

**IMMEDIATE
ATTENTION**

EBD/09/88

December 15, 2009

To: Members of the Executive Board

From: The Acting Secretary

Subject: **Management Statement on the Temporary Suspension of Implementing the Policy for Country Contributions for Capacity Building**

Attached for consideration by the Executive Board is a statement describing management's intention to suspend temporarily the implementation of the policy for country contributions for capacity building, which was revised in October 2008. As stated in the General Counsel's statement on the Fund's framework for country contributions (BUFF/08/114, 7/23/08), management has the authority to establish and implement changes to the policy for country contributions for capacity building, in consultation with the Executive Board. The attached statement is intended to provide for such consultation. It is not proposed to bring this matter to the agenda of the Executive Board for discussion unless an Executive Director so requests by **noon on Tuesday, December 22, 2009**. In the absence of such a request, the consultation will be deemed completed.

It is intended to publish this statement on the Fund's external website after Thursday, December 24, 2009.

Questions or comments may be referred to Ms. Kostial, OTM (ext. 35349), Mr. McDonald, INS (ext. 38862), and Ms. SenGupta, LEG (ext. 30032).

This document will shortly be posted on the extranet, a secure website for Executive Directors and member country authorities.

Att: (1)

Other Distribution:
Department Heads

Management Statement on the Implementation of the Policy for Country Contributions for Capacity Building

1. This statement provides an update on the implementation of the strengthened country contributions policy for capacity building (the “Policy”) and informs the Executive Board of management’s intention to suspend temporarily implementation of the Policy. As noted in the Statement of the General Counsel of July 23, 2008, management has the authority to establish and to implement changes to the Policy, in consultation with the Executive Board.¹
2. The Policy for Technical Assistance (TA) is scheduled to become effective on January 1, 2010. The Policy was established in October 2008 as part of a broad set of TA reforms that were discussed by the Executive Board in May 2008. Administrative arrangements and IT systems are in place to start the implementation of the new Policy.
3. During management’s meetings with country authorities at the Annual Meetings in Istanbul, many country authorities stressed that implementing the Policy for TA at this juncture would be a burden and might become a hindrance in meeting their TA needs; some authorities said that this would prevent them from accessing TA urgently needed to address the impact of the crisis. Accordingly, management has decided that the Policy for TA will not be implemented during FY2010 and FY2011. This will allow provision of TA without any undue delay.
4. The Policy for training (applicable to all training offered at Fund headquarters, other than training funded or co-funded by donors), has been in effect since May 1, 2009. Management has decided to suspend application of this aspect of the Policy between January 1, 2010 and April 30, 2011 to ensure that present budgetary exigencies do not prevent member countries from receiving needed training.
5. Charging for TA and training was viewed by many Executive Directors as supporting and reinforcing other reforms that enhance ownership and internal accountability. However, attainment of the latter objectives will be facilitated by all other reforms, including costing, the new external financing framework that relies on partnerships with donors, and the prioritization process through the Committee on Capacity Building, all of which are now firmly in place. Thus, the suspension will not impact negatively on the broader reform objectives.

¹ Statement by the General Counsel on the Fund’s Framework for Country Contributions—the Roles of the Executive Board and Management. Executive Board Meeting on the Policy for Country Contributions for Capacity Building, BUFF/08/114, 7/23/08.

6. The associated reduction in revenue is small and is expected to be offset through increases in external financing.