representative of area departments was formed in April 2002 with the objective of establishing a Fund-wide methodology for monitoring and evaluating TA.<sup>32</sup> The group will employ an external consultant to make recommendations for a standardized methodology, drawing on existing in-house experience and systems, as well as international best practices. OIA is providing assistance to the group to ensure that the methodology that is developed is structured and robust, yet still practical to

---

<sup>31</sup> Recent examples of external evaluations of projects implemented by the Fund under an Executive Agency Agreement with UNDP include, TA on financial system reform, exchange system reform, and tax policy and administration reform in China, 2000; capacity building for economic and financial management in Malawi, 1999; and strengthening economic and financial management in Yemen, 1999 and 2002.

<sup>32</sup> It may not be possible, nor desirable, to develop a standardized methodology that also embraces INS training activities.

implement. It is expected that a report on the group's recommendations will be submitted for management approval by end 2002.

114. Little substantive and objective information on the Fund's TA program is currently released to the Board or the public. Apart from relatively general information on Fund TA in the Fund's Annual Report, the main source of information on Fund TA is Article IV and UFR Staff Reports and the Staff Reports reviewing the TA program. However, none of these sources of information adequately addresses the call for increased accountability of Fund TA. Although greater availability of TA reports would be useful (as discussed in section VI above), it will be important to make more information available on the actual effectiveness and impact of TA.

115. To strengthen the accountability and transparency of the Fund's TA program, a formal TA assessment process could be useful. One possibility would be for the staff each year to prepare a schedule of evaluations to take place over a three-year period.<sup>33</sup> The main objectives would be to (i) increase the frequency and coverage of assessments; (ii) generate and publicize lessons that can be applied to Fund TA and, more broadly, to TA activities in general; and (iii) improve accountability and transparency of Fund TA. Types of evaluations could include comprehensive studies covering large country samples, focused policy area studies with small country samples, the periodic evaluations planned for the regional TA centers, country case studies, and TCAP and project evaluations. The schedule could include externally as well as internally-financed activities, and some assessments could include external consultants or external partners, such as other TA providers or donors.<sup>34</sup> The results would be provided to the Board, and with the consent of the concerned members, could be disseminated to stakeholders outside the Fund. The proportion of TA that would be covered by evaluation under such an assessment program would be relatively limited—depending on the topics and country-cases selected it could be between 5–10 percent per annum. However, even with a relatively small number of evaluations undertaken each year, an ongoing assessment schedule could over the medium-term provide a sufficiently broad and representative coverage of information upon which assessments of the quality and effectiveness of Fund TA could be made.

116. The cost of such a formal assessment program would depend upon the number and composition of the assessments. However, based on the experience of TA departments in conducting thematic studies and the regular evaluations of externally-financed projects, an

---

<sup>33</sup> The Technical Assistance Committee (TAC), or an interdepartmental sub-committee established by TAC, could prepare a three-year rolling assessment schedule drawing on TA departments' work programs for management approval. The Board would on a regular basis be kept informed about progress. TAC, or a sub-committee, could also provide guidance on the assessment process, which would be particularly useful when undertaking assessments of cross-departmental TA, such as country case studies and TCAP evaluations.

<sup>34</sup> Participation of external participants in the evaluation of Fund TA can be done only with the consent of the relevant member in each individual case.

assessment program of 3–4 evaluations per year comprising a mix of different types of evaluations and activities would likely require 1.0–2.0 person years per year.

117. Such a process would complement assessments and evaluations of the Fund's TA program that IEO might conduct from time to time and be coordinated with OIA's work in this area, such as the recently completed review of the provision of TA by LEG in the period FY 1998–FY 2001. Given the many significant changes to the Fund's TA policy over the last few years, the increased focus on regional approaches and capacity building, it would be useful to have an independent evaluation of the TA program by 2004 at the latest. IEO has included a possible evaluation of Fund TA in its work program for FY 2004/FY 2005, but earlier evaluation, perhaps conducted by an outside body, could be considered.

### **VIII. CONCLUSIONS AND PROPOSED MEDIUM-TERM WORK PROGRAM**

118. During FY 2001, the management and prioritization of Fund TA was reexamined in order to more effectively support the work of the Fund, and balance the available resources for TA with the significant excess demand for TA delivery. It is in many respects too early to make hard judgments about the implementation of the new prioritization policy. Nevertheless, as described in this paper, the prioritization process is being used by departments and is useful in the face of continued excess demand for the Fund's TA.

119. Overall, TA delivery has stabilized after a decline in FY 2000. Although faced with demands for assistance from many new initiatives, some of which are not classified as TA, TA departments have managed to increase TA in the Fund's main program areas and key policy initiatives. Thus, TA to Africa, Asia and the Pacific, and the European I regions has increased in line with the increasing emphasis on poverty reduction and the HIPC initiative and support to post-conflict countries. TA to support initiatives in new areas such as OFCs, AML/CFT, and to follow-up on the recommendations of FSAPs has also increased.

120. The paper reviews the experience with TCs and TCAPs, two pilot initiatives that were undertaken to enhance the focus and effectiveness of Fund TA, and to better integrate it with surveillance and UFR work. The experience with TCs indicates that, while providing some positive outcomes, on balance the usefulness of TCs has fallen short of expectations, and the TC process does not appear to have added significant value to Fund surveillance. The experience with the use of TCAPs suggests that they can provide advantages for countries requiring a large amount of TA, where needs have to be addressed comprehensively, and where authorities' commitment is strong. Because of the very heavy staff and resource requirements in preparing and managing TCAPs, their use should be restricted to exceptional cases.

121. The experience with the large variety of regional arrangements utilized by the Fund to deliver TA and training suggests that they have had a number of benefits because of positive regional externalities and as a way of fostering the establishment and implementation of regional policy initiatives. Experience suggests that the regional approaches increase

efficiency and cost effectiveness of TA and serve as a useful vehicle for enhanced cooperation with other TA providers. At the same time, however, regional approaches require significant amounts of backstopping and oversight, strong processes of monitoring and evaluation, and strong recipient-country commitment.

122. Cooperation between the Fund and other TA providers has increased significantly during the last few years, and now covers a broad range of modalities and topics. Recent initiatives have provided new mechanisms for coordination and mobilization of additional TA financing. External financing contributes some 25 percent of total Fund TA. Although efforts continue to increase external financing, the review raises the question to what extent the Fund should rely on donor financing, given the resource requirements for adequate supervision, monitoring and evaluation of externally-financed TA.

123. The paper reviews options for broadening the dissemination of TA reports and information both within the Fund and to the public. It proposes that while the sensitive nature of some of the information included in TA reports could argue for restricted dissemination, the benefits of greater transparency and accountability suggest that development of a policy of greater dissemination of TA reports and information is desirable.

124. The review suggests that the lack of a comprehensive system for planning and tracking TA greatly limits effectiveness of the overall management of TA. The paper proposes that a new system be developed building upon the infrastructure of the new financial accounting system of the Fund. The paper notes that TA departments have made progress in employing more robust project management methodologies, but that standardizing the systems is an important goal. TA departments have continued to strengthen their evaluation efforts, but efforts and methodologies are uneven. An interdepartmental working group has therefore been formed to establish a Fund-wide methodology for monitoring and evaluation. To improve the availability of assessments of the actual effectiveness and impact of Fund TA, the paper proposes that a formal assessment process could be useful, which would complement independent evaluations of Fund TA, such as the possible evaluation included in the IEO's work program for FY 2004/FY 2005.

125. A preliminary estimate of the resource costs of all the proposals made in this paper is included in the proposed work program in Table 10. Developing an effective resource management system is expected to entail significant resource costs. The estimated cost of developing a project proposal and tender document is \$165,000. The cost of the actual development of the software capability has not been determined, but the proposal is within the capital projects plan. The cost of ensuring increased transparency is likely to be high (\$220,000 in FY 2003 for the development of a dissemination policy and up to \$810,000 per year in FY 2004 and onwards). Moreover, the experience of evaluation work undertaken by the TA departments, and supported by the review of evaluation practices of other TA

Table 10. Proposed Medium-Term Work Program for TA  
(FY 2003–FY 2005)

	Estimated additional cost		
	(In person years)	(in US dollars) 1/	
		FY 2003	FY 2004 onwards
<b>Dissemination of TA reports and information:</b>			
• Substantive coverage of TA included in Article IV Staff Reports for countries where TA is most critical. 25 reports covered by end-FY 2003 and 50 by FY 2004 and onwards 2/	Nil	Nil	Nil
• Development of a policy for internal and external dissemination of TA reports by end-FY 2003 3/	1.0	220,000	--
• Implementation of a broader policy of internal and external dissemination of TA reports and information 4/	up to 5.0 per year	--	up to 810,000
<b>TA resource management:</b>			
• Project proposal and tender document developed during FY 2003 4/	1.0	165,000	--
• TA management structure which captures total staff and expert time spent on specific TA activities established within the PeopleSoft system by mid-FY 2005 5/	TBD	--	TBD
<b>Monitoring and evaluation of TA:</b>			
• Fund-wide methodology for planning, monitoring, and evaluating TA established by end 2002 6/	1.5	280,000	--
• Formal TA assessment schedule established by mid-FY 2003 4/ 7/	1.0–2.0 per year	--	165,000–330,000
<b>Total</b>		665,000	up to 1,140,000

1/ Cost estimates include salary and most benefits but do not include office occupancy.

2/ Estimated staff-time equals estimated saving from discontinuing the Technical Consultations.

3/ Cost estimate assumes 0.5 person years of B-level and A9–15-level staff, respectively.

4/ Cost estimate assumes A9–15-level staff.

5/ The cost of developing this capability is to be determined, but is within the current and medium-term capital projects plan. TBD indicates cost to be determined.

6/ Cost estimate assumes 0.5 person years of B-level staff; 0.6 person years of A9–15-level staff; and 0.4 person years of consultants.

7/ Cost estimates refer to the cost of conducting the assessments.

providers, shows that even a modest schedule of assessments of the effectiveness and impact of Fund TA is likely to be resource intensive. The cost of establishing a Fund-wide methodology for TA planning, monitoring, and evaluation is expected to be \$280,000 in FY 2003, and, depending on the number and type of evaluations, the ongoing assessment schedule is expected to cost \$165,000–\$330,000 per year.

126. The proposals made in this paper will cost \$665,000, and require 3.5 FTEs in regular staff positions in the current year. The cost would be absorbed in the current year within departmental budgets. In the forward years, the costs are estimated at up to \$1,140,000 and up to 7 FTEs. The additional resources needed for the forward years would be found from the Fund-wide planning reserve, within the existing medium-term estimates.<sup>35</sup>

## IX. ISSUES FOR DISCUSSION

127. Excess demand for Fund TA continued to place strain on TA resources during FY 2001–FY 2002. Do Directors agree that the new process for prioritizing Fund TA has been useful in linking Fund TA more explicitly to the Fund’s main program areas and key policy initiatives and in dealing with excess demand for TA?

128. The introduction of TCs and TCAPs on a pilot basis was designed to enhance the focus and effectiveness of Fund TA. Based on the assessment of the pilot phase do Directors agree that TCs have not met their objectives and should be discontinued? Do Directors agree that these objectives could be better served by other arrangements, such as those discussed in paragraphs 52 and 53? Do Directors agree that because of their heavy resource demands and inherent implementation difficulties, in the future, TCAPs should only be used on an exceptional basis for countries with large TA requirements?

129. Regional arrangements to deliver Fund TA have taken on greater prominence in recent years. Do Directors agree that such arrangements have provided an effective delivery system for TA?

130. Closer and productive cooperation between the Fund and other TA providers is important for the effectiveness of Fund TA. Do Directors agree that existing cooperation arrangements are appropriate and that these arrangements have generally worked well?

131. There are benefits and costs to implementing policies to foster broader dissemination of TA reports and information internally within the Fund, and externally to the public at large. Do Directors agree that the benefits of greater transparency and accountability tilt the balance toward broader dissemination?

---

<sup>35</sup> As part of budget reform, a top-down planning reserve is being established within the medium-term total from which departments can bid for increased resources during the budget formulation exercise.

- Regarding the dissemination of TA reports to the Board, do Directors agree that, as a first step, a policy should be developed to encourage members receiving Fund TA to make available to the Board TA reports? Do Directors agree that, in addition, information on country-specific TA in the form of periodic analytical summary reports of key issues, or executive summaries from TA reports, should be disseminated to the Board?
  - Regarding the policy with respect to the external dissemination of TA reports, do Directors agree with the proposal that publication of TA reports should be presumed, but with a one year time lag from the date of completion? Do Directors agree that the existing deletions policy should apply to country TA reports, with the one-year lag? Do Directors agree that members should be encouraged to make available country-specific TA reports to other TA providers and donors cooperating with the Fund in the provision of the TA which is the subject of the reports?
132. Do Directors agree that further development of Fund-wide systems to capture the full cost of TA is necessary in order to enhance the prioritization process accordingly?
133. Do Directors agree that departmental consistency in project management, monitoring and evaluation is necessary to enable judgments across countries and subject areas and to facilitate Fund-wide reporting on the effectiveness of TA?
134. Do Directors agree that more information on the outcome of monitoring and evaluation of TA should be made available more systematically to the Board? Do Directors agree that it would be useful to initiate a formal TA assessment process in which the staff each year prepare a schedule of evaluations to take place over a three-year period?
135. A number of initiatives to strengthen the effectiveness of Fund TA have been taken during the past three to four years. Given the many changes, do Directors agree that an independent evaluation of Fund TA at the latest by 2004 would be desirable? The Fund's TA program is included as a possible topic for evaluation by IEO in FY2004 or FY2005. Do Directors agree that such an evaluation should be given high priority? Do Directors agree that an independent evaluation by an outside body other than the IEO in 2004 should also be considered?
136. Do Directors agree to the publication of this paper as was done on the occasion of the last review of the Fund's TA program?
137. Do Directors agree that the Fund's TA program should be reviewed in a year's time?

## LIST OF ACRONYMS

ACBF	African Capacity Building Foundation
AFRITAC	African Regional Technical Assistance Center
AMF	Arab Monetary Fund
AML	Anti-Money Laundering
BCP	Basel Core Principles
BRO	Baltic countries, Russia, and other countries of the Former Soviet Union
BRS	Budget Reporting System
CARTAC	Caribbean Regional Technical Assistance Center
CGPFT	Code of Good Practices on Fiscal Transparency
CMFP	Code of Monetary and Financial Policies
CTF	Countering Terrorist Financing
DQAF	Data Quality Assessment Framework
DSBB	Data Dissemination Bulletin Board
FAA	Framework Administered Account for Technical Assistance Activities
FASF	Financial Action Task Force
FIRST	Financial Sector Reform and Strengthening (Initiative)
FSAP	Financial Sector Assessment Program
FSF	Financial Stability Forum
FSSA	Financial System Stability Assessment
GDDS	General Data Dissemination System
HIPC	Heavily Indebted Poor Country
IACC	Inter-agency Coordinating Committee (for TA to Russia)
IFMC	International Financial and Monetary Committee
JSA	Joint Staff Assessment (of PRSPs by IMF and World Bank staffs)
KPIC	Key Policy Initiatives and Concerns
MPA	Main Program Areas
NEPAD	New Partnership for African Development
PEM	Public Expenditure Management
PFTAC	Pacific Financial Technical Assistance Centre
PIC	Pacific Island Country
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
RAP	Regional Allocation Plan
ROSC	Report on the Observance of Standards and Codes
SDDS	Special Data Dissemination Standard
TAC	Technical Assistance Committee
TAS	Technical Assistance Secretariat
TC	Technical Consultation
TCAP	Technical Cooperation Action Plan
TIMS	Travel Information Management System
TSS	Travel Scheduling System
UFR	Use of Fund Resources
VAT	Value-Added Tax

### PRIORITIZATION CRITERIA FOR TA<sup>36</sup>

In light of demand pressures and competing needs for limited Fund TA resources, clear, transparent and easily understood criteria are needed for prioritizing the delivery of the assistance. The various factors that could be taken into consideration by management, when prioritizing TA, are indicated below. The weight given to each of these factors would shift depending on management's perception of the Fund's changing priorities. The introduction of filters 1–3 will modify what was previously provided in the TA Policy Statement (SM/99/275, Rev. 2) and in the Annual Report on TA (SM/00/227) and change the conceptual framework that would guide the prioritization process.

- Filter 1      **A core specialization of the Fund:** a substantive area of TA recognized as one of the Fund's core areas of specialization (as described in Table 1 in the main document, SM/00/284).
- Filter 2      **A main program area of the Fund:** including whether the TA is for the purpose of crisis prevention; implementation of sustainable debt relief and poverty-reduction programs for low-income countries; fostering of macroeconomic and financial stability in non-PRGF program countries; promotion of regional capacity-building initiatives (including training) and possibly regional integration efforts; and rehabilitation of basic economic and financial institutions in post-conflict situations.
- Filter 3      **Specific policy focus:** standards and codes; FSAP; tracking of HIPC debt relief outlays; policy reforms/institutional capacity building in support of achieving macroeconomic viability; safeguarding of the Fund's resources; and offshore financial assessments.
- Filter 4      **Impact and commitment:** a country's past track record is critical for determining if additional assistance should be granted. Also, a country's commitment to the implementation of reform efforts testifies to the degree of ownership. Exceptions to this criterion are made if the country is systemically important, is emerging from a conflict, or has experienced strong new leadership changes.
- Filter 5      **Regional diversity:** in deference to the principle of equality of treatment of members some diversity in the regional allocation of TA resources may need to be considered.

---

<sup>36</sup> Annex II of SM/00/284, 12/27/00, p. 32.

- Filter 6      **Availability of external financing:** cooperation with another donor providing funding for Fund TA and/or to support other elements of the assistance not provided by the Fund, e.g., equipment, also weighs heavily on appraising requests.
- Filter 7      **Nature of request:** a request which involves a one-time or limited commitment of TA resources would be seen in a more favorable light than one requiring significant resource use, e.g., a long-term assignment or a medium-term capacity-building effort.
- Filter 8      **Regional approach:** TA which could be delivered through cooperation with regional institutions for the benefit of several members would receive particular attention.
- Filter 9      **Presence of other TA providers:** coordination to avoid duplication and to provide for consistent policy advice.

### MAIN PROGRAM AREAS (MPAs)<sup>37</sup>

#### MPA1—Crisis Prevention (non-UFR countries)

<i>African:</i>	Botswana, Comoros, Mauritius, Namibia, South Africa, Swaziland
<i>Asia and Pacific:</i>	Australia, Bhutan, Brunei Darussalam, China, Cook Islands*, Fiji, Hong Kong SAR, India, Japan, Kiribati, Macao SAR, Malaysia, Maldives, Marshall Islands, Federated States of Micronesia, Nauru*, New Zealand, Palau, Niue*, Samoa, Singapore, Taiwan Province of China, Tonga, Tuvalu*, Vanuatu
<i>European 1:</i>	Andorra, Aruba, Austria, Belgium, Bermuda, Cayman Islands*, Cyprus, Czech Republic, Denmark, Faroe Islands*, Finland, France, Germany, Gibraltar*, Greece, Hungary, Iceland, Ireland, Israel, Italy, Liechtenstein*, Luxembourg, Malta, Netherlands, Netherlands Antilles, Norway, Poland, Portugal, San Marino, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turks and Caicos*, United Kingdom
<i>European 2:</i>	Turkmenistan, Uzbekistan
<i>Middle Eastern:</i>	Bahrain, Egypt, Islamic Republic of Iran, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Syrian Arab Republic, Tunisia, United Arab Emirates
<i>Western Hemisphere:</i>	Anguilla, Antigua and Barbuda, The Bahamas, Barbados, Belize, Canada, Chile, Costa Rica, Dominica, Dominican Republic, Grenada, Guadeloupe*, Jamaica, Martinique*, Montserrat, Paraguay, Peru, Puerto Rico*, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, United States, Venezuela, British Virgin Islands*, U.S. Virgin Islands*

#### MPA2—Poverty Reduction (PRGF eligible countries)

<i>African:</i>	Angola, Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Côte d'Ivoire, Equatorial Guinea, The Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Madagascar, Malawi, Mali, Mozambique, Niger, Nigeria, Rwanda, São Tomé and Príncipe, Senegal, Tanzania, Togo, Uganda, Zambia
<i>Asia and Pacific:</i>	Bangladesh, Cambodia, Lao PDR, Mongolia, Myanmar, Nepal, Sri Lanka, Vietnam

---

<sup>37</sup> Countries are considered “program countries,” and therefore placed within MPA3, if they have, or are likely to have, UFR programs. MPA2 consists of all PRGF-eligible countries whether they have programs or not. An asterisk indicates a non-IMF member country/entity.

<i>European 1:</i>	Albania, Bosnia and Herzegovina, Macedonia FYR
<i>European 2:</i>	Armenia, Azerbaijan, Georgia, Kyrgyz Republic, Moldova, Tajikistan
<i>Middle Eastern:</i>	Djibouti, Mauritania, Pakistan, Sudan, West Bank and Gaza*, Yemen
<i>Western Hemisphere:</i>	Bolivia, Guyana, Haiti, Honduras, Nicaragua

**MPA3—Crisis Resolution and Management (other UFR countries)**

<i>African:</i>	Cape Verde, Gabon, Seychelles, Zimbabwe
<i>Asia &amp; Pacific:</i>	Indonesia, Korea, Papua New Guinea, Philippines, Thailand
<i>European 1:</i>	Bulgaria, Croatia, Romania, Turkey
<i>European 2:</i>	Belarus, Estonia, Kazakhstan, Latvia, Lithuania, Russian Federation, Ukraine
<i>Middle Eastern:</i>	Algeria, Jordan
<i>Western Hemisphere:</i>	Argentina, Brazil, Colombia, Ecuador, El Salvador, Guatemala, Mexico, Panama, Uruguay

**MPA4—Post-Conflict/Isolation**

<i>African:</i>	Burundi, Republic of Congo, Democratic Republic of Congo, Eritrea, Ethiopia, Liberia, Sierra Leone
<i>Asia &amp; Pacific:</i>	East Timor*, Solomon Islands
<i>European 1:</i>	Yugoslavia (Serbia/Montenegro) and Yugoslavia (Kosovo)*
<i>European 2:</i>	None
<i>Middle Eastern:</i>	Islamic State of Afghanistan, Iraq, Somalia
<i>Western Hemisphere:</i>	None

**MPA5—Regional/Multi-Regional**

<i>African:</i>	BCEAO, BEAC, COMESA, MEFMI, SADC
<i>Asia and Pacific:</i>	PFTAC, SEACEN
<i>European 1:</i>	None
<i>European 2:</i>	None
<i>Middle Eastern:</i>	Arab League of States (ALS), GCC, Islamic Development Bank (ISDB), Mahgreb Arab Union (AMU),
<i>Western Hemisphere:</i>	CAMC, CARICOM, CARTAC, CEMLA
<i>Multi-region:</i>	Principally training activities covering participants from more than one region.

Table 11. Distribution by Subject of MAE TA, FY2002  
(Field delivery; in person years)

	Bank Supervision/ Restructuring	Payment System	Monetary Operations	Foreign Exchange	Multi-Topic and Other 1/	Totals
<b>AFR</b>						
Advisory missions	0.8	0.0	1.5	0.4	1.7	4.4
Long-term expert assignments	3.8	3.0	5.7	0.0	0.0	12.6
Short-term expert visits 2/	2.7	0.6	0.8	0.8	0.1	5.0
Other	0.1	0.0	0.0	0.0	0.0	0.1
Total	7.4	3.6	8.0	1.2	1.8	22.1
<b>APD</b>						
Advisory missions	1.3	0.1	0.5	0.2	2.7	4.8
Long-term expert assignments	6.5	2.1	1.1	0.0	0.0	9.7
Short-term expert visits 2/	2.0	1.7	2.5	0.3	0.6	7.1
Other	0.0	0.0	0.0	0.0	0.1	0.1
Total	9.8	3.9	4.1	0.5	3.4	21.7
<b>EU1</b>						
Advisory missions	1.7	0.0	0.3	0.0	1.8	3.8
Long-term expert assignments	0.4	0.4	3.9	0.0	0.0	4.6
Short-term expert visits 2/	0.7	1.9	0.4	0.1	0.5	3.6
Other	0.0	0.0	0.0	0.0	0.1	0.1
Total	2.8	2.3	4.6	0.1	2.4	12.1
<b>EU2</b>						
Advisory missions	0.4	0.2	0.0	0.0	2.5	3.1
Long-term expert assignments	2.6	0.0	0.0	0.0	0.0	2.6
Short-term expert visits 2/	1.5	1.4	0.0	0.0	0.0	2.9
Other	0.1	0.0	0.0	0.0	0.0	0.1
Total	4.6	1.6	0.0	0.0	2.5	8.7
<b>MED</b>						
Advisory missions	0.2	0.4	0.0	0.0	0.8	1.4
Long-term expert assignments	1.5	0.0	1.9	0.0	0.0	3.3
Short-term expert visits 2/	0.7	0.1	0.3	0.4	0.1	1.6
Other	0.1	0.0	0.0	0.0	0.0	0.1
Total	2.5	0.5	2.2	0.4	0.9	6.4
<b>WHD</b>						
Advisory missions	1.5	0.2	0.0	0.0	0.5	2.2
Long-term expert assignments	2.0	0.0	1.2	0.0	0.0	3.2
Short-term expert visits 2/	3.0	0.8	0.2	0.0	0.0	4.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
Total	6.5	1.0	1.4	0.0	0.5	9.4
<b>Totals</b>						
Advisory missions	5.9	0.9	2.3	0.6	10.0	19.7
Long-term expert assignments	16.8	5.5	13.8	0.0	0.0	36.0
Short-term expert visits 2/	11.1	6.7	4.2	1.6	1.6	25.2
Other	0.3	0.0	0.0	0.0	0.3	0.6
Total	34.1	13.1	20.3	2.2	11.9	81.3

Source: Travel Information Management System (TIMS).

1/ Includes all multi-topic missions and workshops/seminars.

2/ Covers solo short-term expert visits. Additional short-term expert time on advisory missions and workshops is captured under "advisory missions" and "other," respectively.

Table 12. Distribution by Subject of FAD TA, FY2002  
(Field delivery; in person years)

	Budget preparation and PEM	Expenditure rationalization	Macro-fiscal management	Revenue Mobilization	Other	Total
<b>AFR</b>						
Advisory missions	2.5	0.2	0.3	2.8	0.2	6.0
Long-term experts	5.0	0.0	3.6	6.7	0.0	15.3
Short-term experts	0.7	0.0	0.1	2.0	0.1	2.9
Other	0.0	0.0	0.0	0.1	0.1	0.2
Total	8.2	0.2	4.0	11.6	0.4	24.4
<b>APD</b>						
Advisory missions	0.3	0.0	0.5	2.7	0.3	3.8
Long-term experts	1.6	0.0	1.9	2.9	0.0	6.4
Short-term experts	1.0	0.0	0.0	1.7	0.0	2.7
Other	0.0	0.0	0.0	0.2	0.0	0.2
Total	2.9	0.0	2.4	7.5	0.3	13.1
<b>EU1</b>						
Advisory missions	0.6	0.2	0.1	1.7	0.1	2.7
Long-term experts	1.3	0.0	0.1	0.4	0.0	1.8
Short-term experts	0.1	0.0	0.0	0.8	-0.1	0.8
Other	0.0	0.0	0.0	0.1	0.0	0.1
Total	2.0	0.2	0.2	3.0	0.0	5.4
<b>EU2</b>						
Advisory missions	0.5	0.1	0.4	0.9	0.1	2.0
Long-term experts	4.8	0.0	1.1	0.7	0.0	6.6
Short-term experts	0.2	0.0	0.7	0.4	0.0	1.3
Other	0.0	0.0	0.0	0.0	0.1	0.1
Total	5.5	0.1	2.2	2.0	0.2	10.0
<b>MED</b>						
Advisory missions	0.7	0.1	0.3	1.9	0.2	3.2
Long-term experts	0.0	0.0	0.2	0.1	1.0	1.3
Short-term experts	0.0	0.3	0.0	1.2	-0.1	1.4
Other	0.0	0.0	0.0	0.1	0.0	0.1
Total	0.7	0.4	0.5	3.3	1.1	6.0
<b>WHD</b>						
Advisory missions	0.3	0.1	0.1	1.5	0.0	2.0
Long-term experts	0.0	0.0	0.6	2.4	0.0	3.0
Short-term experts	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.1	0.1
Total	0.3	0.1	0.7	3.9	0.1	5.1
<b>Totals</b>						
Advisory missions	4.9	0.7	1.7	11.5	1.6	20.4
Long-term experts	12.7	0.0	7.5	13.2	1.0	34.4
Short-term experts	2.0	0.3	0.8	6.1	0.0	9.1
Other	0.0	0.0	0.0	0.5	0.3	0.8
Total	19.6	1.0	10.0	31.3	2.9	64.7

Source: Travel Information Management System (TIMS).

Table 13. Distribution by Subject of STA TA, FY 2002  
(Field delivery; in person years)

	Monetary and financial statistics	Balance of payments and trade	Reserves and external debt	Govt. Finance	National accounts and prices	Multi- topic and other	Total
<b>AFR</b>							
Advisory missions	0.4	0.3	0.0	0.3	0.0	1.4	2.4
Long-term experts	0.0	0.0	0.0	0.1	1.0	0.6	1.7
Short-term experts	0.0	0.3	0.0	0.1	0.2	0.5	1.1
Other	0.0	0.1	0.0	0.2	0.1	0.4	0.8
Total	0.4	0.7	0.0	0.7	1.3	2.9	6.0
<b>APD</b>							
Advisory missions	0.3	0.0	0.0	0.0	0.3	0.7	1.3
Long-term experts	0.0	0.1	0.0	0.0	0.8	2.1	3.0
Short-term experts	0.0	0.4	0.0	0.0	0.0	0.1	0.5
Other	0.0	0.1	0.0	0.0	0.1	0.3	0.5
Total	0.3	0.6	0.0	0.0	1.2	3.2	5.3
<b>EU1</b>							
Advisory missions	0.2	0.0	0.0	0.0	0.1	0.0	0.3
Long-term experts	0.0	0.0	0.0	0.0	0.0	1.0	1.0
Short-term experts	0.0	0.5	0.0	0.0	0.1	0.0	0.6
Other	0.0	0.1	0.0	0.0	0.1	0.0	0.2
Total	0.2	0.6	0.0	0.0	0.3	1.0	2.1
<b>EU2</b>							
Advisory missions	0.4	0.2	0.0	0.2	0.1	0.0	0.9
Long-term experts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short-term experts	0.0	0.1	0.0	0.0	0.0	1.0	1.1
Other	0.0	0.0	0.0	0.0	0.1	0.0	0.1
Total	0.4	0.3	0.0	0.2	0.2	1.0	2.1
<b>MED</b>							
Advisory missions	0.2	0.1	0.1	0.0	0.0	0.6	1.0
Long-term experts	0.0	0.0	0.0	0.0	0.8	0.0	0.8
Short-term experts	0.0	0.0	0.0	0.0	0.4	0.0	0.4
Other	0.0	0.0	0.0	0.0	0.2	0.1	0.3
Total	0.2	0.1	0.1	0.0	1.4	0.7	2.5
<b>WHD</b>							
Advisory missions	0.7	0.1	0.0	0.0	0.2	0.4	1.4
Long-term experts	0.0	0.0	0.0	0.0	0.0	0.6	0.6
Short-term experts	0.1	0.0	0.0	0.0	0.0	0.1	0.2
Other	0.0	0.0	0.0	0.0	0.0	0.2	0.2
Total	0.8	0.1	0.0	0.0	0.2	1.3	2.4
<b>Totals</b>							
Advisory missions	2.2	0.7	0.1	0.5	0.7	3.1	7.3
Long-term experts	0.0	0.1	0.0	0.1	2.6	4.3	7.1
Short-term experts	0.1	1.3	0.0	0.1	0.7	1.7	3.9
Other	0.0	0.7	0.0	0.2	0.6	1.1	2.6
Total	2.3	2.8	0.1	0.9	4.6	10.2	20.9

Source: Travel Information Management System (TIMS)

Table 14. Distribution by Subject of LEG TA, FY 2002  
(Field delivery, only; in person years)

	Fiscal	Other legal issues affecting the financial sector	Banking	Offshore Financial Centers	Other	Total
<b>AFR</b>						
Advisory missions	0.1	0.0	0.0	0.0	0.0	0.1
Long-term experts	0.0	0.0	0.0	0.0	0.0	0.0
Short-term experts	0.3	0.0	0.0	0.0	0.0	0.3
Other	0.0	0.0	0.0	0.0	0.0	0.0
Total	0.4	0.0	0.0	0.0	0.0	0.4
<b>APD</b>						
Advisory missions	0.0	0.5	0.2	0.4	0.0	1.1
Long-term experts	0.0	1.0	0.0	0.0	0.0	1.0
Short-term experts	0.0	0.5	0.0	0.2	0.0	0.7
Other	0.2	0.0	0.0	0.0	0.0	0.2
Total	0.2	2.0	0.2	0.6	0.0	3.0
<b>EU1</b>						
Advisory missions	0.1	0.0	0.4	0.1	0.0	0.6
Long-term experts	0.0	0.0	0.0	0.0	0.0	0.0
Short-term experts	0.0	0.0	0.1	0.0	0.0	0.1
Other	0.0	0.0	0.0	0.0	0.0	0.0
Total	0.1	0.0	0.5	0.1	0.0	0.7
<b>EU2</b>						
Advisory missions	0.1	0.0	0.1	0.0	0.0	0.2
Long-term experts	0.0	0.0	0.0	0.0	0.0	0.0
Short-term experts	0.2	0.0	0.1	0.0	0.0	0.3
Other	0.0	0.0	0.0	0.0	0.0	0.0
Total	0.3	0.0	0.2	0.0	0.0	0.5
<b>MED</b>						
Advisory missions	0.0	0.0	0.0	0.0	0.0	0.0
Long-term experts	0.0	0.0	0.0	0.0	0.0	0.0
Short-term experts	0.1	0.0	0.0	0.0	0.0	0.1
Other	0.0	0.0	0.0	0.0	0.0	0.0
Total	0.1	0.0	0.0	0.0	0.0	0.1
<b>WHD</b>						
Advisory missions	0.0	0.0	0.3	0.0	0.0	0.3
Long-term experts	0.0	0.0	0.0	0.0	0.0	0.0
Short-term experts	0.2	0.0	0.1	0.2	0.0	0.5
Other	0.2	0.0	0.0	0.0	0.0	0.2
Total	0.4	0.0	0.4	0.2	0.0	1.0
<b>Other 1/</b>						
	0.2	0.2	1.8	0.7	0.1	3.0
<b>Totals</b>						
Advisory missions	0.3	0.5	1.0	0.5	0.0	2.3
Long-term experts	0.0	1.0	0.0	0.0	0.0	1.0
Short-term experts	0.8	0.5	0.3	0.4	0.0	2.0
Other	0.4	0.0	0.0	0.0	0.0	0.4
Total	1.7	2.2	3.1	1.6	0.1	8.7

Source: Travel Information Management System (TIMS).

1/ Multiple regions.