

EBD/82/316

December 22, 1982

To: Members of the Executive Board

From: The Secretary

Subject: Expansion of Central Banking Department Technical Assistance
Activities in the External Debt Area

Attached for the information of the Executive Directors is a paper on the expansion of the Central Banking Department's technical assistance activities in the external debt area.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

Expansion of CBD Technical Assistance Activities in the
External Debt Area

Prepared by the Central Banking Department

(In consultation with the Exchange and
Trade Relations Department)

Approved by P.N. Kaul

December 21, 1982

Since its establishment in 1963, the Central Banking Department from time to time has provided countries with technical assistance, principally to collate information, in the area of external debt. Up to now, however, this type of technical assistance has been a minor part of the Department's activities, particularly in comparison with other areas such as central banking legislation, accounting, foreign exchange, general banking operations and economic research. The emergence of serious external debt servicing problems in many less developed countries has now created a need for an expanded program of CBD technical assistance in the external debt area. The Department after recently reviewing this need in collaboration with ETR and the Area Departments is expanding its technical assistance program to cover assistance for medium and long-term external debt and to the extent possible for short-term external debt.

The expanded program will focus on:

- (1) the setting up of permanent national machinery for the reporting, control and management of external debt operations on a continuing basis, and
- (2) the collection of debt statistics on a loan-by-loan basis including, where necessary, the determination of the overall size of debt prior to entering into a debt rescheduling exercise.

The Department would ordinarily refrain from providing technical assistance regarding procedures to be followed in an actual debt rescheduling exercise. In exceptional cases, however, the Department would be prepared to do so where it is considered necessary by all parties involved.

This expanded program of CBD technical assistance in the external debt area will be carried out in close coordination with the Area Departments, the Exchange and Trade Relations Department, Bureau of Statistics, and the World Bank. Care will be taken to ensure that the technical assistance provided by CBD does not impinge upon the policy functions of the Fund in the external debt field. Assistance will be available not only

to central banks but also to finance ministries, planning offices, and autonomous debt offices--in short, in whichever place the responsibility for external debt operations is located. In setting up this expanded program of technical assistance, CBD staff are in close contact with the Chairman of the Paris Club.

The program will be administered by the staff of the Central Banking Department primarily with the assistance of consultants engaged under its technical assistance program. As much of the assistance to be provided will be of a short-term nature, it may be possible for CBD to absorb the cost in its existing budget without unduly detracting from the Department's other areas of technical assistance. Should, however, the demand for this type of assistance prove substantial, the Department may need to ask for an additional budgetary allocation for technical assistance.